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Senate Hearings

Before the Committee on Appropriations

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Department of the Interior and Related Agencies Appropriations

Fiscal Year 1978

95*th* CONGRESS, FIRST SESSION

H.R. 7636

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Part 3 (Pages 1-987)

ADVISORY COUNCIL ON HISTORIC PRESERVATION
COMMISSION OF FINE ARTS
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
DEPARTMENT OF THE INTERIOR
INDIAN CLAIMS COMMISSION
JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA
NATIONAL CAPITAL PLANNING COMMISSION
NATIONAL ENDOWMENT FOR THE ARTS
NATIONAL ENDOWMENT FOR THE HUMANITIES
NATIONAL GALLERY OF ART
NAVAL PETROLEUM RESERVES
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION
WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 7636

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1978, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

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WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1977

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

TUESDAY, FEBRUARY 1, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:30 a.m. in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

STATEMENT OF ELWOOD R. QUESADA, CHAIRMAN

ACCOMPANIED BY:

JOHN M. WOODBRIDGE, EXECUTIVE DIRECTOR
PETER T. MESZOLY, GENERAL COUNSEL
F. DAVID HARRIS, ASSISTANT DIRECTOR, FINANCE

OPENING REMARKS OF SENATOR STEVENS

Senator STEVENS. This morning we are scheduled to hear the budget requests of the Pennsylvania Avenue Development Corporation and the National Advisory Council on Historic Preservation.

Legislation which was signed in the final days of the last session of Congress has resulted in fiscal year 1977 supplemental requests by these agencies which will have a significant impact on consideration of their 1978 requests. We will, therefore, hear both requests this morning beginning with the supplemental and then continuing with the regular fiscal year 1978 budget request for each agency.

First, let me request the Pennsylvania Avenue Development Corporation people come forward. The supplemental request is for slightly more than $29 million of which $25 million is for land acquisition.

PREPARED STATEMENT AND JUSTIFICATION

The prepared statement that you have will be placed in the record at this point, as well as the supplemental justification.

[The statement and justification follow:]

PREPARED STATEMENT OF ELWOOD R. QUESADA

Mister Chairman and Members of the Committee:

I am Elwood R. Quesada, Chairman of the Pennsylvania Avenue Development Corporation. With me are John Woodbridge, Executive Director; David Harris, Assistant Director, Finance; and Peter Meszoly, General Counsel.

We would like to express our appreciation to the Committee for its heartening support last summer in the attempt to appropriate development funds for the Pennsylvania Avenue Plan, despite an unresolved authorization.

This year, properly authorized, we are appearing in regard to supplemental appropriation for the balance of this fiscal year, as well as for a request for the budget year beginning next October. The supplemental request, in round figures, is for $4.1 million in appropriations for public projects, and $25 million in Treasury borrowings for land acquisition. The fiscal year 1978 request, is for additional amounts of $13.7 million for public projects and staff expenses, and $7.5 million in Treasury borrowings. These sums are detailed in our justifications, and we will be pleased to discuss them further.

As the Committee is generally familiar with the overall development plan, I will not take your time with another summary of its features. However, I would like to discuss briefly several issues which have aroused repeated interest in both the Senate and the House.

Last Wednesday, January 26, the Court of Claims ruled in the Willard case that the actions of the government had so interfered with the owners' use and enjoyment of their property as to constitute a complete taking of the fee interest. The three judge panel remanded the case to the trial division to establish the date of taking and the compensation due the owners. This decision means that, whether or not the Plan is funded, the Government will be forced to take the Willard Hotel, after the court completes its task and certifies the findings to Congress for payment. A similar possibility exists with respect to other properties, if additional claims are successfully pressed.

The Court decision, however, does not alter our intention to acquire and restore the property as mandated in the authorization act passed last summer. The borrowing portion of the supplemental request includes the amount needed to buy the Willard. After soliciting competing proposals and upon terms equitable to all parties, we

would lease the Willard to an entrepreneur for restoration and reuse. However, as we have stressed all along, the lease terms are not expected to amortize our borrowings for acquisition of the Willard. Appropriated funds will be used to offset the difference, subsidizing the extensive costs of restoration needed to make operation of the hotel economically feasible. I might add that we have had several serious inquiries about the Willard from reputable entrepreneuers, for example, the Trust House - Forté, contingent upon the Corporation's funding. We are also working with a local developer who has acquired the necessary interests in the land between the Willard and Washington Hotels and intends to carry out a commercial development there in accordance with the Plan.

In addition to the Willard square, the Corporation first intends to acquire land for development just north of the Avenue between 6th and 7th Streets. This is another area where we have had expressions of developer interest for the housing, mixed use and historic preservation project called for in the Plan.

I wish to stress that the Willard restoration and the residential development are not typical, in that a deficit is anticipated in these undertakings. Most of the commercial development projected for the area between the new FBI building and the Willard will take place in response to market conditions. First of all, we expect that some sites will be assembled and developed by private entrepreneurs, with only a Corporation review of their proposal as to conformity with the Plan. On other sites, the Corporation will be prepared to assemble land for private development only after a firm expression of interest is made to us. After such acquisition the Corporation will solicit competing proposals to ensure that at leas the Corporation's costs are recouped under the lease terms to the selected developer. By pacing most of the Corporation's acquisisitions to market demand, we will minimize holding excess land and incurring acquisition costs which cannot be fully amortized by leasing to a private entrepreneur.

The deficits to be incurred for restoration of the Willard and the residential development are budgeted in the overall $130 million public cost of the Plan. We expect to fully pay back the borrowings incurred for acquiring land for other commercial developments. Since the Corporation's last appearance before this Committee, a thorough review has been conducted of all previous cost estimates, financing assumptions and market forecasts. We are happy to report that, as of now, there are no gross changes in the financial requirements estimated to be necessary to carry out the "Pennsylvania Avenue Plan - 1974".

Just as we intend to have the broadest possible promotion to ensure competition on private development sites, we will use competitive bidding to select contractors to carry out the Corporation's public improvements along the Avenue. We will not use the selected general contractor as construction manager, and, we will seek bids only on detailed plans and specifications to avoid cost overrunns.

It is our belief that the funds requested for supplemental appropriation in FY 77, and the amounts for FY 78 are reasonable and prudent to begin implementation of the approved Plan for the Avenue. We hope that this Committee will see fit to again approve our requests, as contained in the President's Budget.

With the Committee's permission, I would like to turn our presentation over to our Executive Director, Mr. Woodbridge, for any questions which you may have.

Thank You, Mr. Chairman.

Justification

SALARIES AND EXPENSES
PROGRAM AND FINANCING ($000's)

Identification code 42-0100-1-1-451	19 76 actual	TQ	19 77 estimate	19 78 estimate
Program by activities:				
Operating costs, funded:				
2. Relocation assistance	-----	------	1,316	880
Capital outlay, funded:				
3. Public improvements	-----	-----	582	778
4. Historic preservation	-----	-----	525	----
5. Property acquisition	-----	-----	19,260	----
6. Interest on capital borrowing, current year	-----	-----	740	1,550
Total capital outlay	-----	-----	21,107	2,328
Total program costs, funded	-----	-----	22,423	3,208
Changes in selected resources (undelivered orders, due-ins)				
1. Operating costs	-----	-----	880	-880
2. Capital outlay	-----	-----	4,228	-778
Total change in selected resources	-----	-----	5,108	-1,658
10.00 Total obligations	-----	-----	27,531	1,550
Financing:				
21.47 Unobligated balance available, start of year (debt receipts)	-----	-----	-----	-1,550
24.47 Unobligated balance available, end of year (debt receipts)	-----	-----	1,550	-----
Budget authority (proposed supplemental appropriation)	-----	-----	29,081	-----
Budget authority:				
40.00 Appropriation	-----	-----	4,081	-----
47.00 Authority to spend debt receipts	-----	-----	25,000	-----

Identification code 42-0100-1-1-451	19 76 actual	TQ	19 77 estimate	19 78 estimate
Relation of obligations to outlays.				
71.00 Obligations incurred, net	-----	-----	27,531	1,550
72.40 Obligated balance, start of year (appropriation)	-----	-----	------	1,787
72.47 Obligated balance, start of year (debt receipts)	-----	-----	------	3,450
74.40 Obligated balance, end of year (appropriation)	-----	-----	-1,787	------
74.47 Obligated balance, end of year (debt receipts)	-----	-----	-3,450	------
90.00 Outlays	-----	-----	22,294	6,787

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 42-0100-1-1-451	19 76 actual	19 77 Estimated	1978 Estimated	
Personnel compensation:				
11.1 Permanent positions				
11.3 Positions other than permanent				
11.5 Other personnel compensation				
11.8 Special personal services payments				
Total personnel compensation				
Personnel benefits:				
12.1 Civilian				
13.0 Benefits for former personnel				
21.0 Travel and transportation of persons				
22.0 Transportation of things				
23.0 Rent, communications, and utilities				
24.0 Printing and reproduction				
25.0 Other services		2,196		
26.0 Supplies and materials				
31.0 Equipment				
32.0 Lands and structures		25,335	1,550	
33.0 Investments and loans				
41.0 Grants, subsidies, and contributions				
42.0 Insurance claims and indemnities				
43.0 Interest and dividends				
44.0 Refunds				
99.0 Total obligations		27,531	1,550	

DETAIL OF PERMANENT POSITIONS (BY GRADE)

	19 76 actual	19 77 Estimated		
GS- 17	1	1		
16	3	3		
15	1	1		
14	1	2		
13	2	7		
12	7	5		
11	1	1		
10	2	1		
9	4	6		
8	1	1		
7	1	2		
6	1	2		
5	1	1		
4	1	0		
Total permanent positions	27	33		
Unfilled positions, end of year	10	0		
Total permanent employment, end of year	17	33		

OVERVIEW

Funds requested for supplemental appropriation in fiscal year 1977 will enable the Pennsylvania Avenue Development Corporation to begin implementation of the Congressionally-approved plan for the redevelopment of a 21 block area between the Capitol and the White House. Implementation of the plan consists of two principal activities: (1) the encouragement by the Corporation of private sector rebuilding of the once-vibrant commercial downtown core through a site acquisition and marketing program and, (2) the physical transformation of the streets, sidewalks, and parks into a visually attractive area through an extensive public improvements and historic preservation program.

The Corporation's plan anticipates that a period of 15 years is necessary in order for both the public improvements and site marketing programs to be completed. The site acquisition program will require an estimated temporary investment of approximately $112 million by the Corporation over the 15 year duration. The investment can be characterized as being temporary in the sense that approximately $90 million is expected to be recouped through receipts from the sale or leasing of Corporation-acquired sites. The entire development program is estimated to require a non-reimbursable investment of $130 million, an amount which includes not only the cost of the reconstruction of public areas but also provides for historic preservation of appropriate buildings, a business relocation program, and the public cost of changing land uses so as to allow housing development to take place economically on portions of the presently commercially-zoned land within the project area.

The following budget authority is requested in this supplemental, by major activity:

Budget Authority 1/
($000's)

Appropriation	1977
Salaries, office expenses and related	0 2/
Relocation assistance	2,196
Public improvements	1,360
Historic preservation	525
Total-Appropriation	4,081

1/ A more detailed table which expresses budget authority in terms of costs and undelivered orders is attached. Refer to this same table for the staging and amounts of outlays called for in this supplemental request.

2/ The President's Budget request includes an appropriation of $35,000 for supplemental pay increases in fiscal year 1977. However, this request appears as a line item entry in the Corporation's fiscal year 1978 program and financing table, rather than in the comparable 1977 supplemental table.

Authority to Spend Debt Receipts	1977
Property acquisition	24,260
Interest on capital borrowings	740
Total-Debt Receipts	25,000

The following summary describes the intended uses of the requested budget authority in fiscal year 1977. In the case of all activities to be funded by this request, the assumption is made that the Corporation would have approximately 5 months in which to make use of the budget authority. Additionally, since the activities described herein are not on-going from a previous period, a brief overview of their scope is included in the summary.

Justification of Major Activities

Relocation Assistance

Funded costs	$1,316
Undelivered orders	880
Total	2,196

Appropriation of $2,196,000 is required for fiscal 1977 in order to provide benefits to retail and other businesses that are displaced from the project area due to Corporation redevelopment activities. Use of appropriated budget authority will be for the following purposes:

- the payment of relocation benefits required by the Uniform Relocation Assistance and Real Property Acquisitions Policy Act (Public Law 91-646)
- the administration of the relocation assistance program
- the payment of rent supplements to displaced businesses which seek to remain within the project area during the development period.

Costs for relocation payments and the associated program administrative expenses in fiscal 1977 are expected to total $920,000. These costs are directly attributable to the Corporation's 1977 schedule of property acquisition (see below). The Uniform Relocation Act requires that funds be available to cover moving expenses and direct losses of businesses which must be relocated due to redevelopment activities of a public entity such as the Corporation. Estimated costs of $920,000 are based on historical cost data on business relocations obtained from the Department of Housing and Economic Development of the District of Columbia, a source with extensive experience in this subject area.

Another major expenditure which may be required under the Corporation's relocation assistance program involves a current proposal for the creation of a short-term retail facility in the project area to house displaced businesses along with retailers from outside the project area for an 8 to 10 year period. Current

discussions are underway with a private organization which seeks to use the Lansburgh's building as a site for a multi-floor retail complex. Should such discussions be fruitful, the Corporation anticipates providing limited rent supplements to area businesses which could not afford the rent levels that would be required in such a facility.

The Corporation's plan calls for a maximum amount of $2.4 million to be expended for this interim facility over 8 to 10 years, should it prove to be a feasible operating concept; should the facility not prove feasible, this amount would be used to assist businesses in finding new space elsewhere within the project area. Therefore, the Corporation requests the amount of $1,276,000 in fiscal 1977 as initial funding for business assistance of project area retailers locating in either a centralized relocatee facility or elsewhere in the project area outside of a facility.

Public Improvements

	1977
Funded costs	582
Undelivered orders	778
Total	1,360

Appropriation of $1,360,000 are required in fiscal year 1977 to begin the physical facelifting of Pennsylvania Avenue. Specifically, $972,000 of this total will be expended on the initial phase of what is referred to by the Corporation as the Western Sector -- an area comprising the streets, sidewalks, and parks situated between 13th and 15th Streets, N.W. and Pennsylvania Avenue. The balance of this request -- $388,000 -- will be spent on the design and construction of the public sidewalk in front of the recently-completed National Gallery addition, on the south side of Pennsylvania Avenue between 3rd and 4th Streets, N.W.

More specifically, the funds to be expended by the Corporation in fiscal year 1977 in the Western Sector will achieve design and initial construction of the following improvements:

- Up-grading Alexander Hamilton Place
- Up-grading East Executive Avenue between Alexander Hamilton Place and E Street
- Relocating, adjusting and adding the necessary utilities for Western Sector
- Widening south E Street between 13th Street and East Executive Drive including closing the E Street diagonal cross-connection and the appropriate service roads on the south side of Western Plaza
- Narrowing, reconstructing and landscaping Pennsylvania Avenue between 14th and 15th Streets
- Closing Pennsylvania Avenue between 13th and 14th Streets

- Widening north E Street between 13th and 14th Streets including closing service roads

- Landscaping the Western Plaza, including the construction of a fountain with surrounding shrubs, flowers and ground cover

- Removal of the trolley car tracks and third rail conduit throughout the Western Sector

- Illuminating the Western Sector

- Providing street signals; signs for streets, buildings, and monuments; and street furniture such as benches, drinking fountains and bike racks.

Corporation involvement in the public area in front of the National Gallery will include the construction of a sidewalk having special paving (brick or paver blocks), and initiation of the co-ordinated tree plantings and special lighting which will characterize the entire Avenue when the public improvements program is complete. This public area, currently in need of repaving because of the recent construction of the National Gallery addition, is the logical place for the Corporation to begin sidewalk design and construction along the Avenue.

The public improvements program beyond fiscal year 1977 will consist of the following:

- Improvements to the public areas on Pennsylvania Avenue between 3rd and 13th Streets, N.W. This will include widening of the Avenue's north sidewalk by 50 feet in areas where new construction will occur, the landscaping of both sides of the newly reconstructed sidewalks, the reconstruction of the Avenue roadway, the relocation and adjustment of utility mains, the installation of a new lighting system, street signage, and the imposition of street furniture such as benches and drinking fountains

- The widening of D Street to facilitate better traffic flow and the relocation of a PEPCO power line to permit the construction of the housing complex between 7th and 9th Streets, N.W.

Historic Preservation

	1977
Funded costs	525
Undelivered orders	---
Total	525

The Corporation requests $525,000 in fiscal year 1977 in order to commence its historic preservation program of saving and restoring the facades of older buildings of architectural merit. The entirety of this request will be used to hire restoration contractors to restore the facades of a row of buildings situated in the southwestern

corner of square 457, after these properties are acquired by the Corporation. The buildings to be restored and the estimated costs for restoration are as follows: (1) the Crandell Building, 401-407 7th Street, N.W. -- $285,000; (2) 415 7th Street, N.W. -- $150,000, and (3) 417 7th Street, N.W. -- $90,000.

The need for the Corporation to proceed quickly with restoration activities on these properties is accentuated by the fact that one of these properties is crumbling, and has been braced to prevent collapse. The owners of these buildings have expressed concern that all are subject to collapse at any moment, and have urged the Corporation to buy their property soon if preservation is to be accomplished. In the absence of quick acquisition of these properties, the owners intend to demolish the improvements, so as to preclude the possibility of pedestrian and vehicle injury due to collapse.

Owing to this set of circumstances, the Corporation has budgeted for the acquisition of these properties in fiscal year 1977 (discussed subsequently), so that this preservation opportunity will not be lost.

In general, the historic preservation program which the Corporation hopes to achieve over the life of the project has three components:

- Program I -- the preservation of landmark structures. This program consists of the preservation in place of structures officially designated as landmarks by the District of Columbia Joint Committee on Landmarks and by the Federal Government's National Register. Buildings such as the Willard Hotel are designated as landmarks.

- Program II -- the preservation of non-designated buildings of architectural merit within an historic enclave. This program consists of the preservation of building facades to be grouped in a geographic locale along 7th Street, lower Pennsylvania Avenue, and Indiana Plaza. The buildings to be preserved under this program are either currently located in this locale or, if elsewhere, may have their facades dismantled and physically reassembled within the historic enclave.

- Program III -- the preservation of non-designated buildings of architectural merit which are situated outside the historic enclave referred to in Program II.

Whenever possible, the Corporation intends to achieve its historic preservation program by working cooperatively with the owners of the affected historic buildings, rather than by acquiring the properties outright from the owners and then commencing restoration activities. However to assure that Corporation funds expended to assist a building owner in restoration are protected, the Corporation expects to take a historic preservation easement on structures where an investment is made. This procedure assures that the restored area will remain intact in perpetuity.

Property Acquisition

	1977
Funded costs	19,260
Undelivered orders	3,450
Unobligated balance	1,550
Total	24,260

It is requested that $24,260,000 in debt receipt authority be appropriated for fiscal year 1977 for the acquisition of private property within the project area, so that the Corporation may commence its role as a catalyst in stimulating private redevelopment.

The Corporation's acquisition of private property will facilitate more rapid redevelopment of the area than would otherwise take place because of two principal factors: (1) the Corporation's willingness to lease rather than sell a building site to a prospective developer eliminates the amount of equity that a developer would have to invest in buying a site -- hence a land lease serves as an inducement for a developer to consider building within the project area; and (2) the Corporation, by use of its power of eminent domain, can move quickly to assemble building sites -- thus eliminating the extended period typically experienced by a developer in assembling sites suitable for building where more than one seller is involved, or where there are clouded titles.

In accordance with the staging element of the plan, the Corporation will focus its acquisition activities in the eastern portion of the project area during the first year of funding. A portion of the requested amount reflects the Corporation's intent to acquire sites on squares 458, 459, and 460, which in turn will be leased to developers of mixed-used housing and commercial buildings. The balance of the $24,260,000 request is earmarked for the acquisition of the Willard Hotel, several buildings in the southwestern corner of square 457 (see above), and the Lansburgh's Department Store property or Kann's Department Store. Property holding costs, such as in-lieu-of-tax payments and utility expenses, will be paid for out of this request and capitalized as part of the total investment in the property.

The description of the foregoing acquisition schedule requires further elaboration. The Corporation's acquisition program will be guided by market response to the greatest extent possible. Should the Corporation receive strong market interest in any commercial or residential site elsewhere in the project area than on squares 458, 459, and 460, debt receipt funds would be used to acquire such a site. The Corporation proposes to maintain a fluid, rather than a rigid, acquisition schedule -- one that responds to market forces and opportunities.

Exceptions to this posture may occur when the Corporation acquires a property from an owner whose economic use of that real estate has been seriously restricted by the imposition of the Pennsylvania Avenue plan, or when a property having urgent historic preservation requirements is involved. The Willard Hotel is an example of a property that the Corporation intends to acquire for both of these reasons. Similarly, the properties on square 457 qualify for consideration for acquisition because of the cited reasons.

An important element of the Corporation's developer selection procedure is the anticipation that there will be, over the long-term, a return of substantially all of the borrowed funds the Corporation invests in property throughout the development period. By not acquiring a building site until a demonstrated market is assured to exist, the Corporation will be striving to negotiate leases whose proceeds will fully amortize the debt receipts employed to acquire the property. The only situation where invested acquisition funds will not be entirely recouped through land leases is with respect to the residential sites identified in the plan. Because those sites are currently zoned for commercial use, their acquisition cost will necessarily exceed the fair market value that they would have if they were zoned for residential use. Consequently, the lease proceeds the Corporation will receive for those sites will be based on the lower residential value that a housing developer would attribute to the sites, rather than on the higher commercial value that an office or hotel developer would attribute.

Interest on Capital Borrowings

1977

$740

A total of $740,000 is requested to fund interest costs incurred by the principal borrowings of $24,260,000 from the U.S. Treasury for property acquisition, as described above. This amount will be added to the principal borrowed and carried forward to fiscal year 1978 as an outstanding obligation totalling $25,000,000.

INTRODUCTION OF ASSOCIATES

Mr. QUESADA. I have with me Mr. John Woodbridge of the Corporation, accompanied by David Harris, Assistant Director for Finance. And we are accompanied by Peter Meszoly, the General Counsel.

I am Elwood Quesada. We would like to express our appreciation to the committee for its heartening support last summer in the attempt to appropriate development funds for the Pennsylvania Avenue plan.

This year, properly authorized, we are appearing in regard to supplemental appropriations for the balance of this fiscal year, as well as for a request for the budget year beginning next October.

FUNDING REQUESTED

The supplemental request, in round figures, is for $4.1 million in appropriations for public projects, and $25 million in Treasury borrowings for land acquisition. For fiscal year 1978 the request is for an additional amount of $13.7 million for public projects and staff expenses and $7.5 million in Treasury borrowings. These sums are detailed in our justifications, and we will be pleased to discuss them further.

As the committee is generally familiar with the overall development plan, I will not take your time with another summary of its features. However, I would like to discuss briefly several issues which have aroused repeated interest in both the Senate and the House.

WILLARD HOTEL DECISION

Last Wednesday, January 26, the Court of Claims ruled in the *Willard* case that the actions of the Government had so interfered with the owners' use and enjoyment of their property as to constitute a complete taking of the fee interest. The three-judge panel remanded the case to the trial division to establish the date of taking and the compensation due the owners. This decision means that, whether or not the plan is funded, the Government will be forced to take the Willard Hotel, after the court completes its task and certifies the findings to Congress for payment. A similar possibility exists with respect to other properties, if additional claims are successfully pressed.

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However, as we have stressed all along, the lease terms are not expected to amortize our borrowings for acquisition of the Willard. Appropriated funds will be used to offset the difference, subsidizing the extensive costs of restoration needed to make the operation of the hotel economically feasible.

I might add that we have had several serious inquiries about the Willard from reputable entrepreneurs, for example, the Trust House-Forte, contingent upon the Corporation's funding. We are also working with a local developer who has acquired the necessary interests in the land between the Willard and Washington Hotels and intends

to carry out a commercial development there in accordance with the plan.

OTHER PROPERTY ACQUISITION

In addition to the Willard square, the Corporation first intends to acquire land for development just north of the avenue between 6th and 7th Streets. This is another area where we have had expressions of developer interest for the housing, mixed use and historic preservation project called for in the plan.

I wish to stress that the Willard restoration and the residential development are not typical, in that a deficit is anticipated in these undertakings. Most of the commercial development projected for the area between the new FBI building and the Willard will take place in response to market conditions.

First of all, we expect that some sites will be assembled and developed by private entrepreneurs, with only a Corporation review of their proposal as to conformity with the plan. On the other sites, the Corporation will be prepared to assemble land for private development only after a firm expression of interest is made to us. After such acquisition the Corporation will solicit competing proposals to insure that at least the Corporation's costs are recouped under the lease terms to the selected developer. By pacing most of the Corporation's acquisitions to market demand, we will minimize holding excess land and incurring acquisition costs which cannot be fully amortized by leasing to a private entrepreneur.

The deficits to be incurred for restoration of the Willard and the residential development are budgeted in the overall $130 million public cost of the plan. We expect to fully pay back the borrowings incurred for acquiring land for other commercial developments. Since the Corporation's last appearance before this committee, a thorough review has been conducted of all previous cost estimates, financing assumptions and market forecasts. We are happy to report that, as of now, there are no gross changes in the financial requirements estimated to be necessary to carry out the "Pennsylvania Avenue Plan—1974."

Just as we intend to have the broadest possible promotion to insure competition on private development sites, we will use competitive bidding to select contractors to carry out the Corporation's public improvements along the avenue. We will not use the selected general contractor as construction manager, and, we will seek bids only on detailed plans and specifications to avoid cost overruns.

It is our belief that the funds requested for supplemental appropriation in fiscal year 1977, and the amounts for fiscal year 1978 are reasonable and prudent to begin implementation of the approved plan for the avenue. We hope that this committee will see fit to again approve our requests, as contained in the President's budget.

With the committee's permission, I would like to turn our presentation over to our Executive Director, Mr. Woodbridge, for any questions which you may have.

Thank you, Mr. Chairman.

STATUS OF THE CANADIAN PROPOSAL

Senator STEVENS. Thank you. I did not hear any mention of the Canadian plan. Is that going to impact the current fiscal year at all?

Mr. QUESADA. That has not progressed enough to have any foreseeable impact. We are hoping their interest will continue. We are hoping we can implement it and that the city will cooperate. But I cannot say enough to make any forecast.

Mr. WOODBRIDGE. It should not have any impact except on the borrowing authority. Our only activity would be to acquire fee property for them as if they were another developer and they would pay us back for the property.

We would require a line of credit in order to borrow the money initially. We have even discussed the possibility of having them put money into escrow, with which we would then purchase the property and turn it over to them.

Mr. QUESADA. We are exploring the various means whereby the property could be acquired if the Canadians want to go ahead. That creates quite a few problems to which we have not yet developed answers.

Senator STEVENS. I understand there are some legal problems. This committee would urge you to use the escrow approach. I wondered if it was going to impact the 1977 or 1978 request at all in your opinion.

Mr. QUESADA. We can think of no way it would, sir.

STAFF INCREASE

Senator STEVENS. We had an original fiscal year 1977 request which has been cut from $1.4 million to $1 million, and yet you still show 33 full-time, permanent positions at the end of the year. How can you do that with a cut of $425,000?

Mr. HARRIS. The positions are not filled at the moment. Thirty-three is the number maintained and we would go up to it at the very end of this year, and we would maintain that level throughout next year.

Senator STEVENS. How many full-time people do you have now?

Mr. MESZOLY. Twenty-two, sir.

Mr. HARRIS. Our present authority does not allow us to go up there. It is a very small impact on this fiscal year.

ADMINISTRATION OF RELOCATION ASSISTANCE

Senator STEVENS. You have some $920,000 for relocation assistance. How much of that is directed to administration and why isn't it in the salaries and expenses account?

Mr. HARRIS. We expect to use an outside agency to administer relocation for us, either the GSA or WMATA or the DHCD. That would be done on a reimbursement contract basis.

Senator STEVENS. It will all be contracted out?

Mr. HARRIS. Yes, sir.

Senator STEVENS. Have you decided which agency will do that?

Mr. HARRIS. No. We have ongoing negotiations with all three of them. I suspect it will be the city, but that has not been decided yet.

Senator STEVENS. Are those payments going to cover moving expenses and direct loss to businesses as a result of relocation?

Mr. HARRIS. Yes. The figure you mentioned would be 25 percent administration. The relocation payments themselves would be the balance of the $920,000 amount.

Senator STEVENS. Who is going to make the determination of those losses?

Mr. HARRIS. The administering agency. And we will review those.

Senator STEVENS. You will review them, but you won't make them in the first instance?

Mr. HARRIS. We will review the payments made by the administering agency.

Senator STEVENS. Who will determine how much the losses are?

Mr. HARRIS. The administering agency with experience in the field and we will review their determination.

Senator STEVENS. You have $1.3 million in that activity for business assistance.

Mr. WOODBRIDGE. That is correct.

Mr. HARRIS. Yes, sir.

ADDITIONAL ASSISTANCE FOR BUSINESSES

Senator STEVENS. Is there any assistance beyond moving expenses and reimbursement for business losses?

Mr. HARRIS. Yes. We have contemplated, as stated in the plan, that during the period of our activity in the downtown, we wanted to maintain as many of the existing businesses in the area as possible without having them close.

One proposal is for the temporary use of the Lansburgh's Department Store building. But, the present rents which businesses are paying for space now are approximately half of what they would have to pay to make the temporary facility feasible. Therefore, we intend during the interim period before giving them a final relocation opportunity in new space to provide them with a rent deficit payment of $2 or $3 per square foot.

Senator STEVENS. What is the status of that Lansburgh's proposal?

Mr. HARRIS. We are actively negotiating with a local nonprofit business development organization. If they can get the funding they are seeking from the Economic Development Administration and the Commerce Department, it is very likely we will go ahead with them doing all of the physical work and operating the department store. The Corporation will assist by helping relocated businesses with the rent, as stated.

RENT SUPPLEMENTS TO BUSINESSES

Senator STEVENS. You indicated you are going to provide limited supplements to the relocated businessmen.

Mr. HARRIS. Yes, sir.

Senator STEVENS. For how long will those payments continue?

Mr. HARRIS. They will continue during the period when we cannot offer them a final relocation place to settle. In other words, during the interim period after we acquire a building—I don't want to name any businesses downtown, but you can readily imagine—and we don't

yet have a completed new building built by a private developer; but, we want to keep the displaced business in the area, so we will let him move into Lansburgh's, helping him with his rent.

When we have an opportunity, an appropriate business site for him to relocate permanently, then the interim payment would stop. He could either accept or reject it.

Senator STEVENS. Is there any limit on the amount of rent available to a particular business?

Mr. HARRIS. We thought that a limit of about $4 per square foot annually would be the maximum difference covered by the supplemental payment.

Senator STEVENS. How would you determine if they could make rental payments without your subsidy?

Mr. HARRIS. We will examine the books and the cash flow of their particular venture. Some of them are well able to. In fact, more than half of them are well able to pay the increased rents.

USE OF THE LANSBURGH'S SITE

Senator STEVENS. You will use the Lansburgh's site for 8 to 10 years?

Mr. HARRIS. Yes, sir.

Senator STEVENS. What will you do with Lansburgh's after that?

Mr. WOODBRIDGE. We are examining the feasibility of converting a portion of it to residential use. We have not made a determination whether that would be economically sound or not. The site, as indicated in the plan, is for new housing. It is probable that the building, most of which is not suitable for any use except as a retail department store or similar type of operation, would be demolished and replaced with housing.

Mr. QUESADA. We should emphasize the plan provides for that area being converted to housing.

Senator STEVENS. What is the total cost of converting that site to use for this purpose?

Mr. WOODBRIDGE. We have not made a determination of the cost of the conversion because it depends substantially on the amount of space that the temporary retail mall would occupy in the building. The upper floors are presently leased to the National Archives for record storage. The mall would occupy all or a portion of the lower three floors, to be determined by this group that is proposing the undertaking.

We have said we will provide the rent subsidies available to any displaced business, to any business that wanted to move into Lansburgh's. If they wanted to move somewhere else they would also be eligible for the rent subsidy for a limited period of time. But if they chose to move into Lansburgh's, they would be eligible for the rent subsidy, in effect enabling them to pay the rent Lansburgh's would charge. We anticipate that may be twice what they are paying now.

EXTENT OF RENT SUBSIDY

Senator STEVENS. Are you obligated to bring about the development of the new space for these people who are going to be in the mall?

Mr. WOODBRIDGE. We have said we would be obligated to the extent of the rent subsidies. We would not be obligated beyond that.

Senator STEVENS. Are you obligated to the rent subsidy until the new space is available?

Mr. WOODBRIDGE. Generally speaking, yes. It has been our anticipation that the rent subsidy would be provided on a declining basis for a period of approximately 5 years.

Senator STEVENS. As long as they are at the Lansburgh's mall they are going to get the rent subsidy?

Mr. WOODBRIDGE. No. The rent subsidy will be provided for up to 5 years. If they stayed in Lansburgh's for 8 years, which we don't anticipate, they would get a subsidy for 5.

Senator STEVENS. There is an annual review of their ability to pay without a subsidy?

Mr. WOODBRIDGE. They would have to submit a justification every year indicating that they still require a subsidy. This kind of subsidy is provided under the relocation act for residential uses now. It is not provided for business uses. There has been considerable feeling in the past there is an injustice in the present relocation act that should be corrected so businesses are treated the same way that residences are. This is an attempt to do that.

PUBLIC IMPROVEMENTS TO THE AVENUE

Senator STEVENS. You have $925,000 for initial work on the western sector.

Mr. WOODBRIDGE. Yes. That is entirely public space, an area between 13th Street and East Executive Drive. The primary impact of it would be between 13th and 15th and E Streets, where it runs north of the Commerce Building and the District Building across to the buildings on the north side of Pennsylvania Avenue.

Senator STEVENS. Have you completed the design phase?

Mr. WOODBRIDGE. We have had preliminary review of the plan by both agencies. We will submit for formal approval when we have the budget for final design and working drawings.

Senator STEVENS. Will you initiate construction of any of those places in the western sector during fiscal year 1977?

Mr. WOODBRIDGE. It is unlikely we would do anything more than do the working drawings and be prepared to go out to bid at the beginning of fiscal year 1978 in that particular area.

Senator STEVENS. When do you anticipate starting construction?

Mr. WOODBRIDGE. As early as we could get bids in fiscal year 1978. The construction period would be roughly 2½ years. The fiscal year 1978 budget does not cover the entire amount for public improvements in this area.

SIDEWALK CONSTRUCTION

Senator STEVENS. You have $338,000 for design and construction of a sidewalk up Pennsylvania Avenue on the site of the National Gallery addition. Is that coordinated with the Gallery?

Mr. WOODBRIDGE. This has been coordinated with the Gallery. In fact, it is at the strong urging of the National Gallery that we have put this in our 1977 supplemental request. The Gallery expects to

complete all work within their site boundaries by this coming spring. And they are very concerned that there not be an unfinished band between their site limit and the Pennsylvania Avenue roadway.

Our design for Pennsylvania Avenue calls for moving the curb out along that whole block, on the south side of the avenue by approximately 7½ feet. This would narrow the roadway somewhat and provide a wider sidewalk on the south side. The landscaping for that section cannot be completed until this curb is moved. It is outside the limits of the Gallery site. There has been no money in their construction budget for it.

We anticipate doing the same thing along the entire south side stretch of the avenue.

Senator STEVENS. Why do you have to design a sidewalk?

Mr. WOODBRIDGE. It is actually a design for the entire Pennsylvania Avenue publicway including the sidewalks on both sides, the tree planting and the special pavement for both sidewalks. This would be the first segment of it.

We have to make what are known as definitive design and construction drawings in order to get the bids and actually do this piece of construction.

PRESERVATION OF HISTORIC PROPERTIES ON SEVENTH STREET

Senator STEVENS. Are you working with the Advisory Council on Historic Preservation in connection with your historical preservation program?

Mr. WOODBRIDGE. We are.

Senator STEVENS. You have a request of $525,000 for restoration of the 400 block of Seventh Street; is that correct?

Mr. WOODBRIDGE. That is correct.

Senator STEVENS. What is the historic significance of that site?

Mr. WOODBRIDGE. This site is a group of 19th century commercial buildings which were severely damaged by Metro construction. One of them is in danger of collapse if something is not done soon. It is temporarily shored up. There are serious cracks in others which are still structurally sound. It is a question of how much longer they will remain so.

Senator STEVENS. That was caused by Metro construction? Why don't they pay for it?

Mr. WOODBRIDGE. There is a suit between the owners and Metro, which if settled in the owners' favor would pay for the damage Metro caused to the buildings. It would not pay for their restoration.

It is part of our proposal to restore a whole group of buildings down here which are typical of 19th century commercial Washington. Seventh Street was the first commercial center of downtown Washington and these buildings are part of that group.

We are seeking funds in our first budget request for these buildings because something needs to be done about them. It does not make sense for the owners or Metro to simply put them back into safe condition and then have us come along later and gut them and do it all over again. We are seeking funds to do the job right, to restore them to fully rentable condition.

Senator STEVENS. Do you have to acquire them to get this done?

Mr. WOODBRIDGE. The owners of these particular properties are not interested in doing the restoration themselves. In cases like that we have stated and budgeted for acquiring the properties, doing the restoration and either selling or leasing the properties after that.

Senator STEVENS. We will put in the record at this point the anticipated acquisition of costs for that Seventh Street property. Will you provide that for us, please.

Mr. WOODBRIDGE. Yes.

[The information follows:]

COST OF THE SEVENTH STREET BUILDINGS

The Corporation has estimated that the cost of acquiring the historic properties in the 400 block of Seventh Street, Northwest, together with their improvements, would be approximately $1,000,000. Individual estimates on the properties are available.

OLDTOWN CONCEPT

Senator STEVENS. Is this going to be another Oldtown concept?

Mr. WOODBRIDGE. I suppose it could be described as that in some ways. There are a number of landmark buildings scattered throughout the development area. All of the designated ones, the plan calls for preserving in place. Unfortunately, where they exist, they are either surrounded by buildings of much lesser, if any, architectural interest or by new construction which is not in scale or character with them. Where we can, it is our intention to move buildings that are scattered in other parts of the area which are not designated landmarks, but have been considered by us and others who viewed the area to be of historic architectural interest.

In other words, we would simply group nice old buildings to be in the same neighborhood with remaining buildings. So it would recreate something of the 19th century atmosphere of Washington which was part of the background for the national historic site designation.

The problem with the national historic site as it exists, is that the physical remains of the history of downtown Washington are scattered so widely that you have one small building next to an office building, one on one block, one on the next block. We feel the 19th century character of the space could be much more enhanced if these buildings were clustered in one place. That would also leave the balance of the area available for commercially viable 20th century development. So, we are doing two things. We are concentrating the history where it will have the maximum impact, provide the maximum attraction to tourists and also leaving sites which otherwise would be encumbered with one or two small buildings clear for maximum development.

Mr. QUESADA. The concept of establishing a street of facades is not new. The Place Vendome in Paris is that, and it works.

Senator STEVENS. I agree with that. But there is some indication this is going to be advertised as an historic enclave and the facade will comprise the history, as I gather.

Mr. QUESADA. That would be somewhat of an overstatement. The area we have in mind—at least in my opinion—is not large enough to suggest it as a recognizable enclave.

HISTORIC PRESERVATION AREA

Senator STEVENS. Do you have an area picked out for that?

Mr. QUESADA. Yes, sir.

Mr. WOODBRIDGE. You can see the indication in green on this chart, which we will discuss further in the budget for 1978. This is Pennsylvania Avenue. This is Sixth Street. This is Seventh Street. It extends up Seventh Street and ties into the area around the National Portrait Gallery. The Tariff Commission Building here is a registered landmark and this group of buildings along F Street between Eighth and Ninth is also in the landmark category.

These buildings down here are similarly landmarks. There are other buildings going up Seventh Street, which like these, have considerable character of 19th-century architecture. By restoring these, filling in some gaps on up the block and restoring the landmark buildings, we think we will have, not what you would call Oldtown, but at least a recognition of what the area was like in the 19th century.

Mr. QUESADA. It wouldn't be much more, I assure you, Mr. Chairman. It is not to be a whole series of square blocks of the renovated old structures. It is more of a token.

Senator STEVENS. I would like to have a little more information about that. Are you going to rebuild everything behind the exterior?

Mr. QUESADA. That would be up to the entrepreneur.

Mr. WOODBRIDGE. Most of these buildings do not have any interiors to speak of. They were typical commercial buildings and had undivided space used for offices and shops behind. To rebuild them exactly as they were creates fire hazards, for one thing, and functional usability problems for another. If they have any interior character, we will seek to restore that.

In cases where there is only loft space behind the facade, we would provide new construction which would be more usable for a present day tenant. We have a plan which I would be happy to provide the committee.

Senator STEVENS. If you would give that to the staff, we would like to have it.

I don't want to belabor this, but you are going to give us the acquisition costs for that row of buildings. As I understand it, that is the beginning cost. You would then dismantle the facades and reassemble them on location.

Mr. WOODBRIDGE. In this particular case, they would remain in place.

Senator STEVENS. Then you will try to get an entrepreneur to build a new building behind it. Is that a misstatement?

Mr. WOODBRIDGE. No. That is correct.

Senator STEVENS. Will you subsidize that building as well as preserve the facade?

Mr. WOODBRIDGE. The money budgeted in our historic preservation budget would simply cover the added cost to a developer of putting that facade on a new building.

ACQUISITION COSTS

Senator STEVENS. The acquisition cost does not include the land or anything else?

Mr. WOODBRIDGE. The acquisition cost in that area includes a writedown on the land. There is budgeted a writedown on the land to convert it from commercial to residential in places where there would be residential construction. In this particular block there will be some residential construction.

The writedown is a technique used to provide effective rezoning of that land from its present high density commercial to a lower density residential use.

Senator STEVENS. You have $25 million for property acquisition of which I am told $740,000 is for interest and the remainder for borrowing authority from the Treasury for property acquisition; is that correct?

Mr. WOODBRIDGE. That is correct.

IMPACT OF WILLARD HOTEL COURT DECISION

Senator STEVENS. You talked generally about the Willard Hotel. Is the *Willard* decision going to have any impact on acquisition of other properties?

Mr. QUESADA. I think it is possible. Other property owners in the area who, in their minds, have undergone the burden of constructive taking, might sue the Government. In some cases, they might very well win.

Senator STEVENS. Are there any other properties you know of that might compel you to make acquisition?

Mr. QUESADA. I do not understand the last part of your question. It is our intention to use the money we are asking for to actually purchase those properties that are in distress because of this process.

Senator STEVENS. Because of the *Willard* decision or your own prior decision?

Mr. QUESADA. Our own appraisal of owners of property who are now in distress because of the Pennsylvania Avenue plan hovering over their heads. Some of them are in dire distress. We have imposed upon them a financial burden that should be corrected. We are asking for some of this money to correct the most glaring examples where we know the owner is in distress and we would like to come to his aid.

Senator STEVENS. You have not given us the dollar amounts associated with each of these sites you are considering for acquisition.

Mr. QUESADA. We will provide that information for review by the members of the committee.

Senator STEVENS. Would you break it down?

Mr. QUESADA. We will give you a precise appraisal of which properties fall in the category I have attempted to describe and how much we attribute to a fair market value.

USE OF ACQUISITION FUNDS

Senator STEVENS. Why are you asking $25 million if you will have $1.5 million left at the end of the fiscal year?

Mr. HARRIS. It is anticipated there might be a delay in the payoff of that. We are trying to keep from a bookkeeping standpoint——

Senator STEVENS. You have an unobligated balance at the end of the fiscal year for $1.5 million. Why don't you just request $23.5 million?

Mr. HARRIS. That was to cover borrowings for property we obtained under negotiation during the year, but on which we have not yet paid accrued interest.

Senator STEVENS. Are you going to acquire the Lansburgh's site even if the short-term concept doesn't prove to be the proper approach?

Mr. QUESADA. Yes. The Lansburgh's site is one of the sites under distress.

Mr. WOODBRIDGE. It is scheduled for a housing site. This will be phased over a period of 8 to 10 years and covers this entire group of sites located here on the chart. Lansburgh's is No. 4 up here. We will be gradually acquiring property over the next few years in this area.

Senator STEVENS. Is the Kann's site an alternative to the Lansburgh's site?

Mr. WOODBRIDGE. We doubt it very much. The physical problems of using the Kann's property argues against that. It would also have to be scheduled for earlier development for residential use than the Lansburgh's site.

Senator STEVENS. Is that involved in this acquisition, also?

Mr. WOODBRIDGE. It is involved in fiscal year 1978, I believe.

FISCAL YEAR 1978 REQUEST—COMBINED BUDGET ACTIVITIES

Senator STEVENS. Let's go to that fiscal year 1978 request. You want $21 million, of which $7.5 million is for borrowing, and you have some new budget activities. In this request you are going to combine them into one account, putting borrowing authority under salaries and expenses. And the staff tells me this was due to an OMB directive; is that right?

Mr. HARRIS. Yes, sir. We set up our accounts with them in the fashion they instructed, as there was no formal directive to us.

Senator STEVENS. Did you question that concept of combining them all into one account?

Mr. HARRIS. I don't know that we questioned it. They reallocated the accounts over there—in other words, they took the material we gave them in different fashion, reconstructed it and told us that this was the way it would be printed in the budget request to the Congress.

Senator STEVENS. You don't have any objection to putting it back in a separate account?

Mr. HARRIS. I don't think any strenuous objection.

The reason OMB gave us—our accounts were separated last year because of the budget presentation in two parts of the President's budget—is that under the Government Corporation Control Act they wanted us to have maximum flexibility in setting up our corporate accounts, to behave as a corporation. They would require, by way of oversight adequate accounting documentation to maintain separation of accountability in the fashion we described. We intend to do that. We have gone a long way toward devising an accounting system so we can respond on these levels, and, also, respond to requests for information.

FISCAL YEAR 1978 ACQUISITION PROGRAM

Senator STEVENS. The indication we have is you will acquire Lansburgh's or Kann's out of 1978 money. How much of the $7.5 million is for acquisition costs with that approach?

Mr. HARRIS. All of the $7.5 million is for property acquisition and for holding cost such as interest to the Treasury. Neither Kann's nor Lansburgh's, as they are presently estimated by us, would have a fair market value anywhere near $7.5 million.

We do have appraisals on each of those properties from private professional fee appraisers.

Senator STEVENS. Why don't you give us estimates on each one for committee review. I don't understand how you are proceeding on that either/or situation for 1977, and then taking the other site in 1978.

You indicate that you are going to acquire other properties. What criteria have you developed to guide you in further acquisitions?

Mr. WOODBRIDGE. The criteria from there on out would be primarily our development schedule. I think we will always have to make some allowance for distressed property—people whose leases have expired, who are unable to re-lease their property and so on.

Otherwise on it is based strictly on which properties we would expect to have developed next. The additional properties in the 1978 request would fill out a site developable for housing, comprising Kann's and a portion of the block in which Lansburgh's sits. By the end of 1978 we would acquire a good portion of that two-block area and be able to begin construction of housing in a portion of it.

Senator STEVENS. How much do you anticipate you will obligate for fiscal year 1978 out of this request?

Mr. WOODBRIDGE. This is for property acquisition?

Senator STEVENS. Yes.

Mr. WOODBRIDGE. I think we are obligating the full amount. Yes. We are obligating the full amount.

Senator STEVENS. What is the minimum amount you believe is required to keep your acquisition on schedule for 1978?

Mr. WOODBRIDGE. As you stated in the beginning, we have already cut back our acquisition schedule and our development schedule predicated on the delay we have incurred by not being able to start at the beginning of fiscal year 1977. I think it is our feeling this is the minimum amount to move this project forward. The problem with cutting back any further than this is that if we are to provide sites for further development, it takes some time to assemble them.

If we are to encourage private development in this area, we have got to have sites available and we also have to carry on the public works program that changes the character of the area significantly, so that private developers would be interested in coming down there.

As you perhaps know, we had originally requested authorization for the entire $130 million to provide this earnestness of the Government's intention at the beginning of the project, so we could assure private developers the plan was going to be carried out.

We now have a 2-year authorization and we are not even requesting the full amount of that 2-year authorization. We feel we have cut back several times.

RESTORATION OF THE WILLARD HOTEL

Senator STEVENS. There is $5 million here for the Willard Hotel in order to make restoration feasible. It is listed under historic preservation. What does that really entail? Why do we need $5 million in order to make restoration feasible?

Mr. QUESADA. It would not be possible for an entrepreneur to come in and bear the cost of acquisition of the raw building and then bear the cost of turning it into a hotel. If he had to bear that cost, he would not be in a competitive position. It would cost him on the order of $45,000, $50,000, or $60,000 a room. And he would not be competitive.

The building has to be almost rebuilt inside. It needs new elevator shafts, new elevators, new plumbing, new heating system, new air-conditioning system. I think it is fair to say the cost of renovating that hotel and buying it would be more than the cost of tearing the structure down and erecting a new building.

The concept is to pay the difference between what the cost would be if a developer created a capital investment that would be compensatory and the actual cost the entrepreneur would have to bear. I don't think it is possible for an entrepreneur to buy that land or pay rent on the land, renovate it and have a viable hotel. I do not think it is possible.

Senator STEVENS. You are going to pay this $5 million, I assume, contingent upon your approval of the restoration plan.

Mr. QUESADA. Definitely. The $5 million, Mr. Chairman, is an expense we are suggesting the Government pay to retain the site, to retain its historic value.

Senator STEVENS. Is that a negotiable figure?

Mr. QUESADA. It is an outside figure. It would be negotiated very strenuously. We would examine the expenditures of any subsidy with the greatest of care. That is, exactly what it is that we would give to an entrepreneur to rehabilitate the hotel.

RESTORATION OF OTHER HISTORIC BUILDINGS

Senator STEVENS. What is happening to the Federal National Bank Building and the other facades?

Mr. WOODBRIDGE. That is a building which is a designated landmark that falls within our area and is scheduled for restoration. It is now in rather bad condition. You are probably familiar with it as the Apex Liquor Store down here at 7th and Pennsylvania. That money would be dedicated to the restoration of the exterior facade.

We would either, in that case, acquire the property or, as is the case here, when the owner wishes to retain ownership of the property, we would purchase from him an historic easement which would guarantee that the building be restored and maintained in perpetuity.

Senator STEVENS. What is the cost of the restoration?

Mr. WOODBRIDGE. That is something that will have to be negotiated. We have made an estimate——

Senator STEVENS. $370,000?

Mr. WOODBRIDGE. Yes.

Senator STEVENS. That is for all of them?

Mr. WOODBRIDGE. No. That is for that particular building.

Senator STEVENS. One particular building? Which one?

Mr. WOODBRIDGE. The Central National Bank Building. That is a conservative estimate. If the owner keeps possession of it, we would negotiate with him.

Senator STEVENS. What are the other properties?

Mr. WOODBRIDGE. There are other properties in that area which will require much less work. The National Bank of Washington here is in very good condition; is well maintained by its owners and expected to be maintained in the future in good condition.

There are other sites. Since this area is zoned for a much higher density than these buildings presently occupy, they could build higher buildings on those sites. It is possible we will have to purchase some other historic easements in order to guarantee retention of the historic buildings.

Senator STEVENS. Have you determined the funding that would be required for those other properties?

Mr. WOODBRIDGE. We have made a complete estimate included in our historic preservation plan, covering the $11.1 million preservation part of the $130 million cost stated in the plan.

Where these properties are subject to negotiation, we would rather not put specific dollar values on specific properties until we have had an opportunity to negotiate with the owners.

CONTINUATION OF PUBLIC IMPROVEMENTS

Senator STEVENS. You have a request for public improvements, some $5.9 million, to continue work on the western sector for fiscal year 1978. Will that bring about the completion of any of the items listed in your justification?

Mr. WOODBRIDGE. The items listed in the justification are an explanation of the extent of the work rather than individual work items. We are trying to clarify for the committee where this work would take place geographically. It is essentially one project which will continue on into fiscal year 1979. The amounts go from $972,000 in fiscal year 1977 to $5.9 million in fiscal year 1978 to $6,628,000 in fiscal year 1979, which will complete the project which is known as the western sector.

That involves the avenue and public spaces from 13th Street up to the White House grounds.

Senator STEVENS. Will there be any site development at 6th and 7th and D Streets?

Mr. WOODBRIDGE. The development of that site acquired in fiscal year 1977 under this assumption would be offered for a private developer in fiscal year 1978. We would expect construction to begin sometime during the year. The physical widening of D Street is a related public works project which is designed to permit the closing to vehicular traffic of Indiana Avenue, which is just to the south.

Indiana Avenue presently has a 160 foot right of way. It carries almost no traffic. By widening D Street one lane we are able to close both C Street and Indiana Avenue to vehicular traffic and devote that whole area to residential and mixed use development.

RELOCATION EXPENSES

Senator STEVENS. To continue your relocation assistance effort you are requesting $810,000. It does not appear that you will be forcing relocation of very many businessmen by your acquisition efforts. Could you tell us how you arrived at this figure?

Mr. WOODBRIDGE. We expect to displace about 20 businesses in the first 2 years of development, fiscal year 1977 and fiscal year 1978. We requested $920,000 for relocation assistance for fiscal year 1977 and the $810,000 you mention for the next fiscal period. The costs were arrived at by studying the relocation experience of local agencies in making payments required under the Uniform Act.

Senator STEVENS. If you combine your supplemental request and your fiscal year 1978 request for relocation assistance it totals $3 million. For the record, please provide a breakdown of this $3 million as it relates to your schedule of acquisition.

Mr. QUESADA. We will be happy to give that to you, Mr. Chairman.

[The information follows:]

RELOCATION ASSISTANCE PROGRAM THROUGH FISCAL YEAR 1978

Below is a listing of those businesses who are located on squares comprising the first two years' acquisitions. Although Kann's (Square 432), Lansburgh's (Square 431), and the businesses located on the 7th Street property (Square 457) are no longer in operation, a contingency amount has been retained, since there is no way of determining which businesses, if any, will be on these properties at the time of acquisition. The owners of both Lansburgh's and Kann's have been soliciting lessees, and questions still remain concerning the physical integrity of the 7th Street properties. Therefore, relocation funds must be set aside in the event that these properties are reoccupied prior to acquisition. To safeguard the government's negotiating position only the total estimated payment for each square is shown.

Fiscal Year	Square	Name of Business or Property	Estimated Cost*	
1977	457	7th Street Properties		
1977	458	Parking Garage		
1977	459	MacDonald's		
		The Golden Bull		
		Photo Shop		
		Browning & Baines Coffee Manufacturers		
		Central Union Mission		
		Residential Unit		
		Administrative Costs	142	
		TOTAL Square 459		520
1977	460	Dog House		
		Waffle Shop		
		Barney's Restaurant		
		Kansas City Beef House		
		Mark Weiss Camera		
		Apex Liquor		
		Holiday Tours		
		Mike's AMOCO		
		Administrative Costs	72	
		TOTAL Square 460		265
1977	225	Willard Hotel (possible fixtures)		
		Parking Garage		
		Administrative Costs	1	
		TOTAL Square 225		13
1977	431	Lansburgh's Property		
1978	432	Kann's Property		
		GRAND TOTAL - - - - - - - - - - - - -		1,021

*Figures given in thousands. Individual estimates for each property have been prepared by the Corporation.

In addition to the above costs, the Corporation is requesting the sum of $1,986,000 over the first two years ($1,276,000) in 1977 and $710,000 in 1978) to provide rental assistance for up to 120,000 square feet of displaced businesses that are unable to pay the projected rents for similar businesses in the interim retail facility for displaced businesses. After allowances for space reduction and increases in productivity, it is estimated that these displacees, currently paying less thatn $5 per foot in gross rent, will be able to pay approximately $6 per foot. Rents in the proposed mall are expected to be $10 per foot, thereby requiring a $4 per foot subsidy. This subsidy is roughly an amount equivalent to the projected cost of utilities and supportive services.

The total cost of the program is $2,400,000 and would provide rental assistance for 60,000 square feet of businesses for ten years. The sum of $1,986,000 being requested for fiscal year 1977 and 1978 represents approximately eight years of assitance, and is a necessary prerequisite to development of the interim mall since it is unlikely that a lender would extend credit at favorable interest rates unless the developer can produce guaranteed sources of income. Furthermore, this sum will provide much needed assurances that affected businesses will have a sufficient number of years in which to operate.

TRAVEL COSTS

Senator STEVENS. In response to a staff request, you have supplied us with an updated object classification table which we will insert in the record at this point.

[The information follows:]

SALARIES AND EXPENSES
OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 42-0100-0-1-451		1976 actual	TQ Actual	1977 estimate	1978 estimate
	Personnel compensation:				
11.1	Permanent positions	375	95	561	732
11.3	Positions other than permanent	42	10	42	85
	Total personnel compensation	417	105	603	817
12.1	Personnel benefits: Civilian	35	9	48	63
21.0	Travel and transportation of persons	15	3	18	20
22.0	Transportation of things	---	---	3	3
	Rent, communications, and utilities:				
23.1	Standard level user charges	34	9	49	61
23.2	Other rent, communications, and utilities	13	12	18	25
24.0	Printing and reproduction	6	3	30	40
25.0	Other services	188	196	214	1,090
26.0	Supplies and materials	11	5	22	24
31.0	Equipment	1	1	30	3
32.0	Lands and structures	---	---	---	19,544
99.0	Total obligations	720	343	1,035	21,690

Senator STEVENS. This table adjusts your fiscal year 1977 travel figures from $27,000 to $18,000 which is the ceiling imposed by this committee. Would you explain to us how you came up with the $27,000 figure?

Mr. HARRIS. When we prepared the fiscal year 1977 budget request, we based our projections on beginning implementation early in the fiscal year. We assumed that the Board of Directors would have to meet twice as often as before, doubling travel costs from $9,000 to $18,000. We also anticipated added staff travel as the number of employees increased from 22 to 33.

PERSONNEL COST ADJUSTMENT

Senator STEVENS. We note that your fiscal year 1977 object class breakdown for personnel varies from that which is printed in the President's budget. Would you explain these changes? Total personnel compensation as reported in the President's budget is $536,000; as shown in the justification it is $603,000.

Mr. HARRIS. The table printed in the President's budget is from an earlier submission to OMB, in which we did not reflect staffing up to the full level of 33 persons. Later, we submitted the table printed in the justification, which was approved by OMB. However, they printed the earlier table in the budget document by mistake, and told us to correct it in our justification.

FUNDING THE CORPORATION

Senator STEVENS. The *Willard* decision is going to force us to fund the Corporation one way or the other. Is that your interpretation?

Mr. QUESADA. Whether the corporation will bear that expense is, as yet, undetermined. The ruling of the court did not make clear who will be taxed for the condemnation.

Mr. MESZOLY. Mr. Chairman, in response to your question, what the *Willard* decision means is that whether or not the plan is funded, the Government will pay for the Willard Hotel. If the plan is not funded, the court will certify the claim to Congress for award through the usual process of a special bill. If we were not around to take over the Willard, it would revert to GSA and they would have a derelict building for disposal under their statutory authority.

Senator STEVENS. Are you in any position to say it would save the Government money in the long run if you were funded this year?

Mr. QUESADA. I think it would save a lot of money to be funded this year. I think it would save a lot of money if Congress would permit implementation of the entire plan. I have serious doubts whether we will be able to attract entrepreneurs until there is a full commitment by the Government to do its part. I don't think it is reasonable to ask an entrepreneur to come in and commit his total resources for a particular project when he has only partial assurance the Government will do its part.

Senator STEVENS. What is the total commitment required?

Mr. QUESADA. A one-time appropriation of $130 million. Now that is for public things, those things that the public would be expected to pay for, such as roads, streets, rehabilitation, historic preservation.

Then there is an appropriation that would permit us to borrow money from the Treasury to buy land. And the land would be the collateral for the borrowing, and quite good collateral, I think. The Treasury would be paid back through the revenue from leasing that land. The revenue on any one particular parcel would be designed to amortize the borrowing and pay the debt service.

Then the entrepreneurs come along and at their total expense and under their total financing, would build the improvements on the land, which would revert to the Government at the expiration of the lease.

Senator STEVENS. Good luck in the House.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

STATEMENT OF CLEMENT M. SILVESTRO, CHAIRMAN

ACCOMPANIED BY ROBERT R. GARVEY, JR., EXECUTIVE DIRECTOR

JUSTIFICATION

Senator STEVENS. Now we have the Advisory Council on Historic Preservation, which was recently established as an independent agency. The regular fiscal year 1978 budget justification has been included in the record. We will insert the supplemental justification in the record at this point.

[The justification follows:]

Justification

SALARIES AND EXPENSES

Identification code	19 actual	19	19 estimate	19 estimate
Budget Appendix Page	Presently Available	Revised Estimate	Proposed Supplemental	
695 Salaries and Expenses	$679,000	$999,000	$320,000	

(in thousands of dollars)

Identification code	19 actual	1977	1977 estimate	19 77 estimate
Program by activities		Presently Available	Revised Estimate	Proposed Supplement
Direct program				
1. Advisory services (total costs)		679	999	320
Reimbursable program		100	100	--
Total program costs, funded		779	1,099	320
10.00 Total obligations		779	1,099	320
Financing				
11.00 Offsetting collections from: federal funds		-100	-100	--
Budget Authority				
40.00 Appropriations			320	320
42.00 Transferred from other accounts		650	650	--
43.00 Appropriation (Adjusted)		650	970	320
44.20 Supplemental now requested for civilian pay raise		29	29	--
Relation of obligation to outlays:				
71.00 Obligations incurred, net		679	999	320
74.00 Obligated balance, end of period		-31	-51	-20
90.00 Outlays, excluding pay raise supplemental		620	920	300
91.20 Outlays from civilian pay raise supplemental		28	28	

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	19 actual	19 77	19 77 estimate	19 77 estimate
		Presently Available	Revised Estimate	Proposed Supplemental
Direct Personnel compensation:				
11.1 Permanent positions		313	421	108
11.3 Positions other than permanent		144	144	--
11.5 Other personnel compensation		--	10	10
11.8 Special personal services payments				
Total personnel compensation		457	575	118
Personnel benefits:				
12.1 Civilian		40	51	11
13.0 Benefits for former personnel				
21.0 Travel and transportation of persons		46	95	49
22.0 Transportation of things		--	--	--
23.0 Rent, communications, and utilities		30	35	5
23.1 Standard level users charge		37	39	2
23.2 Other communications costs		10	12	2
24.0 Printing and reproduction				
25.0 Other services		54	177	123
26.0 Supplies and materials		2	7	5
31.0 Equipment		3	8	5
32.0 Lands and structures				
33.0 Investments and loans				
41.0 Grants, subsidies, and contributions				
42.0 Insurance claims and indemnities				
43.0 Interest and dividends				
44.0 Refunds				
99.0 Total obligations		679	999	320

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	19 actual	19 77	1977 estimate	19 77 estimate
Reimbursable		Presently Available	Revised Estimate	Proposed Supplemental
Personnel compensation:				
11.1 Permanent positions		80	80	--
11.3 Positions other than permanent				
11.5 Other personnel compensation				
11.8 Special personal services payments				
Total personnel compensation		80	80	--
Personnel benefits:				
12.1 Civilian		8	8	--
13.0 Benefits for former personnel		--	--	--
21.0 Travel and transportation of persons		5	5	--
22.0 Transportation of things		--	--	--
23.0 Rent, communications, and utilities		--	--	--
23.1 Standard level users charge		3	3	--
23.2 Other communications costs		1	1	--
24.0 Printing and reproduction				
25.0 Other services		1	1	--
26.0 Supplies and materials		1	1	--
31.0 Equipment		1	1	--
32.0 Lands and structures				
33.0 Investments and loans				
41.0 Grants, subsidies, and contributions				
42.0 Insurance claims and indemnities				
43.0 Interest and dividends				
44.0 Refunds				
99.0 Total obligations		100	100	--

Personnel Summary

Identification code	19 actual	1977	19 77 estimate	1977 estimate
		Presently Available	Revised Estimate	Proposed Supplemental
Total number of permanent positions		19	24	5
Full time equivalent of other positions		9	9	0
Average paid employment		28	33	5
Average GS grade		10.42	11.43	16.25
Average GS salary		$17,000	$19,226	$39,600

SUPPLEMENTARY SOURCE DOCUMENT (In thousands of dollars)

Identification code	Function	Line No.	Def. (D) / Indef. (I)	Leg. (L) / No Leg (N)	If actual	1977 Presently Available	1977 Revised Estimate	1977 Proposed Supplemental
A. ANALYSIS OF BUDGET AUTHORITY AND OUTLAYS								
Budget authority	303	40.00	D	N		--	320	320
	303	43.00				650	650	--
		44.20				29	29	--
Total						679	999	320
Outlays	303	90.00				620	920	300
		91.20				28	28	--
Total						648	948	300
Memorandum entries:								
Appropriation to liquidate contract authority								
Limitations:								
		9						
		9						
		9						
		9						

B. DISTRIBUTION OF OUTLAYS

	Line code				
From new authority—current	311		648	948	300
From new authority—permanent	312				
From obligated balances	313				
From unobligated balances	314				
From new appropriations to liquidate contract authority (memo entry)	315	( )	( )	( )	( )

C. CHARACTER CLASSIFICATION

	Function	MC	Character code				
Budget authority	303	1	6313-24		679	999	320
		1					
		1					
		1					
		1					
		1					
		1					
Total					679	999	320
Outlays	303	2	6313-24		648	948	300
		2					
		2					
		2					
		2					
		2					
		2					
Total					648	948	300

DETAIL OF PERMANENT POSITIONS

	19 actual	19 estimate	19 estimate
	Presently Available	Revised Estimate	Proposed Supplemental
Level V	--	1	+1
GS - 17	--	2	+2
GS - 16	--	1	+1
GS - 15	1	2	+1
GS - 14	3	3	--
GS - 13	1	1	--
GS - 12	4	4	--
GS - 11	2	2	--
GS - 9	3	3	--
GS - 8	1	1	--
GS - 7	1	1	--
GS - 6	1	1	--
GS - 5	2	2	--
Total permanent positions	19	24	+5
Unfilled positions, June 30 (-)	--	--	--
Total permanent employment, end of year	19	24	+5

Salaries and Expenses

1. Advisory Services: Fiscal Year 1977 appropriation, $679,000; proposed supplemental, $320,000; revised request $999,000.

The increase consists of:

Increase (+) or Decrease(-) Amount	Positions	Total Program	Total Positions	Explanation
(A) +$320,000	+5	$999,000	24	Additional resources to support the Council

Fiscal Year 1977 is a critical year for the Advisory Council on Historic Preservation. The Council was designated as an independent agency on November 21, 1976. With additional legislative authority the responsibilities and intense interest throughout the country in historic preservation, and the workload have greatly expanded.

Our case load for fiscal year 1976 of 1,746 cases is projected to increase to over 2,500 cases in fiscal year 1977 and over 3,900 cases in fiscal year 1978. The complexity of cases is greater than ever with Federal, State and local governments involved. The need for the Council to comment on all projects expeditiously as possible is essential.

The Council, therefore, works with the Federal agencies in the development of their environmental review procedures to ensure consideration of historic preservation at the earliest stages of project planning and to ensure coordination of historic preservation procedure requirements with other environmental review requirements and time frameworks; to educate and train agency personnel with respect to the proper treatment of historic resources in each program's planning process; and to establish programmatic agreements that set standards which ensure that individual projects under the program will not adversely affect historic properties.

The increases requested in this supplemental will enable the Council to effect independence in a more realistic manner and permit the Council to discharge its many responsibilities.

This supplemental request of $320,000 will be utilized for the following elements of expenses: $129,000 will provide salaries and benefits for five (5) positions to permit the Council to increase its professionalism in the technical aspects of historic preservation and in managerial expertise; $123,000 for other services to contract for studies to accomplish mandatory functions; $ 49,000 for additional travel to support field inspection of historical sites; and $19,000 will provide for all other support such as printing, supplies, and equipment.

BIOGRAPHY AND PREPARED STATEMENT

Senator STEVENS. First, let's consider your supplemental request and then the request for your regular 1978 budget.

Will you introduce your associate and proceed with your remarks?

Dr. SILVESTRO. I am Clement Silvestro, Chairman of the Advisory Council on Historic Preservation. And with me is Mr. Garvey, the Executive Director.

Senator STEVENS. Since this is your first appearance, we will put your statement in full in the record. You can read it if you wish. But we would also like to have a biographical sketch put in the record.

[The biographical sketch and statement follow:]

BIOGRAPHICAL SKETCH

CLEMENT MARIO SILVESTRO

Dr. Silvestro was named Chairman of the Advisory Council on Historic Preservation by the President on May 28, 1974, for a term which expires in 1977. Presently, he is Director of the Museum of Our National Heritage in Lexington, Massachusetts.

Dr. Silvestro was the Director of the Chicago Historical Society from 1965 to 1974. He has been a Director of the American Association for State and Local History and was editor of its magazine, "History News" from 1957-1964. He was assistant to the Director of the Wisconsin Historical Society from 1956-1957. He is a graduate of Central Connecticut State College and received an M.S. (1951) and Ph.D (1959) in history from the University of Wisconsin.

He has been a member of the executive committee of the American Association of Museums and served as its vice president from 1966-1971. He has been a member of the Chicago Architecture and Landmark Commission and the Illinois Historic Sites Advisory Council. He is presently a member of the U.S. Committee of the International Council on Museums, the Chicago School of Architecture Foundation, the Advisory Panel for National Foundation of the Arts and the Humanities Arts and Artifacts Indemnity Act, the Advisory Panel for the Massachusetts Council for the Arts and Humanities and a resident member of the Colonial Society of Massachusetts, and a Trustee of the National Trust for Historic Preservation.

Dr. Silvestro was born in New Haven, Connecticut, on September 7, 1924. He served in the U.S. Army Air Corps from 1943 to 1945. He is married to the former Betty Mack and has one daughter.

PREPARED STATEMENT OF CLEMENT M. SILVESTRO

Mr. Chairman, members of the Committee, I am Clement Silvestro, Chairman of the Advisory Council on Historic Preservation and I cannot tell you, how pleased and proud, I am to be able to appear before you today on behalf of the Council. One of the little noticed, but most significant events that took place in the last months of our Nation's Bicentennial year was the enactment of P.L. 94-422. Two hundred years after the founding of our Country, the 94th Congress established, for the first time, an independent agency of the Federal government whose sole mandate is the preservation of the irreplaceable resources that comprise our National Heritage. That agency, is the Advisory Council on Historic Preservation.

Congress made us an independent agency last year because the Council, for the last several years, has been unable to do its work because we were underfunded and understaffed while operating under the aegis of the National Park Service. Thus, while we are a new independent agency, our expertise is based on our experience over the last ten years when the Council was funded and staffed by the National Park Service. As the Federal agency mandated to advise the Congress and the President on historic preservation matters and to coordinate Federal, state and local government, as well as private sector pres-

ervation activities, the Council must now assume responsibility for the effective implementation of the national historic preservation program. It is in this context that this testimony, the Council's first opportunity to present and explain to the Congress its budget request, should be considered. This will be a crucial and definitive budget year for the Council and the entire national preservation program.

Mr. Chairman, this request for a supplemental appropriation amounts to $320,000 as provided in the President's budget and would provide the Council with a total fiscal year 1977 appropriation of $999,000. This supplemental will provide the funding and positions to establish the agency, to enable us to better discharge our legal mandates existing at the time of our independence, and to begin to plan to meet the Council's new statutory mandates enacted subsequent to its independence and the initial fiscal year 1977 appropriation.

This supplemental appropriation will permit the Council to do a better job in three principle areas:

1. Legislation and National Policy

   In the 94th Congress over 200 bills affecting various aspects of the national historic preservation program were introduced. Four major bills were enacted. To date, over 30 bills affecting preservation have been introduced in the 95th Congress. Not only do we have a specific mandate to advise the Congress and the President on historic preservation matters, but we recognize that the legal framework in which preservation activities must be considered is of fundamental importance to achieving the goals of the national program. For example, it has come to our attention that historically significant bridges across the country are being lost because the Federal bridge replacement program authorized by statute prohibits repair or renovation of existing bridges. It is imperative that we be aware of the effects of proposed legislation on the national program and provide Congress and the President with timely advice on such matters.

2. Protection of Historic Properties

   Pursuant to Section 106 of the National Historic Preservation Act the Council is the Federal agency responsible for the protection of historical, architectural, archeological and cultural properties listed in or eligible for listing in the National Register of Historic Places. Currently some 18,000 properties are listed in the Register. These are properties of national, state and local importance--not just a Mt. Vernon and an Independence Hall, but residential and commercial neighborhoods that are prerequisite to true community, rural districts that evidence our living agricultural heritage and cultural centers whose diversity is a basic strength of our national character. Federal agency requests for Council review of their direct and indirect projects that affect such properties have increased from some 300 in 1973 to over 1700 in 1976. The costs of these projects range from hundreds of dollars to several billion dollars.

Clearly, we have to be able to respond as quickly as possible to avoid costly delays. This is not a paper exercise--it requires people. Not every property has to or should be preserved. It is the Council's job, in conjunction with the Federal agency and the appropriate State Historic Preservation officer to weigh the benefits of the proposed undertaking against the adverse effects on historic properties and to recommend a course of action most in the public interest. The purpose of each case review and comment is to ensure that important historic properties are not unnecessarily impaired or destroyed. Our commenting process ensures not only the involvement of the state, but also of the local community because if preservation of a property cannot contribute to the development of that community it should not stand in the way of meeting other community needs. Of some 160 agreements executed in 1976, only 28 required the Council to agree to the destruction of buildings on or eligible for the National Register. In all other cases, professional preservation planning expertise and guidance permitted projects to proceed in a manner compatible with preservation. At the beginning of 1974 we had some 200 pending cases, today, we have over 700 pending cases. It is clear that we must increase our ability to respond to agency requests for our comments in a timely manner in order to ensure that preservation requirements are met without incurring costly delays in project implementation.

3. Coordination

Because many major Federal programs, such as Community Development block grants and Emergency Local Public Works grants, affect historic properties it is essential for the Council to coordinate Federal, state and local preservation planning activities. Using the members of the Council, we are able to effectively facilitate implementation of other agencies' programs through consultation on procedures, participation in training and educational activities, negotiation of programmatic agreements, and preparation of special reports related to the technical aspects of preservation planning. These activities will be increased, such as development of agreements with local communities permitting the use of Community Development funds to restore entire blocks of historic buildings without individual case review so long as certain professional standards are met.

Turning now to the fiscal year 1978 appropriation request for the Council, as presented in the President's budget the amount requested is $1,230,000.

In addition to the Council's activities which I have discussed in connection with the supplemental request, two new laws were enacted after P.L. 94-422 which specifically assign new responsibilities to the Council. P.L. 94-429, an act to regulate strip mining in national

parks, directs the Secretary of the Interior to request the Council's advice whenever a national historic or natural landmark is threatened by surface mining activities. This law adds two new dimensions to our review responsibilities: first, it applied to non-Federal activities that are normally beyond the scope of our jurisdiction under Section 106 of the National Historic Preservation Act; and second, it covers "natural" history and "natural" landmarks, categories of resources not heretofore eligible for the National Register or subject to the Council's purview. Meeting these responsibilities will place additional burdens on the Council on a continuing basis as individual problems are referred to the Council by the Secretary, such as the current vermiculite mining controversy affecting the Green Springs Historic District in Virginia. The legislation also requires the Council to submit a report to the Congress in September 1978 on the actual and potential effects of strip mining on natural and historic landmarks and to recommend appropriate legislative action to protect such landmarks.

P.L. 94-451, the Public Buildings Cooperative Use Act, requires the Council to identify historic buildings suitable, whether or not in need of repair, to meet the General Services Administration's (GSA) identified public building's space needs. The Council and GSA have begun work on the establishment of the necessary guidelines and procedures to coordinate this program and it appears that up to 150 identification and suitability reports will be required annually.

Moreover, there has been a substantial expansion of programs requiring Council involvement under its previous authorities. For example, P.L. 94-422 authorized a five fold increase in the preservation grants program and the President's budget provides for a 100% increase in funding for fiscal year 1978 over the prior fiscal year; the Tax Reform Act, P.L. 94-455, made certain changes in the Internal Revenue Code that will result in increased preservation activities across the country; and the Emergency Local Public Works program initiated last year appears to be moving towards an even greater second phase.

In light of these developments, favorable consideration of this fiscal year 1978 appropriation request will permit the Council to maintain its current level of productivity while at the same time taking the initial steps necessary to meet our newly mandated legislative responsibilities.

Finally, Mr. Chairman, we believe that these increases will better equip the Council to effectuate the objectives of the national historic preservation program, a program that is essential if this Nation is to maintain those tangible links with its past which form the basis for our individual and national identities.

Thank you for your time and consideration. I have not discussed detailed budget or personnel figures which have previously been provided to the Committee. Robert Garvey, our Executive Director, is with me today and we would of course be pleased to answer any questions you or other members of the Committee may have.

STATEMENT HIGHLIGHTED

Dr. SILVESTRO. I thank you for the privilege of appearing before you on behalf of the Advisory Council. I have submitted my testimony for the record. With your permission, I would like to highlight some points of interest.

One of the little noticed, but most significant events that took place in the last months of our Nation's Bicentennial Year, was the enactment of Public Law 94–422. Two hundred years after the founding of our country, the 94th Congress established, for the first time, an independent agency of the Federal Government whose sole mandate is the preservation of the irreplaceable resources that comprise our national heritage. That agency is the Advisory Council on Historic Preservation.

Congress took this action because for 10 years previous to the enactment of this legislation the Advisory Council operated within the budget priorities of the National Park Service. While our relations with the National Park Service have always been very cordial, the Council's budget has remained relatively constant for the past 5 years. The program has been understaffed and underfunded, thus, preventing the Council from carrying out fully its mandated responsibilities.

We have never had the opportunity to explain our needs directly to you. This is our first budget submission as an independent agency. It obviously reflects the shortcomings of the past. For example, our backlog of pending cases has more than doubled in the past 2 years. Also this budget recognizes that new legislation has imposed additional responsibilities on the Council.

In response to a request from the new Director of OMB we submitted a revised budget for consideration in the new administration's program. Concurrently, a copy of this budget request was provided to this committee as required by law.

Turning to the fiscal year 1978 appropriation request two laws were enacted after Public Law 94–422 which specifically assign new responsibilities to the Council.

Public Law 94–429, an act to regulate strip mining in National Parks directs the Secretary of the Interior to request the Council's advice whenever a national, historical, or natural landmark is threatened by surface mining activities.

Public Law 94–451, the Public Buildings Cooperative Use Act, requires the Council to identify historic buildings suitable, whether or not in need of repair, to meet the General Services Administration's identified public building space needs.

With me is Robert Garvey, our Executive Director. We would be pleased to answer any questions you may have.

Senator STEVENS. Thank you very much.

COUNCIL GROWTH

You are going to go up from around $500,000 to more than $1.2 million in terms of this request. I understand these acts we have passed, but what factor requires more than doubling your operating budget in 1 year?

Mr. GARVEY. Mr. Chairman, the Council's authorized funds for 1977 from the Preservation of Historic Properties appropriation were

$564,000. The law establishing the Council as an independent agency required a transfer of funds and personnel from the National Park Service to the Council. That was done by determination order signed by the Director of OMB, effective on November 21, 1976.

As the fiscal aspects of that order were worked out, the final transfer required $720,000 which included sums that were being provided from centrally funded "Operation of National Parks" accounts to the Council in addition to its own authorized funds. Actually, the budget figures go up from an annual amount of $720,000 to the sums that are in the present budget.

Now, insofar as the needs which will be met with that new budget figure, as Dr. Silvestro has said, the Council has new responsibilities contained in legislation enacted subsequent to its basic legislation. In addition, there has been over a period of time certain aspects of the Council's responsibilities which were not fully accomplished because of lack of personnel and resources.

Senator STEVENS. You are still an advisory agency, aren't you, even though you are independent? You are not going to administer the grants, are you?

Mr. GARVEY. Mr. Chairman, the Council will not administer any grants programs. That is the responsibility of the Secretary of the Interior, by law.

Senator STEVENS. The Park Service maintains the function it had before your creation.

Mr. GARVEY. That is correct; they maintain the grants function. However, the Congress in establishing the Council as an independent agency exempted it from the provisions of the Advisory Committee Act. And the legislation prescribes the Council to operate in accordance with the Administrative Procedures Act as an agency.

Senator STEVENS. Are there any one-term costs in this budget or is this the budget we can expect in the future?

Mr. GARVEY. I think, Mr. Chairman, this is the budget level that can be anticipated.

Fundamental to the Council's work is the growth of the National Register of Historic Places. That is the list of properties that are significant, that deserve attention as our Federal projects are planned. As the National Register grows, the activies of the Council will continue to grow because the Council is the single agency responsible for reviewing the effects of Federal activities on these historic properties.

NEW POSITIONS

Senator STEVENS. We have some difficulty. I hope you understand.

You ask for five new positions. They are all GS–15 or above: One executive level 5, two GS–17's, one GS–16, and one GS–15. You already have one GS–15. Why does the Advisory Council require that 25 percent of the staff be GS–15 or above?

We have several large agencies within the Interior Department that don't have one level-5 position. Could you tell us why the Advisory Council needs a staff with higher grade levels than most of the agencies within the Department of the Interior?

Mr. GARVEY. Mr. Chairman, I believe the average grade level of the council at the moment is about 10.5. And insofar as the equivalent supergrade positions authorized in the legislation, I think this is in anticipation over a number of years.

And as the Council has reviewed and agreed upon a structure for the staff that will support the Council, it is not anticipated that the full complement of jobs as authorized by the legislation would be implemented, nor does our budgetary request suggest that——

Senator STEVENS. You mean there are going to be more for this agency than what we have? The staff tells me you are actually requesting five new positions, all high level, and you are also upgrading five existing positions at the same time. Is that right?

Mr. GARVEY. That is not correct.

Senator STEVENS. Will you explain it to us? What are you doing with this request?

Mr. GARVEY. The legislation established the Executive Director's post at executive level 5. Thereafter, the Council is authorized five positions at the equivalent of no greater than grade 17. The staff as presently contemplated in the budget presentation if it does not use those five positions that are authorized——

Senator STEVENS. What does the budget cover? How many of those positions?

Mr. GARVEY. You are referring to the 1978——

Senator STEVENS. We are referring right now to supplemental request. I assume it carries over to 1978 the same thing.

Mr. GARVEY. You, a moment ago, mentioned $1,230,000 which is the 1978 budget figure.

Senator STEVENS. I mentioned both. I mentioned $500,000 up to $1.2 million in 2 years.

Mr. GARVEY. The 1978 request provides for——

Senator STEVENS. Why don't you give us a table showing us the job title and grade level of the 19 positions you currently have on the board. The current ones.

Then, give us the same information for the requested level of 24 positions indicating which are new positions and which are upgraded.

Mr. GARVEY. All right, sir, we will furnish that information for the record.

Senator STEVENS. Then we will see what we are talking about. You say you are not upgrading as well as providing five new jobs. It looks as though you have five new positions and you are upgrading some of the existing; but we will see when we get that schedule.

[The information follows:]

CORRECTED PERSONNEL REQUEST

The concurrently submitted 1977 Supplemental request for 47 positions was prepared prior to the signing of the Office of Management and Budget's Determination Order, and was based on the Council's needs as perceived and presented during the hearings on P.L. 94–422. These were basically the positions and funds that supported the legislative authorization ceilings. The OMB allowance, and the Determination Order (transmitted January 6, 1977, retroactive to November 21, 1976) were issued as the President's budget was being prepared for printing. The budget and supporting documents were printed erroneously to reflect new positions at Executive Level 5, two GS–17's, one GS–16 and one GS–15. The Council had planned to utilize the OMB allowance of five new positions to strengthen the professional staff at the GS–9, 11, 12 level and to establish the General Counsel position at GS–16.

The attached position table identifies the employment levels from the Fiscal Year 1977 funded level, the OMB Determination Order, subsequent Civil Service Commission concurrence in the Council's action appointing the Executive Director and the correct supplemental request.

In addition, a revised Object Classification Table has been prepared that reflects only six-month requirement vice the original submission for full year supplemental costs. A reduction of $62,000 in personnel costs can be taken within the context of the more realistic time frame remaining to complete Fiscal Year 1977. A revised amount of $258,000 is requested for the Fiscal Year 1977 supplemental appropriation.

Job Title	Grade	F.Y. 1977 Funded	1977 Determination Order Base	Supp.	F.Y. 1978
Executive Director	V	-	1[a/]	-	1
Executive Secretary	15	1	-	-	-
General Counsel	16	-	-	+1[b/]	1
Supv. Historian	15	-	1	-	1
Lawyer	14	1	1	-1	-
Budget and Finance Officer	14	1	1	-	1
Supv. Historian	14	1	1	-	1
Program Manager	13	1	1	-	1
Urban Planner	12	1	1	-	1
Urban Planner	12	-	-	+1	1
Historian	12	1	1	-	1
Historian	12	1	-	-	-
Historian	12	1	-		-
Lawyer	12	-	-	+1	1
Adm. Assistant	11	1	1	-	1
Historian	11	1	-	+1	1
Historian	11	-	-	+1	1
Historian	09	1	1	-	1
Historian	09	-	1	-	1
Historian	09	-	1	-	1
Historian	09	-	-	+1	1
International Spec.	09	1	1	-	1
Secretary	09	1	1	-	1
Secretary	08	1	1	-1	-
Historian	07	1	1		1
Historian	07		1		1
Staff Assistant	07		1		1
Secretary	07	-	-	+1	1
Clerical Assistant	06	1	1		1
Clerk	05	2	-		
Total		19	19	+5	24

a/ Executive Director authorized by Section 205a of P.L. 94-422.

b/ General Counsel authorized by Sec. 205b of P.L. 94-422, pending supplemental.

Salaries and Expenses
OBJECT CLASSIFICATION (in thousands of dollars)

Identification code 95-2300-1-1-303	19 actual	19 77	19 77 estimate	19 77 estimate
		Presently Available	Revised Estimate	Proposed Supplemental
Personnel compensation:				
11.1 Permanent positions		313	365	52
11.3 Positions other than permanent		144	144	-
11.5 Other personnel compensation		--	10	10
11.8 Special personal services payments				
Total personnel compensation		457	519	62
Personnel benefits:				
12.1 Civilian		40	45	5
13.0 Benefits for former personnel				
21.0 Travel and transportation of persons		46	95	49
22.0 Transportation of things				
23.0 Rent, communications, and utilities		30	35	5
23.1 Standard level users charge		37	39	2
23.2 Other communications costs		10	12	2
24.0 Printing and reproduction		54	177	123
25.0 Other services		2	7	5
26.0 Supplies and materials		3	8	5
31.0 Equipment				
32.0 Lands and structures				
33.0 Investments and loans				
41.0 Grants, subsidies, and contributions				
42.0 Insurance claims and indemnities				
43.0 Interest and dividends				
44.0 Refunds				
99.0 Total obligations		679	937	258

TRAVEL REQUEST

Senator STEVENS. The supplemental would more than double your current travel budget from $46,000 to $95,000. Can you explain why that is needed for the balance of the fiscal year?

Mr. GARVEY. Yes, Mr. Chairman. The legislation, to begin with, adds two new non-Federal members to the Council plus the president of State preservation officers, and the travel and support cost for those new members come out of this new budget.

The Council members meet four times each year. There are now 14 members whose travel and support are provided by the Council. Those meetings cost somewhere in the neighborhood of $8,000 each. During the past fiscal year, the Council had to cancel one meeting because there was insufficient travel money.

Senator STEVENS. How often did they meet?

Mr. GARVEY. Four times annually.

Senator STEVENS. That is $32,000.

Mr. GARVEY. That is correct, approximately $32,000.

Senator STEVENS. But you are asking for $95,000, more than twice your original request.

Dr. SILVESTRO. Mr. Chairman, the nature of the Advisory Council work requires the professional staff to travel extensively for onsite investigations that require possibly several days at a time——

Senator STEVENS. That is my next question. Why? Why can't you use the State and local preservation agencies and Advisory Council members themselves?

Dr. SILVESTRO. This is one of the extremely difficult sore points with the State and local offices in complying with the legislation; that the workload has been tossed off on them and they have no staffs available to do the detailed kind of work necessary.

For example, tomorrow we are leaving for Baltimore, the full committee of the Advisory Council, to hear a major case in Baltimore dealing with the Federal Highway Administration and the Council regarding the major network of highways in the city of Baltimore. It is a multimillion dollar project. It has been on the record for nearly 5 years trying to resolve the location of a major highway directly through the center of Baltimore that threatens some of its major historic sites.

The Federal Highway Administration has compiled a case file several inches thick presenting its point of view. The Governor of Maryland is involved. The legal technicalities are monumental. Quite often the staff of the Council is unable to handle it completely and must go out and seek consulting advice.

It is this kind of complicated case that comes before the Council that requires—and you mentioned earlier, sir, the need for so many high-level positions—this is precisely why the institution needs these high-level positions to deal with the kind of people we have to deal with on these extremely complex issues. It is not the kind of work the average public servant performs.

CONTRACTS

Senator STEVENS. You have $123,000 to contract for studies to accomplish mandatory functions. What is that?

Dr. SILVESTRO. One of the problems confronting national battlefield monuments across the Nation is the urban encroachment on these historic sites. The classic example is Gettysburg. We have the problem there of the construction of a ghastly tower overlooking the entire area which has been severely criticized by most people in the United States. But the problem is larger than that. The community of Gettysburg is unable to cope with the increased visitation to that important historic site. At the same time, there is the further encroachment of the urban sprawl around that site. This is not only common to Gettysburg, but other historic sites across the United States.

Our staff devoted a good deal of time—in fact, the full Advisory Council met there last summer to make an onsite inspection to compile a report that hopefully will serve as a pilot study for what needs to be done with other battlefield monuments across the Nation.

This is the kind of activity that generates or requires some of these specialized personnel.

Senator STEVENS. If you need these specialized personnel, accepting your explanation of that, why do you need $123,000 to contract with someone else to accomplish mandatory functions? If you have mandatory functions and you have a high-level staff, why can't you accomplish it without contract money for someone else to do specifically what you are required to do?

Mr. GARVEY. Mr. Chairman, there are some specific responsibilities anticipated in that figure.

Senator STEVENS. Why don't you give us a breakdown of what specific contracts and what tasks must be accomplished that are mandated for that $123,000, and an explanation of why your staff, if we staff it at the level you request, cannot accomplish that?

Mr. GARVEY. We will be pleased to submit that for the record, Mr. Chairman.

But let me make one other comment on that. You have spoken of the five new positions that would be authorized in the 1978 budget. Those positions will help the Council reach its independent status with management and other personnel, but it does not anticipate increases in professional capability at staff levels that want help with reviewing our more than 2,000 cases—one, Pennsylvania Avenue, has been discussed in the hearing that preceded this one, a situation where we have to work extensively from our own staff with agencies having the sort of responsibilities you heard during the first hour this morning. Taking into account our current situation with staffing, we anticipate many situations where a comparable contract professional used in one of the Council projects could submit material, information, on a contract basis to the Council that would provide timely information.

Inherent in the need for such contract help is the requirement of the Council comment to GSA on 150 situations where they will be doing building surveys for new construction and developing suitability studies for these buildings.

We will provide the information you requested. It is available. We will submit it for your record.

[The information follows:]

The professional staff of the Council was responsible for some 135 cases per person in 1976 pursuant to Section 106 of the National Historic Preservation Act. In response

to agency requests, each staff member must work with the agency and the appropriate State Historic Preservation Officer to determine whether the proposed Federal, federally assisted or licensed project will adversely affect a property on, or determined by the Secretary of the Interior to be eligible for listing on the National Register of Historic Places. If the effect is adverse, the staff brings to bear their preservation planning expertise to develop a plan whereby the project may proceed while at the same time ensuring the preservation of the affected historic property. Frequently, this involves an on site inspection, a public information meeting with local government officials and interested citizens to determine the feasible alternatives that will be acceptable to the agency, the State and local governments and will not impose an undue economic burden on the community. Each case is different and requires individual attention. However, it sometimes becomes clear that a general problem exists as well as the specific problem involved on the case under review. For example, while the Council was dealing with the Gettysburg Tower, it became clear that the problems of the battlefield also included intrusions from urban sprawl (neon signs next to park entrances etc.), from the failure to provide proper highway connections taking into account up to 3 million visitors a year, helicopter overflights, lack of zoning, lack of a park master plan etc. The National Park Service also noted that similar problems existed at battlefields throughout the East Coast. Because we had some 1,200 new cases in 1976 that we had to respond to in a timely manner in order to permit needed projects to proceed as quickly as possible, it was not prudent to devote full staff time to a study of the general problem. Therefore, we contracted for professional help to do such a general study. Similarly, in providing special reports on national preservation policy matters to the President and the Congress we have to use some contract help, or because of the the sheer volume of our work we would be delaying implementation of Federal projects if we devoted our limited staff resources to such studies. Working on broader aspects of preservation planning reduces the number of specific cases we have to deal with so we give this equal priority with our case reviews. For example we develop programmatic agreements with agencies like the Park Service so that all preservation grants will not be reviewed so long as they are made in accordance with mutually agreed upon standards. Because the Council's preservation planning staff must process each case without delay while at the same time the Council must address long term and general preservation problems, it is necessary for us to use contract personnel for some of these functions. Obviously, additional staff, would lessen the need for contract personnel. Without a substantial increase in staff the use of contracts is the only way to accomplish these responsibilities. The specific uses of the $123,000 contract funds required in the 1977 supplemental request are to:

(1) Contract for feasibility type study to identify the best ways for the Council to implement its responsibilities related to the Public Buildings Cooperative Use Act (Public Law 94–451), ($25,000);

(2) Contract for feasibility type study to identify the best ways for the Council to implement its responsibilities related to the Regulation of Mining Activities (Public Law 94–429), ($25,000);

(3) Prepare required special reports on Sec. 106 cases that can best be accomplished by contract in lieu of staff, ($20,000); and

(4) To prepare a special report on the Economics of Historic Preservation in terms of energy and natural resource conservation, labor intensive employment and economic revitalization of urban and historical districts, ($53,000).

FIELD OFFICE

Senator STEVENS. How many people do you have in Denver now, the field office?

Mr. GARVEY. We have five people in our Denver field office.

Senator STEVENS. How long has that been in operation?

Mr. GARVEY. That office has been there 4 years.

Senator STEVENS. Does this budget change that operation at all?

Mr. GARVEY. No, sir.

Senator STEVENS. Is the remainder of your staff in Washington?

Mr. GARVEY. It is.

APPROPRIATION TRANSFER

Senator STEVENS. We need to clarify the amounts and sources of the appropriation transfer. You have a total of $650,000 transferred from the Park Service—$510,000 from the Preservation of Historic Properties appropriation and the remaining $140,000 from Operation of the National Park System appropriation. What is the authority for $140,000 from an unrelated appropriation and what is it for?

Mr. GARVEY. In prior years the Council was supported from two funding sources. We were a budget subactivity in the "Preservation of Historic Properties" appropriation, which provided the bulk of our support. In addition, the "Operations of the National Park System" account provided for centrally billed expenses such as rent, communications and utilities, totaling $87,000. The remainder, $53,000, is for payrolling, personnel, and service-type support. The determination order executed by the Office of Management and Budget recognized the dual funding and transferred the amount agreed upon by the Council, the National Park Service, and the Department of the Interior. Therefore, $140,000 of the appropriation base is for support services previously provided through the Department of the Interior.

Senator STEVENS. You state in the justification that prior to the effective date of the appropriation transfer, the Park Service had expended $70,000 from the Historic Properties appropriation. The Park Service justifications show expenditures of only $54,000 up to that date. Could you explain the discrepancy?

Mr. GARVEY. The only explanation that I can offer is that $16,000 was unobligated balance from a previous fiscal year and would not show up as an expense from the 1977 appropriation. This $70,000, by the way, is annualized in our 1978 request. The $650,000 transferred by the determination order only covered 45 weeks of fiscal year 1977.

Senator STEVENS. Now, on your 1978 request, is the $198,000 annualization of positions requested in the supplemental?

Mr. GARVEY. Yes, sir.

WORKLOAD

Senator STEVENS. Does the projection of your workload in the justification include all of the new areas of your responsibility?

Mr. GARVEY. In justification of the President's budget, it does not anticipate fully the workload that will grow out of the new authorities. For example, the requirement to submit a study to the Congress in 1978 on the effects of mining on historic properties, that study cannot be accomplished under the budget, the President's budget as submitted.

Senator STEVENS. How much will that cost?

Mr. GARVEY. I believe, Mr. Chairman, that has been estimated in the submission of our original request at approximately $300,000.

RENTAL COSTS

Senator STEVENS. You are going up on your standard level user charge from $30,000 to $50,000. Will you be occupying additional space?

Mr. GARVEY. We have calculated rent and that does, in fact, take into account the space that would be required for field operations, the expansion of the field operations, as does the increase, if granted, the increase for utilities, communications and space. Excuse me. Mr. Chairman, forgive me. I was about to get into what we had originally requested rather than what is covered in the President's budget.

The increase is for the normal increase in rent. It includes some increased space for the five people and the increased communications that goes with the workload that is anticipated for 1978.

Senator STEVENS. We are looking at item 23.1, it increases from $30,000 to $50,000. I am not talking about increase in utilities which goes up about $11,000, also. It is on page 9. What causes that increase? The standard level user charge up from $30,000 to $50,000.

Mr. GARVEY. Mr. Chairman, that is largely an increase in rent.

Senator STEVENS. Is it rate increase or increased space?

Mr. GARVEY. Mr. Chairman, I am advised it is increased rates.

Senator STEVENS. Why don't you give us a breakdown on that in terms of the space and where the increases are coming?

Mr. GARVEY. Yes, sir.

[The information follows:]

The supplemental request for an increase of $5,000 in 1977 will be used to acquire new space for the Denver office which is presently situated within the regional headquarters of the National Park Service. The National Park Service has asked us to move from the premises.

The fiscal year 1978 request for $50,000 is an increase of $20,000 over the fiscal year 1977 base. Five thousand dollars represents the additional annualized cost of the Denver office which will be moved as planned in fiscal year 1977. The remainder of the increase, $15,000, will be used to cover our GSA SLUC charge of $6.75 per square foot. The Council occupies approximately 7,000 square feet of space in our present locations.

IMPACT OF CONTRACTING

Senator STEVENS. Now, again, you are requesting a $145,000 increase for the contracting of studies. Give us a breakdown of the cost and nature of the contracts involved in this increase and their relationship to your workload projections. Won't the contracting of these studies have any impact on your workload projection?

Mr. GARVEY. Yes. The Council workload, as I said earlier, continues to grow as the National Register increases. We anticipate its growth in 1978. An objective in front of the Council is to eliminate the backlog or pending cases and to get ahead of the game, so to speak rather than just trying to keep up or stay abreast. Obviously, the use of contract facilities where possible will assist with that.

Senator STEVENS. We contract out studies, then we have people to review the studies in-house. The same people could have done the studies in-house and we wouldn't have to contract them out at all. Are you going to get in that vicious circle?

Mr. GARVEY. No, Mr. Chairman. We will not get into that circle.

Senator STEVENS. It appears that you have a request for a high-level group that is based on the need for expertise. At the same time you are asking us for additional money to contract out because you do not have the expertise to do it.

I don't think we can go both ways. You either don't need the in-house capability or you don't need some of that contracting money.

Mr. GARVEY. Mr. Chairman, the Council is mandated to advise the President and the Congress and to work with Federal agencies, and States and municipalities, and the talent and skill of able staff people is required. These are members of the cabinet, Presidential appointees. The Council deals annually with projects that run into billions of dollars. These are not responsibilities that can be handled by other than very able people. That is the way the Council staff has been framed.

The use of additional skills from outside of the Council has occasionally been beneficial and that is what the contracting is anticipated to do. We will give you a breakdown on precisely what that figure entails.

[The information follows:]

Within the context of the discussion on the use of contractual services for the supplemental and recognizing no staff increases for 1978, the following studies are planned for in fiscal year 1978:

1. Continuation of the economic study $25,000.
2. Special studies related to cases under Section 106 $20,000.
3. To the extent of available funds, we, at a cost of $4,500 each, will provide identification and suitability reports to the General Services Administration estimated at some 150 requests per year, where GSA has a need for additional space which includes historic buildings. Those projects must be evaluated alone or in conjunction with rehabilition or new construction. They can meet GSA needs while maintaining their historical integrity $75,000.
4. Individual responses to the Secretary of the Interior on natural and historical landmarks threatened by surface mining activities. (This involves special requirements related to the fact that this applies to private actions as well as government actions and also applies to natural landmarks not previously under the Council's jurisdiction) $20,000.
5. Additional costs for support services provided by the Secretary of the Interior $9,000.

NEED FOR INCREASED TRAVEL BUDGET

Senator STEVENS. Will you give us the same breakdown for 1978 on travel that we have asked for for 1977? That increase is $104,000 over the money currently available, and $55,000 over the amount in the supplemental.

If we grant your supplemental, you are going up in the next year $55,000. We would like to have a breakdown. Is that for these field inspections?

Dr. SILVESTRO. This part of it. Yes.

Mr. GARVEY. In that connection, Mr. Chairman, the Council is required to comment on approximately 2,000 cases that will come to us. And a case in our language is a situation where the federal highway has an interstate road through the middle of Baltimore that will have an effect on 24 different properties——

Senator STEVENS. You are not talking to somebody who has not been down there. I remember the Park Service had the same function then. We had a lot fewer people than you have already transferred to your Advisory Council. We are not in a period of expansion of highways.

I don't know if you realize it, but the location of highways was fantastic in the fifties. There are not many new ones being built now.

I have the greatest respect for your function, but it seems to me you are going to have to take a good look at the National Park

Service budget. They have been doing this all of these years. We just centralized your function in terms of an independent agency and are giving you some new ones with regard to strip mining, and things like that.

But as far as highways, you have been doing this for years. There is nothing new in that act that gives you any new responsibilities, as I understand it, as compared to what was done through the Eisenhower, Kennedy, Johnson, Nixon years.

Suddenly we have a sizable increase in travel. We are going to have to see if there is a corresponding reduction over in the Park Service in terms of this function.

Dr. SILVESTRO. We will provide the travel information for the record.

[The information follows:]

There are two distinct types of travel involved, travel of the staff and travel of the Council members. A display of the increases by function shows the requirements:

Fiscal year 1977	Base	Increase	Total requirement
Staff	$25,000	$45,000	$70,000
Council members	21,000	4,000	25,000
Total	46,000	49,000	95,000

There are 23 staff personnel (permanent and temporary) whose travel is an essential part of their regular duties. With present resources, and average of about three field trips per employee could be funded. With the increase each staff member would be able to make approximately eight field inspections in fiscal year 1977. The staff could thus improve response time, make more informed preservation planning decisions, and complete Section 106 cases more rapidly.

The Council has been expanded from 10 to 12 citizen members. Also, the President of the National Conference of State Historic Preservation Officers was added by statute. These three members will be attending three scheduled Council meetings. Based on previous experience these trips will require about $425 each, for a total of approximately $4,000.

In fiscal year 1978, the full year requirements for travel include an additional $50,000 for staff travel and $5,000 for Council member travel. The increasing workload and added responsibilities regarding public buildings and strip mining will require more on-site inspections. Compliance officers are expected to review projects before comments are submitted. With these additional resources, the Council will be able to maintain currency in workload.

JUSTIFICATION OF INCREASES

Senator STEVENS. I do think the committee needs some justification for the increases that are requested here. I thought we had centralized your function, given you independent status. But as far as the expansion of the workload in terms of highways, I don't see how that can be as compared in the past in terms of a particular effect on historic buildings and historic sites. Those roadways were located a long time ago. You mentioned Gettysburg. I have just gotten back from a trip up there. There is no relocation of highways going on up there, is there?

Mr. GARVEY. Mr. Chairman, I simply cited Baltimore. That is the work of the Council tomorrow.

Senator STEVENS. I am talking about Gettysburg.

Mr. GARVEY. One of Gettysburg's greatest problems is transportation, the fact that all of their east/west highways converge on one square in the city.

However, that is not the particular request the Council responded to when we went to Gettysburg.

Senator STEVENS. Were you up there at that tower?

Mr. GARVEY. Yes. A better example of current activity of the Council is the requirement we comment upon community development grant funds used in cities for rehabilitating residential or other structures; that we comment on projects undertaken pursuant to the Economic Development Act, the money that is flowing out for economic growth development purposes at this moment.

The highways have been and will continue to be a large part of our work. In 1972, for example, the Council commented—we had some 300 cases. In 1976 we had 1,700. Out of these about 1 out of every 10 requires some complicated negotiations.

We have a continuing relationship with the Pennsylvania Avenue Development Corporation. The Council many years ago commented on the south side of Pennsylvania Avenue when GSA anticipated the removal of the Coast Guard Building, the refinements to the plaza that would provide for a Metro station and consideration of demolishing the old Post Office Building, the Council spent a good deal of time giving GSA advice on how that project should proceed. These matters happen all the time, not just highways; similar activities.

It requires the attention of the Council full time on sites, sometimes the professional staff. But in any event, we are required by law to respond to agencies and the caseload, the workload does grow as we generally become more conscious and more concerned about the historic resources of the country.

SUBCOMMITTEE RECESS

Senator STEVENS. Thank you, gentlemen. Tomorrow we will hear the Fine Arts Commission, the National Gallery, the Woodrow Wilson Center, and the Indian Claims Commission.

Thank you very much.

The subcommittee stands in recess.

[Whereupon, at 11:39 a.m., Tuesday, February 1, the subcommittee was recessed, to reconvene at 9:30 a.m., Wednesday, February 2.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

WEDNESDAY, FEBRUARY 2, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

COMMISSION OF FINE ARTS

STATEMENT OF J. CARTER BROWN, CHAIRMAN

ACCOMPANIED BY:

CHARLES H. ATHERTON, SECRETARY
NANCY NOYES, ADMINISTRATIVE ASSISTANT
DAVID A. GILBERT, ACTING BUDGET OFFICER, OFFICE OF THE SECRETARY, DEPARTMENT OF THE INTERIOR

HEARING PROCEDURE

Senator STEVENS. Good morning. This morning we will hear the budget requests of several agencies and commissions. We will begin with the Commission of Fine Arts, and then take up the National Gallery of Art, the Woodrow Wilson International Center for Scholars, and the Indian Claims Commission, in that order. In the case of the Franklin Delano Roosevelt Memorial Commission, the committee will submit written questions to be answered for the record, if necessary.

PREPARED STATEMENT

First, the Commission on Fine Arts. The budget request totals $234,000, which is an increase of $20,000 over appropriations to date. The justification has been included in the record.

Mr. Brown, would you please introduce those with you and proceed by highlighting your statement? The full prepared statement will be included in the record at this point.

[The statement follows:]

STATEMENT OF J. CARTER BROWN

Mr. Chairman, the Commission of Fine Arts is requesting an appropriation of $234,000 to carry on its activities for Fiscal Year 1978. This is an increase of $12,000 over Fiscal Year 1977.

Since 1910 the Commission of Fine Arts has advised the President, Congress, government agencies, and the District of Columbia Government on projects affecting the appearance of the Nation's Capitol. The design of public buildings, parks, and monuments in harmony with Washington's special requirements is an important and continuing task. Additionally, the Commission advises on the appearance of private projects within the Shipstead-Luce Act area, bounding the monumental core of the city, and the Old Georgetown Act area, comprising one of the nation's oldest designated historic districts. In the Shipstead area, the major activity will be focused on implementing plans for Pennsylvania Avenue, particularly the western end between 15th and 13th Streets. There are also projects slated for the Organization of American States at 18th and F Streets, and a new building to be built by George Washington University for the World Bank one block west.

The Georgetown Waterfront development has increased greatly over the last year, with a dozen or more large-sized projects currently before the Commission. At the same time the Commission is making a considerable effort on plans for the public spaces of the waterfront including the park along the river and a new municipal parking facility on the site of an old city-owned incinerator no longer in use.

Other projects also anticipated in the forthcoming months include following through on the details of the FDR Memorial, the design of the Pershing Memorial, the Washington Convention Center, and new buildings for the University of the District of Columbia.

In the coming Fiscal Year we expect to continue at the current level of activity. We can achieve this with the relatively small increase in appropriations we are requesting; the Commission is adding no new positions or programs, and the increases requested are to cover increased costs of staff support, office space rental, and other support services.

We hope that Congress will continue the same support the Commission has enjoyed over its many years.

INCREASE IN ACTIVITIES EXPECTED

Mr. BROWN. Good morning, Senator. I have with us here the Secretary of the Commission of Fine Arts, Mr. Atherton, and his assistant, Miss Noyes, and our management liaison person from the Department of the Interior, Mr. Gilbert here, on my left.

The summary statement can be submitted for the record. I might say, just in highlighting it, that the amount of activity that will come before the Fine Arts Commission next year will probably be a substantial increase over the last year, but we are not asking for any increase in personnel or program. We hope to be able to hold the line and keep operating on exactly the same basis as last year with the exception of some incremental increases, necessitated by higher costs of various things to us.

We have some very exciting areas of the city coming before us, particularly under the Old Georgetown Act, we are asked to review the new construction in that area of the city and recently south of M Street, along the Georgetown waterfront there has been a tremendous burst of developmental activity.

This is a crucial area to the Capital. It is the oldest part and a very visible part, because of the river, and we are bearing down on making sure that this commercial development, which is the lifeline of the city, is also done in a way that can enhance the city as a whole and not destroy what is one of America's great historic areas.

We also have much work ahead of us on the Pennsylvania Avenue corridor, in the Rock Creek Park area. Under the Shipstead-Luce Act there is increasing activity coming before us. And significant parts of downtown, where the old residential section is seeking new office construction, such as the proposed World Bank Building that George Washington University wants to construct at 19th and G.

We have areas that will require tremendous discretion to try to come out with some solutions that benefit all sides.

REORGANIZATION OF FEDERAL PLANNING

Senator STEVENS. Thank you very much. The President's budget talks of legislation that would reorganize Federal planning for the city. Are you involved in that?

Mr. BROWN. Only tangentially. We have been consulted by the Office of Management and Budget. I have been over there and talked to them and given them our ideas on how it might be handled.

They seem convinced that the traditional role of the Fine Arts Commission, which goes back to 1910 and predates various other planning activities in the city, is just as necessary today, if not more so, as it has ever been.

The Commission brings to bear the expertise of a national body which does not get caught up in the trees when the forest is at stake. People come into Washington with a point of view about what this city means to the Nation as a whole. To have a design review body that is not involved in planning, per se, but in the look of the city and the design of the buildings is a kind of expertise which the Government needs to continue to draw upon.

POTENTIAL DUPLICATION OF REVIEW

Senator STEVENS. We have the Historic Preservation Advisory Council now, and your Commission and the National Capital Planning Commission and the D.C. Planning Commission. It seems that there is a redundancy involved. Do you feel there is a repetition in these reviews?

Mr. BROWN. I think there is a potential one; no question about it. There is a concrete difference, however between the planning function, per se, in terms of how the region of the greater Washington area should develop, where the transportation corridors should be, what the parking impacts will be, and sort of the engineering aspects of regional and city planning that are different from the specific design review functions that the Fine Arts Commission provides.

Senator STEVENS. What about the downtown Washington work of the Pennsylvania Avenue Development Corporation? All of those organizations I mentioned reviewed the plans of that group of public-spirited citizens who are practically serving without compensation to develop a plan for downtown Pennsylvania Avenue. And yet we find at least four, maybe five other agencies, reviewing their plans before they can proceed.

Mr. BROWN. We have been in very close connection with the Pennsylvania Avenue Development Corporation, as I serve on it ex officio as Chairman of the Fine Arts Commission.

The Chairman of that Commission, General Quesada, has said in meetings and gotten approval from his board that he feels that a plethora of review is a deterrent to development. And that the Commission of Fine Arts should be—would be the one body he would be guided by, in terms of esthetic design review.

Senator STEVENS. Is there any place else in the country where we have this total redundancy? Why shouldn't the Fine Arts Commis-

sion be the reviewing agency, and these others having national responsibilities concentrate their efforts around the rest of the country? I think everything we are doing here now is redundant to your effort.

Mr. BROWN. Well, I think there is the potential of that. We, I think, have made a significant contribution to Pennsylvania Avenue by drawing their attention to the western plaza, 13th and 14th Streets, next to the District Building.

As a result of our initiatives, the District, with the Department of Transportation and the Pennsylvania Avenue Development Corporation, has redesigned that area to a plan that everyone now agrees is an improvement.

So we feel we are making a contribution.

Senator STEVENS. Why should the Historic Preservation Advisory Council be involved if you are involved?

Mr. BROWN. I would call that a good question, Senator.

Senator STEVENS. On behalf of this committee, I request you to raise the subject with OMB, because I think it would be better for the administration to review the matter so that we not get into any argument about it.

It does seem to me we have all relied upon the Fine Arts Commission for many years, and particularly for the Pennsylvania Avenue Development Corporation; your review ought to be sufficient. That would leave Historic Preservation the opportunity to do some work on their great backlog in other areas of the country, and would allow the Pennsylvania Avenue Development Corporation to proceed with a little greater dispatch.

Mr. BROWN. We will take action on your suggestion.

PERSONNEL PRACTICES

Senator STEVENS. Last year, Senator McGee sent a written inquiry regarding the Civil Service Commission investigation on personnel practices at the Commission of Fine Arts. Your response indicated that you would report to this committee and the Senate Committee on Post Office and Civil Service on steps taken to implement the recommendations of the Commission.

This committee has not received such a report. Would you tell us why?

Mr. BROWN. If I remember, sir, I wrote a letter to Senator McGee in response to that.

Senator STEVENS. Did it go to the Post Office and Civil Service Committee?

Mr. BROWN. Maybe that's why. I can dig it out of the file. We had assumed that had all been cleared up.

Senator STEVENS. Does the personnel support agreement with the Department of the Interior, which you mention in the justification, relate in any way to that investigation?

Mr. BROWN. No; except to the extent that we said we were pursuing that, and we have been able to make strides in that direction.

COMMISSION OF FINE ARTS MEMBERSHIP

Senator STEVENS. Has the membership of your Commission changed in the last year?

Mr. BROWN. Yes; it has.

Senator STEVENS. Would you give us that for the record?
[The information follows:]

MEMBERS OF THE COMMISSION OF FINE ARTS

NAME AND ADDRESS	*APPOINTMENT*
Hon. J. Carter BROWN, Chairman *Director* *National Gallery of Art* *Washington, D.C. 20565*	*September 1976* *(September 1971)*
Hon. Philip W. BUCHEN *703 Cambridge Boulevard S.E.* *Grand Rapids, Michigan 49506*	*January 1977*
Hon. Victorine du Pont HOMSEY *Victorine & Samuel Homsey, Inc.* *2003 Scott Street* *Wilmington, Delaware 19806*	*September 1976*
Hon. Eli S. JACOBS *10880 Wilshire Boulevard* *Los Angeles, California 90024*	*September 1976*
Hon. Frederick D. NICHOLS *School of Architecture* *Division of Architectural History* *University of Virginia* *Charlottesville, Virginia 22903*	*September 1976*
Hon. Kevin ROCHE *Kevin Roche, John Dinkeloo & Associates* *20 Davis Street* *Hamden, Connecticut 06517*	*May 1973* *(January 1969)*
Hon. Edward D. STONE, Jr. *Edward D. Stone, Jr. & Associates* *2400 East Oakland Park Boulevard* *Fort Lauderdale, Florida 33306*	*September 1976* *(September 1971)*

TRAVEL EXPENSES

Senator STEVENS. Your employment is going to stay the same?

Mr. BROWN. That is right. The total number stays the same.

Senator STEVENS. I notice that your increase in travel is up $5,000. It is not much, but what caused it?

Mr. BROWN. This travel is purely to transport members of the Commission to Washington for the meetings. It is not used by staff for any trips outside Washington or by any members of the Commission on any investigational trips.

We now have a member from California, Mr. Jacobs, and a member from Michigan and a member from Florida. This, with the increase in air travel costs, is our best estimate of what we will need, having some in reserve as we have the expiration of one of our members coming up in February, and we do not know from what part of the country the replacement might be appointed.

REVIEW OF PENNSYLVANIA AVENUE PLAN

Senator STEVENS. Have you approved the western sector proposal of the Pennsylvania Avenue Development Corporation?

Mr. BROWN. We have.

Senator STEVENS. With regard to your relationship with them, do you have the final signoff on the approval of their plans, or are you just advisory?

Mr. BROWN. We are just advisory in everything.

Mr. ATHERTON. There is the Shipstead-Luce Act, which was enacted by the Congress, that gives the Commission specific review authority over all private construction on Pennsylvania Avenue. That process comes through the District Government to us where we review the actual designs of buildings on the avenue.

You might say that in a sense is a duplication, but it is a final control that is insured by Congress on the development.

Senator STEVENS. How about the Advisory Council on Historic Preservation review? Do you have any review of their plans?

Mr. ATHERTON. The Advisory Council doesn't propose plans per se. They are acting in the area of the Pennsylvania Avenue project because it was declared a national historic area, and by law they do review all the use of Federal funds in that area. That is how they are involved in this review process.

Senator STEVENS. Do you coordinate with them?

Mr. ATHERTON. To an extent.

Mr. BROWN. We have liaison with them.

REVIEW OF FDR MEMORIAL

Senator STEVENS. What is the status of the FDR Memorial now?

Mr. BROWN. We have a meeting scheduled on February 22, where the architects will bring in their final plans for review.

COMMISSION OF FINE ARTS JURISDICTION

Senator STEVENS. Do you have any jurisdiction on the Virginia side of the river?

Mr. BROWN. Not really. We are a national commission, but not under the specific legislation that we operate.

Senator STEVENS. I would like to talk to you someday about centralizing some of these things and getting back some control over what is happening along that river.

It is disturbing, some of it.

Mr. BROWN. The whole development of Rosslyn is a good object lesson about what happens to a city when it does not have a Fine Arts Commission.

Senator STEVENS. When I was down at the Department of the Interior we had an unwritten concept that came from your Commission, which was that you could not build anything that would cast a shadow on the Potomac.

Did you ever hear of that?

Mr. BROWN. An excellent rule, I think.

Senator STEVENS. Something happened to it. Well, thank you very much.

We will look forward to reviewing the revision you indicated was coming with interest. Do you have anything further, gentlemen?

Mr. BROWN. No. Thank you very much, Senator.

NATIONAL GALLERY OF ART

STATEMENT OF J. CARTER BROWN, DIRECTOR

ACCOMPANIED BY:

JOSEPH G. ENGLISH, ADMINISTRATOR
ROBERT AMORY, JR., SECRETARY AND GENERAL COUNSEL
JAMES W. WOODARD, ACTING TREASURER
PHILIP E. STRATMANN, BUDGET OFFICER

BUDGET REQUEST

Senator STEVENS. Next, we will hear from the National Gallery of Art.

Their budget request is $14.7 million, an increase of $2.4 million over appropriations to date. The justification has been included in the record.

PREPARED STATEMENT

Mr. Brown, please introduce your associates and proceed with your highlight statement. The full prepared statement will be included in the record at this point.

[The statement follows:]

STATEMENT OF J. CARTER BROWN

The underground Connecting Link between the existing building and the new East Building opened in early summer. The major attraction in these newly available areas is the Gallery's cafeteria. These newly available areas are part of a construction project financed from donated funds, now projected to reach $94,400,000 upon completion. The remaining areas in the Connecting Link will be occupied during the current year. The new East Building galleries are scheduled for completion of installation and opening to the public in the spring of 1978. The opening of the new East Building Study Center is scheduled for the fall of 1979.

The $14,717,000 appropriation requested by the Gallery for fiscal year 1978 reflects a net increase of $2,007,000 over the 1977 requirement of $12,710,000. This net amount is derived from $4,175,500 in total increases offset by $2,168,500 in decreases from the current year.

Sixty-five percent ($1,307,200) of the net increase provides for costs associated with the occupancy and use of the new areas and costs to operate, maintain, and protect these newly constructed areas. This net amount is derived from $3,332,400 in increases offset by $2,025,200 in decreases from the current year. Included in the above total of increases is $1,111,400 for 134 positions for operating, maintaining, and protecting the newly constructed East Building areas. These positions include: 81 for maintaining security in the new galleries and other areas in the East Building; 3 are for manning the new art information and checkroom facilities located in the Fourth Street entrance of the East Building; 22 are for cleaning the new areas; 19 are for operating and maintaining the additional air handling and electrical systems serving the new areas; and 9 are for servicing and maintaining the new interior and exterior areas of the building. Costs (excluding new positions) required for occupancy and use of the newly constructed areas total $2,221,000. Thirty-three percent ($732,000) of this amount is for furnishing and equipping newly constructed public areas in the East Building. Another forty-five percent ($1,000,000) is for operating expenses including utilities, elevator and escalator maintenance, and building, operating, and maintenance supplies. About seven percent ($150,000) provides for storage facility

equipment and the remaining fifteen percent ($339,000) is for work area furnishings and equipment.

Twenty-three percent ($457,700) of the net increase provides for funds to support and improve ongoing activities and facilities. This net amount is derived from $601,000 in increases offset by $143,300 in decreases from the current year. A total of $321,500 for 24 new positions to meet increasing workloads is included in the above total of increases. These positions include: 2 to provide research support to the curatorial function; 3 to assist in the continual inspection and treatment of sculpture and paintings contained in the permanent and loan collections; 3 which are needed in the physical handling of art; 5 to provide additional clerical, technical, and cataloging support in the library and in the photographic archives; 1 to help with the increasing workload of the photographic laboratory; 3 to lend support in the design and installation of exhibits; 3 to provide educational services to the public; and 4 to help the supply and personnel functions meet increased workloads. Another $207,500 of the above increases provides: $100,000 for improved lighting fixtures for 64 Main Floor galleries of the existing building; $46,000 for replacement of the sidewalk along Constitution Avenue; $12,000 in equipment to modernize the existing mailroom system; $18,000 for updating and supplementing existing equipment in the photographic laboratory; $11,500 for the purchase of equipment to support editorial services; and $20,000 for the replacement of addressing equipment. The remaining $72,000 of total increases provides for various educational resources.

The remaining twelve percent ($242,100) of the net increase is for nondiscretionary increases. This amount provides for: the placing of 32 positions (to be filled for approximately 7½ months in 1977) on an annual basis; paying statutory within-grade promotions and wage-board step increases; paying for increased accident compensation payments; placing current year pay increases on an annual basis; and for increased costs of health benefits and postage.

In summary, total increases for 1978 amount to $4,175,500 but are offset by $2,168,500 in decreases for a net increase of $2,007,000 above the 1977 requirement of $12,710,000 and a requested 1978 appropriation of $14,717,000. The net increase will provide: $1,307,200 for costs associated with the occupancy and use of new areas and costs to operate, maintain, and protect these newly available areas; $457,700 to support and improve ongoing activities and facilities; and $242,100 for nondiscretionary increases.

INTRODUCTION OF ASSOCIATES

Mr. BROWN. On my right here is our Administrator, Mr. English. On my left, our Budget Officer, Mr. Stratmann, the Acting Treasurer of the Gallery, Mr. Woodard, and Mr. Robert Amory, Secretary and General Counsel.

NEW EAST BUILDING PROJECT

The reason behind this budget is primarily the opening to the public at long last of our new building project. After a decade of planning, construction, and raising of funds from the private sector, in the amount of over $94 million, we are at last able to put into the service of the American people one of the major museum construction projects in the United States of this century, doubling our square footage and greatly increasing our capability to serve the American people.

This is the last time that this institution will ever have an opportunity to increase its service to this extent. The land contiguous to it is firmly committed to other uses. And the whole planning concept for the expansion project was to make in one increment the jump in scale that will have to serve for as long as this Republic survives.

Today it is rather a historic moment, because we are here to ask the U.S. Government to fulfill the pledge of its faith and credit in the original acceptance of private moneys that got this all going, in making it all possible for the public.

What we are being presented with by our donors is a shell, and what we need now is the equipment to make that shell utilizable and the people to run it.

Senator STEVENS. How much will this increase your space?

Mr. BROWN. By about 100 percent.

Senator STEVENS. Your major direction here is for staffing, right?

Mr. BROWN. Staffing, and also a good deal of nonrecurring equipment for which, once in place, we will not have to come back again.

STAFFING

Senator STEVENS. You were granted $3.8 million and 72 positions last year to start staffing and equipping the new building.

This year's portion of the budget request is $3.3 million and 134 additional positions. Is that the total that will be required for the new building?

Mr. BROWN. Virtually so. The guarding is the largest part of that.

Senator STEVENS. I notice 81 guard positions. But you only have a half-year operation budget.

Mr. BROWN. That is right. So it is not the total impact in money, but in positions, it is. When you think in terms of doubling the space, we are adding on to 182 positions only an additional 81.

Senator STEVENS. Are you scheduled to use the full amount of the space in the first half year?

Mr. BROWN. We will be putting it into shape; yes.

Senator STEVENS. Have you an opening date? I notice you mention sometime in the spring. Is there a date?

Mr. BROWN. There is not a specific day yet, because after all the building delays, we are a little nervous about saying one specific day of the calendar.

But we are narrowing it to late spring, sometime, perhaps, in May of 1978. But we may be opened earlier than that, and we certainly need to get the people aboard to begin to train them before we get the actual public in here.

GUARD TRAINING

Senator STEVENS. You want a guard training officer. Is there a training officer for the current guard force?

Mr. ENGLISH. There is no full-time training officer; no, sir.

Senator STEVENS. Have you ever worked out a program with the Smithsonian, or other institutions that have such requirements?

Mr. ENGLISH. We do cooperate on such things as shooting instruction, and matters of that sort. The nature of their guard program is rather different. They are mainly artifact oriented, rather than painting and art-object oriented.

We cooperate closely, but our directions are somewhat different.

Senator STEVENS. Would their equipment differ from any other guards?

Mr. ENGLISH. Our basic equipment would be the same, and they use our facility for a good deal of their instruction.

NEW CHECKROOM FACILITY

Senator STEVENS. We had two additional checkroom positions last year. Weren't those two in this new building?

Mr. BROWN. No. We had opened this year a new entrance at Fourth Street. Looking onto the plaza there, it faces the new building. We are using it this morning for the uncommon lines that are curling out over the plaza.

That has a checkroom, and we had to staff it. When we open the east building we will only add one additional public entrance to the entire complex, and that will be only one checkroom. And, as you see, we have asked only for one checkroom typist. We hope to reschedule our checkroom staff in such a way to utilize that manpower to the greatest efficiency.

Senator STEVENS. The two we put in last year were not associated with the new building?

Mr. BROWN. They were associated with the new building project, which includes opening the Fourth Street entrance to the existing building for the first time to the public, and some $2 million or $3 million went into remodeling that end of the present building, so that we could put in escalators and a new door and have it be an additional entrance to the building.

We expect that the center of gravity of the whole complex will shift towards the Capitol, and the plaza will become the focus for the new complex, with buildings on either side.

So those two entrances we expect to be very heavily used.

POSITIONS FOR OPERATION OF BUILDING

Senator STEVENS. Under "Operations" you have two carpenter positions to construct custom-made furniture and meet specialized needs of the East Building.

What needs are those, and what kind of furniture would you have to construct?

Mr. BROWN. We have a variety of service desks that cannot be bought off the shelf and fit in the rather unusual triangular spaces that the architecture requires.These people will be working on that, in addition to a great variety of other tasks, which will be part and parcel of the rebuilding of the interior of that building on a fairly frequent basis.

Conceptually, it is very different from the existing building, with settings for the art being more or less permanently there. The East Building will provide all the flexibility that the West Building lacks. We expect a great increase in activity.

Senator STEVENS. You also asked for four marble masons and then say that you are going to assign them other duties.

Mr. BROWN. Marble masons, traditionally, at the Gallery have provided a wide variety of help, fundamentally in two areas.

The existing building has always been known as the largest marble building in the world, and we are now adding a tremendous amount of marble, so that just in the care and maintenance and repointing and taking care of the actual structure, it needs people with stonemason skills.

In addition, these people have been our art preparators for our sculpture collection. These are the ones that understand stone, can build the bases for the sculpture that we might require. They can help in the movement of these delicate pieces that require certain technical skills.

Senator STEVENS. Could any of that work be done by contract? Do you have to have four permanent positions for those duties?

Mr. BROWN. When we are dealing with an ongoing maintenance program, where knowledge of the building is paramount, and when we are dealing with works of art where we feel that our training and our standards are being committed to the well-being of these objects, we would be very nervous, indeed, to have to go outside of the building on an ad hoc basis and find total strangers.

Senator STEVENS. We have been asked to request a more detailed justification for both the carpenter and mason positions. Would you give us some additional detail?

Mr. BROWN. I would be delighted to.

[The additional information follows:]

JUSTIFICATION FOR MARBLE MASONS AND HELPERS

Two additional marble masons and two new helpers are being requested by the Gallery to augment the existing staff of four. The masons in addition to maintaining and repairing the vast areas of marble are also responsible for repairing skylights, maintaining all bronze surfaces, and handling and installing all sculpture pieces. Because of the age of the West Building, the requirements for painting, cleaning, and repairs have increased greatly. A substantial backlog of work has arisen quite aside from the added requirement of the new East Building facility which will require a comparable level of servicing for satisfactory appearance.

The continuing level and variety of activity and the degree of specialization required make it impossible to contract for these basic services. Major single projects such as resetting the Mall steps have historically been handled under contract.

JUSTIFICATION FOR TWO ADDITIONAL CARPENTERS

A much heavier demand has been placed on the carpentry staff in recent years by our growing program of changing exhibitions. This will further increase with the activities contemplated in the East Building and it is for this reason that additional carpenters are requested.

While some of the work might be contracted out, the added continuous load would make permanent augmentation of the staff more efficient.

OCCUPANCY AND USE OF NEWLY CONSTRUCTED AREAS

Senator STEVENS. You want $2.2 million for equipping the new building in addition to the $2.5 million already there. That's almost $5 million for equipment.

It is sort of surprising. We gave you the money for equipping the building last year. What brings about the additional request?

Mr. BROWN. To clarify the numbers here, I should point out that about a third of that 2-year total of $4.7 million is not for equipment but for utility costs. I apologize if we did not make it clear enough last year that this was the first stage in a very important equipment program. Many of the things we did request last year were deferred by the Office of Management and Budget on the basis that we should come around and ask for them this year.

The finishing out of the inside of that building and making it useful is the key to utilizing the investment in the infrastructure, which was funded privately and overshadows the amount needed for equipment by a ratio of about 94 to 3.

EXHIBITS SHOP

Senator STEVENS. Do you have an exhibit shop already in the museum?

Mr. BROWN. We have. And it is highly inadequate. When the Gallery was first set up it was never envisioned that we would have special temporary exhibitions. They simply did not design for it. And over the years we have begun to mount them, but have always been forced to go outside at great cost, because under the time pressures of opening a show and given the limited market there is for the kind of skills we need in this area, we have to pay top dollar to get people to help out in providing these installations.

If you have seen our installations, this requires a great deal of carpentry and skilled work with plexiglas.

Senator STEVENS. Have you done much carpentry work?

Mr. BROWN. Me, myself?

Senator STEVENS. Yes.

Mr. BROWN. A little bit; yes.

Senator STEVENS. Some of us are sort of amateur carpenters. I wondered about the equipment. It includes a radial arm saw at $2,300; a tilting arbor saw at $2,500; a planer at $4,600; a panel saw at $8,000; a bandsaw at $5,700; and a joiner at $4,600.

Then an interesting item, miscellaneous small tools, $2,500. It sounds like you are going into the carpentry business, rather than the museum business.

I think there is a little redundancy in that—that is a bad word for me this morning. I have been using it so much. But there is redundancy in that carpenter shop.

Some of those tools can perform the same functions, only just a little bit more precisely. Did somebody really look over the request as to whether you need all of that? You've got a spindle sander and an abrasive disc sander, as well as another spindle sander, universal. The other one is an oscillator sander. You really do have some duplication in terms of your equipment.

Mr. ENGLISH. Sir, for the extremely intricate kinds of work we do on the exhibitions, highly specialized tools, including the hand tools covered by the miscellaneous category are required.

With the expanded exhibits and carpentry staff, there are also more bodies involved in doing this work. I do not believe it is redundant. It does cover the full range of specializations we encounter.

EXHIBITS SHOP AND RELATION TO NEW EXHIBIT AREAS

Senator STEVENS. That oscillating sander, you would not use that very often. I just hope you have really made a determination that it is absolutely necessary to have that kind of equipment.

You have not really had it in the past.

Mr. BROWN. Perhaps I could help clarify conceptually, because I am not much of a carpenter myself, I am ready to confess.

But conceptually what we are faced with here is an unfinished, raw shell in all the exhibit areas in the East Building, which is a considerable amount of space, 30,000 or 40,000 square feet of changing exhibition space.

We have designed that in such a way that the ceiling heights can be determined as appropriate for the varying kinds of material to be exhibited. This means constructing a false ceiling in each one of these rooms. It also means constructing false walls. The raw space comes in odd shapes. What we will be doing is constructing whole rooms to recreate the atmosphere of the objects and help reinforce the educational value of what their original settings would have been. This is a highly different approach from simply taking two pieces of wire and hanging up paintings in the main floor of the existing building.

When you get into temporary exhibitions you have to construct cases that can display three-dimensional objects in the round. They have to be tuned to that object, and have to take care of some very highly technical hygrometric and security provisions, in many cases.

This is skilled work, and when I see the list of equipment, I realize why it has been so expensive for us to try to hire outside.

Senator STEVENS. How have you done that in the past?

Mr. BROWN. We have had to go outside and hire people.

Senator STEVENS. Private contractors?

Mr. BROWN. Right.

Senator STEVENS. Are you now going to use this facility for both the old section of the museum and the new one?

Mr. BROWN. This will cover the whole complex; that is part of the beauty of having it centralized there.

Senator STEVENS. Is that going to put out of work, so to speak, the people that are in the private sector?

Mr. BROWN. They seem to be very busy around town. It is a great problem to get them to work for us. Sometimes they just say no, they have too much to do.

INSTRUCTION AND ORIENTATION CENTER EQUIPMENT

Senator STEVENS. What about the radio and television center in the new gallery? You have $169,000 for electronic equipment, including $63,000 for a color TV projector; two motion picture projectors; for a total of $63,000; $5,000 for remote control equipment, and $13,000 for tape decks. We thought you already had that in your present main auditorium.

Mr. BROWN. We have two auditorium facilities in the East Building. In addition, a separate production facility which relates only tangentially to them. What we hoped to be able to have with that last is the capability of making our educational activities available to a very broad audience across the country.

As you know, we already have an extension service, which goes out to all 50 States, some 4,000 communities, with audiovisual materials, almost all of which now are getting obsolete. We find that the advances in the technology of audiovisual instruction have outstripped us, and what we have to offer dates back sometimes 20 or 30 years, and it is terribly primitive.

We need the facility to provide these schools and classrooms and local television stations with the kind of instruction that will carry out our fundamental mission, which is an educational one.

Senator STEVENS. Are you going to be operating a recording and broadcasting studio at the gallery?

Mr. BROWN. We already have one, which is very primitive that we use for the broadcasts we have Sunday night, in connection with our Sunday evening concerts, and with the recording of our electronic tours that we offer now at the Gallery.

But the key for the new orientation center will be an opportunity to make audiovisual instructional aids available to our visitors on a regular basis.

Senator STEVENS. Why would the carpeting cost twice as much for the instructional area as it would for the general public area?

Mr. BROWN. That is true, because this is a way of substituting carpeting for much more expensive seating. In other words, we just have bleachers that will be carpeted. And, hopefully, they will be soft enough that your lower anatomy will not go completely asleep while you are watching the presentations.

But it seemed to be a more efficient use of funds than having to buy individual chairs. It means that that room can be used for a busload at a time of schoolchildren or special tour groups who come in for orientation, that would be specifically related to the exhibition that they are interested in seeing.

EQUIPMENT

Senator STEVENS. What is the difference between new equipment, equipment related to new positions and nonrecurring equipment?

Mr. BROWN. Certain equipment related to the positions has to do with finding a place for a new person to sit down.

The nonrecurring equipment is for things like the orientation center.

Mr. STRATMANN. Right. The equipment we include for new positions is nonrecurring also. That will be coming out next year.

Part of the nonrecurring items from 1977 includes equipment for new 1977 positions. These are one-time items.

Mr. BROWN. As witness to the fact that these things really are nonrecurring, there is some $2 million that we asked for last year that we are not asking for this year, and have dropped out of the budget.

Mr. STRATMANN. These $2 million in nonrecurring items, include not only equipment, but there are also lands and structures, including funds for the art registration facilities, landscaping, and sidewalks.

Senator STEVENS. Are the equipment purchases in this budget related to new positions or positions that we gave you last year?

Mr. STRATMANN. No, sir. The equipment in this budget request specifically related to new positions is identified where we are asking for the positions, per se.

All other equipment and furnishings are for new areas or improvement of operations and are identified as such.

Mr. BROWN. To answer your question shortly, we are current. We got funds in last year's budget to take care of the equipment that was specifically related to the positions that were in last year.

Now we are dealing in this year, and this is the last year we will be talking this kind of scale.

INCREASES FOR ONGOING ACTIVITIES AND FACILITIES

Senator STEVENS. For the existing building there is some $800,000 and 24 new positions. What requires that large an addition to existing staff for the old building?

Mr. BROWN. Perhaps it is unfair to think of the staff as being divided between old and new. Eventually, all of the scholarly staff will move over to the East Building, which will give an opportunity to greatly increase the activities and services that they provide.

We have a greatly increased workload as a result of the number of loans that we make. With the East Building this will increase not only in terms of what we lend out from our own reserves and the National Lending Service to help outside of Washington, all over the country, but also in terms of what we borrow in for temporary shows, because we will have the facilities to have several at one time.

Every time a work of art goes in or out it has to be checked as to condition by conservation. Sometimes minor conservation has to be performed on it and so we are asking for help in the manpower area, to keep up with this backlog.

We also have a tremendous backlog in the library and photographic archive. We have been fortunate in being able to raise considerable amounts of funds from private donations for help with the purchase of library books and to help make Washington and the Gallery's new Center for Advanced Study the great international center for the documentation of works of art around the world.

Our collection already has grown, just in the last 6 years, from about 65,000 prints to over 600,000 prints. If this facility is to have any meaning, this material just cannot be around passively in boxes. We need people to get after it.

The other positions that we require also are tied to increasing workloads for the installation staff. It is, I think, a mistake to think of them in terms purely of existing building art and exhibition design there.

People will be required because of programs made possible by the new building. The photo lab is under the same pressure as are the conservators and the exhibitions and loans department, making record photography of what goes in and out.

Then there are audiovisual people in the education department that will be needed to utilize the new facilities for education.

NEW RESEARCH ASSISTANTS

Senator STEVENS. You say you want two research assistants to help the curators for the Italian painting and sculpture area. Do you have any figures to show that the workload would justify those?

Mr. BROWN. We can supply it for the record. This has been an ongoing backlog tied to, I think, a shocking performance on the part of a great national institution, in terms of getting a full catalog of its holdings out, for the public and the world.

[The information follows:]

Justification for Italian Painting Research Assistant

A research assistant is indispensable if the longrange project for a catalogue of the Italian paintings in the National Gallery is ever to be achieved. The collection includes no fewer than 370 Italian paintings ranging from the 13th to 18th centuries. Many of them are great masterpieces. In fact, the Gallery's Italian paintings form the single most important group in America. It is an embarrassment and loss to the nation--both scholars and public--that full and accurate information about the works in this extraordinary collection is still not available. By contrast, the Italian paintings in the London National Gallery, on which ours was modeled, have long been catalogued, even in revised editions. And private museums in America, such as the Metropolitan Museum in New York and the Walters Art Gallery in Baltimore, have recently issued catalogues of their own collections of Italian paintings. A research assistant is necessary to augment the present staff of two curators who because of severe administrative responsibilities are unable to find the research time necessary to expedite the catalogue raisonne.

Justification for Sculpture Research Assistant

No adequate catalogue or even checklist of the Gallery's sculpture collection as a whole has yet been published. Efforts to achieve this goal have, however, been underway for many years; for example, a preliminary checklist, though now long out of date, was issued in 1965. As of 1977, our work has reached a stage in which the provision of a supplementary staff member would now put this urgent priority within range of accomplishment in a feasible time. The support of a research assistant is a pressing matter, for our publication of a Summary Catalogue of Sculpture (as a companion to the Summary Catalogues of paintings released in 1970 and 1975) may now be identified as the most important outstanding task in making the Gallery's holdings accessible to a wider public.

The Sculpture Department has curatorial responsibility for 1,770 objects, of which just 1,400 have by now been preliminarily catalogued. But some 1,300 of these were studied and published only before reaching the Gallery--mostly by the Kress Foundation--so that many of those preliminary listings are in the process of being revised, along with active work on the 370 uncatalogued objects (including some of our greatest masterpieces) which are still essentially unpublished. This very extensive research project should be regarded as continually ongoing, for a full scholarly catalogue raisonne represents a strong priority as well, but will take many more years of work, and must necessarily follow the periodic publication of summary checklists such as that now being compiled. These research tasks, representing the most serious responsibilities of the curator of sculpture, can be pursued only in conjunction with his daily preoccupations of public and scholarly correspondence and attention to exhibitions and acquisitions. The combined workload of these activities, for a large and expanding collection so far supervised by only one curator with partial secretarial assistance, has now for some time exceeded the working time available, and urgently requires an assistant capable of performing independent research on these internationally important collections.

OTHER NEW POSITIONS FOR ONGOING ACTIVITIES

Senator STEVENS. You also asked for two archive technicians, and you say they will be used for temporary tasks of sorting photographs, a job in which you are already making progress.

Do you need two permanent positions for the temporary task?

Mr. BROWN. I saw that word also, and was amused by it, because I think that is an error. This is an ongoing need which we project in the future only getting more serious.

The initial level of photographic holdings—we have programed for 2 million. We are up to 600,000 now and we have a long way to go. We were told last week of the possibility of adding a microfiche record of an archival library, which would add another 1,100,000 or so at one go.

Like the cobra, who has eaten a large, wild boar, we have got a long digestive process ahead of us. I think the word "temporary" is a misnomer.

Senator STEVENS. Don't you already have an exhibit designer?

Mr. BROWN. We do, but——

Senator STEVENS. Do you need another one?

Mr. BROWN. The Metropolitan Museum in New York, for example, has an exhibit design staff of some 17 people.

The Smithsonian, all in all, has many times that figure. One person could not be expected to keep up with the kind of load that we are now getting into. Even this fall, we had our Morris Louis and our Titian show concurrently with the Tutankhamun show. And we have a Dutch drawing show that opened last week, and in April we are opening a Japanese drama show, and each one of these have to be individual designs, and that is too much for the present staff.

IN-HOUSE AUDIOVISUAL CAPABILITY

Senator STEVENS. Does your education staff now have audiovisual capability?

Mr. BROWN. In a very primitive form. We have been experimenting with this to find what we should be doing in the East Building when we have the equipment to do it.

We have pieced together on an ad hoc basis audiovisual aids. We will have in this Japanese "Noh" drama show in April an audiovisual station with a 15-minute film, a second one with a 5-minute film, and a third one with slides. They will show how the masks are made, the robes are used, and give all the background on this complex subject.

These will be done on an experimental basis, largely, with rented equipment, and what we can do in terms of our own capability. But to try to do these more than just a few weeks a year, to have a continuing program of this kind we need people who really know what they are doing to help us out.

Senator STEVENS. You will have total in-house capability in the audiovisual division?

Mr. BROWN. This is our goal.

Senator STEVENS. It is my memory that you got somebody from public broadcasting. Weren't you working with someone in public broadcasting not so long ago? Wasn't it your organization?

Mr. BROWN. We got private donations to cover the making of a series of short films which public broadcasting had produced for television purposes. We did not have the capability of doing these things in-house. These had to be contracted outside.

Senator STEVENS. That is the point. Do you need total in-house capability here too? Is it going to be that continual?

Mr. BROWN. We foresee the use of these facilities making this mandatory. In other words, the point of having both the orientation center and the large auditorium is that, in the large one, we can continue more or less at the present level with our lectures and film programs that have been very popular, and in addition, have in-house capability in the smaller one to take care of the extra demands put on us by the exhibition program, without disrupting the other and without going to the expense each time of building many theaters.

With this Japanese show we will have to build two theaters, the seats and the whole thing, and tear it down 6 weeks later.

Now we will have a permanent facility and a staff to run it. Hopefully, that will make it much more economical.

AUDIOVISUAL PRODUCTION COSTS

Senator STEVENS. What do you think the total of your production costs will be, on an annual basis?

Mr. BROWN. I do not have that figure offhand, Senator. I can take a look.

Senator STEVENS. Why don't you submit it to us and compare it with the cost 5 years ago?

[The information follows:]

JUSTIFICATION FOR AUDIOVISUAL PRODUCTION COSTS

The request for information about production costs for audio-visual programs during the last five years is difficult to respond to in detail because we do not have a seperately identified staff specifically committed to each program we produce. Therefore, it is preferable to use the costs of our Extension Service staff and activities which is a separate entity and is most closely identified at the National Gallery of Art with the audiovisual field.

On an annual basis, the current estimate of producation costs for our audiovisual program is $230,000, compared to an annual estimated amount of $55,000 five years ago.

SIDEWALK REPLACEMENT

Senator STEVENS. You have requested funding for sidewalk replacement on Constitution Avenue, and landscaping and sidewalks on Fourth Street.

We just heard from the Pennsylvania Avenue Development Corporation yesterday. Is this coordinated with their work on the Pennsylvania Avenue side?

Mr. BROWN. Very much so. There is a meeting in my office tomorrow with the Pennsylvania Avenue Development people on sidewalks and lights.

Senator STEVENS. They are narrowing the street on their side. What are you doing on your side?

Mr. BROWN. The sidewalk we are talking about here is not related to Pennsylvania Avenue. It is on Constitution.

Senator STEVENS. Is it being widened on that side?

Mr. BROWN. No; it is purely a question of routine maintenance. The land on that part of Washington is filled over what used to be an open creek. It is like building on quicksand, and we have had immense difficulty in our construction project every time we have had to do anything with this very unstable basis.

What happens from time to time, is that the sidewalk is pushed up by the hydrostatic pressure underneath it.

DONATED FUNDS

Senator STEVENS. Would you give us information for the record on the use of donated funds that you have received for the gallery? Do you use the funds for the operation of the gallery?

Mr. BROWN. I will be happy to supply that.

[The information follows:]

Donated funds received for the administration and operation of the National Gallery of Art are used for the following functions: 1. Auditing, trust custodial and investment counseling; 2. Salaries of executive officers; 3. Care of works of art (fine arts insurance); 4. Publications for exchange; 5. Lectures and concerts; 6. Special exhibitions and events; 7. General—insurance, membership, annual report, etc.

USE OF PRIVATE FUNDS

Senator STEVENS. In the private funds table, submitted last year, we noted that $770,000 was budgeted for administration and operation.

How would you use private funds in administration and operation?

Mr. BROWN. It is primarily for the salaries of the top executive officers. If you remember the original enabling legislation, you will remember the Director, the Assistant Director, Chief Curator, Treasurer, Administrator and so forth were exempted from civil service, on the basis that they be compensated out of trust funds.

And as in so many other areas, personnel costs——

Senator STEVENS. Are you using any of those donated funds for entertainment?

Mr. BROWN. Some, yes. We certainly never use any appropriated funds for it. Often, we get a specific donor for a dinner and will have it paid for by an outside person for just that one event.

Senator STEVENS. I understand. But I am talking about entertainment in the administrative sense, entertainment of visitors.

We understand the dinners and receptions, but do you have an entertainment account for your executive staff?

Mr. BROWN. Yes. To the extent that we do, it is almost universally in our own dining room. The average tab is between $1 and $2 per person.

Senator STEVENS. Give us information for the record how you use the donated funds within operations. How many positions in the gallery are now privately funded?

Mr. BROWN. Five, excluding publications funds, and then we have all the sales personnel, who handle our post cards and so forth, paid out of the revenues generated by that.

Senator STEVENS. Would you give us the details on private fund budgeting for the current year and fiscal year 1978?

[The information follows:]

Expenditures from Donated Funds
(in thousands)

	1974 actual	1975 actual	1976 actual	19TQ actual	1977 estimate	1978 estimate
Construction	$ 13,697	$ 19,823	$ 20,834	$ 5,029	$ 20,075	$ 50
Administration and operation	756	762	753	203	761	884*
Special exhibitions, education programs and projects	148	292	371	80	246	167
Music program	67	72	76	8	81	83
Fellowships	92	96	110	7	113	113
Conservation	146	220	136	-	740	-
Art purchases	1,497	2,713	628	585	1,817	1,225
Cost of publications sold	507	670	593	148	652	717
Library books and materials	-	-	-	-	80	80
Photo Archives	-	-	-	-	100	100
Other	172	449	313	222	30	34
Total expenditures	$ 17,082	$ 25,097	$ 23,814	$ 6,282	$ 24,695	$ 3,453

*The $123,000 increase in estimated administration and operation costs reflects: the addition to the staff of a Study Center Director; salary increases for all Executive Officers; increases in operational costs for auditing, custodial fees, reproduction, insurance, and travel; and additional expense for public programs.

PRIVATELY FUNDED POSITIONS

Senator STEVENS. Do any of the privately funded officials administer Federal funds?

Mr. BROWN. To the extent that the Board of Trustees, which, by Congress, has been designated the governing authority of the Gallery, has delegated operational authority to these officers, yes, they are in such a position.

Senator STEVENS. Is there any policy for separation of Federal funds and private funds from the federally funded positions and privately funded positions?

Do the privately funded positions administer private funds and federally funded positions administer Federal funds?

Mr. BROWN. No; it does not work that way, because in the pyramidal organization the top positions are all held by privately funded personnel.

Senator STEVENS. What do we do with privately funded positions, as far as insurance and retirement and that sort of thing?

Mr. BROWN. They come under the standard civil service scheme.

Senator STEVENS. Privately funded positions do?

Mr. BROWN. That is right.

Senator STEVENS. You run the moneys on a donated basis?

Mr. BROWN. That is right. Trustees provide the input, matching amounts.

Senator STEVENS. Mr. Armory, have you ever checked that? Are you in a never-never land with that agreement?

Mr. Amory. No; it is by agreement made with the Civil Service Commission back in the early 1950's. These positions were ruled eligible to be covered by Federal retirement, life insurance and health benefits.

The same deductions are made from our pay, that is the same percentages, and transmitted to those retirement funds, the same as the Treasury, who will pay the other people out of public funds.

Senator STEVENS. That is Mr. Robert Amory, General Counsel.

Does the Federal budget here contain Federal contributions to the retirement system for the other things that we contribute to as an employer in the Federal sense? If you have privately funded positions, is the private source paying the employer contributions?

Mr. WOODARD. Yes; all of the executive officers' salaries and all of their personal benefits, retirement, insurance, and so on are paid from donated funds.

There are no charges to the Federal appropriated funds for the executive officers.

Senator STEVENS. And they are covered in the civil service system, though, by donations derived from private sources?

Mr. WOODARD. Yes; from the Andrew W. Mellon Endowment which goes back to the inception of the Gallery.

FUNDING FOR NEW GUARD POSITIONS

Senator STEVENS. I see. I am still not clear, though, Carter, why you need these new guard positions on a full-time basis for a half-year which would have them on duty before you have the exhibits done and before you have the new building open.

Can you give us a justification of why we should be up to total funding for the guard positions for the half-year before you get in full operation?

Mr. BROWN. I think, sir, you will find that we have only asked for half a year for the guards.

Senator STEVENS. I understand that, but would you submit for the record additional details? Am I to understand that next year we face another request for an additional 81 guards?

Mr. BROWN. No; that is the point. Then we will be staffed.

Senator STEVENS. But you are staffing it fully for the half-year, although you are just building up during that half-year.

Mr. BROWN. Fully for the half-year. The design of the building is such that it is very difficult to close off any one portion of it. When it is open, Aphrodite will be floating in on the half shell.

Senator STEVENS. I gather you would have six guards around it, if that happened. But until the doors are open why do you need the six guards? They can't stand outside the doors. We just heard that you will be building these exhibits and expanding your operations. Until those exhibits are built, and until you have the thing open for full use we are not clear why you would need a full guard complement in this first half.

Mr. STRATMANN. These 81 guards we are asking for for a half-year requirement, are associated with the new East Building galleries scheduled to open in the spring of 1978. They will probably be on duty a few weeks earlier, for training purposes.

Senator STEVENS. Well, give us something so we can explain it a little bit better for the record.

[The information follows:]

JUSTIFICATION FOR NEW GUARD POSITIONS

As mentioned in our justifications, we are requesting eighty-one guards to man 50 separate posts plus the position of Training Officer. These posts are all associated with the opening of the new East Building galleries. Our plans contemplate the opening of all the new gallery space to the public in May of 1978. However, it is necessary that these guards be brought on duty for training purposes a month in advance. Therefore, we are asking for a half-year requirement for all eighty-one guards.

Senator STEVENS. We are delighted that you are coming along. I think everyone looks forward to the opening of your new building. It is a great contribution to Washington, so we will be happy to work with you as you get to this last phase, and then hope that the employment level does not skyrocket next year and next year and the next.

Mr. BROWN. We have been somewhat alarmed by the experience of our neighbor across the Mall in terms of success.

With a million people flocking into the Air and Space Museum every 24 days as we know from the Tutankhamun exhibition experience, when you get tremendous crowds it puts tremendous strains on the organization, in terms of cleaning, guarding and the works. But we hope this level will prove sufficient.

Senator STEVENS. The Bicentennial celebration is liable to go on for the next 100 years. Thank you very much. It is a pleasure to see you.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

STATEMENT OF DR. JAMES H. BILLINGTON, DIRECTOR

ACCOMPANIED BY:

GEORGE PACKARD, DEPUTY DIRECTOR

WILLIAM M. DUNN, ASSISTANT DIRECTOR FOR ADMINISTRATION

BUDGET REQUEST

Senator STEVENS. Dr. Billington, we will now consider the budget of the Woodrow Wilson International Center for Scholars. The request totals $1.3 million which is an increase of $165,000 over appropriations to date.

PREPARED STATEMENT

Dr. Billington, your prepared statement will be placed into the record at this point. Please introduce those with you and proceed with any remarks you may wish to make.

[The statement follows:]

STATEMENT OF DR. JAMES H. BILLINGTON

The Woodrow Wilson International Center for Scholars enters its seventh year with confidence in its recent accomplishment and anticipation for the future. The Center provides through its fellowship program stimulation and leadership for first-rate, fundamental scholarship in Washington. It also plays a unique role among institutes for advanced study in encouraging the communication of ideas to a broader public and the interaction of serious scholarship and contemporary concerns.

In the past year the number of Fellows and Guest Scholars has increased from 57 to 77. The number of American universities represented has grown from 17 to 25; and the percentage of fellows from outside the East Coast corridor, where many universities are concentrated, has exactly doubled. Fellows range from a former head-of-state from Latin America to the Director of the Institute of Royal International Affairs in London, and a former commander-in-chief of NATO. Books published range from fundamental studies of the American governmental system by a professor in Scotland and a former American cabinet member to the study of United Nations peace keeping in Africa by a former head of the Indian Foreign Service and a widely acclaimed imaginative work on Hispanic Culture by the present Mexican Ambassador to Paris.

Within our wide variety of Fellows there have been new programmatic emphases. The Kennan Institute for Advanced Russian Studies has provided in its first full year of operation much needed opportunities for the nation's far flung experts on Russia and the U.S.S.R. to use the unparalleled library and archival resources of Washington. Six scholars have been chosen from sixty-two applicants and twelve important meetings have been attended by more than 500 people from dozens of universities and other institutions. On the first of this year, the Center also opened a new Latin-American Program which will bring four or five fellows specializing in this area (at least two of them from Latin America) to the Center each year, as well as sponsor meetings and discussions in this area.

The Center's commitment to communicate more broadly which is so unique among institutes for advanced study in this country, was dramatized not only with an increase from 16 to 20 in the number of evening dialogues, and the addition of a large number of special events, but also with the publication of the Wilson Quarterly which has now published two issues. There are close to 80,000 subscribers at present; the journal has already become one of the best of the media for communicating serious thought and scholarship to a non-scholarly audience throughout the country and beyond. The Center has also begun producing scholarly guides to the enormous resources of the Washington area. The first of these, dealing with resources in the Russian and Soviet area, will appear shortly.

The wide range of special events involved congressmen, ambassadors, leaders in the media, business, and labor, and a diverse selection of scholars from recent Nobel laureate, Milton Friedman to the new National Security Advisor, Zbigniew Brzezinski, and the world famed French historian, Fernand Braudel, whom the Center brought to America for the first time in twenty years as a Fellow last spring. In state and local government the Center is preparing for a major conference on the future federal system to be co-chaired by Mayor Gibson of Newark and former Governor Dan Evans of Washington. A series of seminars is being held at the Center on the future of national education policy with the continuing participation of the last five commissioners of education. A more philosophical series of meetings has also begun on the world and spiritual dimensions of public policy issues. Thus in many ways, the Center makes possible serious meetings and continuing discussions that might not otherwise occur.

Through strenuous effort and diversion of staff time, the Center has increased funding from $114,000 in FY 1974 to $551,000 in FY 1975 to $808,000 in FY 1976. The bulk of this private funding is used to finance meetings and new programmatic ventures in order to increase the Center's communication with a broader public. Central to this success has been the assurance of annual Congressional support. The most crucial need of the Center is to strengthen the financial basis of its fellowship program, which at present receives 20 annual full-year fellowships from federal appropriations. This is only about half the amount needed for the entire fellowship program of 35-40 fellows. Accordingly, the Center, after undertaking an exhaustive study of its future needs, has been authorized by the Office of Management and Budget to seek an increase from 20 to 25 in the number of federally funded fellowships. As indicated in the detailed budget justifications, there are three crucial reasons for this request:

1) Too much reliance on private financing makes the fellowship program unduly subject to the shifting priorities of the private sector.

2) Congress has asked the Center to end the practice of seeking matching fellowship grants from the National Endowment for the Humanities (which alone tided us through this past year) and to apply instead directly to the Congress for fellowship support.

3) The need to raise outside money for specific purposes and programs will distort the fellowship selection process, favoring applicants who either come from wealthy universities or already have access to outside funding sources.

The fellowship program is the living memorial to Woodrow Wilson, and is central to all the activities of the Center. It seems appropriate to the Board and to others we have consulted that the core of central fellowships should be basically supported on the federal side. We have made careful projections of the future of this Institution, and do not foresee any major increase beyond present levels in our present site. This increase, therefore, which would be the first increase in the number of fellows to be supported at the Center since the slight increase from 18 1/2 to 20 in 1974, is a one-time request to put the public-private balance on a solid basis. We, as a Center, will not diminish our efforts or projected fund-raising levels in the private sector; in fact we are contemplating the difficult task of seeking endowment support from private sources. However, even present levels cannot be maintained without Congressional assurance for the core fellowship program which we presently lack.

Our careful study of comparable institutions in the United States and elsewhere in recent years indicates certain unique features of the Center, which we believe are fulfilling the intention of the 90th Congress which created the Center and merit the increase requested in federal fellowship support.

1) Unlike comparable institutions, such as Stanford's Hoover Institute and unlike presidential memorials such as the Truman Scholarship, we have no endowment.

2) We lack a permanent faculty or body of fellows. Thus, the fellowship program is the base on which all else depends. The senior staff of the Center (working with outside academic advisors and an unpaid Board) assume responsibility for the intellectual leadership, recruitment of applicants and program planning that is shared in other comparable institutions by an expensive permanent faculty.

3) The Center operates at capacity for twelve months a year and includes an ambitious program of communication beyond scholarly circles.

We feel that this increase of central fellowship support is essential if this institution is to remain at the highest professional level, as the Congress clearly intended. The Center is holding the line on all other personnel and administrative costs, which either remain the same in our FY 1978 request or else show a decrease from FY 1977.

The Center is also requesting a modest increase in our reimbursement to the Smithsonian and an item for permanent site planning, since the time has arrived for systematic examination of long range building needs in accordance with the provisions of the original Congressional legislation.

The increases sought in this budget are, we believe, essential to its effectiveness as a living presidential memorial. Having substantially increased private funding during the last two years, the Center has also taken note of specific and general concerns of recent Congressional hearings that reliance on private sector should not become disproportionate in a public institution of this kind. The Center senior staff and Board of Trustees believe that with this budget, the proper balance has been struck and that the Congress can be reassured of having an institution that is second to none in quality and superior to most in the amount of meaningful broader activity it generates.

INTRODUCTION OF ASSOCIATES

Dr. BILLINGTON. Thank you, Mr. Chairman.

On my left is George Packard, the Deputy Director of the Center. And on my right is William Dunn, the Assistant Director for Administration.

Mr. Chairman, as the Woodrow Wilson Center enters its seventh year, we can say that we are providing through the fellowship program stimulation and leadership for first-rate, fundamental scholarship. And, also, we play a unique role among institutes for advanced study in encouraging the communication of ideas to a broader public and the interaction of serious scholarship and contemporary concerns.

In the past year the number of fellows and guest scholars has increased from 57 to 77. The number of American universities represented has grown from 17 to 25; and the percentage of fellows from outside the east coast corridor, where many universities are concentrated, has exactly doubled.

We have a wide and interesting range of fellows, including a new group that we announced yesterday that I have the list for. This past year we have had people ranging from a former head of state from Latin America, two leading African statesmen, the director of the Institute of Royal International Affairs in London, a former commander in chief of NATO, the head of one of the leading research institutes in Paris, and the head of the only institute for future studies in Eastern Europe.

Our new list includes such people as the military representative to the recent SALT talks, an outgoing Cabinet member, the leading poet, probably, in the Soviet Union. Twenty books were produced by these fellows and a large number of other articles and reports as are indicated in our presentation.

COMMUNICATION

The Center is committed quite uniquely among institutes for advanced studies to communicate more broadly. This is evidenced by the increase in the number of evening dialogs and the addition of a large number of special events, but also most particularly with the publication of the Wilson Quarterly which has now published two issues.

We have copies of it here, Mr. Chairman. The first and second issue. We have talked with you about this before and we would like to report that there are close to 80,000 subscribers at present and the journal has already become one of the best of the media, we believe, for communicating serious thought and scholarship to a nonscholarly audience, the broader audience throughout the country and beyond.

Within our wide variety of fellows there have been new programmatic emphases. The Kennan Institute for Advanced Russian Studies has provided in its first full year of operation much needed opportunities for the Nation's farflung experts on Russia and the U.S.S.R. to use the unparalleled library and archival resources of Washington. Six scholars have been chosen from 62 applicants and 12 important meetings have been attended by more than 500 people from dozens of universities and other institutions.

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On the first of this year, the Center also opened a new Latin American program which will bring four or five fellows specializing in this area, at least two of them from Latin America, to the Center each year, as well as sponsor meetings and discussions in this area.

The wide range of special events involved people from the Hill, ambassadors, leaders in the media, business, and labor. We have had a series of seminars held at the Center on the future of national education policy involving the last five commissioners of education meeting together to discuss this.

A more philosophical series of meetings has also begun on the moral and spiritual dimensions of public policy issues. We have substantially increased private funding. This has been used to finance meetings on these new programmatic ventures in order to increase the Center's communication with the broader public.

Central to the success of our private fundraising has been the assurance of congressional support. The most crucial need of the Center reflected by our request is to strengthen the financial basis of its fellowship program, which at present receives 20 annual full-year fellowships from Federal appropriations.

This is only about half the amount needed for the entire fellowship program of 35 to 40 fellows.

Accordingly, the Center, after undertaking an exhaustive study of its future needs, has been authorized by the Office of Management and Budget to seek an increase from 20 to 25 in the number of federally funded fellowships. As indicated in the detailed budget justifications, there are three crucial reasons for this request, Mr. Chairman.

RELIANCE ON PRIVATE FUNDING

Too much reliance on private financing risks making the fellowship program unduly subject to the shifting priorities of the private sector.

Second of all—if we need to raise outside money for basics, for a large amount of fellowships, we may risk distorting the fellowship process by favoring applicants who come from wealthy universities or already have access to outside funding sources.

Finally, the Congress itself has asked the Center to end the practice of seeking matching fellowship grants from the National Endowment for the Humanities, which alone tided us through this past year, and to apply instead directly to the Congress for needed fellowship support.

The fellowship program is the living memorial to Wilson and is central to all the activities of the Center, the various kinds that we have described to you, Mr. Chairman.

This is the first increase in the number of fellows to be supported at the Center since the slight increase from 18½ to 20 in 1974. We view it as a one-time request to put the public-private balance on a solid basis.

Our study of comparable institutions in the United States and elsewhere in the world in recent years indicates certain unique features of the Center which we believe merit the increase requested in Federal fellowship support.

Unlike comparable institutions, we have no endowment, and no permanent faculty or body of fellows. Thus, the fellowship program is the base on which everything else we do depends.

Third, the Center operates at capacity for 12 months a year and, thus, offers maximum opportunity and use.

Finally, we have an ambitious program of communication beyond scholarly circles, as I have already indicated. We feel this increase in central fellowship support is essential if the institute is to remain at the highest professional level, as the Congress clearly intended.

Despite the extraordinary increase in our activity over the last year or so, we are holding constant on other costs. On the staff, which is the faculty and the recruiters, as well as planners and administrators, the permanent corps, we are projecting no increase. We are holding the line on general administration and scholar support and are decreasing in a couple of areas our requests in the public service category.

OTHER INCREASES

The only other increase, besides the fellowship one, is in our reimbursement to the Smithsonian, and an item for permanent site planning since the time has arrived for systematic examination of long-range building needs in accordance with the provisions of the original congressional legislation.

The increases sought in this budget are essential to its effectiveness as a living Presidential memorial. Having substantially increased private funding during the last 2 years, the Center has also taken note of specific and general concerns of recent congressional hearings that reliance on the private sector should not become disproportionate in a public institution of this kind.

The Center senior staff and board of trustees believe that with this budget, the proper balance has been struck and that the Congress can be reassured of having an institution that is second to none in quality and superior in terms of the people working there and the amount of broader activity and communication it generates.

LEVEL OF PRIVATE FINANCING

Senator STEVENS. You set a goal last year of maintaining a 25-percent level of private financing. Have you done that?

Dr. BILLINGTON. Well, yes. I am not quite sure. Our budget is—our budget expects, private funds that are, in fact, in excess of that. But we have that as a long-term, constant budgetary goal. And, yes, we are certainly up to that.

Senator STEVENS. Did you increase private funding last year as a result of the new position we gave you for stimulating contributions from the private sector?

Dr. BILLINGTON. Well, it is too early for this fiscal year to give you a final figure on that. We—much of the private funding of the very high-level, $800,000-plus, in the last full fiscal year that we can report on was one-time startup money for the quarterly which is out now and startup money for the institute. I would not think it likely that we would quite reach that figure again; no. But I think we will be in the same general range which would mean, in fact, an increase in some of the other areas of fundraising.

PRIVATE FUNDING OF FELLOWSHIPS

Senator STEVENS. I am surprised by the comments you made which indicate you may decide to move away from private funding of fellowships. I thought we were going to have a federally financed Center staff and privately financed fellowship program to the maximum extent possible.

Dr. BILLINGTON. No, sir. That really is not at all what I think we have said in the past or ever intended. The general rationale is that the core fellowship program in the only institute for advanced study run by open international competition and kept inviolate from anything except the highest quality of open applicant from anything we get, that should be funded on the Federal side.

Other fellowships should be basically funded on the private side.

Senator STEVENS. Are they now?

Dr. BILLINGTON. Yes; all the fellowships in the Russian area are funded outside the congressional——

Senator STEVENS. Are you not funding more than half of your fellowships out of federally provided funds now?

Dr. BILLINGTON. We are funding slightly more than half of the total fellowship money needed to support the fellows out of our congressional appropriation, but only slightly. It is almost 50–50.

We believe that this is a dangerous balance to maintain. We think we have been able to maintain the integrity of the fellowship program in accordance with proper objectives. But we do not wish to see over the long term—I think everyone connected with the Center has studied this very carefully.

We do not feel that the core fellowship program, should be subject to the vagaries of private funding.

Senator STEVENS. How much money did you lose as a result of the congressional directives to curtail the seeking of funds from the National Endowment for the Humanities?

Dr. BILLINGTON. $150,000 which just tided us over this last year. We would simply have had to make a direct curtailment but for that.

PRIVATE FELLOWSHIPS

Senator STEVENS. Are your fellowships from private funds limited in any manner?

Dr. BILLINGTON. Yes. Raising fellowship money, particularly unrestricted fellowship money, is the most difficult type of private fund-raising. We don't think it is really proper in a Presidential memorial of this kind to be reserving more than a few of the fellowships in areas that have been properly determined by the institution.

Senator STEVENS. I thought that was one of the ideas, to have a broad national support of the Center through private contributions. Are we going to watch what happened to the Smithsonian? The Smithsonian used to be 90 percent private funds and 10 percent Federal. It is now 90 percent Federal and 10 percent private.

Yours was supposed to be, we thought—Federal support for the base of the staff and Center and we were going to have maximum private support for the fellowships. Now, you are telling us you don't want that support anymore for the fellowships.

Dr. BILLINGTON. No; I am simply giving you our honest estimate that has been worked out over years of experience of what that core Federal support should be.

This is not a dramatic increase. The dramatic increase in funding, since I have been Director, has been from about $100,000 to $800,000 on the private side. That reached a very high peak when we were starting this enterprise.

NEW DIRECTIONS

Senator STEVENS. I am not critical of your past. I just want to know where you are going. Your statement indicates a new direction as far as private financing is concerned.

Dr. BILLINGTON. No, sir. What we are saying is the core of Federal support—you defined it in terms of central staff and in terms of the core fellowship program, which is the living memorial to Wilson in an institution that has no faculty, without it. Without its integrity and without a certain critical mass, there really is no memorial, but only a facility.

We are simply saying that this amount, we think, should be slightly larger than it is on the Federal side. We are not suggesting new categories of things. All of the new categories—these journals, these programmatic emphases in Russia and Latin America—have been almost entirely funded out of the private side. The new programmatic efforts and ventures, as well as our entire dialog program and all of the special events, most of the special events—all of that has been funded on the private side.

WILSON QUARTERLY

Senator STEVENS. Will that be supported now on a continual basis on the private side, the Quarterly?

Dr. BILLINGTON. Yes, sir; we have gone about this very carefully. It is in the black at the moment. It is ahead of its financial projections. It is quite unique in its circulation record for a quarterly of this kind and it is deliberately designed to reach those people that Congress, and we ourselves have been concerned about.

Senator STEVENS. I have looked over the copies I have received, but what we would like to know is, on an ongoing basis, do you project that that will require Federal funds to support the Quarterly?

Dr. BILLINGTON. No, sir. No. We do not project it that way.

SITE SELECTION

Senator STEVENS. How about site selection for your permanent facility? Where is that now?

Dr. BILLINGTON. We are still waiting for the final proposals and determinations of the Pennsylvania Avenue Development Corporation.

In the original legislation, we are enjoined to continue discussions with them. The Board has also determined that we should consider alternate site possibilities.

Senator STEVENS. Do you have any?

Dr. BILLINGTON. Well, this is all extremely tentative because until the final determination is made of the Pennsylvania Avenue Development Plan, we can't really proceed beyond the consideration of that.

But there has been some consideration of the south quadrangle of the Smithsonian area itself.

Senator STEVENS. Are you familiar with the Canadian Embassy proposal to the Pennsylvania Avenue Development Corporation?

Dr. BILLINGTON. No; I am not.

Senator STEVENS. Do you have any specific area of discussions with Pennsylvania Avenue Development Corporation for a site?

Dr. BILLINGTON. Yes, sir. At our last discussions with them, we are still awaiting their final proposal. It would be in the Market Square area opposite the Archives on the corner of Indiana Avenue there.

Senator STEVENS. Will that permanent facility be built with Federal funds?

Dr. BILLINGTON. Well, according to the legislation, we must—it is imperative to draw up plans and specifications of what we are asking for and then we would come back to you and report on what the recommendations and concerns are.

Senator STEVENS. Is that the advice and studies that you are listing $37,000 for?

Dr. BILLINGTON. Yes; those are to enable the board to make an independent decision, both an independent appraisal of the Pennsylvania Avenue Development proposal and an appraisal of alternate possibilites so that a final recommendation on site and on building plans can be made by the board.

Senator STEVENS. Does that advice and studies include not only site but design and financing potential?

Dr. BILLINGTON. Yes; I would think that they would.

Senator STEVENS. Do you have any estimate yet of the total cost?

Dr. BILLINGTON. We did a study, a very preliminary study, a couple of years ago. We commissioned an architectural firm. They came up with something just over $12 million; $12,943,000 was the estimate.

REIMBURSEMENT TO SMITHSONIAN

Senator STEVENS. You want to increase your payment to the Smithsonian for space and services to a total of $40,000.

Dr. BILLINGTON. Up $10,000, I believe, sir.

Senator STEVENS. Up $10,000. What have they done to justify that increase?

Dr. BILLINGTON. Well, they really do a great deal. I would describe it as making it a little more nearly equitable payment.

Senator STEVENS. Are you increasing the space you occupy?

Dr. BILLINGTON. We have increased the space we are occupying, yes, sir.

There are a series of ongoing services, payroll, the Smithsonian counsel, we use Smithsonian's administrative staff for a great many purposes and work closely with them. I can list all the services, if you want, sir, for the record. But, in general, I think that that is far from adequate compensation if we were to cost it out for the many services, not least of which is the occupancy of the building.

Senator STEVENS. We would like to see that because we also have to examine their budget. We would like to compare the two.

Dr. BILLINGTON. I will be happy to provide you a full list.

[The information follows:]

In addition to the primary contribution of the space we occupy, the Center also receives administrative support from the following elements of the Smithsonian: General Counsel; Personnel; Accounting and Auditing; Contracting and Purchasing; Building maintenance services; Duplicating; Photo Services; Travel Services; Special Events; Public Affairs (Assistance with press releases, etc.).

TRAVEL

Senator STEVENS. You have a $5,000 increase in travel. Is that related to a different program effort?

Dr. BILLINGTON. No, sir; I don't believe there is any increase in travel. We have several decreases——

Senator STEVENS. Well, we will get to it. There is an increase from $32,000 to $37,000 for travel in 1978.

Dr. BILLINGTON. No, sir. I think that is the permanent site and building plans, perhaps, that item.

Senator STEVENS. Page 11 of your object classification, item 21.

Dr. BILLINGTON. Oh, yes. That figure is merely factoring in, if there is an increase in fellowships, that part of their payment that we make in terms of their travel to come to the Center.

FUNDING CARRYOVER

Senator STEVENS. I see. You carried forward some $432,000 in private funds at the beginning of the fiscal year. Could you tell us why such a large carryover?

Dr. BILLINGTON. Well, because of the Wilson Quarterly, the Russian studies program. A great deal of this——

Senator STEVENS. Are the funds already obligated?

Dr. BILLINGTON. Yes. Almost all of that is obligated in terms of one of our programmatic efforts. But the money was received——

Senator STEVENS. Maybe I used the wrong word. Is it identified with particular projects—funding you have underway?

Dr. BILLINGTON. Yes, sir. Almost all of it.

FUNDRAISING GOAL

Senator STEVENS. You anticipated raising some $570,000 in private funds this year. Is that still your goal?

Dr. BILLINGTON. Yes, sir.

Senator STEVENS. You list an expenditure of $851,000 in private funds for this year. I guess the question really is are we to assume that part of that is the $432,000 and part of it the money you will raise? Do you anticipate any difficulty in meeting that level of expenditures from private sources?

Dr. BILLINGTON. We think we can do it. We certainly anticipate difficulty. This is a continuously difficult and time-consuming problem in the private sector in the absence of endowment. But we obviously think we can do it or we would not put it in there.

PRIVATE FINANCING OF POSITIONS

Senator STEVENS. You have $80,000 in private funds budgeted for personnel. I understand your position is funded from that source. What other positions are funded at the Center from private funds?

Dr. BILLINGTON. We have several—during this past year one of my—one other staff assistant position——

Senator STEVENS. Would you give us that for the record?

Dr. BILLINGTON. We can give you the full breakdown. Yes.

Senator STEVENS. Do you anticipate any new positions this year to be established and funded from private sources for 1978?

Dr. BILLINGTON. No; we don't.

[The information follows:]

In addition to the Director, the Center has the following positions on the private payroll:

Unit	Title	Grade	Expiration date of current employment contract
1. Kennan Institute	Chief Executive Officer	IS 15	9/30/77
2. " "	Secretary	IS 7	2/11/77
3. " "	Secretary	IS 5	9/30/77
4. Wilson Quarterly	Editor	AD	7/2/77
5. " "	Editor	AD	2/26/77
6. " "	Editor	AD	7/9/77
7. " "	Editor	AD	3/15/77
8. " "	Research Asst.	AD	4/2/77
9. " "	Secretary	IS 6	9/30/77
10. " "	Admin. Asst.	IS 5	6/30/77
11. " "	Part-time Research Asst.	AD	3/18/77
12. " "	" "	AD	3/18/77
13. " "	" "	AD	4/22/77
14. Latin American Program	Coordinator	IS 15	6/30/77
15. " "	Secretary	IS 8	7/16/77
16. " "	Part-time Research Asst.	IS 9	6/30/77
17. Special Education Project	Coordinator	AD	2/26/77
18. State & Local Govt Project	Coordinator	AD	10/31/77
19. Wilson Center	Manuscript Typist	IS 6	9/30/77
20. " "	Part-time Research Asst.	AD	4/29/77

USE OF PRIVATE FUNDS

Senator STEVENS. You budgeted private funds for general administration and overhead in the amount of $95,000. Can you tell us how you used private funds for general administration in addition to positions?

Dr. BILLINGTON. That is for such things as adding typists, publications, things of that kind. There is a certain amount of lunches we have to—this constant flow of visitors, panels, consultants, things of that kind.

The overhead component of that is simply the straight payment that we have to make—10 percent payment—to the Smithsonian as overhead on all private moneys we receive. That is another form of compensation to the Smithsonian.

Senator STEVENS. You give them 10 percent of all the private moneys you raise?

Dr. BILLINGTON. Yes, sir.

Senator STEVENS. In that general administration, is there any travel?

Dr. BILLINGTON. No. All of our travel is itemized as travel.

Senator STEVENS. We want to make sure we are not getting into a generalized fund business. Are there limits on general administration? What are you spending general administration money for from private sources? You mentioned typists. Is any used for entertainment?

Dr. BILLINGTON. A certain amount, yes. Not very much.

Senator STEVENS. I assume those are the lunches you have for your Board?

Dr. BILLINGTON. That is right.

Senator STEVENS. The discussion groups you have for your scholars?

Dr. BILLINGTON. A certain amount. We have academic panels. We have four——

Senator STEVENS. You have evening dialogs listed.

Dr. BILLINGTON. Evening dialogs, entirely under the private sector. The whole evening dialog program, which includes dinner, is under the private sources, so that is not included here.

Senator STEVENS. In terms of the private money you have $45,000 for overhead and $50,000 for general administration. That is in the general category, use of private funds. You already have a separate item of $30,000 for reimbursement to the Smithsonian.

Dr. BILLINGTON. Well, that is just paid straight up. The $45,000 which comes out of private is also paid out.

Senator STEVENS. You already have personnel, travel, library, Smithsonian reimbursement, special projects and evening dialogs and the Kennan Institute. In addition to that, there is a breakdown of $50,000 for general administration and $40,000 for overhead.

We would like to know a little bit more about what is in those two categories of administration and overhead.

Dr. BILLINGTON. As I mentioned, overhead represents a 10-percent of all private moneys we get to the Smithsonian.

Senator STEVENS. You already listed that.

Dr. BILLINGTON. No, sir. The $30,000 is a direct Federal payment in a sense in view of their many other services. This is 10 percent of all private moneys raised as paid to the Smithsonian on the private side.

Then there is $30,000 on the Federal side. We shall break down the $50,000 for you.

[The information follows:]

Under the category of General Administration, the Center pays for the following:

	1976 costs	Est. 1977 costs
A. SPECIAL EVENTS		
All Center Special Events not funded by specific grants (lunches, seminars, colloquia, and all-day conferences.) Costs include honoraria, catering charges, overtime for cleaning and guard staff.	15,000	18,000
B. TYPING SERVICES		
Manuscript typing charges for work not covered on the Center's federal budget.	4,000	5,000
C. PUBLICATIONS PROGRAM		
Includes the bulk of the Center's publications program (the design and printing of the Annual Report, brochures and other Center publications not funded by specific grants.)	18,000	20,000
D. CONSULTATIONS		
Consultation costs in connection with program development of the Center, beyond that covered by federal budget.	5,000	7,000
	$42,000	$50,000

The category of "Overhead" is simply a flat 10% figure charged by the Smithsonian on all private monies that we expend.

ADMINISTRATION OF FEDERAL FUNDS

Senator STEVENS. Aside from yourself, to what extent are privately funded personnel involved in administering Federal funds?

Dr. BILLINGTON. Aside from the Director, no privately funded person at the Center has any involvement whatsoever in administering Federal funds.

DECISION ON PERMANENT SITE

Senator STEVENS. What is the timing on a decision for your new site?

Dr. BILLINGTON. Well, sir, it is hard to know. It depends on when we hear from the Pennsylvania Avenue Development Corporation. But we are prepared to move very rapidly with ultimate plans. I should think that the board is committed to bring this whole matter up in its May meeting. I think there is some hope on the board that something can be resolved. If not, it would probably wait until the December meeting.

I should think that by the time we are here next year, Mr. Chairman, we ought to be able to report to you more fully on the results of all of this.

NUMBER OF FELLOWSHIPS

Senator STEVENS. What is the total goal in terms of fellowships outstanding at one time? You want five new ones, totally federally financed. Are you going to decrease your privately funded fellowships or is this an overall increase? What is the goal in terms of the number you have?

Dr. BILLINGTON. There has been a slight increase with the added space from the Smithsonian. We can accommodate 38 fellows at a time at the Center now. And I think our goal is to keep it at fairly high capacity usage.

Senator STEVENS. Is that your goal, 38 for the current time frame?

Dr. BILLINGTON. No. We can sometimes even accommodate a little more than that. One of the new rooms is kind of a larger study room where we can pack two or three in even if they are a little more crowded.

I think we are using the space at full capacity. Our goal, though, is not to expand indefinitely. A very careful study of these institutes throughout the United States and the world indicates that when they get beyond a number, not more than a few larger than what we are doing now, they tend to break up into separate bureaucracies and lose a certain quality that we have at this Center now and we are interested in keeping.

We are not in an indefinite growth situation. We feel this is a one-time request to get it up to the kind of balance that the Center can live with more or less permanently as an institution.

But certainly in our present quarters, I don't see us expanding very much beyond that.

Senator STEVENS. I have to go over to the floor. We will just stand in recess for a few minutes, and come back to the Indian Claims Commission.

I think we can finish with this session.

[Whereupon, a brief recess was taken.]

INDIAN CLAIMS COMMISSION

STATEMENT OF JOHN T. VANCE, VICE CHAIRMAN

ACCOMPANIED BY:

RICHARD W. YARBOROUGH, COMMISSIONER
MARGARET H. PIERCE, COMMISSIONER
BRANTLEY BLUE, COMMISSIONER
HARRY E. WEBB, JR., CHIEF COUNSEL
DAVID H. BIGELOW, EXECUTIVE DIRECTOR

BUDGET REQUEST

Senator STEVENS. Thank you, gentlemen. My apologies. I had to go out on the floor. Now we have the Indian Claims Commission, which is the last agency this morning.

Your request is $1,545,000, a decrease of $15,000 from the current year. The request provides for the termination of the Commission by the end of this fiscal year.

Mr. Kuykendall?

Mr. VANCE. Mr. Chairman, I am John Vance, and I appear on behalf of Mr. Kuykendall, who is conducting a hearing in Florida.

INTRODUCTION OF ASSOCIATES

To my right is Mrs. Pierce. To my left, Mr. Yarborough, and Mr. Webb, our Chief Counsel, on the far right. We have a very, very brief statement, Mr. Chairman, which I can summarize and perhaps make even briefer.

[The statement follows:]

STATEMENT OF JEROME K. KUYKENDALL

The Commission is requesting an appropriation of $1,545,000 for fiscal year 1978. Our operating plan for the current fiscal year totals $1,560,000. The fiscal year 1978 budget provides for termination of the Commission on September 30, 1978, as required by Public Law 94–465.

NATURE AND DURATION OF THE COMMISSION

The Indian Claims Commission is a temporary independent agency engaged in the adjudication of Indian claims filed under the Indian Claims Commission Act, as amended. Under existing law the Commission's existence will terminate on September 30, 1978, and any work not finished by that date will automatically be transferred to the Court of Claims.

STATUS OF WORK

Of the 615 claims docketed through September 30, 1976, four hundred and seventy four were completed at that date. Additional information may be found in our 1976 Annual Report, copies of which have been furnished to the Committee. In December 1976 all active cases were reviewed and 19 were identified which the Commission did not believe could be fully adjudicated by September 30, 1978. These cases have been transferred to the Court of Claims as required by Public Law 94–465, and this has been reported to the Committees on Interior and Insular Affairs. Further reports on the status of all remaining cases are to be made to the Interior Committees at six month intervals. The number of cases still pending with the Commission, including cases on appeal and a new docket created in November 1976, is 120.

AUTHORIZATION

The amendment to the Indian Claims Commission Act of March 30, 1972, provides that appropriations for fiscal years subsequent to fiscal year 1973 shall be made only to the extent thereafter authorized by Congress. On October 8, 1976, Public Law 94–465 authorized FY 1977 appropriations not to exceed $1,650,000. Hearings before the Senate and House Subcommittees on Indian Affairs on our FY 1978 authorization bill have not yet been scheduled.

SUMMARY

We have greatly appreciated this Subcommittee's continuing interest and support. We assure you that we will make every effort to complete within the Commission as many cases as possible between now and September 30, 1978.

Mr. VANCE. As you know, Mr. Chairman, this is the last—this hearing concerns the last budget, the terminal budget for the Indian Claims Commission.

Under the final extension of the Indian Claims Commission, the Commission was directed by the Congress to review the cases before it, to transfer those that it would be impossible to adjudicate before the Commission to the Court of Claims by December 31, 1976.

In compliance with that, the Commission has transferred to the Court of Claims 19 cases, and there are remaining before the Commission 120 docketed cases.

It is the opinion of the Commission that these cases can be completed within the allotted time. Of course, as you know, Mr. Chairman, we do not have any control over those cases which are appealed. and, in fact, leave our jurisdiction during that period.

PENDING CASELOAD

Senator STEVENS. That was 120 in November. Is that still the same?

Mr. VANCE. I guess it is 119 as of today, because the chairman is conducting a hearing regarding a settlement.

Senator STEVENS. How many are on appeal?

Mr. WEBB. There are five on appeal right now, sir, to the Court of Claims.

Senator STEVENS. Will this give you a budget through September 30, of 1978?

Mr. VANCE. That is correct.

TRAVEL REQUEST

Senator STEVENS. You had $14,000 in travel last year and you said that you would probably only use $7,000. How much have you used so far? What are your projections for using it?

Mr. VANCE. Actual travel in 1976 was $7,000.

Senator STEVENS. You requested $14,000 again this year.

Mr. VANCE. That is correct.

Senator STEVENS. Senator Hatfield asked Mr. Kuykendall last year whether you have a need for the full $14,000. Do you have a need for the full $14,000 this year?

Mr. VANCE. In my view the Commission certainly should have that much money available. The result of the constantly diminishing travel budget, I think, has made the Commission reluctant to hold many hearings out where the Indians live.

As we all know, Mr. Chairman, the vast majority of the Indian tribes which have cases before the Indian Claims Commission reside west of the Mississippi.

I think in these last tumultuous months, when all of these hearings are going to be held in this coming summer and fall of 1977, that it may well be wise and efficacious to hold hearings right where the tribes are.

If the budget is diminished below $14,000, with the extreme increases in the cost of travel, it would be impossible to do that.

RENTAL PAYMENTS

Senator STEVENS. You have an increase in rent of $32,000. What will be the total rent you will pay this year?

Mr. BIGELOW. $123,000.

Senator STEVENS. Is that through September 30?

Mr. BIGELOW. That is what is proposed for the entire fiscal year of 1978.

Mr. VANCE. As you know, we do not control our rent, Mr. Chairman. As a matter of fact, not only do we not control it, but under the new system our budget goes for the rent, plus a service fee to the General Services Administration for aiding us in paying our rent, an administrative detail we were able to handle quite well in preceding years.

Senator STEVENS. Yes; it is an interesting thing.

Mr. VANCE. It is like a poker game, where the house is cutting the pot.

EXTENSION OF THE COMMISSION

Senator STEVENS. Do you anticipate making any approach to Congress to extend the Commission's life this time?

Mr. VANCE. No; there is no intention on the part of the Commission to approach the Congress.

As you are aware, Mr. Chairman, it was not the Commission that approached the Congress for the last extension.

Senator STEVENS. Yes; I understand. I was on the committee at that time.

Very well. We do not have any problems with your budget requests. We do not have any additional information that we need for the record.

We wish you good luck, and I appreciate your courtesy in waiting to the end.

Mr. VANCE. This is our swansong, Mr. Chairman, and we would like to say it has been a pleasure each time we have appeared here.

You have run a taut ship the last few years when you presided over this committee. We have had your predecessor, Senator Bible——

Senator STEVENS. Go back to Arthur Watkins' day. I remember when he came down and asked our advice as to whether he ought to take on this task. I hate to tell you how long ago that was.

Mr. VANCE. I am his successor, of course.

Senator STEVENS. Thank you very much. We appreciate your appearance.

SUBCOMMITTEE RECESS

The subcommittee will now recess until 9:30 a.m. on Wednesday, February 9, 1977. At that time we will hear the budget requests of the National Endowments for the Arts and the Humanities.

[Whereupon, at 11:25 a.m., Wednesday, February 2, the subcommittee was recessed, to reconvene at 9:30 a.m., Wednesday, February 9.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

WEDNESDAY, FEBRUARY 9, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:20 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens, presiding.

Present: Senators Stevens, Hatfield, and Melcher.

NATIONAL ENDOWMENT FOR THE ARTS

STATEMENT OF NANCY HANKS, CHAIRMAN

ACCOMPANIED BY:

MICHAEL STRAIGHT, DEPUTY CHAIRMAN
DAVID SEARLES, ASSISTANT CHAIRMAN
MS. ANNE MURPHY, CONGRESSIONAL LIAISON OFFICE

FISCAL 1977 SUPPLEMENTAL REQUEST

Senator STEVENS. Good morning. This is the day scheduled to take testimony on both the fiscal 1977 supplemental and regular fiscal 1978 budget requests of the National Foundation on the Arts and the Humanities.

We will go first to the National Endowment for the Arts and begin with the supplemental request. This estimate totals $4 million in definite appropriations and $12 million in indefinite funds, or a total of $16 million.

JUSTIFICATION

Appropriations to date for the arts endowment in fiscal year 1977 total $180 million, excluding shared staff costs. We will include the justification for the supplemental request in the record at this point.

[The justification follows:]

83-107 O - 77 - pt. 3 -- 8

Justification

NATIONAL ENDOWMENT FOR THE ARTS
SUPPLEMENTAL APPROPRIATIONS REQUEST FOR FISCAL YEAR 1977

The purpose of the supplemental appropriations request for Fiscal Year 1977 is to request funds: (1) to carry out certain provisions of the Arts, Humanities and Cultural Affairs Act of 1976 for which funds have not previously been requested; and (2) to accomplish satisfactorily the growing workload of the Arts Endowment.

As summarized in the table below, the programmatic aspects of the supplemental request call for an additional appropriation of $16 million:

Fiscal 1977 ($ millions)

	Present	Requested	Change
Definite Funds			
Program	$77.5	$ 77.5	$ -
Photography & Film Project	-	4.0	+ 4.0
Indefinite Funds			
Treasury Fund	7.5	7.5	-
Challenge Grant Program	-	12.0	+ 12.0
Total Federal Approp.	$85.0	$101.0	+$16.0
Nonfederal Gifts and Donations	7.5	19.5	+ 12.0
Total Federal and Nonfederal Funds	$92.5	$120.5	+$28.0

At the time of our original Fiscal Year 1977 appropriations request, the Challenge Grant Program had not been authorized, although the subject had been addressed at some length in the Chairman's testimony to the Congress in the spring of 1975. With the passage of the Arts, Humanities and Cultural Affairs Act of 1976, this situation has changed, and the Arts Endowment is now authorized by the Congress to proceed with challenge grants in Fiscal Year 1977.

The American Bicentennial Photography and Film Project is a result of a Congressional initiative to conduct a photographic survey of the United States at the time of the bicentennial. The Congress authorized the Arts Endowment to carry out this Project in recognition of our special skills and experience in this field.

As shown in the table below, we are also requesting a $300,000 increase in administrative funds. This amount is needed to fund personnel compensation, benefits and other costs associated with 20 new permanent positions for the Arts Endowment. The effect of this request on our administrative budget would be:

Fiscal 1977 Administrative Expense Funds ($ thousands)

Present	Requested	Change
$3,512.2	$3,812.2	+$300.0

(The added cost of the October 1976 pay raise is included in a special section of the President's budget covering all agencies and is not included here. New positions assigned to the Shared Staff

which would eventually be transferred to the Arts Endowment are justified elsewhere in this supplemental budget request.)

The basis for our belief that the Congress should appropriate additional funds for these three purposes is discussed in the balance of this memorandum.

CHALLENGE GRANT PROGRAM ($ thousands)

Fiscal 1975 Approp.	Fiscal 1976 Approp.	T.Q. Approp.	Fiscal 1977 Supplemental	Inc./(Dec.) 1976-78
$-0-	$-0-	$-0-	$12,000	+$12,000

The Arts, Humanities and Cultural Affairs Act of 1976, reauthorizing the National Endowment for the Arts, provides for a new Challenge Grant Program intended to increase ongoing financial support of the arts by other public and private sources, and to stimulate: (a) cooperation among cultural institutions; (b) greater service to the local community; and (c) a higher level of citizen involvement in the arts. The Bill authorizes $12 million for this Program in Fiscal Year 1977, $18 million in Fiscal Year 1978, and "such sums as may be necessary" thereafter; the Bill indicates that, upon receipt of matching gifts and donations, the funds are to be available until expended.

The purpose of this memorandum is to request a supplemental appropriation for Fiscal Year 1977 to permit the Arts Endowment to carry out the intent of the Congress with regard to the Challenge Grant Program.

Contingent on appropriations, the National Endowment for the Arts plans a multiyear program of Challenge Grants to secure new and increased sources of continuing income for cultural institutions. Challenge Grants are separate from, and in addition to, the Endowment's ongoing program categories of support to cultural institutions. The purpose of Challenge Grants is to encourage new and increased sources of income on a continuing basis for our Nation's artistic institutions and museums.

The Endowment believes that Challenge Grants can assist in encouraging a broader understanding of the importance of developing and preserving our cultural resources and thereby helping to encourage the generation of continuing support from all sectors of society, including business, foundations, civic groups, state and local governments and individuals.

The Endowment views Challenge Grants, which are of a limited duration, as an important complement to other Endowment program categories which provide ongoing support to groups of highest quality. We expect that cultural institutions receiving Challenge Grants will structure their fund-raising campaigns to encourage donors similarly to consider continuing financial support as an important responsibility.

Challenge Grants will be awarded on the basis of long-range integrated program, audience and cultural development plans submitted by the institutions. On the basis of past experience with Challenge Grants in other areas and with fund-raising efforts in general, 75 percent of this new or increased giving can be expected to continue beyond the Challenge Grant period, thus placing the institution involved on a higher plateau of regular philanthropic support.

The Arts, Humanities and Cultural Affairs Act of 1976 provides a unique opportunity for the Endowment to initiate an effort to

raise nonfederal support of the Nation's cultural institutions to new heights. For example, if we assume that this supplemental request is approved for Fiscal Year 1977 ($12 million) and that our request for Fiscal Year 1978 ($18 million) is approved, the total amount of Federal funds in the Challenge Grant Program would be $30 million for Fiscal Year 1977 and Fiscal Year 1978. However, when one takes into account the three-to-one matching element, and the fact that a majority of the new contributors and those giving greater amounts than previously will continue, the amount of new money available to cultural institutions during the two-year period is $147 million, as shown below:

	Fed. Exp.	Matching	Continuing Contributions*	Total
Fiscal 1977	$12.0	$36.0	$ -	$ 48.0
Fiscal 1978	18.0	54.0	27.0	99.0
Total	$30.0	$90.0	$27.0	$147.0

*Assumes 75 percent rate of continued giving among new contributors.

By championing the Challenge Grant Program and approving its full funding, the Congress would have an opportunity to demonstrate its strong support for the arts and its recognition of their significant contributions and their growing importance to the American people. Such action would be consistent with the Congress leadership in authorizing the Challenge Grant Program and in building an even more effective "public-private sector partnership in support of the arts."

The National Endowment for the Arts is fully prepared to carry out a major Challenge Grant Program immediately upon approval of funds for Fiscal Year 1977. In anticipation of this legislation, we have prepared the essential foundations for successfully implementing such an effort.

Three years ago, the Arts Endowment assigned its Program Development Staff the task of developing a major program which could assist major cultural institutions establish a broader base of financial support.

In the course of lengthy discussions with our Council members, institutions, corporations and foundations, the present Challenge Grant Program emerged as holding the greatest promise for meeting our objectives. Pilot programs were conducted with the Metropolitan Opera and the Boston Museum of Fine Arts. Both were successful.

In the months since the Congress indicated its intent to authorize a Challenge Grant Program beginning in Fiscal Year 1977, the Endowment has prepared itself to implement the Program. Program guidelines have been published by the National Council, a system of screening Challenge Grant applications has been put into place, about 400 applications have been received and special panels of experts have begun the task of deciding which institutions should be given priority should funds become available.

We feel that such an investment of staff time and energy is necessary because otherwise the Endowment would have been unable to take advantage of the willingness of the Congress to authorize funds for Fiscal Year 1977. If we were only starting the long development effort now, we would run a real risk of not being able to organize ourselves before Fiscal Year 1977 appropriations expire. Fortunately, such is not the case and we are confident that a Fiscal Year 1977 program would be successful.

For the Fiscal Year 1977 Challenge Program, about 400 artistic and cultural institutions have applied for more than $120 million in challenge grants. Based upon a preliminary assessment of the quality

of the applications, it appears that more than 75 institutions requesting $30 million will warrant support. With only $12 million of this need to be met in Fiscal Year 1977, we will undoubtedly carry over into Fiscal Year 1978 high quality applications for nearly the full amount requested for that year.

We understand that the Congress has a special concern regarding the "outlay" level for Fiscal Year 1977. If it would be helpful, the Arts Endowment could arrange its grant making schedule so that outlays for a major part of the Fiscal Year 1977 Challenge Grants actually take place in Fiscal Year 1978.

Based on our present indications of interest, institutions of all sizes, from all disciplines and all parts of the country want to participate in the Challenge Grant Program. Given the fact that recipients must raise at least three times the grant amount, and must make provisions for converting that match into ongoing contributions, the enthusiasm with which the Program has been received is striking testimony to the Program's essential soundness and timeliness.

We are convinced that a challenge grant effort represents one of the best opportunities the Federal Government has for making a significant immediate difference in an area of importance to a large and growing number of Americans. Our principle worry is that without such a dramatic and comprehensive effort now, the financial condition of the Nation's cultural institutions will deteriorate to the point where a truly massive infusion of Federal funds will be necessary at some future point to save them. The possible domination of these institutions by the Federal Government which could result would seriously jeopardize the independence, diversity and flexibility which have made them great.

PHOTOGRAPHY AND FILM PROJECT ($ thousands)

Fiscal 1975 Approp.	Fiscal 1976 Approp.	T.Q. Approp.	Fiscal 1977 Supplemental	Inc./(Dec.) 1976-77
$-0-	$-0-	$-0-	$4,000	+$4,000

The Arts, Humanities and Cultural Affairs Act of 1976 reflects the wishes of the Congress for a special Photography and Film Project. The purpose of the Project is to provide through photography and film a sense of life in America as it is actually lived in the mid-1970's, and to make the resulting work broadly available. The Congress has authorized the Arts Endowment to carry out this project on its behalf.

The Act authorizes $4 million for this Project in Fiscal Year 1977, $2 million in Fiscal Year 1978, and indicates that the funds are to be available until expended. Funds would be allocated between the states and the National Endowment for the Arts as follows ($ millions):

	FY 1977	FY 1978
National Endowment for the Arts	$1.0	$1.0
States	3.0	1.0
Total	$4.0	$2.0

The purpose of this memorandum is to request a supplemental appropriation for Fiscal Year 1977 to permit the Arts Endowment to carry out the intent of the Congress with regard to this project.

This Project was inspired within the Congress partly by a broadly expressed desire to document life in America during the bicentennial era, and partly by recollection of the memorable and invaluable work produced by the Farm Security Administration when it sponsored a similar effort in the 1930's.

Many Americans have expressed interest in photography and film presentation of the country today. This interest is obviously an outgrowth of the activities surrounding the bicentennial and of our heightened awareness of the great stimulus these events have had in increasing our collective sense of national heritage and purpose. We feel that the American Bicentennial Photography and Film Project will add an important new dimension to our present understanding, and also provide a means for future generations of Americans to understand their own heritage.

The work produced by American photographers in the 1930's under the auspices of the Farm Security Administration provides striking evidence that projects such as this one can have lasting artistic, historical and cultural value. That body of work altered the perception of Americans concerning the effects of the Depression on rural life. It brought home to many people for the first time the havoc and devastation which existed. Furthermore, it helped make possible a wider recognition that photography was an artistic medium capable of interpreting American life. The success of this federally sponsored photographic effort gives us assurance that another such effort in the 1970's will meet with similar success if we provide the same sharp, central focus provided by the FSA in the earlier effort.

We are deeply interested in carrying out this provision of the new legislation for two reasons. First, we are convinced that the results will be of great value to the broad masses of the American people. Second, it will provide a major stimulant to the photographic and film arts.

We anticipate a wide and appreciative audience for this project once it reaches the point where it is ready for dissemination. It will have great value as a means of raising the consciousness of ordinary American citizens concerning the content and diversity of life in this country during the bicentennial era.

In addition, it will focus Federal attention and resources on photographic and film art in a major way for the first time in a generation.

The Arts Endowment is prepared to implement this Project immediately upon approval of our Fiscal Year 1977 supplemental budget request. Draft guidelines are being prepared for discussions with the National Council, and an administrative plan is being readied which will insure the achievement of a consistently high quality product throughout the country.

ADMINISTRATIVE ACTIVITIES

Definite Funds

Fiscal 1976 Approp.	T.Q. Approp.	Fiscal 1977 Approp.	Suppl. Request Fiscal 1977
$3,426.4	$986.3	$3,512.2	+$.3

The request for a $300,000 supplemental appropriation for Fiscal Year 1977 is to provide funds to suppport 20 new positions re-

cently authorized for the Endowment, and the costs associated with them. The cost of the October 1976 pay raise is included in a special overall section of the President's budget. New positions assigned to the Shared Staff are justified elsewhere in this submission.

The additional permanent positions are comprised primarily of program specialists and program assistants to carry out the grants process. These two staff categories are needed to facilitate the grants process through receipt, review, and control of all grant applications for a particular program. They ensure that applications are prepared for review by the program panel, whose recommendations for acceptance or rejection are assembled for presentation to the National Council on the Arts, and that necessary actions are taken after Council review. In addition, 2 of the 20 positions are allocated to clerical and typing positions; all are in the GS-5 to GS-11 range.

The OMB authorized the Endowment to increase its personnel ceiling in recognition of two facts.

1. The personnel ceiling had remained constant since Fiscal Year 1975 as shown below.

Personnel Ceiling

FY 75	FY 76	FY 77 Original	FY 77 New
200	200	200	220

2. The number of grant applications needing processing has increased about 50 percent since Fiscal Year 1975 as shown below.

Number of Applications

FY 75	FY 76	FY 77 (est.)
13,371	18,827	20,000

We recognize that it might appear prudent to the Congress to require that the Endowment rearrange its administrative budget to provide additional funds from other categories. However, it is simply impossible to cut other administrative expenses, because the Arts Endowment has remained at essentially the same administrative expense level for three years (1975-1977). During that time sharp increases in workloads and costs have occurred and we have completely removed all flexibility from the administrative budget.

Other than the obviously necessary personnel benefits and equipment to facilitate work, we purposely are not requesting increases in other administrative categories; we must highlight the absolute necessity of receiving additional funds in Fiscal Year 1977 to meet the costs associated with new personnel. If we receive the additional funds requested we are confident that the Endowment can meet our administrative objectives and the needs of our constituents for prompt, knowledgeable handling of their requests.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES
SALARIES AND EXPENSES Revised 2/1/77
NEA'S PORTION - FY 77 SUPPLEMENTAL
Program and financing (in thousands of dollars)

Identification code 59-0100-0-1-503	19 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplemental
Program by activities:				
1. Promotion of the Arts		105,229	121,229	16,000
2. Administration		3,668	3,968	300
10 Total obligations		108,897	125,197	16,300
Financing:				
Receipts and reimbursement from:				
13 Trust funds 1/		-19,500	-19,500	...
21 Unobligated balance available, start of period 2/		-729	-729	...
Budget authority		88,668	104,968	16,300
Budget authority:				
40 Appropriation:				
Definite		81,012	85,312	4,300
Indefinite		7,500	19,500	12,000
44.20 Supplemental now requested for civilian pay raises		156	156	...
Relation of obligations to outlays:				
71 Obligations incurred, net		89,397	105,697	16,300
72 Obligated balance, start of period				...
74 Obligated balance, end of period				...
90 Outlays excluding pay raise supplemental				9,870
91.20 Outlays from civilian pay raise supplemental		140	140	...

1/ Actual donations received or anticipated whether in the form of pledges, equity or cash.

2/ Does not include $1,218 thousand equity value of buildings and equipment not available for obligation.

NATIONAL ENDOWMENT FOR THE ARTS PORTION
FY 1977 SUPPLEMENTAL

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code	19 actual	1977 Presently Available	1977 estimate Revised Request	1977 estimate Proposed Supplemental
Personnel compensation:				
11.1 Permanent positions		2,519	2,793	274
11.3 Positions other than permanent		222	222	---
11.5 Other personnel compensation		42	42	---
11.8 Special personal services payments		---	---	---
Total personnel compensation		2,783	3,057	274
Personnel benefits:				
12.1 Civilian		273	299	26
13.0 Benefits for former personnel		---	---	---
21.0 Travel and transportation of persons		334	334	---
22.0 Transportation of things		1	1	---
23.0 Rent, communications, and utilities		7	7	---
24.0 Printing and reproduction		78	78	---
25.0 Other services		137	137	---
26.0 Supplies and materials		30	30	---
31.0 Equipment		25	25	---
32.0 Lands and structures				
33.0 Investments and loans				
41.0 Grants, subsidies, and contributions		105,229	121,229	16,000
42.0 Insurance claims and indemnities				
43.0 Interest and dividends				
44.0 Refunds				
99.0 Total obligations		108,897	125,197	16,300

NATIONAL ENDOWMENT FOR THE ARTS
PERSONNEL SUMMARY

Revised 2/1/77

Identification code 59-0100-0-1-503	1976 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplemental
Total number of permanent positions		130	150	20
Full time equivalent of other positions		11	11	---
Average paid employment		165	187	22
Average GS grade		10.83	10.53	---
Average GS salary		20,909	19,941	---
Average salary of ungraded positions		42,000	42,000	---

SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

	19 77 ~~ESTIMATE~~	19 77 ~~ESTIMATE~~	19 77 ~~ESTIMATE~~
	Presently Available	Revised Request	Proposed Supplemental
Executive level III	1	1	...
Subtotal	1	1	...
GS-18	1	1	...
GS-17	1	1	...
GS-16	1	1	...
GS-15	20	20	...
GS-14	9	9	...
GS-13	8	8	...
GS-12	14	14	...
GS-11	20	24	4
GS-10	...	...	...
GS-9	27	37	10
GS-8	1	1	...
GS-7	20	24	4
GS-6	2	2	...
GS-5	5	7	2
GS-4	...	...	...
GS-3	...	...	...
GS-2	...	...	...
Subtotal	129	149	20
Total permanent positions	130	150	20

NFAH SHARED STAFF

FY 1977 SUPPLEMENTAL REQUEST

FY 1976 Approp.	T.Q. Approp.	FY 1977 Approp.	Suppl. Request FY 1977
$4,360,423	$1,117,000	$4,551,400	+$300,000

With the ever-increasing administrative work-load, the Shared Staff has found that only through the employment of part-time personnel could it continue to provide the services necessary for the functional efficiency of the Foundation.

This request of $300,000 will fund 33 additional personnel during the latter half of FY 1977. Since FY 1974 when our last personnel increase occurred, the budget of the Foundation has increased 66% (from $118 million to $196 million). During this same period, grant applications in the National Endowment for the Arts have increased over 35% with a commensurate increase in the number of grants awarded. Likewise, in the National Endowment for the Humanities, applications have increased by 53% and a proportionate increase in grant awards have been made. During this same period, there has been no increase in the number of full-time permanent employees in the Shared Staff.

The increases in the Endowments' activities naturally have imposed an additional workload in the Shared Staff, and to the same degree. This workload affects all of our activities from accounting and auditing through printing, consultant activity, legal activity, and of course the processing and administering of grants. Briefly, it has become impossible to support the two Endowments effectively without the requested increase in personnel. In addition, the new Challenge Grants Program will further affect our administrative activity.

The positions supported by the $300,000 will aid each Endowment's program operation equally, providing necessary support for the new challenge grant activities and, by reducing constant turn-over in part-time and temporary positions, strengthen the Foundation's basic administrative support long needed for all existing programs.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES
SALARIES AND EXPENSES Revised 2/1/77
SHARED STAFF PORTION - FY 77 SUPPLEMENTAL
Program and financing (in thousands of dollars)

Identification code 59-0100-0-1-503	76 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplemental
Program by activities:				
1. Administration.....		4,680	4,980	300
10 Total obligations.....		4,680	4,980	300
Financing:				
Receipts and reimbursement from:				
Budget authority.....		4,680	4,980	300
Budget authority:				
40 Appropriation: Definite.....		4,552	4,852	300
44.20 Supplemental now requested for civilian pay raises.....		128	128	...
Relation of obligations to outlays:				
71 Obligations incurred, net.....		4,680	4,980	300
72 Obligated balance, start of period.....				...
74 Obligated balance, end of period.....				...
90 Outlays excluding pay raise supplemental.....				270
91.20 Outlays from civilian pay raise supplemental.....		115	115	...

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES
SHARED STAFF PORTION - FY 77 SUPPLEMENTAL

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code		19 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplemental
	Personnel compensation:				
11.1	Permanent positions		2,199	2,438	239
11.3	Positions other than permanent		265	265	---
11.5	Other personnel compensation		31	31	---
11.8	Special personal services payments		---	---	---
	Total personnel compensation		2,495	2,734	239
	Personnel benefits:				
12.1	Civilian		247	273	26
13.0	Benefits for former personnel		---	---	---
21.0	Travel and transportation of persons		36	36	---
22.0	Transportation of things		5	5	---
23.0	Rent, communications, and utilities		1,542	1,542	---
24.0	Printing and reproduction		31	31	---
25.0	Other services		186	186	---
26.0	Supplies and materials		123	123	---
31.0	Equipment		15	50	35
32.0	Lands and structures				
33.0	Investments and loans				
41.0	Grants, subsidies, and contributions				
42.0	Insurance claims and indemnities				
43.0	Interest and dividends				
44.0	Refunds				
99.0	Total obligations		4,680	4,980	300

SHARED STAFF
PERSONNEL SUMMARY

Revised 2/1/77

Identification code 59-0100-0-1-503	1976 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplemental
Total number of permanent positions		127	160	33
Full time equivalent of other positions		15	15	---
Average paid employment		139	156	33
Average GS grade		8.86	8.78	---
Average GS salary		17,744	17,272	---
Average salary of ungraded positions		---	---	---

SHARED STAFF
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

	19 77	1977	1977
	Presently Available	Revised Request	Proposed Supplemental
GS-18	...	...	...
GS-17	...	...	...
GS-16	2	2	...
GS-15	3	3	...
GS-14	7	7	...
GS-13	16	20	4
GS-12	8	13	5
GS-11	8	12	4
GS-10	2	2	...
GS-9	14	19	5
GS-8	10	11	1
GS-7	20	23	3
GS-6	13	15	2
GS-5	18	22	4
GS-4	6	9	3
GS-3	...	2	2
GS-2	...	...	...
Total permanent positions	127	160	33

PREPARED STATEMENT

Senator STEVENS. Miss Hanks, welcome again before the committee. We would be happy to have you name for the record those people who are with you.

Miss HANKS. Good morning, Mr. Chairman.

Senator STEVENS. We would be glad to have you summarize your opening statement, if you wish to do so, on the supplemental request at this point.

[The statement follows:]

STATEMENT OF NANCY HANKS

Mr. Chairman, it is a privilege to meet once again with this Committee on behalf of the budget request of the National Endowment for the Arts.

In our supplemental request for Fiscal Year 1977, we seek $12,000,000 for the multi-year Challenge Grant program that would provide one-time grants to cultural institutions to help them raise the level of continuing philanthropic support. Additionally, we seek $4 million to undertake a visual survey of the United States, in photography and film, assigned to the Arts Endowment by the Congress. The final portion of our supplemental request is for $300,000 in administrative money.

The budget request for Fiscal Year 1978 for the Arts Endowment is $123,700,000. Of this amount, $94,500,000 is to support our ongoing programs: $87,000,000 in program funds and $7,500,000 in Treasury Funds. Additionally, $18 million would be to continue the new Challenge Grant program. We are seeking $2 million in our 1978 request to complete the work of the visual survey. Finally, we seek $9,200,000 in administrative funds. The only actual increase in these funds, in our supplemental and regular request, is to support the authorized new staff desperately needed to accomplish the rapidly rising grant load of the Endowment. We are deferring some projected administrative costs to press for funds for personnel.

ON-GOING PROGRAMS

The central concern in the whole budget we present you today for Fiscal 1978 is the $12 million increase we seek in program money to do those activities broadly set forth in Section 5(c) of our enabling legislation. While no new program initiatives are contemplated, this increase is the minimum necessary to bring those successful programs underway at the Endowment up to valid levels of funding. The last significant increase in basic program money came in 1975. Since that time, extremely modest increases in the Endowment's budget have reduced the effectiveness of our programming.

Without the increase we request in program funds, we truly fear a diminished leadership role for the federal government in broadening arts activity around the country. Frankly, we face a situation in which orchestras will perform fewer weeks, dance companies tour to fewer cities or to none at all, the number of fellowships decrease, and museums will curtail their services and even the number of hours they remain open. These things, and more, we fear if the Arts Endowment cannot maintain forward momentum which would be represented by our request here for program funds being favorably considered.

The principal purposes for which the added program funds would be used are:

(1) An increase in the assistance given states in their efforts to promote the arts at local levels. At full funding of our request for program funds, the basic bloc grant to the state arts agency would be $237,500. We are also earmarking new funds for

additional community and regional arts efforts which hold great long-term promise. These new funds are in response to the tremendously increasing number of requests for support of community arts agencies;

(2) A greater commitment to the development of new audiences through innovative outreach efforts. Increased funding will allow us to participate in cooperative efforts with cities in strengthening their arts programs by providing technical assistance and encouraging new alliances among community and neighborhood arts groups. The number of cities and groups in cities interested in devoting a portion of resources to the arts has grown tremendously in recent years. Increased funding will also go to museum outreach programs enabling greater utilization of museum collections to involve much broader segments of the community and to coordinate these activities with other public and private organizations. Bilingual programs, programs for the handicapped or aged or young, programs which take the treasures of the museums through special exhibitions to the places where people live are included in this category;

(3) Additional support for fellowships given to the Nation's most promising artists across the full spectrum of artistic and cultural activity. Primarily the funds will be used to respond to a greater portion of quality applications. The panels and the National Council have been discouraged continually by the inability to support an adequate number of quality fellowship applications;
(4) An increase in the support given Folk Arts and Jazz/Folk/Ethnic music. We know of this Committee's interest in strengthening our efforts on behalf of America's indigenous art forms. With the very little money available to us, we have broadened the crafts program; two separate panels, one in jazz and another in folk and ethnic music, were formed; and a Folk Arts Program was formally established less than two years ago. All of these administrative adjustments reflect a deepening interest in the fields, in the Congress and across the Nation, and a rising application load.

Mr. Chairman, smaller incremental increases would be spread throughout other program categories. Without adjustments upward, the very exciting work we are doing to bring quality artistic performances to television audiences would be seriously threatened. The remarkable success in stimulating interest in dance through touring would be jeopardized without an increase through program funds. Any number of special projects of great immediacy would be curtailed. For example, the Endowment is assisting native American Indian tribes to document their past and present cultures, and to house those recordings, films, etc., in tribal research centers. Unless we move quickly to cover all 300 tribes, we risk the disappearance of a vital record of native American lore. A similar failure would occur in regard to the oral history projects in jazz.

Even assuming full funding, Mr. Chairman, the list of unmet needs would be long. Among the most important of these unmet needs would be the following:

... Major touring programs for professional quality theatre and music to areas of the country where these activities are not generally available;

... Development and training programs for local sponsors on which rest the success of all touring efforts;

... Significant efforts to widen the creative and effective use of arts in the nation's school system;

... Dissemination programs to widen the availability of quality contemporary literature;

... Significant levels of effort for the preservation of film, video, dances, and architecturally important structures;

... A thorough review of present professional training programs and the development of new programs which meet today's needs; and

... Attempts to address the fields of fashion design, choral music, industrial design and individual performers, all listed as worthy of attention in our enabling legislation.

Mr. Chairman, I have tried to be generally descriptive, to give the Committee our sense of where we would be headed should our request in regard to a $12 million increase in programs funds be favorably considered. The charts, that accompanied our justification, dot the i's and cross the t's. The major new allocations would address needs left unattended far too long. We urge the Committee's favorable consideration of our full request for an increase in program money.

Let me point out that our Treasury Fund, for which we are requesting $7.5 million, supplements our definite program funds. However, the Treasury Fund allows us the flexibility to work with individual donors, and it requires a match of three nonfederal dollars for every federal dollar. We seek no increase in the Treasury Fund, and we ask favorable Committee consideration of our request.

CHALLENGE GRANTS

Mr. Chairman, we are in total today asking for $30 million for the newly authorized Challenge Grant rogram. We seek $12 million as part of our supplemental request, and $18 million as part of our Fiscal Year 1978 request. These amounts are consistent with those authorized to us in Public Law 209, as amended.

Challenge Grants are one-time grants for up to three years, and their purpose is to encourage new and continuing giving: to raise the cultural institutions onto a higher plane of philanthropic and local support.

The unprecedented demand by the public for more and better artistic productions has put a severe financial strain on almost all cultural institutions seeking to satisfy that demand. Despite capacity houses at performances, marked increases in state

appropriations to the arts, and discernible shifts in corporate and foundation giving to the arts, income is not keeping pace with costs. The financial base of the nonprofit institutions, which are the backbone of the arts world, is almost nonexistent.

We sincerely believe, along with the Congress, that the Challenge Grant concept offers an innovative road to financial stability for our great cultural institutions.

Some of this belief grows out of our own experience. A "challenge grant" to the Metropolitan Opera of $1 million succeeded in raising more than $1 million from the opera's radio audience, but equally important, enlisted 25,000 new donors, many of whom have continued to contribute.

A modest challenge grant to the Brooklyn Museum was the critical factor in assisting it to raise more than $225,000 in new or increased contributions in just five months in 1976. This is approximately the same amount that the museum was able to raise in all of 1975.

We have consulted with arts administrators from around the country and learned that challenge grants could provide them with the financial leverage they need to induce greater and continuing giving from their communities.

A number of corporate and foundations heads have expressed their strong endorsement of Challenge Grants. Of course, this concept received wide bi-partisan support in both our authorizing committees, which drafted the legislation providing for the program, and from President Carter who has endorsed this approach.

Past experience in fund raising in general and with our own pilot "Challenge Grant" projects, suggests that 75 per cent of new contributors will continue to give to the grantee institution after the first year. Federal investment would reap enormous dividends.

If we assume full funding of our supplemental request for $12 million and our '78 request for $18 million, we expect to generate at least $117 million from nonfederal sources at the end of three years.

In the months since the Congress indicated its intent to authorize a Challenge Grant program in Fiscal Year 1977, the Endowment has prepared itself to implement the program. Program guidelines have been published by the National Council, a system for screening Challenge Grant applications has been put into place, about 400 applications have been received, and special panels of experts have begun the task of deciding which institutions should be given priority should funds become available.

To clarify our priorities, we have already had a review, by discipline, of this list of 400 applicants, winnowing down to a hard-core of 130 applicants requesting $80 million in funds.

The need is great, the moment opportune. After two and one-half years of carefully crafting this program, of giving it test runs through pilot grants, the Congress authorized us to move ahead for four years.

Mr. Chairman, we respectfully seek favorable Committee consideration of our supplemental request of $12 million for the Challenge Grant program in Fiscal Year 1977 and $18 million for the Challenge Grant program in our regular Fiscal Year 1978 budget.

AMERICAN BICENTENNIAL PHOTOGRAPHY AND FILM PROJECT

Our reauthorization legislation designates the Arts Endowment as the appropriate agency to carry out a special two-year photography and film survey of the United States. In its whole, the project is intended to give a picture of life in the United States as the Nation enters its third century.

Most of the money appropriated for the project will be utilized by the states to carry out the purposes of a nationwide survey. The Endowment's portion of the money is for initiation of unique projects of special merit, wide dissemination of the completed work and administration.

We are extremely enthusiastic about this special two-year effort, and see it as an exciting opportunity to provide a visual essay of life in the United States, which will also serve future generations as an invaluable historical and cultural record of America during the Bicentennial era.

The idea for the survey springs naturally from the Bicentennial, and an interest among many in using photography and film to record in striking images America as we know it. While the survey will have the single purpose of describing visually contemporary life, no single aspect will be considered descriptive, no one characteristic definitive.

One precursor of the present project is the photographic work produced during the Depression by the Farm Security Administration in which the misery and devastation of rural America was graphically portrayed. That body of work altered the perceptions of Americans concerning the Depression, and raised photography in the minds of many to the station of a serious art form capable of communicating powerfully in a new way.

The durability of this work in terms of its historic, cultural, and artistic value augers well for the present and future impact of the visual portrait we are charged with creating.

The Arts Endowment is prepared to move immediately to implement the program as soon as money is appropriated. A statement of purpose, a conceptional framework, preliminary guidelines, and a design for administration of the program will be ready for presentation to the February meeting of the National Council on the Arts. Discussions are underway with state arts agencies, and with others, particularly concerning ways to widely distribute and make available to the public the photographs and films produced.

It is apparent from all of these discussions that there is a great deal of excitement in the Endowment and in the states over

this project. It is also clear that an appropriation below the authorized amount will jeopardize the high artistic quality of the photographs and films and efforts to widely disseminate them. Even slight downward adjustments in appropriations will jeopardize the whole effort.

ADMINISTRATIVE

Finally, Mr. Chairman, we seek $9,200,000 in administrative monies. An examination of our budget submission, with particular attention to pages A-29 through A-35, details the allocations of the money.

The amount we are requesting, $9,200,000, represents less than a "hold-the-line" increase in the sense that we are deferring our request for certain projected costs. We do this with the understanding of this Committee's sensitivity to restraining our requests for administrative monies as much as possible.

Mr. Chairman, I would add that, in our supplemental request, we are seeking $300,000 in administrative money for the sole purpose of funding new personnel slots. These additional people are needed to accomplish the increasing workload of the Endowment. There has been no increase in our personnel ceiling since 1975 despite the fact that our application load has doubled in that time. Our request is based on a full-year cycle, and so we would request the Committee to prorate this request.

We urge favorable Committee consideration of our request for administrative funds in Fiscal Year 1978 and for additional funds in our supplemental request.

Thank you, Mr. Chairman, and I shall be glad to answer any questions from Members of the Committee.

INTRODUCTION OF ASSOCIATES

Senator STEVENS. My apologies for being late. I had a little problem about the gasline through Canada that I had to talk about.

Miss HANKS. Your apologies are certainly accepted. We are just glad you showed at all, with the pipeline and everything else.

It is wonderful to be here. My name is Nancy Hanks, Chairman of the National Endowment for the Arts. With me is Michael Straight, Deputy Chairman of the Endowment, and David Searles, who is Assistant Chairman of the Endowment, and Anne Murphy, who is head of our Congressional Liaison Office.

Also, in the room with us is Jim Ireland, our new Budget Director, and John Spencer, who is our Museum Director, but has taken on the responsibility in the last few months of operating or getting into shape the challenge grant program which we will present to you today for consideration.

FISCAL YEAR 1977 SUPPLEMENTAL REQUEST

Our supplemental request for 1977 is for two reasons. First, you will recall that our authorizing legislation was not passed until after appropriations hearings and action last year.

Therefore, our request for the new challenge grant program of $12 million, our request for $4 million for the photo-film survey is due to the new authorization legislation.

Those amounts—$12 million for challenge, $4 million for photo survey—are up to the ceiling of the total amount authorized.

We are also requesting in our supplemental $300,000 in administrative funds, and that would be to fund the 20 new positions that we are requesting.

In that connection the $300,000 is figured on an annual basis, and would have to be prorated, depending on the time of the appropriations action, if the committee would agree to the new positions.

PHOTO-FILM SURVEY

I will speak briefly, if you would like, on the two new programs for 1977. The photo-film survey, in effect, is a request from the authorizing committees, asking the National Endowment for the Arts to carry out a survey through the use photography and of film of the United States during the 1970's period.

It began, I suppose, with memories of, and, indeed, admiration for, the Farm Security Administration Survey in the thirties.

That was a landmark survey, and Members of the Congress thought it was time to have another one. It would be the intent of the Endowment, in carrying out the legislation, to work, of course, very closely with the States arts agencies. They would all be involved in the development of the survey. The funds, as you know, here, in 1977 are for $4 million.

We would have to say in the 1978 request, there would be $2 million to complete the project. It would not only be the taking of the photographs; it would be the development of the national theme, plans for exhibition and other forms of dissemination, including publications, both on a local, regional, and national level.

The proposal, I think, is a very fine one. Certainly, a timely one. And, if the committee wants us to carry it out, I know it will be done with distinction.

We have the staff associates who are knowledgeable in the field of photography and in film, and certainly we would call on the top experts in the country to carry it out.

I might note our preliminary budget estimates on the photo-film survey would suggest that the $4 million is a minimum figure in 1977.

It is no-year money, and, therefore, could be carried over into the following year.

CHALLENGE GRANT PROGRAM

In connection with the challenge grant proposal for $12 million, that is a new program that was authorized by Congress. National Endowment for the Arts, approximately 2½ to 3 years ago, began hearing warning signals coming from the institutions around the country, from our professional advisory panels, from, indeed, the Council itself. In effect, these words were: "Everything looks wonderful; the institutions are providing greater and greater service to all people."

There are many more institutions than there were a decade ago. But because of the fast growth and because of the demand on their services, institutions have not been able to develop the stability they need in case an economic problem of any kind faces them.

The panels, in their recommendations, and our other advisers, felt that a one-time-only grant to an institution to help it augment its private and other sources of support would be a solution to developing stability of these organizations. Most of them have no endowments. Very few have a cash reserve. They are operated, basically, year to year. Many month to month.

This is an attempt to say that modest Federal moneys, which are matched at least at 3 to 1, although we believe it would come nearer to 5 or 6 to 1, would encourage these other sources of money.

I might mention in that connection, to give you some specific examples of what we are trying to prevent——

Senator STEVENS. Prevent?

Miss HANKS. Prevent. What we are trying to prevent, because this program in challenge is an investment in the future, so that institutions won't fold.

EXAMPLES OF NEED

In this morning's Washington Post you, perhaps, read about the closing of the American Shakespeare Festival. American Shakespeare Festival has had to close for its coming season.

I think it is very hard to think that in this country one of our three outstanding Shakespeare festivals would have to close, but that is exactly what it is going to do because it does not have the money to run its 1977 season.

It felt it would be unable to pick up an additional deficit which, indeed, it would run. Therefore, they are closing for the year with the hope of regrouping, raising private moneys, more corporate

moneys, and, hopefully, more money from their own State and local governments, so that they can open in a healthy fashion by 1978.

But it seems very difficult that a country of this size could not keep a Shakespeare company operating. The Joffrey Ballet is another example of prudent management, but it is an unhappy situation.

Joffrey Ballet is one of the three top companies in the country, it is of international renown. It determined several weeks ago that it would have to cancel its spring season in New York City. It has kept its dancers on rehearsal, but did not feel it could responsibly incur a larger deficit. It is preparing itself in rehearsal to go on tour later in the year.

Senator STEVENS. How would your grant program impact those two examples?

Miss HANKS. How would it affect those two? We hope what it would do is to have prevented, if it had been in operation, those two things happening.

In effect, it is saying to all of the large institutions in the country you need to have stronger roots, much more stability, so that if, economically, you are hit with higher rents in your house, or higher union contracts, or more costs here and there, then it is not going to dramatically affect you, but you can keep on going.

Very importantly, these companies and the groups around the country, I wish to stress to the committee, are very good in day-to-day management. The trouble is long term.

Senator STEVENS. Let's see if my colleagues have any question about the 1977 supplemental, $4 million for the photography and film project and the $12 million grant program.

Senator MELCHER. No questions, Mr. Chairman.

Senator STEVENS. Mr. Hatfield?

REUSE OF RAILROAD STATIONS

Senator HATFIELD. Yes, Mr. Chairman, I have a few. Miss Hanks, I believe that the Department of Transportation has been authorized to provide support for the retention and utilization of railroad stations, and that your agency has been assigned the task of administering the program.

I have before me this provision of section 219 of the Department of Transportation Act, which provides for $2.5 million for planning, pursuant to this authorization, and $2.5 for interim maintenance.

I note that there are no such funds listed in your supplemental, and I am interested to know what your plans are, what the background is to this particular authorization.

Miss HANKS. The National Endowment for the Arts, over a period of years, through its architecture and environmental arts program, has been extremely interested in the preservation of the old railroad stations. It sponsored a conference in Indianapolis. It has publications on the subject. Its whole effort was that of advocacy to encourage people all over this country to pay attention to what is a great part of our architectural heritage.

Many of the buildings, as you know, are quite unique. They were often the center of community life; people took great pride in them. There are many fine ones around the country. They have parking.

They have space. They are usually located in areas that in many communities have started to run down.

But they find if they renovate them and bring life back into them, then, often, they are of economic value in terms of the development around them. If it is a civic center or a cultural center—and there are a few that have been developed that way—of course restaurants come around and transportation moves back in.

So, economically, they are very beneficial. I might also add that all of us are concerned about employment and the economy. Economically they are good, because many of them were built to keep the cold out, and so they have very thick walls. As you know, renovation is labor intensive, in contrast to new buildings.

So, economically renovation is good. Now the Department of Transportation bill has $2.5 million in it that authorizes us for planning purposes. This would be very similar to the work we have done already in our cultural facilities program. So we would find that easy to administer.

Since the announcement, and through our own offices and through the Educational Facilities Laboratory, I found in looking through my briefing books, much to my surprise, that we have had over 8,000 inquiries.

Senator HATFIELD. 8,000. Does that mean 8,000 separate facilities that might be involved in these inquiries?

Miss HANKS. We do not have a breakdown. I think the number in terms of separate facilities would be more on the order of 2,000 or 3,000, but I would have to doublecheck that.

I was looking through this, and I was surprised at the number. So quite clearly there is great interest.

Senator HATFIELD. Where is your request to carry this out?

Miss HANKS. Well, the legislation was not signed until the middle of October. I believe it was October 18 or 19. So it was way after we were in appropriations and budget negotiations with the Office of Management and Budget and with the President.

Therefore, while we mentioned the bill—while, indeed, we are interested in it, there are no moneys there.

Senator HATFIELD. Did you request it?

Miss HANKS. Yes, sir.

Senator HATFIELD. Where was it, then, denied? At what level?

Miss HANKS. It was denied by the Office of Management and Budget.

Senator HATFIELD. Did you request the full $5 million?

Miss HANKS. Yes, we requested the full $5 million.

USE OF PLANNING MONEY

Senator HATFIELD. Miss Hanks, in reviewing this, this which was deleted by the Office of Management and Budget, this request that you initially had in your budget, could you reasonably and prudently expend, say, the $5 million, if it were added at this time, to carry out the intent of this authorization?

Miss HANKS. I can answer you very positively on the question of the $2.5 million for planning. We are accustomed to operating that way, and we could do it within present staff.

Senator HATFIELD. You have $250,000 for administration?

Miss HANKS. Yes; within present staff direction and supervision.

We would have to contract the work.

Senator HATFIELD. I am less interested in the $2.5 million that was authorized for interim maintenance. I am more interested in the amount that was assigned for the engineering and planning.

Miss HANKS. Senator, I can answer you very specifically, that we can handle the $2.5 million. I would have to, and I would like permission to submit for the record, how we would operate the $2.5 million for the preservation of the buildings themselves. In terms of the interim maintenance, I just do not know.

Senator HATFIELD. If I understand you correctly, the $2.5 million that would be for planning and engineering purposes would still leave to the local areas the basic responsibility of coming up with funding either to renovate or to preserve, or whatever they might decide.

The $2.5 million that is listed in the authorization for interim maintenance is sort of the Federal takeover of sustaining or preserving against possible destruction of such facilities.

I suppose there are those that are in danger at this point. But I am sure with the financial constraints, I would be much more optimistic if I felt I could offer a $2.5 million amendment for the first part, rather than trying to add for that preservation part of the program.

Would you—the priority really seems to me to be on the local people to assume the financial burden. But they could be assisted through a program of planning and engineering.

Is this correct?

Miss HANKS. That is correct. It would be our intention in terms of the criteria that the grants would be given to organizations which not only wanted to do planning, but expressed an intent to do something about implementation.

If I might add, I misspoke slightly in connection with the $250,000 administrative moneys. If you go into planning money, it is extremely important, indeed vital, to have administrative moneys for publication and information and appropriate junior professional staff to run the program.

Senator HATFIELD. Then we are talking about $2.75 million aren't we, really?

Miss HANKS. Yes, sir.

Senator HATFIELD. We are talking about $2.5 million for actual planning, and $250,000 for the administrative support.

Would you submit to the committee supporting data to give credence to that amendment?

Miss HANKS. Yes, sir, I would be very glad to do so.

[The information follows:]

JUSTIFICATION FOR THE NATIONAL ENDOWMENT FOR THE ARTS RAILROAD STATION TRANSFORMATION PROGRAM

Between 1825, when the first station was erected at Mt. Clare, Baltimore, and the 1930's, it is estimated that 40,000 passenger railroad stations were built. Of these, over 20,000 remain, now jeopardized by abandonment and vandalism with perhaps 2,000 as prime candidates for revitalization through adaptive use to meet new civic functions. In 1974, the National Endowment for the Arts and the Educational Facilities Laboratories jointly sponsored a conference on Railroad Station reuse. Since then, the two sponsors have received 8,500 requests for information, advice, and technical assistance.

Thus, the stations are still there (but not for long), and the interest in using them productively is there. The Endowment's program to wed these stations with interested parties will be guided by five considerations:

(1) The stations themselves represent an irreplaceable segment of America's architectural heritage, and are among the most self-assured and fully realized examples of nineteenth and twentieth century American architecture. The stations are also perhaps the most vivid and eloquent visual legacy to the spirit of the nation in conquering the continent and in harnessing for practical use the products and innovations of the industrial revolution.

(2) Renovation puts more people to work than new construction. The General Services Administration estimates that renovation projects are three to five times more labor-intensive than new construction projects. Encouraging renovation by the federal government properly engenders jobs among construction workers whose unemployment rate is extraordinarily high.

(3) Typically, the old railway stations had very thick walls to insulate them. They were consciously designed to save energy, a matter very much on people's minds today. Deterioration or destruction of the stations would also destroy the natural resources, such as steel and masonry, so costly to replace. In short, the preservation of old railway stations makes environmental and ecological good sense.

(4) A number of these old stations are situated in downtown neighborhoods that are rundown. In some cities, the restoration of a station might well provide the leverage for wider efforts at economic revitalization.

(5) Generally, stations are centrally located and readily adaptable to a variety of uses, such as shopping malls, downtown office space, cultural, educational and civic activity centers.

As stated in the attached Guidelines for the Railroad Station Transformation Program, the Endowment proposed a 50/50 matching grant program, administered over a two year fiscal period. 2.5 million dollars at perhaps $50,000 to $100,000 per grant will only cover some 25-50 stations across the country. Huge sums of money are needed if the federal government were to underwrite the reuse of these stations nationwide, but that is not the goal. The Endowment will try through grant examples to point out opportunities of self-interest and value to different coalitions in cities and towns. Hopefully our supported examples and demonstrations will convince others of the opportunity, without need for federal support. Thus, it is for this reason

that the $250,000 for administration monies is most important. Ten percent is the standard amount taken from project revenues by architectural firms and reinvested into promotion and public relations. Thus, these funds will allow us to administer the grant program under contract (and not increase federal employment), promote the opportunity of these grants around the country and monitor and follow-up these grants through case studies, publications and films to insure the leveraging of these small grant funds for much higher impact.

FEBRUARY 1977 GUIDELINES

ARCHITECTURE + ENVIRONMENTAL ARTS PROGRAM FY 1978

Architecture + Environmental Arts Railroad Station Transformation Program -- Background:
(Approve content for use in announcing program)

The National Endowment for the Arts has been an advocate for the recycling of under-used or abandoned Railroad Station properties, primarily passenger terminals, since 1973. Our interest has been highlighted by a national conference on Railroad Stations in Indianapolis in 1974, two books on the subject done in conjunction with the Educational Facilities Laboratories, and a film "Stations" supported with grant funds.

Congress has twice expressed its enthusiasm for this idea of recycling railroad stations. First, the Railroad Passenger Service Act of 1970, which was amended in 1974, provided the Department of Transportation with authority to enter into three demonstration projects for Railroad Stations by converting them into inter-modal transportation centers and by providing planning grants for the stations which once again could serve as a transportation use. Second, the Railroad Transportation Improvement Act of 1976 authorizes funds for the Arts Endowment to provide a grants program to encourage imaginative redevelopment projects of Railroad Stations for non-transportation uses such as civic, cultural, recreational or commercial purposes. Thus, in compliance with Congressional intent and with the fiscal authority recently provided, the Architecture + Environmental Arts Program announces a new program for planning and design grants to promote non-transportation related uses of our endangered stations.

It is proposed that these funds be granted in the normal Architecture + Environmental Arts Program as if it were a national theme program. Thus, funding could be extended over two fiscal years, via having a 50/50 match requirement, and applications would be reviewed by a specially appointed Advisory Panel. Although Endowment policy does not provide funds for the acquisition of real estate, construction or renovation of buildings, the focus of this program will be upon implementation. Therefore, the ability of an applicant to support their application for a grant with capital implementation prospects will enhance their chances of receiving a grant.

Specifically, we propose that the Railroad Station Guidelines be available for use in May 1977, with two application deadlines: October 14, 1977 and February 1, 1978. All grant funds provided by Congress will be expended during these two application periods.

Railroad Stations

To assist design and planning for imaginative redevelopment of under-used railroad stations for new non-transportation uses.

The National Endowment for the Arts, since 1973, has sought to call national attention to the outstanding resource of extant and fast disappearing railroad stations. These buildings have exemplified the best of American architecture in the time when they were built. They

are recognized as architecturally significant, substantial in construction, and often of historical interest.

In further recognition of this valuable resource, the Endowment will award grants for planning and design leading to imaginative redevelopment of railroad stations. No money is available for acquisition, renovation or repairs.

Specifically, the Endowment seeks approaches to saving under-used or abandoned stations through new non-transportation uses. Those new uses may include civic, cultural, recreational or commercial acitvities. The Endowment will place emphasis on projects which are clearly concerned with the vitality of the surrounding neighborhood or community. It is also interested in opportunities for mixed and multiple-use to be incorporated as means to provide extended availability to the community through all seasons of the year, day and night. Priority will be placed on projects which represent a compelling immediate need or opportunity and which give significant documented promise of positive economic and social benefit to the community. The Endowment, as in all its programs, places great importance on imaginative, creative and comprehensive design and planning. Finally, those projects which offer the best prospects of implementation will be awarded grants.

Supplementary documentation required in applications:

-- evidence of prospective usefulness of the station to the community

-- documentation including plans and photographs of the station's current condition

-- estimate of extent of building deterioration and plan to maintain and repair damaged structures

-- indication of property ownership

-- evidence of community support and ultimate potential for implementation

-- description of site and surroundings in the broad community context

-- evidence of designer or planner qualifications if any have been selected or considered.

-- indication of intended use, when known, or indication of approach to be taken to develop a program of use

Senator STEVENS. I am grateful to you for your support of the issue, Senator. I hope you will keep in mind, as you respond to Senator Hatfield's suggestion, the utilization of money in terms of the fiscal year. You are still talking about fiscal 1977, I take it?

Miss HANKS. No; it is no-year money.

Senator STEVENS. No-year money?

Miss HANKS. Yes, it says, "Funds appropriated shall remain available until expended."

Senator STEVENS. Why don't you put it in the regular bill? Why should it go in the supplemental?

Miss HANKS. It must be appropriated in 1977.

Senator STEVENS. The 1977 authorization?

Senator HATFIELD. Yes. It is 1-year authorization.

Miss HANKS. It is for 1 year.

Senator STEVENS. We would be glad to have the information the Senator requests. Now, let me go back to the photography project.

PHOTO-FILM PROJECT

I do not want to take too much time on this. That is a total of $4 million. Can you tell us, has any decision been made as to whom and how this money would be distributed?

Miss HANKS. We are going to the National Council on the Arts, which meets this Friday, Saturday, and Sunday, with preliminary guidelines for their consideration, in the event that the House and Senate want us to take on the program.

Our staff in visual arts and our staff in the media arts, film, have been working on the proposals.

Senator STEVENS. The Council has not acted on it yet?

Miss HANKS. We have had no action on it. But we are ready to go. I think that the Council will agree to it. We will have a separate panel for review.

We will be working in close association with the State Arts Agencies. Our present recommendation is that we will need the services of a topflight expert to develop and run the whole program, if it is to be one of national concept and not just bits and pieces.

Senator STEVENS. Unfortunately, the Bicentennial Year is past. I understand this is not basically your original request, but what is the significance of the program, in view of the fact that the Bicentennial is already past?

Miss HANKS. Some people say the Bicentennial is going on until the anniversary of the signing of the Constitution, and that is 1983. I think the program has great significance. I think that——

Senator STEVENS. Do you really feel it ought to be justified on the basis of a Bicentennial program?

Miss HANKS. I think it should be justified on the basis that we have not done anything like this since the thirties. I think that photography is an art form and, indeed, film is, in which people all over this country have become vitally interested.

I think that a program of this sort could bring great pride to communities and States all over this country, because certainly the importance of it would move from the local level, through exhibitions and publications, of the localities up to States, regions, and national level.

Senator STEVENS. Do your guidelines show that you are truly dealing with artists, and not just anyone who has a camera?

Miss HANKS. Absolutely.

Senator STEVENS. How?

Mr. STRAIGHT. It is in the legislation, sir. The legislation provides that they shall be professional photographers, and refers also to the use of unemployed photographers.

Senator STEVENS. Have you any statistics on how many professional photographers are employed? Is this a WPA-type project?

Miss HANKS. No; it was switched from that. It is mentioned not as a condition, but special emphasis should be given to people unemployed.

But the quality factor is higher.

DEVELOPMENT OF PHOTO-FILM PROGRAM

Senator STEVENS. The States are to receive two-thirds of the program funds. How will they handle the moneys to insure that the country does indeed get back what your justifications describe at one point to be "a portrait of American life, forming a lasting national historic and artistic resource of priceless value."

Miss HANKS. Specific guidelines will be adopted which will state as clearly as possible the intentions of the program and the criteria upon which applications from the States will be reviewed. Through direct and ongoing cooperative efforts with each State, we are confident that the goals of this legislation will be met. Perhaps above all else, this legislation calls for a commitment to the very highest standards of quality. We will pursue this, with the States, in every project supported by this act.

Senator STEVENS. These funds that go to photographers—they will pay for what expenses exactly?

Miss HANKS. Funds will cover costs of materials and supplies, per diem and travel expenses, and honoraria or fee for each photographer-filmmaker.

Senator STEVENS. And how will the film and photographs that result from this program be made available to Americans?

Miss HANKS. Material produced on the State level will be published exhibited, and preserved in an appropriate manner. National projects would include a major publication of photographs gathered from projects conducted in each State. A national photography exhibition and accompanying catalog will probably be organized as well.

Copy negatives and copy prints of photographs from the final edited project in each State will be preserved through proper archival procedures at the Library of Congress and be made available as a study and research collection for scholars, students, and the public.

Similar procedures for exhibiting and preserving films on both State and national levels will be pursued.

ADMINISTRATIVE COSTS

Senator STEVENS. You are to retain one-third of the $2 million in the Endowment, right? For administrative costs?

Miss HANKS. It is $3 million of the $4 will go to the States. That will be approximately $54,000 in the first year to each State, $18,000 in the second year.

The Endowment's funds would be used——

Senator STEVENS. Of the total of $6 million, you will retain $2 million?

Miss HANKS. Yes. The Endowment's money would be used for special national-oriented projects for dissemination of the resulting work.

Senator STEVENS. Have you broken down a projection of the cost of these programs in your operating budget?

Miss HANKS. In the operating—yes; we have presented the administrative activities, the staff to administer the project is $214,000.

Senator STEVENS. Insert it in the record at this point, if you will, please.

[The information follows:]

ADMINISTRATIVE ACTIVITIES OF PHOTO-FILM PROJECT

Staff to administer the project (for 3 years), $214,500.

Although the project's funding is authorized from 2 fiscal years, it is anticipated that the no-year funds will be used to support staff over the project's anticipated administrative tenure of 3 years. On an annual basis, the breakdown of estimated salaries in $34,000 (GS–15), project director; $20,500 (GS–12), film specialist; $17,000 (GS–11), photography specialist.

Clerical support will be provided from existing personnel.

Professional assistance (for 2 years), $115,000.

Panelists: To review applications, advise on guidelines, make recommendations.

Consultants: To provide specialized assistance to applicants, as requested.

Above costs include compensation and travel.

Subtotal, administrative activities (it is anticipated that the administration of the project will be carried out through contractual mechanisms), $329,500.

NATIONAL PROJECT ACTIVITIES TO BE DIRECTLY SUPPORTED BY THE ENDOWMENT

Photography: To publish a major national photography book including publication costs and 25,000 copies, $400,000.

Film: To provide assistance for film projects of particular merit (quality film production is extremely costly), $1million.

STATE FINANCING

Senator STEVENS. How do you anticipate the States will finance their costs?

Miss HANKS. It is an unmatching grant to the States. They will provide for funds up to the amount that they feel they need to carry out the project.

And the National Council on the Arts, with an advisory panel, will review them like other grants or contracts.

Senator STEVENS. Will you give us, for the record, the money that the Endowment is challenging in fiscal 1977 and has in fiscal 1976, into film and photography without regard to this money.

Miss HANKS. Yes, sir.

[The information follows:]

PRESENT SPENDING ON FILM AND PHOTOGRAPHY

The total funding for photography in FY 1976 was $658,685. We estimate that the funding total for FY 1977 will be approximately $790,000. $1,410,016 was spent on film in FY 1976 and we estimate that the total expenditure for film in FY 1977 will be $1,622,200. A specific breakdown of funding by category for these two years follows:

Visual Arts Program Photography Grants

Category	FY 1976	FY 1977
Photographers' Fellowships	$ 307,500	$ 300,000
Photography Exhibition Aid	160,000	150,000
Photography Publications	32,000	80,000
Photography Surveys	83,000	100,000
Workshops	40,000	60,000
Services to the Field	18,000	70,000
Photographers-in-Residence	18,685	30,000
		$ 790,000
Totals	$ 658,685	

Media Arts - Film Grants

Category	FY 1976	FY 1977
AFI Fellowships	$ 298,826	$ 400,000
State Film Program	584,495	261,150
Filmmakers in Residence at Public Stations	70,000	100,000
Individual Grants	255,285	200,000
General Programs & Programming in the Arts	201,410	411,050
Ford/NEA Documentary Fund	---	250,000
Totals	$ 1,410,016	$ 1,622,200

PROPOSED GUIDELINES FOR FILM-PHOTO PROGRAM

Miss HANKS. As you know, they are entirely different programs.

Senator STEVENS. I understand, but we would like to have that. You mentioned the draft guidelines and an administrative plan. Would you submit those to the staff and we will include them in the record, if they are not too lengthy?

Miss HANKS. Yes; we have that.

[The information follows:]

DRAFT GUIDELINES
AMERICAN BICENTENNIAL PHOTOGRAPHY AND FILM PROJECT

February 2, 1977

TO: National Council on the Arts

FROM: Jim Melchert and Renato Danese

RE: American Bicentennial Photography and Film Project

There are two essential considerations, conceptual and administrative, in fulfilling our obligation under the photography/film project.

In the first instance, the Endowment would establish a conceptual framework in which individual states, and the Endowment in initiating special projects, could operate with flexibility while still contributing to a coherent whole. A conceptual basis for the Photography/Film Project would give direction, substance, and a sense of national purpose to this effort.

I. CONCEPT -- One Example

In the midst of progress and evolution there is much evidence of stability, existing in a diversity of ways. Since only some of it is already known, finding the material may require the help of historians whose business it is to know these things. The purpose of the survey is to look at the things that haven't changed much -- things that people value as they are and as they have been. For example:

> Communities people don't know about that have been preserved; inner-city communities that have been solid for a long time; old black families in the North; Mohawk Indian communities that have survived in the middle of Brooklyn; Basque sheepherders in Nevada who have maintained their language and culture throughout the state.
>
> Small towns and the architecture in them; the way things look and how they differ regionally; buildings still in use because they were well-made and cared for and still loved.
>
> Stable businesses such as a shoe store that's been in one family for a hundred years and isn't conglomerated.

Styles of dress that haven't changed or that keep recurring, e.g. certain kinds of mountaineering clothes that have stayed the same since the Goldrush.

As for the photographers, this is an assignment that calls for skill, sensitivity, and great resourcefulness. It's not a job for just anyone who takes pictures.

If it's done properly, the survey will be more than a record. It'll be a celebration of facts we can point to proudly. It will reflect our faith in excellence and as such could serve as a standard for generations to come.

The survey will also yield new and valuable information. It will go beyond the mere cataloguing of data because it will reveal things that aren't obvious. Its visible form will respond to each photographer's perception of the inner working of a system. It will allow us to see the forces that took shape as well as the shapes themselves.

II. ADMINISTRATION

The Endowment is mandated to administer the project so that, in the end, a visual essay of the United States, in photography and film, is available for collection, distribution, and archival preservation.

The project will be carried out on both state and national levels:

1. Each state will produce a self-contained body of work in photography or film, make it available for distribution and preserve these materials through proper archival procedures.

   NOTE: Based on informal conversations with eight directors of State Arts Agencies, we anticipate that considerably more photography projects than film projects will be undertaken. Given the funds available, it is entirely possible that state participation would be limited to photography.

2. National Projects:

   a) The Endowment will undertake a major photography publication and an exhibition with accompanying catalogue organized from the photographs gathered in each state.

   b) The Endowment will commission a series of short documentary films by leading American film directors.

It is highly improbable that such a project could or should be administered by in-house staff. A contracted director with outstanding credentials for the project with a small administrative staff seems indicated. The general responsibilities of the contractee would be:

1. Further development of the concept.

2. Design of guidelines and application review procedures.

3. Coordination of the Visual Arts Program, Public Media Program, and the State Arts Agencies.

4. Oversee a national photography publication(s) and exhibition(s) with accompanying catalogue(s) and coordinate national documentary film series.

5. Insure widespread distribution and availability on the state and national levels of the completed projects.

6. Overall administration and budget supervision.

7. Provide consultation to State Arts Agencies for development of proposals and identifying artists.

III. GRANT PROGRAM AND CRITERIA FOR APPLICATION REVIEW

Grant Amounts: Non-matching grants will be awarded to each state arts agency in two parts:

Part I. The initial grant of $54,000 will be for support of the production phases of the project.

Part II. Up to $18,000 will be made available for costs of publishing, distributing, and archival preservation of completed projects.

Criteria For Application Review:

After submitting a preliminary letter of intent, the State Arts Agencies will submit applications which will include the following information:

1. Project description which addresses the National Concept.

2. Names, biographies, examples of work of photographers, and filmmakers and method by which artists have been selected, as well as resumes of all personnel having substantive involvement with the project.

3. A plan for publishing, distributing, exhibiting and archival preservation of completed projects.

Endowment-appointed panelists who are nationally recognized experts in either film or photography will review all applications and submit their recommendations to the National Council.

How do we work with state arts agencies to make certain that all applications fall within the concept and meet the standards of quality? Do we need the capability to provide advice and technical assistance? If so, what should be the mechanism? Perhaps a letter of intent prior to submission of formal application will give us an opportunity to work with a State Arts Agency to develop a solid application.

IV. GENERAL CONSIDERATIONS

While the Endowment moves to establish a broad conceptual framework, the scope of the project, and a number of options and considerations for its fulfillment must be addressed:

1. How can we best involve the State Arts Agencies? At what point should they be brought in to develop, review, offer suggestions, and ratify guidelines?

   In what other capacity could the State Arts Agencies have a voice, such as serving on application review panels?

2. Preliminary estimates indicate that even with $6 million there is little money for film. What effect would a reduction in the total authorized funds have on this project?

From discussions among the Council, the Agency has testified that $4 million is the minimum figure at which the project can be carried out. A detailed budget will be prepared.

V. TIMETABLE

-- Selection of a national director and development of the concept and guidelines
-- Passage of the supplemental bill in May or June
-- Approval of guidelines at the May Council
-- Distribution of guidelines by August 1
-- Deadline for submission of applications: November 1
-- Panel meeting in early January 1978
-- Panel recommendations to February Council
-- Grants made in April 1978
-- Project starting dates should coincide with these dates

PRIORITY OF FUNDING

Senator STEVENS. What is your priority in regard to this supplemental funding in the challenge grants? If my colleagues tell me that we are going to cut somewhere, what is your priority between the two programs?

Miss HANKS. I would have to say that the National Council on the Arts meets this weekend, and I will pose the question to them.

However, I have a feeling that this will be their response, because we discussed this at considerable length. They view the photography and film survey as one that Congress is asking us to carry out.

In other words, Congress looked around town to see who could do the survey, and they chose the National Endowment for the Arts, just as at the previous time they chose the Agriculture Department.

They picked us to do a job. It is like contracting for a job that Congress wants done. We could not put that in terms of our own priority.

We would be happy to carry it out. We know we have the expertise to do so, and we believe that Congress is right in choosing a very fine thing.

CHALLENGE GRANT PROGRAM

Senator STEVENS. I think you said the challenge grant program was yours and the film program was Congress', and if it had to be cut anywhere you would prefer your own.

Miss HANKS. I would say that the challenge grant program has an added advantage that it is both ours and congressional, because, as a matter of fact, the Members of Congress in both the House and the Senate discussed our ideas about the challenge grant program, and they were so excited and enthusiastic about it that they made it a separate title as a new program.

Senator STEVENS. Let's talk about challenge grants for a minute. You talk about a 3-to-1 matching element in the challenge grants, and yet the authorizing language speaks of equal amounts, which we assume was 1 to 1.

How did you get the 3-to-1 assumption?

Miss HANKS. This is a confusion in the way the legislation is stated. It is a little complicated. What happens in terms of the challenge grant is that a dollar comes into the Federal Government, which releases a Federal dollar.

That means there are $2. Then they go back out and have to be matched again. So you have got a private dollar coming in to match a Federal, making $2 Federal. And it goes out, has to be matched again with $2 more, so that there is 1 Federal and 3 other dollars. That is the way everyone feels about it, sir. [Laughter.]

Senator STEVENS. Did you ever watch, "You Can't Cheat an Honest Man." —— [Laughter.]

Miss HANKS. As a matter of fact, our experience has proven to us that it works and works very well. in terms of the applications that are in on the challenge grants, the match will be at least 5 to 1.

Senator STEVENS. Isn't the Catch 22 that you have to get the private funds this year before you can use this Federal money?

Miss HANKS. The $12 million.

Senaor STEVENS. The first $12 million has to be matched in order for you to go back out in this same fiscal year.

Miss HANKS. It has to be matched. It does not have to get back out. It has to be matched before October 1. Our estimate is that we would have the $12 million in before August 1.

Senator STEVENS. When could you then use it? In this fiscal year or next?

Miss HANKS. Our estimates, in terms of cash outlay, are that it would go out in both fiscal years. Most of it will go before October 1.

Senator STEVENS. You have to have the full $12 million to get it matched this year; that is what I am asking.

Miss HANKS. Absolutely.

Senator STEVENS. But you will not spend it this year, the $24 million.

Miss HANKS. We think most of it will go out. The problem is, if it does not come in until August, it takes a little time to turn around.

Of course we do not know yet, sir, when the supplemental will pass.

PILOT PROGRAMS

Senator STEVENS. You tried this with the Metropolitan Opera and the Boston Museum of Fine Arts?

Miss HANKS. That is correct.

Senator STEVENS. How did it work?

Miss HANKS. Beautifully. We also tried it with the Brooklyn Museum, and we have——

Senator STEVENS. Beyond "beautifully" give me some figures.

Miss HANKS. The grant to Brooklyn was $75,000 if I might correct the figures later slightly. I believe they raised in 5 months something like $225,000 to match it.

In connection with the Metropolitan Opera grant of 2 years ago, we went to the radio audiences and $1 million from the Federal Government over a 2-year period was matched, with $1 million from the radio audience, plus another $2 million coming from other sources.

The important part of that match is that it brought in 25,000 additional contributors. We are trying on a pilot basis now a very small challenge grant to the Metropolitan Opera of $100,000.

The match is coming in from the Pioneer Electronics firm, which has 2,500 of its salesmen around the country raising money from customers. Those distributors will match what their customers contribute, and then Pioneer, the home company, will match that again, and we will come into a 3-to-1 match.

We know after 6 weeks or I guess it is 8 weeks that the campaign has been running that Pioneer and people all over this country will way over match our $100,000.

NEED FOR SUPPLEMENTAL FUNDING

Senator STEVENS. Why do you need it in the supplemental?

Miss HANKS. These are little pilots—let me go further. Why we need it in 1977. We would have requested it earlier, if the authorization language had gone through.

But we could not.

Senator STEVENS. You have authority, without the special authorization language, don't you? You did it in Boston, the Metropolitan Opera.

Why would you have to have special——

Miss HANKS. Yes; those were pilot programs. As I mentioned earlier, Senator, we could carry out the challenge grant program under the earlier authority.

But the Congress felt that the concept was so important that they wished to make a separate title. Therefore, we are now operating under the separate title for the challenge grant.

Why now? These are my own views. Our experience in the last 3 months has underscored the correctness of our assumption that we need to move rather fast and rather dramatically, in terms of building stability in the cultural institutions in the country.

We have received requests from the institutions stating that if the challenge grant moneys were available, that some 400 of them think that they would be eligible, and they would like to have immediately some $126 million.

In terms of our preliminary review of this work, I might mention several things. Our people who are concerned with the arts and the quality of the institutions believe that that number would be on the order of 200 institutions, rather than 400.

FUNDING GUIDELINES

Senator STEVENS. How are you going to separate out those who really need help? It almost seems that those who have the capability of gaining access to private support are jumping in to use this rapidly.

What I am saying is: Is there any way that we can make certain that this money will, in fact, be used to gain private support for institutions that otherwise would not have it?

Is that in your guidelines?

Miss HANKS. Oh, yes. It is going to be a very high criteria. Again, this will be discussed starting Thursday. We have members of the Council coming in Thursday afternoon for preliminary review.

And all day Sunday will be spent on the subject. I might add we have professional management fundraising, professionals working on this program right now contracting every community from which we have received applications.

They are talking to the management of those institutions, and talking to community leaders to see whether the funds would be available, to see what their long-term plans are.

Very importantly, Senator Stevens, the emphasis on this program is not only to get new money coming into the arts, but to get these institutions themselves to start thinking in long-range terms, 3 to 5 years.

We have requested and, indeed, have received long-range plans from all of them that have expressed interest in the program.

NEED FOR NO-YEAR FUNDING

Senator STEVENS. That leads me to the next question. That is: Once the money is matched, you almost make it no-year money. Why?

If it is matched this year and you are going to spend it next year——

Miss HANKS. This would only be in this first year, and frankly I would say it will go out this year, but we have no earthly idea of when the supplemental will go through.

Senator STEVENS. Do you need to have it no-year money? Isn't it better to have some restrictions on it? If it goes into a pot and becomes no-year money, we will lose the identity of it, I think.

Miss HANKS. No; all obligations will be made.

Senator STEVENS. Do you have any objections to language that, instead of making the funds available to expend it, would require their expenditure in this fiscal year or next?

Miss HANKS. Yes.

Senator STEVENS. You would object to that?

Miss HANKS. I would object to it, because we do not know when the supplemental will be going through.

Senator STEVENS. It would give you a year and a half at the minimum. It would pass before June.

Miss HANKS. That would just give us July to get the money in.

Senator STEVENS. I am talking about 2 fiscal years. It would be available until October 1978, for expenditure.

Miss HANKS. That would be all right.

BUDGET CEILING

Senator STEVENS. As you know, the Congress has established its own spending ceiling under the Budget Reform Act. For fiscal year 1977 we are fast reaching that ceiling, and we have many other supplemental requests before us, many of them urgent in nature. Can you tell us why all this supplemental funding for the arts cannot await the next fiscal year?

Mr. SEARLES. We are well aware of the spending ceiling established by the Congress and we concur in your determination to stay within the boundaries set. However, as we have stressed in other parts of our testimony, the need for establishing a strong incentive to spur onward the Nation's artistic and cultural institutions in their efforts to achieve greater long-term stability is also urgent. As the large response to our preliminary announcement of a possible challenge grant program demonstrates, the need exists now. We believe that it is definitely necessary to exert Federal leadership in fiscal year 1977 to capitalize on the institution's reorganization of their own needs and their willingness to do something dramatic to meet them. With regard to the spending ceiling, it is possible for us to limit the actual fiscal year 1977 outlays for challenge grants and postpone a large portion of them to fiscal year 1978. What we need in fiscal year 1977 is the authority to announce the $12 million program and notify successful applicants of their awards. If we do this by May 1977, the institutions will have 4 months in which to make the first match which is necessary to release the Federal funds—it is the release of the funds which constitutes the outlay—this release could be timed for October 1977, without great hardship.

Senator STEVENS. What controls do you have to assure that these public moneys will be used for the purposes set forth in the authorizing acts? How do you prevent possible abuses?

Miss HANKS. Under "Endowment General Grant Provisions" grantees have a legal duty to use grant funds for the purposes stated in the grant award letter and in accordance with the terms and conditions of the grant agreement. If a grantee fails to comply with these terms and conditions or diverts grant funds for purposes other than those for which they were awarded, it is understood that no further grants or payments will be made to the grantee until the default or failure to comply with the agreement has been corrected. Of course, if compliance or correction is impossible the grantee can be required to repay the improperly diverted or expended Federal funds. In addition, as part of the grant agreement, grantees are required to submit final descriptive reports within 90 days of completion of the grant period. Failure to submit a report could result in ineligibility for subsequent Endowment assistance. This requirement provides an effective means for monitoring grantee activity and assuring that grant funds have been utilized for the intended purposes. Also, audit and survey reports of grantee organizations are conducted whenever possible or deemed appropriate. These reports provide a valuable tool for assuring that grantees are fiscally responsible; that Federal moneys are being spent in compliance with Federal management regulations; and that grant moneys are being used in a manner consistent with statutory purposes.

STAFF EXPANSION

Senator STEVENS. Let us talk about administrative expenses. Twenty new positions. Where were they authorized?

Miss HANKS. The Office of Management and Budget authorized us, if we could obtain the moneys from Congress, to increase the staff by 20.

Mr. Searles can comment on that, if you would like. We have had no increase in personnel since 1975.

Senator STEVENS. Is there any specific legislative authorization for expansion of your staff?

Miss HANKS. I do not believe that is required.

Senator STEVENS. Has there been an amendment to the budget ceiling on positions that they give you?

Miss HANKS. Yes, sir.

Senator STEVENS. Supply for the record, will you, the information on the 20 new positions, their grades and job titles.

Miss HANKS. I will be happy to do so.

[The information follows:]

ASSIGNMENT OF 20 NEW POSITIONS

Administration: Clerk typist, GS–5.
Challenge Program: Program specialist, GS–11; Program assistant, GS–9; Program assistant, GS–9.
Correspondence: Clerk typist, GS–5.
Dance Program: Program assistant, GS–7.
Education Program: Program specialist, GS–9.
Expansion Arts Program: Program specialist, GS–9
Federal-State Program: Program specialist, GS–9.
Literature Program: Program specialist, GS–9.
Media Program: Program specialist, GS–9; Program assistant, GS–7.
Museum Program: Program specialist, GS–11; Program assistant, GS–9.
Music Program: Program specialist, GS–9.
Panel/Council Operations: Program specialist, GS–11.

Special Projects Program: Program specialist, GS–11.
Visual Arts Program: Program specialist, GS–9; Program assistant, GS–7.
Work Experience Internship Program: Program assistant, GS–7.

SHARED ADMINISTRATIVE STAFF

Senator STEVENS. You have a shared administrative staff request of $150,000. What is that? Shared staff.

Mr. SEARLES. The shared staff is represented here. Essentially it is to provide additional personnel for the shared staff to carry the increased workload that we and the Endowment for the Humanities have created in the last 2 or 3 years.

Senator STEVENS. What makes this a supplemental request? Was there a delay in getting clearance through OMB for the new positions?

Why were we not asked for this last year? Or for the regular 1977 budget?

Miss HANKS. We have been talking to the Office of Management and Budget since 1975 about the need for additional staff.

Our applicaion load has gone up more than 50 percent, and by law we have to review all applications. That is the nub of the problem.

We have to review all these applications, and many more are coming in. We have also been asked to do more in terms of technical assistance all the time.

We have been telling the Office of Management and Budget and anyone we could get to listen to us that we needed more personnel in order to run the programs effectively. They would not listen to us until September, by which time, of course, the appropriations had gone through.

Senator STEVENS. Is that $300,000 for 20 positions annualized?

Miss HANKS. Yes; so it would have to be prorated back, depending on when the supplemental goes through.

Senator STEVENS. You mean it has to be prorated on the basis of our best judgment of when it is going to be passed?

Miss HANKS. That is correct.

Senator STEVENS. If it was 6 months it would be $150,000?

Miss HANKS. That is correct.

Senator STEVENS. The $300,000 was not for a period of the remaining portion of the 1977 year; was it? It was for the full 1977?

Miss HANKS. Full 1977.

Mr. SEARLES. Yes, that is right.

Senator STEVENS. If we assume there is 6 months left, you would have $150,000?

Miss HANKS. That is correct, sir.

Senator STEVENS. The 1978 budget, does it include the same $300,000?

Miss HANKS. That is correct. On an annualized budget.

ADMINISTRATION

Senator STEVENS. We will ask you now and the Humanities Endowment later if you believe it would be more efficient and practical to end the shared staff arrangement in favor of separate administrative activities for each Endowment?

Mr. SEARLES. We are convinced that it would be to the Arts Endowment's benefit if we were to consolidate the present three operating

units within the National Foundation of the Arts and the Humanities into two operating units. The present situation in which the two Endowments and the shared staff operate somewhat independently means that the management functions; for example, personnel, financial management, grants processing, critical to the success of the two Endowments are not directly under the control of the respective chairman. In theory, the head of the shared staff reports directly to both chairmen. In practice, because of the divided responsibility, neither benefits from the direct relationship which should exist between programmatic concerns and administrative concerns.

Senator STEVENS. Would separate administrative staffs create any additional expenses or increased staff needs?

Mr. SEARLES. We have recently received a report which documents a thorough study of the relationship between the shared staff and the Arts Endowment conducted for us by the shared staff, itself. This study shows very clearly that the consolidation is practical and can be put into effect without additional personnel or costs. A copy of the report can be made available to the committee staff if the committee chairman wishes.

Senator STEVENS. We are somewhat concerned that your first presentation of separate administrative expenses includes 17 new administrative positions. Can any of these new positions be attributed to the proposed separation of shared staff?

Mr. SEARLES. The additional 17 positions represent the Arts Endowments' share of the 33 new positions authorized the shared staff by the Office of Management and Budget in early fall, 1976. The additional positions were authorized to handle sharply increased workloads directly related to increases in Endowment workloads. For example, the number of applications processed by the Arts Endowment increased by 50 percent between fiscal year 1975 and fiscal year 1977, which inevitably led to increased workloads at the shared staff. The 17 positions would be required by the shared staff whether or not its functions are consolidated into the two Endowments. In summary, there is no increase in staff strength resulting from our reorganization plan.

Senator STEVENS. Do you have any more questions on the fiscal year 1977 request, Senator?

Senator HATFIELD. No. I would like to make a comment, Mr. Chairman.

Senator STEVENS. Certainly.

Senator HATFIELD. I want to commend you, Miss Hanks, for a very extraordinary leadership that you have provided the Endowment.

Specifically, I would like to commend you on the challenge grant concept, which I think will strengthen these local groups.

And, second, on your recognition of the importance of folk art in our whole spectrum of art and the added support that you have given that in your budget.

As you know, I have been long interested in folk art along with all other art, and I think it has been a very significant breakthrough for the folk art supporters and performers in this country.

I would say that I would be presumptuous enough to even speak for the members of the committee from the opposition party who are not present this morning to say that we all appreciate very much

your dynamic leadership and that of your dedicated staff and your forthrightness in handling the questions and the skill with which you translate the nomenclature of the arts to the understanding of the political.

Miss HANKS. Thank you very much.

Senator HATFIELD. You have been an extraordinary leader and I want to congratulate you.

Senator STEVENS. If you look at the increase in the budget over the last 5 years, I think your skill in the political field itself—— [Laughter.]

FISCAL 1978 BUDGET REQUEST

Senator STEVENS. Let us go to the 1978 budget request. That is a total of $123.7 million, which is an increase of $32.7 million over appropriations to date for fiscal year 1977, up nearly 36 percent.

The justification has been included in the record, as well as your prepared statement. Unless there was something you wish to highlight on that, let us just go to the questions; all right?

Miss HANKS. Yes.

PROGRAM INCREASES

Senator STEVENS. We have already discussed the photography and challenge grant programs, and I do not see any reason to get into that further.

Your justification states that $12 million for the regular program increases—that $12 million increase you say is the minimum needed to bring these activities to a valid level of funding.

What judgment factor makes it—what makes that a valid level of funding?

Miss HANKS. We developed the figure in consultation with the professionals on the staff, and with our professional advisory panel. It is, as you know, considerably below the authorized ceiling for our general program. We view the $12 million as a minimum.

As you are aware, the funds will primarily be used to give increased assistance for the States, to expand our outreach programs, to add additional support for the fellowships, and to give needed increased money in the folk arts, jazz, folk, and ethnic music.

A point Senator Hatfield was raising earlier, we were reminded by the field and by the members of the congressional committees that our programs were not as strong as they should be in the folk and ethnic arts.

And, indeed, they were correct. And we are attempting to build those up to a vital and effective level. May I mention to you with just two or three examples of why this money is needed?

Let us take dance touring, for example. It is one of our most important outreach programs. In the last 8 to 10 years we basically, through Federal initiative, joining in partnership with private moneys, but importantly with the States arts councils, have been able to move dance out of New York City and around the country.

We have companies traveling and performing in all 50 States, and 3 of the special jurisdictions.

Senator STEVENS. I am glad you mentioned that, because there is no increase in touring allocation.

Miss HANKS. There is, because we moved one category.

Senator STEVENS. You have a $5.2 million increase in availability of the arts, but no increase at all for touring.

Miss HANKS. There has got to be; isn't there? That question will be raised with the National Council this weekend, because we have got to do something about those moneys.

It is my estimate that I received yesterday, because I am very concerned about dance touring, that if we hold the dance touring figure at the level of $4 million, that we will be cutting back 51 weeks of touring.

COUNCIL REVIEW OF BUDGET

Senator STEVENS. I understand the National Council has not examined this budget request.

Miss HANKS. This is correct.

Senator STEVENS. Why not?

Miss HANKS. Because they last met in November, and their next meeting is this weekend, and there is no way we could bring them in before this hearing.

Senator STEVENS. What are we going to do if they change it?

Miss HANKS. It was my understanding that the staff had talked to Mr. Dyer about this, and that we would come in with any changes that they might offer following this meeting.

We had a very serious timing problem and there was nothing we could do.

Senator STEVENS. Will you attempt to try to get to us any changes that they might desire, and if it is possible, we would like to prevent reprograming, but I guess it could be done.

Miss HANKS. We believe it will all be done within the general outlines we have given you, but there might be slight shifts between the various disciplines.

Senator STEVENS. Your 1975 appropriation was $74.7 million. Your current 1977 program, even without the supplemental request, is $85 million.

Yet, my good friend, you state that the last significant increase in your basic program was 1975. Wasn't that $10 million significant?

Miss HANKS. We had a $3 million increase from 1976 to 1977.

Senator STEVENS. $74.7 million to $85 million. We will doublecheck the figures, but that is what we have noted.

In view of the fact your new challenge grant program would infuse substantial additional arts support, why do you also need such a large increase in your regular program?

Miss HANKS. The challenge grant program is a special and unique initiative on the part of the Arts Endowment. The purpose of the program is to strengthen the financial base of cultural institutions; therefore, it is entirely distinct from the purpose of our regular program funds. Through these regular programing channels we support a variety of projects and productions from ballet to special exhibitions in museums, to the presentation of original TV drama on public television. The purpose of our program funds is to broaden the scope of quality cultural activities and to make those activities available to as many people as possible. Much of the success of our programs

depends on the financial stability of our cultural institutions. Challenge seeks to address the problem that we see in regard to the lack of cash reserve common to cultural organizations. To repeat, the purposes of our program money and challenge money, are very, very different. We do not invision the challenge grant program continuing for more than 4 years. The increase we seek in program money is, as we see it, not a large increase, but it will enable us to regain the momentum of effective leadership that has been diminished over the past 2 years in response to extremely modest increases in our program funds.

MUSEUM SUPPORT

Senator STEVENS. On museums there is no administration request to date to fund the new Museum Services Act. Is there any museum support in the regular program request here for 1978?

Miss HANKS. Yes; substantial museum support. As a matter of fact, we are requesting increased moneys for the outreach programs of museums.

Senator STEVENS. For the record will you tell us how fiscal 1976 and 1977 compares with fiscal 1978, and give us those figures for the record?

[The information follows:]

MUSEUM PROGRAM EXPENDITURES

	Millions
Fiscal year 1975 budget	$8.7
Fiscal year 1976 budget	9.7
Fiscal year 1977 budget estimate	10.1
Fiscal year 1978 congressional request	11.6

MUSEUMS AND CHALLENGE GRANTS

Senator STEVENS. Are any challenge grants or other indefinite funds directed at museums under this budget?

Miss HANKS. Museums are eligible for application under the challenge grants program, and unquestionably will receive further funds under the challenge grant.

Senator STEVENS. What is the amount for fellowships and individual grants to artists in this budget?

Miss HANKS. About $6 million in total.

Senator STEVENS. Is that more than 1977 or less?

Miss HANKS. It is more. It is one of the four areas in which we wish to increase moneys. Not only because the stipend is too low, but the numbers we are able to give are increasingly diminished, because we have to change the amounts of money from $5,000 to $7,500 which is very modest indeed for a fellowship.

And by doing that we have to cut 10 or 15 fellowships.

STATE ARTS AGENCIES

Senator STEVENS. You say in your justification that the requested increase for State agency grants is from $215,000 to $237,500, and it is mandated.

Miss HANKS. That is correct.

Senator STEVENS. What mandates it?

Miss HANKS. By law 15 percent of the moneys appropriated to the Endowment have to go to the States in block grants.

Senator STEVENS. It is mandated in the sense of percentage of your increase?

Miss HANKS. That is correct. But in addition to those moneys it would be our intent not only to raise the State block grant, but provide additional funds to the States, particularly in the areas of community development and regional development.

Senator STEVENS. Are the States responding through their legislative process to the request for support of the arts?

Miss HANKS. Yes. We are very pleased that despite the economic problems around the country that many of the States, indeed, most of them, have requested increased moneys from State legislatures.

Of course they are in the process of meeting now, so we do not know the answers.

Senator STEVENS. Can you give us, for the record, some breakdown of the 50 States? How many jurisdictions do you deal with, 50-plus districts?

Miss HANKS. Fifty-five.

Senator STEVENS. Tell us what they have done in 1975, 1976, and 1977?

Miss HANKS. We would be very pleased, because the trend line is very definitely up.

[The information follows:]

STATE ARTS AGENCY LEGISLATIVE APPROPRIATIONS

	FISCAL 1974	FISCAL 1975	FISCAL 1976	FISCAL 1977
Alabama	$ 125,000	$ 125,000	$ 250,000	$ 145,000
Alaska	149,600	215,600	446,250	484,200[4]
American Samoa	60,000	60,000	33,000	
Arizona	68,700	82,500	86,700	98,400
Arkansas	166,727	167,465	281,997	283,722[5]
California	1,033,763	1,000,000[1]	875,000	1,385,000
Colorado	116,757	1,251,316	138,110	270,304[2]
Connecticut	351,000	394,000	367,632	334,500[5]
Delaware	41,000	43,128	58,850	60,680[4]
D.C.	52,000	30,000	55,200	
Florida	285,000	398,994	408,959	420,486
Georgia	90,000	101,640	159,586	171,983
Guam	36,800	37,000	13,214	17,000[3]
Hawaii	106,307	599,083	598,394	647,988
Idaho	10,000	23,121	43,200	46,300
Illinois	795,300	925,000	1,278,400	1,376,200[5]
Indiana	157,527	160,964	617,221	617,000
Iowa	50,400	70,767	200,735	211,256
Kansas	65,000	79,124	88,962	105,157[4]
Kentucky	153,930	225,800	290,400	573,200[5]
Louisiana	44,000	59,792	68,614	62,736[5]
Maine	161,000	163,000	156,241	157,499[5]
Maryland	417,411	449,788	463,363	460,836
Massachusetts	600,000	1,600,000	1,000,000	1,400,476
Michigan	484,800	2,109,000	2,330,600	1,891,650[6]
Minnesota	300,000	300,000	500,000	500,000
Mississippi	98,000	112,628	160,564	160,564
Missouri	654,920	1,249,209	1,499,600	1,816,514
Montana	27,550	27,950	75,049	64,298[5]
Nebraska	35,464	129,390	177,583	219,123
Nevada	15,000	15,000	62,695	63,555
New Hampshire	45,679	45,079	59,356	62,606

	Fiscal 1974	Fiscal 1975	Fiscal 1976	Fiscal 1977
New Jersey	$ 430,107[1]	$ 792,998	$ 671,464	$ 774,374
New Mexico	35,200	65,000	83,500	110,000
New York	16,445,000	35,653,000	35,702,900	29,093,000
North Carolina	221,029	221,805	248,761	248,821[7]
North Dakota	5,100	5,100	67,701	39,296
Ohio	846,623	976,161	1,302,030	1,044,843
Oklahoma	95,100	95,322	120,322	149,579
Oregon	51,167	53,350	138,695	154,060[5]
Pennsylavania	758,000	1,490,000	1,490,000	1,889,000[5]
Puerto Rico	5,369,316[1]	3,604,567[1]	3,275,200[1]	
Rhode Island	124,274	267,199	257,929	223,192[5]
South Carolina	360,896	595,696	641,722	646,430[5]
South Dakota	61,902	85,391	100,000	108,000
Tennessee	360,896	411,500	380,400	362,300
Texas	157,745	159,565	410,250	323,000
Utah	119,200	268,400	324,800	592,700
Vermont	52,000	50,000	50,000	56,819
Virginia	207,705	265,000	272,055	280,740
Virgin Islands	160,000	160,000	100,000	100,000
Washington	108,915	246,130	263,923	258,529
West Virginia	304,420	360,000	298,157	283,000
Wisconsin	49,100	59,900	102,200	106,600
Wyoming	12,755	14,567	27,560	56,295
TOTAL	33,135,085	58,151,989	61,438,117	

1/ Contains earmarked funds for which SAA serves as conduit.
2/ An additional $404,000 to the Connecticut Foundation.
3/ An additional $1,092,500; 1% for the Arts legislation.
4/ Not final.
5/ Document coming.
6/ An additional $103,000 is line-itemed.
7/ Another $1,518,516 was appropriated to the North Carolina Division of Arts Administration.

Senator STEVENS. In last year's hearing no amount was listed for Washington, D.C.'s support of its art agency. What is the District doing in this respect?

Miss HANKS. Senator, as you know, the District Government receives its appropriation from the Congress. The appropriation for the D.C. Commission on Arts and Humanities was not known until late in the appropriation fiscal year. This may also be the case this year as they still do not have a confirmed appropriation for fiscal year 1977 which ends June 30, 1977. Larry Neal, the new director of the D.C. Commission, has, however, indicated that he is expecting $100,000 in programs funds.

CROSS-FUNDING

Senator STEVENS. On cross-funding, you will recall that last year we went into this.

Miss HANKS. Yes.

Senator STEVENS. It is difficult to keep track of this money. You have got a grant for the Corporation for Public Broadcasting again. I am not against it. I just want to know how much of this Endowment money is going to agencies that are supported, substantially supported, by Federal funding.

Can you give us that, again, for the record, for the last 3 years, and why is it necessary for you to go in and support—if you have got it we will put it into the record at this point.

Why is it necessary for you to support agencies with funds from your Endowment that come before this very committee and ask for money?

Why can't they ask for it directly?

[The information follows:]

ENDOWMENT AND CPB MUTUAL SUPPORT OF PROJECTS

Congress has charged the two agencies with distinct tasks:

a) The Endowment is charged with the responsibility for making the arts available to all Americans;
b) CPB is charged with the responsibility for funding programs not seen on commercial channels.

Because CPB is responsible for funding programs not seen on commercial channels, it must spread its financial resources over a wide range of programming possibilities. One of these possibilities is the arts.

The Endowment, on the other hand, need only concern itself with the arts. Our budget is small, as agency budgets go, and we must provide support to a wide variety of arts organizations and individual artists. One of the ways, but certainly not the only way, that we make the arts available to as many Americans as possible is through broadcast on radio and television.

Hence, both the Endowment and CPB can only allocate a portion of their resources to programming that will bring the arts to a wide public. Joint funding of expensive projects is one strategy for making a little bit of money go a longer way.

But in a larger sense, the policy of joint funding has proved to be beneficial to the public and to the arts field. A grant from the Endowment has often allowed grantees to generate leverage against other major funding sources--even the Corporation for Public Broadcasting. We are, after all, charged by Congress to support the arts because Congress feels that we are in the best position--both because of the expertise of our advisory panels and the talent and experience of our staff--to identify worthy projects.

CPB must concern itself with Public Affairs, local programming, and a wealth of other projects; they look to us for expert advice. We, in turn, look to CPB for the hard broadcasting sense to know when a project will "go"--they know television and radio from the inside.

This is a situation we did not create. We are able to work within the constraints of the law, but we are also aware of other possibilities:

A) We could undertake unilateral funding of major series on public television--or even on commercial television. This implies that such unilaterial funding were made possible by increased appropriations. It also implies that the Endowment were provided with the mandate to take this action by Congress.

B) We could surrender any responsibility for funding major series to CPB. This, I think, would be a serious mistake, for it would deprive CPB and the public with the benefit of our experience and our advice.

C) Congress could formalize the procedure that we have developed with CPB.

The history of our joint efforts with CPB has given private funding sources like the Exxon Corporation and the Ford Foundation the healthy impression that both the official government funding source for public television and the agency serving the arts community concur on the worthiness of certain projects which are beyond the financial resources of either to underwrite separately.

TRANSFERS FROM OTHER AGENCIES

FY 1975

Program	Agency	Amount	Purpose
A+EA	President's Council on Environmental Quality	$ 10,900.	To assist the costs of the pre-conference publication for the Neighborhood Conservation Conference held in 9/75.
A+EA	Department of the Interior	20,000.	Support of the Second Federal Design Assembly.
A+EA	Department of the Interior	10,000.	Support for Federal Regional Design Assembly.
A+EA	Department of State	3,000.	Support of the Second Federal Design Assembly.
A+EA	Department of Transportation	2,000.	Support for the conference on "Reusing Railroad Stations" held 7/74
A+EA	General Services Administration	10,000.	Support for the Federal Regional Design Assembly.
A+EA	National Endowment for the Humanities	20,000.	Support of the Second Federal Design Assembly.
	TOTAL	$ 75,900.	

TRANSFERS TO OTHER AGENCIES

FY 1975

Program	Agency	Amount	Purpose
Expansion Arts	National Park Service	$ 38,138.	For the Strolling Troubadours project.
A+EA	NASA	10,000.	For the feasibility study on an automated stage lighting concept.
	TOTAL	$ 48,138.	

TRANSFERS FROM OTHER AGENCIES *

FY 76

Program	Agency	Amount	Purpose
Museums	ARBA	$25,000	Exhibition examining the status of women in American Society from 1750 to 1815.
Music	Dept. of Labor	25,000	Composition of cantata on American work music.
Theatre	ARBA	60,000	International Bicentennial Theatre Exchange's administration of foreign & domestic theatre touring project.
A + EA	HUD	40,000	Services in connection with the Neighborhood Conservation Conference.
A + EA	HUD	13,000	Support of books on revitalizing downtown districts.
A + EA	President's Council on Environmental Quality	10,000	Support of books on revitalizing downtown districts.
Exp. Arts	Bureau of Prisons (Justice)	27,000	Artists-in-Residence at Federal Prisons at Tallahassee, FL, Leavenworth, KS, and Lompoc, CA
Exp. Arts	ARBA	50,000	Bicentennial project "Hurray for Black Women".
Sp. Proj.	ARBA	4,500	Slide program of Blackfeet crafts and arts.
	TOTAL	$254,500	

* Excludes $1,183,263. in projects supported with financial assistance from the Department of Commerce Job Opportunities Program, Title X of the Public Works and Economic Development Act as ammended.

TRANSFERS FROM OTHER AGENCIES

TO

Program	Agency	Amount	Purpose
Music	Dept. of Labor	$ 45,000	Support of the theatrical-musical cantata by Morton Gould and Carol Leigh.
Asst. Chmn/ Mgmt.	GSA, Treasury, Interior, HEW, ARBA, EEOC	58,320	Design and implementation of sign system in Columbia Plaza office building complex.
	TOTAL	$103,320	

FY 77 (1st Quarter)

Program	Agency	Amount	Purpose
A + EA	HUD	$40,000	Establishment of a national museum of the building arts
Exp. Arts	Bureau of Prisons (Justice)	25,000	Artists-in-Residence at Federal Prisons at Tallahassee, FL, Alderson, WV, La Tuna, TX, Oxford, WI, and Lompoc, CA. Also central administration for evaluation of Prison Art Programs.
	TOTAL	$65,000	

TRANSFERS TO OTHER AGENCIES

FY 76

Program	Agency	Amount	Purpose
A + EA	Dept. of Transportation	$25,000	Support of Symbol Signs Project
Exp. Arts	National Park Service (Interior)	76,090	Support of Strolling Troubadours Project
Museums	NFAH	74,555	Support of American Federation of Arts
	TOTAL	$175,645	

TQ

Program	Agency	Amount	Purpose
Sp. Proj.	Dept. of Commerce (Census)	$ 7,000	Data tables on theatrical enterprises, classical music and dance enterprises from 1972 Census of Business.
Sp. Proj.	Dept. of State	$37,500	U.S.-U.K. Bicentennial Administration.
	TOTAL	$44,500	

FY 77 (1st Quarter)

Program	Agency	Amount	Purpose

No transfers to other agencies.

GRANTS/CONTRACTS TO OTHER AGENCIES

FY 1975

DATE	Program	Grantee	Grant No.	Amount	Purpose
1/1/75	Museums	Smithsonian Institution	R50-20-119	$ 5,000.	Preparatory photographic work for color slide reproduction of restored 18th and 19th century wallpaper collection at the Cooper-Hewitt Museum.
9/1/74	Museums	Smithsonian Institution	R50-20-145	15,395.	Exhibition of French and Italian neoclassic drawings and prints at the Cooper-Hewitt Museum.
3/1 75	Museums	Smithsonian Institution	R50-20-285B	200,000.	Renovation (climate control, security, storage) of the Carnegie Mansion.
9/1/75	Museums	" "	R50-20-298 BC	10,000.	Conservation of works to be included in the bicentennial exhibition of American art at the Freer Gallery.
3/1/75	Music	" "	R50-31-222	10,098.	Presentation of (1) The Jazz Heritage concert and workshop Series , (2) The Jazz Connoisseur Series, and (3) a collaborative concert with the American Popular Song Series.
12/1/74	Public Media	" "	R50-34-111C	2,045.	Week-long public presentation of video art.
			TOTAL	$ 242,538.	

GRANTS/CONTRACTS TO OTHER AGENCIES

FY 76 and Transition Quarter

Date	Program	Grantee	Grant No.	Amount	Purpose
6/28/76	Exp. Arts	Bureau of Prisons	R60-53-190C	$ 1,500	Support of mural and supergraphic project at Lompoc Federal Correctional Institution.
6/25/76	Public Media	Corporation of Public Broadcasting	R60-34-187	25,000	Exploration of various aspects of cultural programming on radio.
5/11/76	Visual Arts	Interior/Nat'l Park Service	R60-41-97B	15,000	Support of a German silver metalwork workshop.
6/24/76	Music	Library of Congress	R60-31-273	25,000	Production of a recorded anthology of American folk music.
8/21/75	Exp. Arts	Interior/Nat'l Park Service	R60-53-67	7,500	Children's experimental workshops program in pottery and puppetry for handicapped children in Glen Echo Park.
4/29/76	Exp. Arts	Interior/Nat'l Park Service	R60-53-403	7,500	Daycamp at Glen Echo Park; workshops in dance, drama, and pottery.
8/12/75	Literature	Library of Congress	R60-52-3C	16,625	Conference on publishing poetry and fiction.
1/15/76	A + EA	Nat'l Trust for Historic Preservation	R60-42-14	6,000	National conference on old courthouses; publication on associated background, issues, and opportunities.
11/13/75	Museums	Nat'l Trust for Historic Preservation	R60-20-295BC	8,300	Conservation treatment of major sculpture and studies by Daniel Chester French.
6/28/76	A + EA	Smithsonian	R60-42-77BC	15,000	Support for a photo exhibition on architectural development in the U.S.
4/1/76	Exp. Arts	Smithsonian	R60-53-455BCN	17,000	Support of "Black Presence in the Era of the American Revolution 1770-1800"
6/9/76	Museums	Smithsonian (Cooper-Hewitt)	R60-20-453	25,000	Support of "Subway", a thematic exhibition.

GRANTS/CONTRACTS TO OTHER AGENCIES

FY 76 and Transition Quarter (con't)

Date	Program	Grantee	Grant No.	Amount	Purpose
9/28/76	Music	Smithsonian	NEA PC 165	$ 68,540	Continuing support of the Jazz Oral Histories Project.
6/26/76	Music	Smithsonian	R60-31-228	9,500	Support of Jazz Heritage and Connoisseur Concerts and the American Popular Song Series.
11/20/75	Museums	Smithsonian (Cooper-Hewitt)	T50-20-285B	100,000	Renovation installation project.
1/16/76	Music	Smithsonian	NEA PC 127	46,379	Continuing support of Jazz Oral Histories Project.
1/20/76	Spec. Proj.	Smithsonian	R60-54-115B	100,000	Support of "Regional America" segment of the 1976 American Folklife Festival.
7/28/76	Museums	Smithsonian	RQ0-20-74	75,000	Support of an exhibtion of work of Robert Rauschenberg at the National Collection of Fine Arts.
6/3/76	Spec. Proj.	Smithsonian	R60-54-226B	28,790	Support of film on artistic expression of Micronesia.
6/1/76	Visual Arts	Smithsonian	R60-41-230C	1,500	Support of a Craftsman-in-Residence between Renwick Gallery and Haystack Mountain School of Crafts.
9/30/75	Visual Arts	Smithsonian	R60-41-1C	1,500	Craftsman-in-Residence
			TOTAL	$600,634	

GRANTS TO OTHER AGENCIES

FY 77

Date	Program	Grantee	Grant No.	Amount	Purpose
10/15/76	Exp. Arts	National Park Service	R70-53-100	$ 7,500	Workshop in pottery and puppetry in Turkey Run Park for the physically handicapped.
Pending	Exp. Arts	National Park Service	R70-53-408	7,500	Support for Children's Experimental Workshops Program for the Handicapped.
11/2/76	A + EA	Nat'l Trust for Historic Preservation	R70-42-37	20,000	Support of small town renewal and restoration through demonstration projects, publications, and a conference.
12/31/76	Exp. Arts	Smithsonian	R70-53-381	20,000	Continuing support for "Black Presence in the Era of the American Revolution 1770-1800".
Pending	Music	Smithsonian	R70-31-58	6,000	Continuing support for Jazz Heritage Concerts and the Jazz Connoisseur Series.
Pending	A + EA	Nat'l Trust for Historic Preservation	R70-42-139N	34,070	Support of expanded program of advisory services in the neighborhood conservation field.
12/1/76	Museums	Smithsonian	R70-20-93	24,910	Establishment to a textile study-storage center at the Cooper-Hewitt Museum.
12/1/76	Museums	Smithsonian	R70-20-142	27,620	General handbook on the collections of the Cooper-Hewitt Museum of Decorative Arts.
		TOTAL		$147,600	

COOPERATIVE PROGRAMS

Miss HANKS. We have found over the years it is extremely helpful to have cooperative programs with other agencies of the Federal Government.

We have had cooperative programs in connection with arts, education and artists in the schools with the Office of Education.

Senator STEVENS. I understand that. But take the Smithsonian or the National Trust for Historic Preservation. They come here for requests. We look at their total requests and compare it to last year.

Then we look at your budget request and you are going to support them, too. Why don't you ask them to go get their own money and support agencies that do not have Federal support?

Miss HANKS. A very good reason. There are differing reasons. First of all, our program with the Smithsonian at the moment is one that the best agency that we could find who could do oral histories in the field of jazz, which our Endowment said is absolutely essential was the Smithsonian and their people. So we basically contracted with the Smithsonian to do a job that the National Council on the Arts said had to be done.

We were not giving a grant to the Smithsonian for something it wanted to do. Rather, we contracted with the Smithsonian for a job we wanted to have done.

Senator STEVENS. A recent invitation to an exhibition at the National Collection of Fine Arts is an example. This one involved not only the Smithsonian but the National Trust for Historic Preservation. And at the bottom it was noted that the exhibition was organized with grants not only from the Arts Endowment but the Humanities Endowment. We have at least four federally supported agencies involved here, if not more. First, why is it necessary for both Endowments to support an exhibition of this nature? Why shouldn't the Smithsonian carry that burden?

Miss HANKS. Yes; I believe you're referring to the restrospective of works by Robert Rauschenburg. As I'm sure you know, Senator, Robert Rauschenburg is one of the major American artists living today. He is certainly one of the most influential and he has such an international reputation that many of the works in the exhibition at the National Collection of Fine Arts had to be borrowed from private collectors and from State museums abroad. The museum advisory panel feels much as you do about supporting museums or agencies that receive their funds from the Congress. In this case, however, they felt that the first major retrospective of Rauschenburg's work deserved their support. when they learned that the $75,000 requested by the National Collection of Fine Arts was to be used to make it possible for the exhibition to travel to the Museum of Modern Art in New York City, the San Francisco Museum of Modern Art, the Art Institute of Chicago, and the Albright-Knox Gallery in Buffalo, they gave it their highest recommendation. It is my understanding sir, that the National Collection of Fine Arts used its own budget to assemble the exhibition here in Washington and the funds from the Arts Endowment to travel the show—a concept wholly in conformity with our mandate to make the arts more widely available to the American people.

Senator STEVENS. Do you get any money from any Federal agency, other than what we give you?

Miss HANKS. Yes; every now and then. For example, all members of the Federal Council on Arts and Humanities transferred money to us to publish the Cultural Directory, which we published 2 years ago, which is a directory showing Federal moneys that are available throughout the Government for cultural institutions.

The American Revolution Bicentennial Administration transferred moneys to us to carry out some projects that they wanted.

The Council on Environmental Quality transferred moneys for public education and awareness programs that they felt we could carry out better than they.

The Bureau of Prisons in Justice has transferred money to us for their pilot program of artists working in their prisons.

HUD transferred money in connection with some environmental action program that they wanted. We have a working relationship with many agencies around the city.

Sometimes, even the very, very large ones like HUD or the Department of Transportation, some that do not have moneys to carry out design matters that are of deep concern to them, or research that they need to have done, and so we have a cooperative program with them.

Our National Council views this as one of our roles.

FILM AND TELEVISION SUPPORT

Senator STEVENS. I hope the committee will make a strong stand. We are going to have to go down and tell agencies to come and get the money they want, if it is Federal money.

It just seems to me more and more programing that is justified on the basis of that agency's need that is without any real review of the other committees involved, just transferred over.

I think you ought to come for the money that you are going to use, and if another Federal agency is going to use money, even at your request, they ought to come and ask for it in relationship to other programs.

Take, for instance, your film and television category. Three of your largest grantees are in that category. How much money did you spend last year totally for support of film and TV?

Miss HANKS. In terms of programing on the arts, it was $2.3 million.

Senator STEVENS. Didn't you transfer some of that to agencies that also come before the committee for funding?

Miss HANKS. $25,000 was transferred. Otherwise, we are just going in as a partner. We go in as a partner with other Government agencies like we go in with private foundations.

For example, Visions, which is the tremendously successful drama series, was started in conversation between Michael Straight and the Ford Foundation. The Ford Foundation has put in a great deal of money. We have put in money, and the Corporation for Public Broadcasting has put in money.

Lincoln Center is the same way, in that we are in with private foundations and Corporation for Public Broadcasting. The same is true with Dance in America.

I would have to say to you that the private foundations are the ones that we, by and large, have been in consultation with to get them to join with us and they like to have the Arts Endowment in on the programing concept.

This is a whole new field in terms of putting arts on the broadcast media, and we feel it is a very important part of our activities.

Among other things, Senator Stevens, it is, by far, the best way to reach more audiences for all of the arts.

Senator STEVENS. We are not arguing that. I am not. But I do argue with the concept if you are going to transfer money to another Federal agency or they are going to transfer to you, that the request ought to be made in the first instance by the agency who is going to spend the money.

Miss HANKS. I am wondering, for the record—because the work in arts programing on broadcast media is quite separate from the other, we view it as our responsibility to get the finest of the arts on radio and television, in terms of reaching more people, which is one of our mandates—if I might supply for your record an explanation, a brief one, of what are really very modest amounts of moneys that we have received from other agencies, or that we have given them.

We are talking about maybe $20,000 or $30,000 a year. Senator Stevens, as you will quickly see, they are basically demonstration projects.

Senator STEVENS. We would be glad to have that and I would be glad to see it.

GRANTS

Senator STEVENS. Let me go back to the subject of grants. Is the $1.2 million going to the Metropolitan Museum part of the challenge program?

Miss HANKS. We have not made any grant in the challenge grant pogram because of the appropriations situation. I am not aware of a grant of $1.2 million.

Senator STEVENS. You list $1.2 in previous grants to the Metropolitan Museum of Art. Was that a challenge grant concept?

Miss HANKS. No; we have had no challenge grant with the Metropolitan Museum of Art, however, we did challenge the Metropolitan Opera as I discussed earlier.

Senator STEVENS. Eighteen percent of your 1976 total of grants went to New York. Is that grant concentration necessary? Is it wise?

Miss HANKS. I believe it to be. I believe that we have to consider that so many of the institutions exist in New York and, anticipating that you might ask this question, there was an article in the New York Times this morning of a report that has been published by the city of New York, so you can imagine it will not be totally objective. advising us all of how important they are.

And, indeed, while I have not read the report and I will get a copy and will provide it——

Senator STEVENS. We will be happy to put that in the record.

[The article follows:]

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(From the New York Times, Feb. 9, 1977)

Big Apple Is Core Of U.S. Culture

By RICHARD F. SHEPARD

A report designed to show how all America benefits from New York's cultural stockpile was released yesterday morning by City Hall, with Mayor Beame making the point that the country should contribute to the upkeep of New York's institutions that spread their artistic resourcesfrom coast to coast, and farther.

The report, issued by the city's Commission for Cultural Affairs, presents an arresting array of facts to and detail buttress the concept that New York is the nation's cultural Johnny Appleseed.

It tells the story of how the Brooklyn Museum established an unusual relationship, in Egyptian art, with the Huntsville Museum of Art in Alabama. It itemizes loans—artistic, not monetary—that 18 New York museums made to 322 cities in 46 states, visits by 28 New York performing arts groups to 501
cities and other impressive figures reflecting the city's influence overseas.

Importance to Nation

At a press conference in City Hall's Blue Room, attended by many representatives of the groups mentioned in the report, Mayor Beame said: "In all candor we are worried about the viability of our museums, libraries and other cultural activities. The point of the report is not the importance of New York City's cultural institutions to the city's economy, but its very vital importance to the nation as a whole."

The Mayor said the city had in the past contributed more than $50 million a year to the cultural groups. "However, the city's fiscal crisis has forced us to cut back our share of support, thus throwing a greater responsibility on other governmental jurisdictions and on the private sector."

Martin E. Segal, chairman of the city's Commission for Cultural Affairs, and H. Claude Shostal, commissioner of the city's Department of Cultural Affairs, who sat alongside the Mayor during the announcement, agreed that the current annual budget, recloned in terms of both dollars and services, amounted to $30 million set aside for cultural contributions.

This represents, they said, about a 40 percent cut in two years. Mr. Shostal said most of the cut was in the form of diminished funds for capital aid, in the form of physical maintenance and renewal.

Speaking outside the conference, Mr. Segal said: "The Federal government disburses money to activities that contribute to the nation's well being: There is a cotton subsidy for the South, and a farm subsidy in the midWest. Here in New York, it cost billions of dollars to put together these organizations that have brought all of these benefits to the entire country.

"New York shares these resources and is glad to do so, "Mr. Segal continued," and all it expects is a fairshare of support."

The 70-page report, "New York City as a National Cultural Resource: A Report to the American People," cost $17,000. The money came from grants by three foundations. The commission is printing 7,500 copies that will be sent to every Governor and Congressman, as well as to foundation heads, chief executive officers on the country's leading 1,000 corporations, trustees of cultural institutions and to all New York State government, political and arts leaders.

If funds are available, an abbreviated version of the report will be printed for mass circulation, Mr. Segal said.

The report draws on the out-of-town activities of 48 of the city's 1,500 cultural institutions over a two-year peri-

od between July, 1974, and July, 1976. It is very much an institutional pitch for national support rather than a demand for specific funds.

The list of activities includes an extraordinary roster of place-names: Anchorage (Joffrey Ballet, Museum of Modern Art, Nikolais Dance Theater); La Jolla, Calif. (Metropolitan Museum of Art); Conway, Ark. (The Acting Company); Honolulu (a half dozen New York museums and performing groups); Grand Cheniere, La. (New York Zoological Society); Starkville, Miss. (Metropolitan Museum of Art); Lincoln, Neb. (seven New York organizations); Easton, Pa. (American Symphony Orchestra); Corpus Christi, Tex. (Brooklyn Museum), Casper, Wyo. (Theater Development Fund, Inc.The Costume Collection).

In addition, 149 cities in 41 other countries, plus Puerto Rico, received loans of artistic works from 18 New York museums. One hundred and ten cities in 41 other countries, plus Puerto Rico and Hong Kong, were visited by New York performing groups.

The museums of Brooklyn and Huntsville, Ala., came into contact last March when the young Alabama museum celebrated its first anniversary with 80 objects from the Brooklyn Museum's Egyptian Collection. It was the first loan show for Huntsville, which at the time had not received accreditation by the American Association of Museums. Brooklyn Museum staff members were sent to install the exhibition and impart their knowledge and experience. A Brooklyn specialist set up workshops and lectures on Egyptian art.

Miss HANKS. But they do talk about how their groups are performing all over the country. Of course, they do happen to mention even going to Anchorage.

Senator STEVENS. On their way to where? [Laughter.]

Miss HANKS. They listed you first.

Senator STEVENS. I am sure they did. That is the place they usually stop. I would like to put that into the record and I would be glad to talk to you about it.

GRANT CONCENTRATIONS

Let us talk about New York, Massachusetts, Washington, D.C., and California, again, almost 40 percent of the money involved in grant requests.

I am trying to be—you take the District of Columbia alone, it exceeds the grant to any State.

Miss HANKS. Yes; but that is for mostly national institutions.

Senator STEVENS. No; there are two that exceed the District. But why?

Miss HANKS. You have many institutions here. It is the Capital, and per capita——

Senator STEVENS. If we get down to per capita, I think they sent one fiddle up to our place. Is there a per capita concept in this, in your grant distribution?

Miss HANKS. No; but we run per capita figures, because we have been asked to do so by the committee.

Senator STEVENS. The other committee?

Miss HANKS. In the House; that is correct. Our figures per capita are basically very high in small States. When you get down to New York, for example, New York receives less per capita than New Hampshire, Rhode Island, Wyoming, Vermont, an unnamed State, beginning with the first letter of the alphabet, Guam, Washington, and American Samoa.

So I think the question on distribution, I do not know what we are doing, but it looks like we are doing it right.

The very fact that less money is going to Arkansas than to New York has not stopped the tremendous development of cultural activities in Arkansas. Five years ago they had no symphony orchestra of professional stature. Now they have five symphonies, and one very good one that has become eligible for grants from the Endowment.

Senator STEVENS. I am not arguing that. I am just wondering if you are getting the message back to New York and showing them what Arkansas can do on a per capita basis to raise money, and ask New York why they are not doing it.

Miss HANKS. All private and corporate moneys going into New York institutions is very fine, indeed. It is very high. The Metropolitan alone, people are putting up something like $8 million for that one institution that they raise privately every year.

The moneys are very substantial. One difficulty in the past few years has been, in New York City, which had been very generous in terms of municipal support, and, indeed that city has cut back.

But, Senator, the marvelous thing and as you know I believe other cities around the country are coming in with municipal support for performance activities for the first time in any measurable size.

Senator STEVENS. Looking at the major grant concentrations in 1976, we see that New York, Massachusetts, Washington, D.C., and California garner more than 36 percent of all grant funds among them. Doesn't this tend to intensify further the concentration of cultural activities?

Miss HANKS. It is true that a good portion of our grants are concentrated in the leading cultural centers of the Nation. These institutions are certainly regarded as national treasurers worthy of support. However, we think that one has to realize that more and more of the Endowment's funds are dispersed widely around the States, particularly through the block grant to each State arts agency. In the past 11 years more of the dance companies, symphony orchestras, theaters and museums that have become of professional rank and, therefore, eligible for Endowment support, are not in the major cultural centers. I would also point out that the major cultural institutions in the Nation through various forms of outreach, whether it be through dance touring or the exchange of special museum exhibitions, do share their wealth throughout the Nation. We think that the Congress can be proud that through the leadership of the Federal Government that more quality arts institutions and arts activities are going on throughout the United States than was ever true before the Federal Government established the National Endowment for the Arts.

Senator STEVENS. I will not belabor it. We have great admiration for you, as Senator Hatfield has already mentioned.

I do hope that you urge your Council to keep in mind the national aspect of this, and historic compromise between our brothers across the way and this body.

They are concerned with population and we are concerned with States. We would like to see some additional recognition of the need of the national aspects of this without regard to population.

I would be interested to know what they were doing in Anchorage.

Miss HANKS. The Joffrey Ballet was performing.

Senator STEVENS. They were going somewhere, and I would like to know where. Maybe we could find others who would like to go there, too, and they can stop off in Anchorage.

That is my point. We would like to encourage it. As a matter of fact, sometimes we get a little discouraged that people are going through Alaska and are not stopping.

So I congratulate them for stopping. I would like to know if there is not some way we could do that and stop some of these people who are flying from New York to California, to stop them in Arkansas, maybe, for not much extra cost.

Miss HANKS. We have to do a better job in developing touring networks. We basically have it in dance. We do not have it in theater yet, or music, the chamber groups, or opera. And there is absolutely no question that this is something we need to be working on, in cooperation with the States.

AMERICAN FILM INSTITUTE

Senator STEVENS. I would like to get into the American Film Institute questions, but if you do not mind, because of the time constraint, I want to discuss the Humanities.

SUBMITTED QUESTIONS

I hope you will answer them for the record. We also have questions regarding your shared staff. Would you answer those for the record, please?

Miss HANKS. Yes; I would be delighted to.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

AMERICAN FILM INSTITUTE

Question. The Committee is aware that the Arts Endowment has a growing concern about the effects of a limitation imposed on increasing grants to the American Film Institute. Why don't you bring us up to date on the activities of the AFI, Miss Hanks, and give us your assessment of the organization's grant needs?

Answer. At the time of the Committee's limitation on this agency's grant to the American Film Institute the AFI was under criticism from Members of Congress for its inability to generate revenues from private sources to match the Arts Endowment's grants. I am happy to report that in this area of Committee concern the AFI has made dramatic strides. The Endowment's advisory panel, composed of film professionals of national stature, has reviewed the AFI's education and training programs, including its Independent Filmmaker Program and its outreach services, with favorable results; the relationship of the AFI with the field has greatly improved, and the Institute's ability to generate funds from the private sector is very encouraging. In FY 1975 the Endowment funds provided 61.6% of the Institute's expenditures in the general grant category; in FY 1976, although these expenditures increased by some $870,000, Endowment funds provided only 48.5% of the AFI's total expenditures in the same category; and in FY 1977 our estimates are that this percentage will drop below 40%. And so, we can report that the AFI has made strong administrative and programming improvements and it has greatly increased its private funding as well. I must add here, however, that as encouraged as we are by the AFI's achievements at its current level of funding, the Institute cannot adequately attend to all the needs of a rapidly expanding interest in film on a national level. Film is an important indigenous art form in this country, and we are experiencing an unprecedented demand for film study, research, exhibition and participation. The AFI is hard pressed to maintain its ongoing activities and respond to new demands as well, and it will need to grow to respond in any significant way to this demand.

Question. Even with the limitation, I note the AFI continues to enjoy the largest arts grant of any single organization. I believe the Committee must continue to ask why one organization should be so favored?

Answer. The great majority of Endowment grants are project grants -- that is, grants to organizations to assist them in carrying out a specific activity or project. Other grants, especially those to major performing and exhibiting organizations, are to assist them in carrying out their general program activity, which is usually one major activity, such as playing concerts or exhibiting paintings or giving dance performances. The grant to the AFI is for a variety of activities. It is a multi-faceted assistance grant and embraces among other activities its Center for Advanced Film Study, Oral History

Program, Directors Workshop for Women, Intern Program, Feldman Library, Education Coordination, Public Information, Touring Film Program, and Publications Program. The AFI also administers two major Endowment grants programs, under contract -- the Independent Filmmaker Program and the Film Archieve Program and the Film Archieve Program, and although administration funds are included in these contract amounts, the administration of such major programs requires a stature and level of expertise that can only be supplied by a large national organization. The acquisition of films for archival purposes, for example, is best carried out by an organization with enough stature to approach film studios and distributors who own the original prints. The needs of this expanding artistic community are so great, it is so new when compared to other art forms, it is such an important art form in this country where it was born, and so much work needs to be done in developing a tradition of private support for film similar to the tradition that exists in music, painting and theatre, that we believe there is ample justification for the AFI to be the Endowment's largest single grantee, as long as its support is in conjunction with increasing private support. Also, the AFI acts as a catalyst for the entire film community in the raising of film to the level of an art form in the minds of foundations, corporations and other private patrons.

Question. Last year the Endowment proposed to the Committee that an additional $200,000 a year grant be authorized to underwrite the AFI's fund-raising efforts. No favorable action has been taken on this idea to date. Would additional support of this kind enable the AFI to operate on smaller Endowment grants in the future?

Answer. The AFI's ability to increase its national membership and to gain greater private support is of the greatest importance, as it will surely lead to greater self-reliance and a diminishing degree of Endowment funding for its national programs and services. The percentage of Endowment funding is already declining sharply, and it should continue to decline as its membership and fund-raising abilities grow stronger.

Question. To what extent does the Endowment underwrite the fund-raising efforts of other organizations?

Answer. To a greater extent all the time. Our proposed Challenge Grants are a case in point, with which we hope to assist our arts organizations to an increased and continuing level of greater self-reliance. One of the Endowment's unwavering intentions from the beginnings of this agency has been to generate private support with our assistance grants. This support takes many forms -- sometimes strengthening programs must precede an organization's efforts to appeal to the private sector for increased funding -- but increasing our grantee's ability to raise private funds has always been a major aspect of our grants program.

Question. Is the AFI now fully matching all support from the Arts Endowment?

Answer. Yes, it is. The AFI in FY 1976 matched a general grant of $1.1 million with $1.367 million, and in the current year it is expected to match our $1.1 million grant with $1.752 million. This is in addition to the still pending $200,000 grants for fund-raising and membership efforts, which would be matched dollar-for-dollar as well. And these figures represent the AFI's "allowable" expenditures; if we include all AFI activities, the Institute's self-generated revenues are much higher. In FY 1975, for example, the AFI's total of self-generated revenue was $1.768 million; in FY 1976 this increased to $2.377 million, and this year that figure should increase to $2.99 million. All in all, the AFI has raised some $14 million dollars since its beginnings ten years ago, and its membership has increased from less than 10,000 a year ago to over 30,000 with members in fifty states. The Endowment contracts with the Institute are non-matching, of course, since most of the funds in these contract amounts are flow-through monies to other entities and are subgranting activities carried out in the Endowment's behalf.

Shared Staff Supplemental

Question. Mr. Berman, the requested new positions amount to a staff expansion of nearly 26 percent. How do you justify that?

Answer. Since 1975, when we last received an increase in full-time personnel, the Foundations budget and activities have increased even more. For example, applications have increased 43 percent from 20,235 to 29,000. Grants awarded have gone from 5,000 to 7,400, an increase of 48 percent. These increases have imposed quite naturally a commensurate workload in the Shared Staff including Grants Administration, Accounting, Auditing, Printing, use of panelists and consultants (payroll and personnel), and various administrative services. There is another point I would like to make. While it is acknowledged that the staffing level of the Shared Staff is related directly to the continued growth in the activity of the two Endowments, it is not generally realized how the passage of recent legislation and the issuance of various Departmental regulations affect the workload of any administrative staff. Therefore, I would like to submit for the record a partial listing of these Acts and Regulations.

Equal Employment Opportunity Act
Fair Labor Standards Act
Freedom of Information Act
Privacy Act
National Productivity and Quality of Working Life Act of 1975
Federal Advisory Committee Act
Veterans Readjustment Act of 1974
Rehabilitation Act of 1973
Drug Abuse and Treatment Act

Each of the above generates activity for the Shared Staff. In addition the following partial listing of Directives also impose additional tasks.

OMB Circulars		FPM Letters	
A-40	A-108	290-3	306-10
A-89	A-110	304-3	412-2
A-95	A-111	306-5	630-22

FM Circulars	Treasury Circulars
73-6	1082
74-4	1014
74-7	1075

Each of the above requires a periodic report or some additional action(s) which requires manhours. Although it is difficult to quantify the affect of the above, the collective impact on the Shared Staff is enormous.

Question. Your justification speaks to the large increase in the Foundation's budget and similar increases in grant applications. This is the same argument advanced by the Endowments for their own sizeable personnel increases. How is the Shared Administrative Staff affected by increased grant applications?

Answer. The function of the Shared Staff is to provide administrative support to the two Endowments. An increase in applications results in a commensurate increase in the workload of the two Grants Offices where all applications are processed, and in our mail handling activity. Another result is an increased use of panelists which generates more travel, personnel, voucher, and payroll activity, not to mention the logistics of the various panel meetings. Still another result is the increased number of grants which directly affect accounting and audit. Moreover, as the staffs of the Endowments increase, the supporting functions such as mail, equipment, supply, printing and Personnel Office activity are increased proportionately.

Question. Nearly 40 percent of your requested new positions are GS-11 or above, and you already have 2 supergrades on board. Why do you require so many high level positions?

Answer. Much of the increase in our workload requires the knowledge, experience, and ability which is not available at lower grades. Grants Specialists, Attorneys, and Auditors who are capable of working independently must have had the necessary background in training and experience. Personnel Specialists and Systems Accountants must also have had broad experience in the government service in order to be able to perform their tasks. Moreover, with our very heavy workload, we cannot like a larger agency afford the luxury of employing trainees to any great extent. Therefore our new positions require professionals fully trained for their work. It should be noted that the average grade in the Shared Staff is 7.81. With the increase of the new positions, it will become 7.92.

Question. Please submit the job titles and annual salaries of the requested new positions.

Answer.

Grants Office (National Endowment for the Arts)

Grants Specialist (2)	GS-12
Grants Specialist	GS-11
Contract Specialist	GS-9
Grants Specialist (3)	GS-7

Grants Office (National Endowment for the Humanities)

Grants Specialist (3)	GS-11
Grants Specialist (4)	GS-9

Finance Division

Accounting Technician	GS-8
Payroll Clerk	GS-5
Voucher Examiner	GS-6
Auditors (2)	GS-13
Systems Accountant	GS-13

General Counsel (National Endowment for the Arts)

Clerk-Typist	GS-5

General Counsel (National Endowment for the Humanities)

Attorney Advisor	GS-12

Administrative Services Division

Supply Clerk (3)	GS-4
Clerk-Typist (2)	GS-5
Mail Clerk (2)	GS-3

Personnel Office

Personnel Management Specialist (2)	GS-12
Position Classification Specialist	GS-13
Personnel Clerk	GS-6

Question. For what period of the fiscal year are you budgeting these requested new positions? Seven months? Six months?

Answer. These positions are budgeted for six months, including personnel benefits.

Question. How much of your supplemental request is tied directly to the program supplementals being requested by the two Endowments?

Answer. None. Our request is based simply upon the increased workload developed over the past two years.

Senator STEVENS. I again congratulate you. Your current appointment extends until October?

Miss HANKS. That is correct.

Senator STEVENS. I am not sure if Pennsylvania Avenue is a two-way street yet, but if it is, I am sure that the members of the committee would urge the administration to recognize that this is one area where political considerations ought to be secondary to program objectives, and we hope you submit your application to continue.

We will help, if we can. Thank you very much.

Miss HANKS. Thank you, Mr. Stevens.

Senator STEVENS. We are going to submit identical questions for both Endowments for shared staff. Thanks to all of you who came to back up Miss Hanks. We are happy to see you. I know she really needs no backup.

NATIONAL ENDOWMENT FOR THE HUMANITIES

STATEMENT OF ROBERT J. KINGSTON, DEPUTY CHAIRMAN AND ACTING CHAIRMAN

ACCOMPANIED BY:

ARMEN TASHDINIAN, DIRECTOR, OFFICE OF PLANNING AND ANALYSIS
RICHARD EKMAN, DEPUTY DIRECTOR, DIVISION OF EDUCATION PROGRAMS
JOHN BARCROFT, DIRECTOR, DIVISION OF PUBLIC PROGRAMS
JAMES BLESSING, DIRECTOR, DIVISION OF FELLOWSHIPS
HAROLD CANNON, DIRECTOR, DIVISION OF RESEARCH GRANTS
JOHN JORDAN, ADMINISTRATIVE OFFICER
JOSEPH SCHURMAN, GENERAL COUNSEL
JOSEPH HAGAN, SPECIAL ASSISTANT TO THE CHAIRMAN
STANLEY TURESKY, PLANNING OFFICER

Fiscal 1977 Supplemental Request

Senator Stevens. Let me discuss, next, the supplemental budget request for the National Endowment for the Humanities.

PREPARED STATEMENT AND JUSTIFICATION

The total supplemental is $12.4 million. It is to be added to $84.5 million appropriations to date, including administrative expenses. Your justification will be included in the record, along with the prepared statement of the principal witness, Mr. Kingston.

[The statement and justification follow:]

STATEMENT OF ROBERT J. KINGSTON

Mr. Chairman. As President Carter has not yet named a permanent Chairman for the National Endowment for the Humanities, it falls to me, as Deputy Chairman and Acting Chairman -- and it is a privilege -- to present the President's request for Fiscal Year 1978 and a supplemental request for the current year. These first appeared in President Ford's budget last month, and have been sustained by the new Administration.

The Humanities Endowment is now in its 11th year of operation. Its basic mission has remained unchanged: to assist and complement the state and local, public and private sectors promote the humanities. As our enabling legislation declares, "democracy demands wisdom and vision in its citizens." It goes on to remind and challenge us as a Nation that

> the world leadership which has come to the United States cannot rest solely upon superior power, wealth, and technology, but must be solidly founded upon worldwide respect and admiration for the Nation's high qualities as a leader in the realm of ideas and of the spirit.

Let me add that this mission is not new; it was a cornerstone in the views of the Founding Fathers. Jefferson (a preeminent humanist) wrote that there was "no other sure foundation for preservation of freedom and happiness than the diffusion of knowledge." John Adams said it even more succinctly, "a good government (must) introduce knowledge among the people."

For our Founding Fathers, the "realm of ideas" and "spirit" -- the state of humanistic knowledge -- was not a given; it was incomplete, meant to be developed and to be re-examined by each succeeding generation, just as our principles of government were to be tested and retested and informed by our own and other societies' experiences. In the humanistic tradition the framers of our Constitution began their inquiry with a critical examination of existing theories of philosophy, ethics, and political economy. The results of their work -- our form of government with its legacies of liberty and democracy -- has withstood drastically changing circumstances; but there is an uneasiness in the land about whether and how the present mode and directions of our life can continue. The nation has entered into a new era of dialogue and enquiry; in it the instruments of critical judgement -- history, literature, philosophy, ethics, jurisprudence, and the study of religion and the arts: what we call the humanities -- are prerequisites. What constitutes the "public good" cannot be understood without these adjuncts to human reason.

Here, then, is the context of our request: production and dissemination of humanistic knowledge must go forward. We believe the citizenry has exhibited its demand for a more enlightened dialogue, a greater opportunity to learn of the roots of issues and circumstances.

As we proceed through the Endowment's activities, I feel confident that you will agree with me that the agency has made excellent use of its funds and that the increases are essential should the nation desire a continuing colloquy on the common good.

Dimensions of the Budget

At this time I appear to present two requests.

For the first time in the Endowment's history we are requesting a supplemental appropriation to launch a new program, Challenge Grants. The importance of this venture is witnessed not only by the fact that the Administration is proposing a special supplemental appropriation, but also by the fact that two Administrations have joined in this recommendation -- the preceding one which initiated it and the present Administration which has fully endorsed it. Specifically, we are requesting $12 million of indefinite matching authority to establish the new Challenge Grants Program. In addition the Foundation, as a whole, is requesting an additional $1 million for administration of which $400,000 would be allocated directly to the Humanities Endowment.

For Fiscal Year 1978, the NEH budget requests:

-- $85.5 million in definite program funds
-- $9.0 million in administrative funds
-- $25.5 million in indefinite matching authority of which $7.5 million is for project matching and $18 million for Challenge Grants.

For both years, the sums requested are well within the levels set by the authorizing committees last year. And, they represent careful estimates of the funds required to meet well-defined demands for humanities programming throughout the country.

The Endowment's Reach

The Endowment's structure is designed to ensure maximum reach with its funds. Our four grant-making divisions provide complementary sets of activities serving scholars, teachers, students, and the general public.

The agency pursues humanistic projects through libraries, historical organizations and museums; in newspapers; on television and radio; in recordings for the blind; and, of course, the classroom. No list of established types of institutions completely covers the means by which the Endowment promotes the humanities.

For example, as the nation's Bicentennial approached there was no coordinating mechanism, no structure to encourage a national dialogue on the enduring questions that have faced the United States since its beginning. The Endowment, at the behest of distinguished leaders in the humanities and public life, developed the American Issues Forum, a calendar of issues around which all kinds of individuals and groups could prepare their Bicentennial programs. Without question, AIF was the largest public participation educational program in the nation's history. Programs such as the American Issues Forum, or the Adams Chronicles -- the first American-made television series of its kind, and one which I believe needs no description -- increased public interest in the humanities, thereby heightening the demand on our very limited resources.

Let me be explicit. Last year the Endowment, after recognizing its funding limitations, advised countless numbers of potential grantees of their limited chances for funding, and after establishing re-grant programs to lessen NEH staff application burdens, the Endowment still received over 6,100 applications

requesting $216 million. It could fund only 1,680 grants. In the three months of the Transition Quarter alone the Endowment's formal applications reached 2,359. This suggests that we can expect in the current year a 40-60% increase. The current level of funding is clearly insufficient to keep pace; but the increase will, we do believe, allow us to maintain our momentum in reaching out to as many Americans in as many ways as possible. We would not permit -- I do not believe the Congress would permit -- an easy sacrifice of the progress made nationally in this realm "of ideas and of the spirit" over the past decade.

The Needs

Demand for humanities programming far outstrips and will continue to surpass NEH's capacity to respond. But we are reaching more people with solid humanities programs, and to deepen and broaden the Endowment's impact requires now two very different kinds of support. Both are being requested here today.

1. Program Funds

All program areas need additional monies. Our budget reflects these widespread demands, but gives highest priority to those services reaching the general adult public, thus 52% of the increase sought in definite funds for 1978 will go to activities serving this sector.

Before the establishment of NEH's Public Programs, virtually no sustained humanistic activity oriented to the general public could be found in the United States. Surely, there were readings, discussion groups and performances, town meetings, businessmen's luncheons; but there was no stimulating force to encourage communities to use their museums, historical societies, libraries, and citizen-organizations as the cornerstones of public education.

Today, however, through the Endowment's State-based Program, grassroots participation in the humanities is expected to reach over 25 million citizens in several thousand communities in the current year. Add to that the millions who will watch the Endowment-supported series on television, or in several hundred educational institutions both here and abroad, and you begin to see the present and potential audiences.

Public outreach, however, is not without its specific targets. Assisting leaders in the professions -- medicine, law, journalism, public administration, business and labor -- reassess the basic purposes of their occupation immediately enriches their critical perspective. It will spill over, also, as they go about their civic responsibilities.

Likewise, young people, quite apart from their formal education, have shown a strong desire to create, to participate in the search for knowledge quite independently. As in the sciences, group and individual projects have proven to be useful devices for involving youth in the humanities. One such endeavor, the Bicentennial Youth Debates, attracted more than 140,000 high school and college-age Americans in an extensive program of research and public discussions on national issues during the Bicentennial year. The 1978 request will help us experiment with similar promising ventures in order to involve young people in the "continuing colloquy on the common good."

These are the kinds of activity (and I must emphasize that) which the Endowment has sought to encourage broadly. But

these public activities must be reinforced by another, more limited but fundamental: the works of scholarship and formal teaching. Today, small increases are also proposed to enhance the teaching of and research in the humanities. The aid will be modest indeed, but it will provide:

-- Aid to major collaborative research projects that will address the historical and philosophical background of contemporary issues;

-- Continued support for state, local and regional history in order to sustain the increased interest in this area;

-- Special attention to the curriculum used in foreign languages and area studies and to translation of foreign works needed by American students and scholars; and

-- Support for scholarly publications as urged by this Committee in its report last year.

2. Challenge Grants

The second purpose for which a major increase is requested is to provide Challenge Grants. They are designed to assist the nation's humanistic institutions -- libraries, both academic and public; historical organizations and museums; archives; scholarly research centers; academic presses; and media related institutions -- increase the levels of continuing support and to increase the range of contributors.

Technically, this is not a new area of activity for the Endowment. Our enabling legislation never precluded Challenge Grants and, in one or two instances, the Endowment has made use of them to preserve institutions that were of the utmost importance to the state of the humanities nationally and internationally.

At last year's reauthorization hearings, the Congress, recognizing the emergence of a widening gap between the capacity of humanistic institutions to provide goods and services and the demand for them, wrote into our revised authorization legislation language calling upon the Endowment to establish a Challenge Grants Program. The Congress set a $12 million ceiling for FY 1977 and an $18 million ceiling for FY 1978.

President Ford, having followed closely the deliberations, last year agreed both in principle and as a matter of urgency with the Congress, and accordingly has recommended the fully authorized amounts in both fiscal years. President Carter has endorsed the approach.

The Challenge Grants will support a wide variety of activities depending upon the type of institution and its unique needs. In general the program is expected to:

-- provide administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning;

-- enable cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;

-- stimulate greater cooperation among cultural organizations and institutions, especially when it is designed to serve better the communities in which such organizations or institutions are located; and

-- foster greater citizen involvement in planning and cultural development of a community.

In addition, the Congress envisioned the Challenge Grants as a means to encourage a continuing observance of the Bicentennial period through support of humanities projects which bring the public and private citizen sectors together to assess "where our society and Government stand in relation to the founding principles of the Republic" and to find "new processes for solving problems facing our Nation in its third century."

Each year the Endowment has attempted to enhance the availability and use of the nation's humanistic resources, and with no small measure of pride, I can state that Americans are, in unprecedented numbers, utilizing these resources and services. Coinciding with this increased access to the humanities, however, have been other less fortunate developments which have created new needs.

Unlike private industry, where greater demand stimulates, through the price system, greater supply, the non-profit sector lives on fixed income, which during periods of inflation means, in effect, declining income. Thus, the increased demand for the humanities that has occurred in the past few years has created a severe strain on the budgets of our cultural institutions and now threatens the continued functioning of the nation's humanistic enterprise. This is both tragic and ironic: tragic because demand has never been higher -- (and even this present demand is small in comparison to what the potential demand on the nation's humanistic institutions can be expected to become as leisure time increases) -- and ironic because the increased demand for cultural goods and services results, at least in part, from the Endowment's work. (Let me only remind the committee that prior to NEH, no American-produced humanities television, such as the Adams Chronicles, existed. Today, the demand for more Adams Chronicles is heard nationwide.)

The Challenge Grants Program is designed to respond to this situation by stimulating increased private support -- for it is the non-Federal sector which must continue to bear the major responsibility for the humanities -- to help humanistic institutions keep their doors open, sustain their basic operation, and improve their fiscal outlook for the future. This is done by the issuance of an Endowment offer to provide one Federal dollar for every three dollars raised by the institution.

In the case of an institution like the New York Public Library, the needs are extraordinary; coincidentally, so is the use, appeal, and reach of the institution. And through previous pilot Challenge Grants, the Endowment aided this nationally important research library to raise over $4 million from the private sector. For a major humanistic center like the NYPL the funds may be quite large; but in many if not most humanities institutions the needs, while identical, are smaller in scale. A local historical organization serves a smaller constituency, and its operating costs are less. A Challenge Grant of $2,000 to $5,000 is the appropriate level for such an institution and could stimulate not only $6,000 to $15,000 during the first year or two, but also create an impetus for continued giving by the non-Federal sources long after the Federal grant has ended.

In recognition of the unique role played by humanities institutions in the nation's system of knowledge, of their acute financial needs, and of the leadership role which the Federal government must play if these institutions are to survive, the Congress authorized this new form of Federal assistance as part of the Endowment's recent reauthorization legislation. We are pleased

that both the previous Administration and the new Administration have strongly endorsed full funding of the authorization.

The $12 million in Federal funds will raise up to $36 million in non-Federal funds and will aid scores if not hundreds of institutions in 1977. The $18 million in FY 1978 will raise $54 million in non-Federal funds.

3. Administrative Funds

In terms of administration, the Endowment is requesting an additional $400,000 for FY 1977 which is desperately needed to maintain its existing high level of agency efficiency and effectiveness.

As you know, the Foundation's position ceiling and Administrative Budget have remained at the same level since 1975; grant-making activity, however, has continued to increase. The number of new grant projects funded increased by 40% during the last two years. Equally significant is the number of open grants being administered: from 1,175 at the start of FY 1975 to 2,009 at the end of FY 1976 -- a 70% increase.

There has been a corresponding increase in the scope and complexity of the projects supported. Many of these now are large re-granting projects -- like our Summer Seminars -- which, while helping to restrain the volume of direct applications to the Endowment, require a much greater amount of staff work. (As such projects may aid 10-15 times the number of persons as an individual fellowship award, the increased staff input is very cost-effective; and, of course, although extremely time-consuming to develop and administer, one television program like the Adams Chronicles may be viewed by millions of Americans.)

While we feel that the current workload more than justifies the increased administrative funds sought, the launching of the new Challenge Grants Program is also creating additional requirements as it is producing inquiries which will be followed shortly by an influx in applications. To carry out this new program, which the Congress itself initiated, we urge that the supplemental be approved in full and as speedily as possible.

The 1978 request for Administrative Funds presents for the first time a consolidated budget for each Endowment as requested by the Committee. Assuming the supplemental for 1977 is approved, the actual increase for 1978 would be about $600,000 in order to cover four new positions and increased operating costs resulting from the expanded Challenge Grants Program and the increased grant-making level in established programs. I should mention that the consolidated budget assumes some continued joint administrative services for the two Endowments if we are to operate within the $18 million set by the President for the Foundation's administration. We are presently studying the most efficient organization, and its related costs, should this Endowment take on direct and comprehensive responsibility for all of its administrative functions. We will be able to advise you later this Spring about our findings in this area so that you may act on the basis of firm data.

I will be pleased to respond to your questions.

Justification

NATIONAL ENDOWMENT FOR THE HUMANITIES

FY 1977 SUPPLEMENTAL REQUEST

Summary Statement

The Congress has appropriated for FY 1977 $77.5 million in definite program funds, and $11 million for administration. The subsequent reauthorization legislation, as well as the pressing need for Endowment funds and services, has led the Administration to request that the appropriation be supplemented with an additional $12 million of indefinite matching authority for the establishment of a Challenge Grants Program and an additional $1 million for administration for the Foundation, of which $400,000 will supplement the $2.9 million already apportioned to the administration of the Humanities Endowment exclusively.

These monies are essential if the Endowment is to fulfill the intentions of the Congress as expressed in the reauthorizing legislation of 1976. The act calls for the development of a program of financial support to ensure the financial viability of humanistic institutions, thereby serving the nation of users -- scholars, teachers, students, and the public. Twelve million dollars has been authorized by the Congress for this activity, and is presently requested.

At the same time the Endowment is requesting an increase in its administrative budget of $400,000. This reflects a careful estimate of the funds necessary to continue the high degree of efficiency and to allow the agency to fulfill the new legislative requirements.

The subsequent justifications describe in some detail the use of these monies.

Challenge Grants - Indefinite Appropriation

The Endowment is requesting an additional indefinite appropriation of $12 million for the present (1977) fiscal year in order to establish the Challenge Grants Program authorized by the Congress in amendments to the National Foundation on the Arts and Humanities Act this past fall.

In recent years, the nation's humanistic institutions have found it nearly impossible to meet basic needs with available funds: hours have been shortened; staff let go; collections closed off; and unique resources, at best, kept crated. Challenge Grants help institutions that are vital to the health of the humanities maintain their essential services and resources.

Libraries, both academic and public, historical organizations and museums, archives, scholarly research centers, academic presses, and media-related institutions are some of the major types of institutions that need and will receive assistance through the Challenge Grants Program. In each instance, the objective will be to enable these cultural organizations and institutions to increase the levels of continuing support and to increase the range of contributors.

The challenge grants will support a wide variety of activities depending upon the type of institution and its unique needs. In general the program is expected to:

-- provide administrative and management improvements for cultural organizations and institutions, particularly in the field of long-range financial planning;

-- enable cultural organizations and institutions to increase audience participation in, and appreciation of, programs sponsored by such organizations and institutions;

-- stimulate greater cooperation among cultural organizations and institutions, especially when it is designed to serve better the communities in which such organizations or institutions are located; and

-- foster greater citizen involvement in planning and cultural development of a community.

In addition, the Congress envisioned the challenge grants as a means to encourage a continuing observance of the Bicentennial period through support of humanities projects which bring the public and private citizen sectors together to assess "where our society and Government stand in relation to the founding principles of the Republic" and to find "new processes for solving problems facing our Nation in its third century."

The presence of the Bicentennial only heightened the serious imbalance that had been evolving over the last six to eight years between demand and resources, maintenance costs and income. The American people have been turning in unprecedented numbers to the nation's educational and cultural institutions in search of a deeper understanding of American life, culture, and history. In some instances, a lecture or special course was desired, in others a film or media presentation, and for still others it was a matter of access to bibliographies, books, and basic documents. And this growing demand for cultural goods and services will not dwindle; quite the contrary, by all indications, the demand will continue to increase and, unfortunately, increase faster than projected income from traditional sources.

In the early 1970's NEH has been able to help a few key humanities institutions stave off crippling financial difficulties by challenging them to arouse new sources of support. The New York Public Library, the American Council of Learned Societies, the Newberry Library and a number of other humanistic centers were assisted by challenge grants which, by stimulating a far greater amount from the private sector, not only averted reductions in staff and operations, but helped secure a better financial base of operation.

Nevertheless, the spiralling inflation of this decade coupled with the increased demand on humanistic institutions with a fixed fiscal base has made the need for new non-Federal support, and therefore the need for challenge grants, widespread. No longer is it reasonable to make only one or two such grants; nor is it possible to think solely in terms of national organizations. Local institutions, serving local needs, are encountering precisely the same demands with the same unsatisfactory resources.

Proceeding much as in the past, serving as a catalyst and a complement to other sources of support for humanistic research, education, and public activity, the Endowment now proposes to use challenge grants to help institutions help themselves: it will encourage them to go to their communities and to their audiences, calling on them to recognize the value of the institution and to provide increased and continuing support.

At the start of this first authorized year of the program, it is not yet possible to determine with any degree of accuracy who the actual recipients of challenge grant funds will be by type of institution. NEH guidelines will emphasize the limitations of Federal support and require applicants to project potential private support, specifying how such monies will lead to the improvement, in the long-run as well as in the short-run, of their institutions.

Challenge grants may cover broad institutional needs like general operating support, individual programs, or specific projects of kinds not normally funded by NEH. A special invitation will be

extended to projects for a continuing Bicentennial observance, projects of a kind which the Congress considered so important as to authorize for them a relaxation of the three-to-one matching requirement.

It is anticipated that in FY 1977 grants will range considerably in size: a few major national institutions, subject to extensive usership but capable already of sophisticated fund-raising, may initially command grants reaching, over several years, as high as $1 million; but the vast majority will be smaller -- in the case of a local institution as low as $2,000. The $12 million in Federal funds will raise up to $36 million in non-Federal funds and will aid scores of institutions in 1977 alone.

NEH Administrative Funds - Definite Appropriation

FY 1976 Approp.	T.Q. Approp.	FY 1977 Approp.	Suppl. Request FY 1977
$2,930,000	$732,000	$2,936,400	+$400,000

The request for a $400,000 supplemental appropriation for FY 1977 is to provide funds to support 24 new positions recently authorized for the Endowment, and the costs associated with them. The cost of the October 1976 pay raise is included in a special overall section of the President's budget. New positions assigned to the Foundation's Shared Staff are justified elsewhere in this submission.

The additional permanent positions are comprised primarily of program specialists and program assistants needed to facilitate the grants process through receipt, review, and control of all grant applications for a particular program; to ensure that applications are prepared for review by the program panel, whose recommendations for acceptance or rejection are assembled for presentation to the National Council on the Humanities; and to help negotiate and administer grants recommended by the Council.

The OMB authorized the Endowment to increase its personnel ceiling in recognition of the fact that the NEH personnel ceiling had remained constant -- at 154 full-time permanent -- since FY 1975 and that the number of inquiries, applications, and grants (and the scope and complexity of grant projects) had significantly increased.

The 24 new positions -- most of which are conversions of existing part-time positions (which need to become full-time) -- range from GS-5 to GS-14 and are being assigned to priority programs and to help launch the new NEH Challenge Grants Program.

The additional $400,000 is specifically for salaries, benefits, travel and related administrative costs of agency personnel, additional panelists and reviewers needed to meet the increased application workload.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES
SALARIES AND EXPENSES
NEH'S PORTION - FY 1977 SUPPLEMENTAL
Program and financing (in thousands of dollars)

Identification code 59-0100-0-1-503	19 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplemental
Program by activities:				
1. Promotion of the Humanities.....		113,920	125,920	12,000
2. Administration.....		3,231	3,631	400
10 Total obligations.....		117,151	129,551	12,400
Financing:				
Receipts and reimbursement from:				
13 Trust funds 1/		-19,000	-19,000	---
21 Unobligated balance available, start of period 2/		-10,420	-10,420	---
Budget authority.....		87,731	100,131	12,400
Budget authority:				
40 Appropriation:				
Definite.....		80,436	80,836	400
Indefinite.....		7,000	19,000	12,000
44.20 Supplemental now requested for civilian pay raises.....		295	295	---
Relation of obligations to outlays:				
71 Obligations incurred, net.....		98,151	110,551	12,400
72 Obligated balance, start of period.....				---
74 Obligated balance, end of period.....				---
90 Outlays excluding pay raise supplemental...				5,160
91.20 Outlays from civilian pay raise supplemental...		266	266	---

1/ Actual donations received or anticipated whether in the form of pledges, equity or cash.

2/ Does not include $3,750 equity value of equipment not available for obligation.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES
NATIONAL ENDOWMENT FOR THE HUMANITIES PORTION
FY 1977 SUPPLEMENTAL

OBJECT CLASSIFICATION (in thousands of dollars)

Identification code		19 actual	1977	1977 estimate	1977 estimate
	Personnel compensation:		Presently Available	Revised Request	Proposed Supplementa
11.1	Permanent positions	---	2,558	2,740	182
11.3	Positions other than permanent	---	106	135	29
11.5	Other personnel compensation	---	16	23	7
11.8	Special personal services payments	---	---	---	---
	Total personnel compensation		2,680	2,898	218
	Personnel benefits:				
12.1	Civilian	---	242	262	20
13.0	Benefits for former personnel	---	---	---	---
21.0	Travel and transportation of persons	---	208	282	74
22.0	Transportation of things		1	1	---
23.0	Rent, communications, and utilities		8	11	3
24.0	Printing and reproduction		27	92	65
25.0	Other services		35	55	20
26.0	Supplies and materials		25	25	---
31.0	Equipment		5	5	---
32.0	Lands and structures				
33.0	Investments and loans				
41.0	Grants, subsidies, and contributions		113,920	125,920	12,000
42.0	Insurance claims and indemnities				
43.0	Interest and dividends				
44.0	Refunds				
99.0	Total obligations		117,151	129,551	12,400

NATIONAL ENDOWMENT FOR THE HUMANITIES
PERSONNEL SUMMARY Revised 2/1/77

Identification code 59-0100-0-1-503	19 actual	1977 Presently Available	1977 Revised Request	1977 Proposed Supplements
Total number of permanent positions		130	154	24
Full time equivalent of other positions		6	8	2
Average paid employment		185	209	24
Average GS grade		9.86	9.24	---
Average GS salary		18,301	17,237	---
Average salary of ungraded positions		42,000	42,000	---

NATIONAL ENDOWMENT FOR THE HUMANITIES
SALARIES AND EXPENSES

DETAIL OF PERMANENT POSITIONS

	1977	1977	1977
	Presently Available	Revised Request	Proposed Supplemental
Executive Level III	1	1	...
Subtotal	1	1	...
GS-18	1	1	...
GS-17	...	...	...
GS-16	2	2	...
GS-15	14	14	...
GS-14	6	7	1
GS-13	16	17	1
GS-12	14	14	...
GS-11	9	10	1
GS-10	...	...	...
GS-9	16	17	1
GS-8	1	1	...
GS-7	17	25	8
GS-6	7	7	...
GS-5	20	24	4
GS-4	5	10	5
GS-3	...	3	3
GS-2	...	...	...
Subtotal	128	152	24
WG-6	1	1	...
Subtotal	1	1	...
Total permanent positions	130	154	24

INTRODUCTION OF ASSOCIATES

Senator STEVENS. Will you tell us, for the record, who is with you, please?

Mr. KINGSTON. Yes; Mr. Chairman. I am Robert Kingston, and, pending the appointment of a new Chairman by the President, I am serving as Acting Chairman, as well as in my customary role as Deputy Chairman.

On my left, to assist me, is Mr. Armen Tashdinian, whom I think is familiar to you, as the Director of Endowments' Office of Planning, and on his left is Mr. Joe Hagan, the Special Assistant to the Chairman for Congressional Affairs.

On my right is John Jordan, our administrative officer, and to his right is John Barcroft, who directs the Endowments' public programs, and I will ask them to respond in detail about the programs with which they are directly concerned.

CHALLENGE GRANT PROGRAM

Mr. Chairman, you have asked for comments, first, on the supplemental request, which comprises two parts. First, a request for $12 million to fund the new challenge grant program. And the second, for $400,000, for supplemental administrative expenses.

If I might address the challenge grant program first, because it is most important, I would invite your thoughts for a moment about the humanities institutions, which are all in some shape or form sponsors of programs depending on outside support, and the situation is more critical this year than it was last.

There is an enormous range of such institutions, about 20,000 throughout the country, including libraries, public libraries, research libraries, scholarly organizations, historical organizations in States and communities, educational organizations, the media—all institutions which communicate knowledge and invite the participation of the people broadly across the country.

They are, to put it mildly, in some trouble.

ADMINISTRATION OF CHALLENGE GRANT PROGRAM

Senator STEVENS. Let me interrupt you. I think we are familiar with that, and you have heard, generally, the questions I have asked Miss Hanks, questions regarding this $12 million challenge grant program with regard to the supplemental.

Are you ready to go with the machinery to administer this big challenge grant program?

Mr. KINGSTON. We believe so and I should like to describe some of the steps we have taken.

First, as you might expect, our constituents have followed rather closely all of the reauthorizing proceedings; so when the idea of challenge grants was proposed and mentioned prominently in the press, they were quick to encourage and advise us on how best to proceed.

Second, the staff has put in untold hours in the drafting and redrafting of a brochure on challenge grants. The development of this document involved discussions with individuals at insitutions who have participated in similar programs supported in the past by private foundations, members of the National Council, and of course, the many

interested constituents who are already notifying us of their intent to submit proposals.

Senator STEVENS. What controls do you have to assure that these public moneys will be used for the purposes set forth in the authorizing act? How do you prevent possible abuse?

Mr. KINGSTON. We have prepared a brochure and will be completing administrative procedures to insure the objectives of the program and the legislation are one. The brochure very clearly states the purposes of challenge grants, the objectives of the program, what the moneys may be used for and other such appropriate information. I have a copy here which we would like to leave with you to look at when time permits.

As to the matter of possible abuse, the Endowment here as in its other grant-making activities retains the right to audit grantees. We contemplate making random selections—in a manner similar to the Internal Revenue Service—for the challenge grant program.

NEED FOR CHALLENGE GRANT FUNDING

Senator STEVENS. Your justifications state that humanistic institutions have found it impossible in recent years to finance basic needs. Why is this?

Mr. KINGSTON. Put succinctly, costs of maintaining essential services—for example, staff and physical plant—have risen sharply and additional funds have not been forthcoming. Hence, these insitutions—museums, libraries, archives, media production centers, and university presses—do not have the wherewithal to keep up; in many cases they have lost ground, depleting their endowments.

For example, the Nation's independent research libraries report that their operating costs have increased four times the general rate of inflation; in 1948 their endowments covered basic operations, today it covers only 75 percent. Books alone, which, after all, are crucial to libraries, have jumped 50 to 100 percent in price over the last 5 years.

I could give other examples but they would only repeat this same scenario: rising costs, insufficient revenues, and the depletion of endowment.

Senator Stevens. You state on page 103 of your justification that challenge grants can be used for specific projects of kinds not normally funded by the Endowment. What kinds of projects, for example?

Mr. KINGSTON. The word projects, as used here, should be clarified. Challenge grants are designed to help institutions raise money to meet their basic operating costs, and in this way the grant is for a definable institution and perhaps a specific portion of the institution, for example, a special collection in a library. "Project," when normally used by the Endowment, refers to an activity that is added to the institution's basic operation: the activity supported has a defined scope, duration, and agenda.

Challenge grants complement the agency's normal grant-making work. A typical challenge grant might go to a small historical society which has found itself increasingly dependent upon volunteer staff and its unique collections of local documents are deteriorating. The grant would help focus community attention on the need for increased

moneys for the institution to hire professional staff who are knowledgeable about preservation, cataloging, and organizing exhibitions.

A second example of a type of project vital to an institution's long-term viability, might be the use of a challenge grant to help stimulate private sector support for upgrading the scale of operation of university presses. As you know, these institution's are essential to the dissemination of humanistic knowledge, and they are facing severe financial problems. A grant to develop and maintain efficient group warehousing or printing centers could stem one major problem; namely, the inelastic costs regardless of size for production.

WAIVER OF MATCHING REQUIREMENT

Senator STEVENS. The authorizing law gives the Chairman authority to waive matching requirements in certain cases and with the advice of the National Council. Do you foresee such a situation occurring?

Mr. KINGSTON. The waiver applies only to certain kinds of Bicentennial projects which your Senate colleagues thought particularly important during our reauthorization, and they persuaded the House to include the waiver in the final legislation. It is difficult to identify more specifically in advance where the waiver provision would be used.

As a matter of policy the Endowment does not match money from other Federal sources. Thus a waiver would only occur when a meritorious Bicentennial-related proposal couldn't be supported from non-Federal sources. I will provide for the record the details on how a waiver would be made.

[The information follows:]

Section 7(h)(2)(B) of our Act allows the Chairman to waive all or part of the matching requirements (Section 7(h)(2)(A)). These matching requirements provide that the Endowment's total payment may still not exceed 50 percent of the cost of the program. Thus only a part of the standard 3-to-1 matching required for challenge grants may be waived.

The waiver by the Chairman, with the advice of the Council, may be made:

1. When Chairman determines that a highly meritorious proposal couldn't be supported from either.

a. Non-Federal sources

b. Federal sources other than Challenge Grant funds unless a waiver is granted.

2. Such a waiver can't exceed 15 percent of the amount appropriated in any fiscal year for Challenge Grants.

Senator STEVENS. Under the proposed appropriation language, as I read it, the waiver alternative would not be available anyhow, would it?

Mr. KINGSTON. Because of the proposed supplemental appropriation language, the waiver alternative would not be available for more than a partial waiver. I will provide for the record the proposed supplemental language.

[The information follows:]

. . . $12,000,000 shall be available to the National Endowment for the purposes of Section 7(h): *Provided*,

NEW POSITIONS

Senator STEVENS. You have a request for 20 positions in this supplemental. But we have a little different situation here. You have a

shared staff supplemental request of—the total that you would have in new positions as I am informed, if the supplemental request for $400,000 is granted would be 38 or 39 new positions in 1 year.

How many people do you already have on board in administrative areas?

Mr. KINGSTON. At present we have 130 full-time positions in the Endowment, and 24 that have just been authorized by OMB, which would bring the total to 154.

Senator STEVENS. Does that include shared staff?

Mr. KINGSTON. No; that does not include shared staff positions, Mr. Chairman.

Senator STEVENS. I am informed there will be 38 to 39 new positions.

Mr. KINGSTON. If you add the shared staff positions it will come to 40 new positions.

Senator STEVENS. Can you give a better justification? We are entirely in support for more staff, but that much all at once, particularly in a supplemental seems high and we would like to have something for the record on that.

Also, is your $400,000 annualized? Is that for 24 positions for a year?

Mr. KINGSTON. No; it is 24 positions for 6 months. It is for the remainder of the present fiscal year. It is annualized in the 1978—included in the 1978 budget.

Senator STEVENS. Is that $800,000 in the new budget?

Mr. KINGSTON. Yes; $800,000 in the new budget.

TRAVEL INCREASE

Senator STEVENS. You have a $74,000 travel increase in the supplemental. Why is that?

Mr. KINGSTON. The amount presently used is $208,000 in the existing budget for 1977 and the additional $74,000 is needed partly as a result of the changed State humanities programs that were made a matter of law, rather than policy, during the reauthorization hearings last fall.

Additional staff travel will be increased by approximately $50,000 in relation to the challenge grant program to visit the institutions which are requesting the challenge grants. It is necessary to perform site visits and attend meetings concerned with the implementation of the new procedures, as well as the introduction of any new program.

I should add, perhaps, that all of the increased administrative costs, almost all of them, do relate to the additional saff positions, the 24 new positions.

SUBMITTED QUESTIONS

Senator STEVENS. Maybe we will see that as you give us the further justification for that new block of staff. I will ask the staff to give you the questions. We need to have a record on it.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADMINISTRATION

Question. Your justifications indicate some of the new positions will be assigned to other "priority programs." Why couldn't this kind of need have been foreseen in your regular appropriation request?

Answer. The previous administration imposed a freeze on Federal employment which kept the staffing level of the Endowment at the same level for the prior two years. This freeze had few exceptions and worked adversely on younger agencies whose growth was both anticipated and a matter of fact.

The effects on staff of the freeze have been especially apparent in the last 12 months (since the original FY 1977 appropriation request was submitted to the Congress) but the actual strains have been cumulative; it has only been the considerable number of staff-saving steps that NEH has taken that has deferred this current pressure. This relationship between increased demand for administration and the lack of any further viable means for cutting staff involvement can be seen in all phases of the grant-making process:

1. Inquiries and the Volume of Mail

The Foundation's mailroom periodically is required by the U.S. Postal Service to survey out-going mail in order to determine approximate postal costs of the agency. These survey data are considered a meaningful estimate of routine agency work as the major portion of this mail constitutes responses to externally originating requirements -- general inquiries, formal applications, grant correspondence (requests for budget changes, extensions, personnel changes, etc.), and other agency business. Based on the survey counts reported to the Postal Service, NFAH mail doubled during the past year -- the FY 1975 count was 636,295; the FY 1976 count was 1,246,796.

2. Formal Applications

Simply in terms of numbers, the Endowment processed 10 percent more applications in the period February 1976 - January 1977 than it did in the previous comparable period. This number without question can be expected to rise significantly during FY 1977.

While the sheer number of applications constitutes one kind of workload, the Endowment's changing program structure and the types of applications it receives are more indicative of the total staff effort required. The changing program structure of the Endowment over the last few years has caused a fluctuation in the number of formal applications directly received by the Endowment. The creation of the State-based programs, the movement away from direct "small-grant" research support, the establishment of more than seventy summer seminar programs around the country have acted to shift several thousands of applications from NEH to other organizations. In 1976, for example, the various NEH summer seminars, which are structured along fairly prescribed lines by the Endowment, received and acted upon 3,523 applications while thousands more fellowship and research applications are now dealt with through the NEH-supported programs administered by the American Council of Learned Societies.

At the same time, for NEH to support a major media application like "The Adams Chronicles," an extensive research center project like that of the New York Public Library, a traveling inter-

national exhibition like the imminent Egyptian exhibit, or a major research tool like the Atlas of Early American History, requires a great deal more of review, outside consultation, and negotiation than any other NEH application would receive a few years ago, and each year has seen a steady increase in Public Program and Research Tool applications like those cited above.

In addition, during the past two years there has been a much larger amount of staff-initiated projects, e.g., Bicentennial Youth Debates, State histories, American Issues Forum, Professions Seminars. However, these efforts cannot be quantified. It should be noted that the extensive and intensive staff cost relating to these projects is, of course, more than offset by the great national impact which these and similar grant projects have.

3. Grant Administration

Between one-third and one-half of staff effort is devoted to the negotiation and administration of grant awards. Both total new awards and non-fellowship grants (which are for more complicated projects) have increased over the past few years as follows:

	Total	Non-fellowship grants
1974:	1,293	663
1975:	1,330	725
1976:	1,619	925

More importantly, there has been an increasing number of open grants being administered:

as of June 30, 1974:	1,175
as of June 30, 1975:	1,573
as of June 30, 1976:	2,009

Total grant dollar volume has also increased:

FY 1974:	$60.2 million
FY 1975:	$73.1 million
FY 1976:	$86.6 million
FY 1977 (est.):	$90-100 million (depending on gifts-and-matching funds)

Another indication of workload is the average grant size. The average for all awards has increased from $46,404 in FY 1974 to $52,502 -- a further measure of the scope and complexity of grant projects.

4. Federal administrative requirements

Although not quantifiable, it is obvious that such developments as the Advisory Committee Management Act, Upward Mobility, Equal Employment Opportunity, Freedom of Information Act, and the issuances of far-reaching OMB and Treasury circulars during the past two years have also imposed increasing work on a staff which has been kept the same size.

In addition, the National Council has long been concerned about the lack of data on needs in the humanities and the lack of evaluative data about the spread and the effectiveness of NEH grants. As our Planning and Evaluation units have become more firmly based, the Council has urged expansion in their work as being of critical importance to effective grant-making.

The additional permanent positions for which supplemental funds are being sought are therefore assigned not to each and every program -- although all could justify an increase -- but rather to those programs in which the inquiries/applications/grant-making has already risen to such a level that additional help is essential lest the overall program be severely impaired and which are expected to receive the bulk of Challenge Grant applications.

Question. Why does your printing and reproduction cost increase from $27,000 to $92,000?

Answer. The additional $65,000 for printing is needed to print sufficient copies of the Challenge Grant Program guidelines and program announcements for dissemination to all eligible institutions, as well as to revise and republish guidelines for the State Humanities Program. The Endowment currently has 16,000-20,000 institutions on its mailing list who must receive the guidelines.

THE TWO ENDOWMENTS AND CHALLENGE GRANTS

Senator STEVENS. Let me go to your budget request for 1978—unless you have something else that you think we ought to discuss on the supplemental.

It seems fairly routine, except for the positions.

Mr. KINGSTON. The justifications are slightly different in the two Endowments because we have different constituents and serve them in different ways.

Senator STEVENS. But it is the same concept, the grants.

Mr. KINGSTON. That is true.

Senator STEVENS. There is a difference there, and Mr. Dyer mentioned it. What has been your history as far as being able to match those grants? Are you going to have the capability of developing this $12 million in the same way?

And will it work the same way as the Arts, where you are going to have $12 million matching before you put it out again?

Is it really going to result in a 3-to-1——

Mr. KINGSTON. Yes; it is. The law requires that the first 50 percent of any program involve the 1-to-1 match. That amounts to a 3-to-1 match, finally.

Senator STEVENS. Have you had experience in finding that? Can we anticipate that your success record will justify $12 million in the balance of this fiscal year?

Mr. KINGSTON. Yes; it is our expectation that we will have absolutely no problem in raising that. Indeed, the letters of intent are already coming in to the Endowment expressing the Institution's intention to apply, should the appropriation be made.

CHALLENGE GRANTS VERSUS PROJECT SUPPORT

Senator STEVENS. Will the money be for things like the Adams papers, would that be considered the type of grant you could anticipate?

Mr. KINGSTON. No; it is not. I should explain, Mr. Chairman, the difference between the challenge grants program as it is now conceived by the Congress and the earlier continuing gift and matching program, for which we are requesting $7.5 million in 1978.

The former matching program was a 1-to-1 match, and the challenge program is a 3-to-1 match. The former program was for support of projects only, but the challenge grant program is for the support of operational purposes of institutions, which is a brand new concept.

In the original program, funds could come from any source. In the challenge grant program they can only come from new sources.

Senator STEVENS. Are you going to be talking about museums in here?

Mr. KINGSTON. We are talking about museums, broadcast centers, libraries, public libraries and their programs and scholarly presses.

REDUNDACY IN MUSEUMS

Senator STEVENS. I asked Miss Hanks about museums, primarily to see if there was any redundancy in these two programs.

Are you sharing any information on what you plan to do?

Mr. KINGSTON. Yes; we are, Mr. Chairman, and there is a long history of cooperation of museum staffs from both Endowments, because both of the Endowments have long had museum programs.

I think both we and the constituency understand the particular areas of responsibility.

FISCAL YEAR 1978 BUDGET REQUEST

Senator STEVENS. On your 1978 request, you have $120 million in total, including administrative expenses, an increase of $30.4 million over appropriations to date for the same purposes.

This is up 34 percent. The justification is in the record, and your prepared statement is in the record. I would like to talk to you about some of the general increases.

DEFINITE PROGRAM FUNDS

Since you are getting a general increase in the challenge grant program per se, why do you need an additional $12 million for increase in your regular support programs?

It would seem that the $12 million for challenge grants is going to result in a program increase of a total of $48 million. Why do we need $12 million in addition to that in regular programing?

Mr. KINGSTON. Mr. Chairman, again, they serve a very different purpose. The challenge grant program is new, and I think desperately needed.

The institutions themselves will not be able to try out projects of the kind the Endowment characteristically supports, unless they are able to broaden their funding base and protect their operating procedures.

That is the purpose of the challenge grant program.

MATCHING ACTIVITY

Senator STEVENS. How much of your regular program money is going to be matched?

Mr. KINGSTON. There is a request for $7.5 million to be matched in regular programs.

Senator STEVENS. You have $18 million here for fiscal year 1978.

Mr. KINGSTON. In fiscal year 1978 for challenge grants, we are requesting $18 million.

Senator STEVENS. You are talking about a $70 plus million matching grant concept in this fiscal year. What was it in 1976, total matching grant?

Mr. KINGSTON. In 1976 it was $12 million, including private gifts.

Senator STEVENS. How much of it was actually matched?

Mr. KINGSTON. A little short of the total.

Senator STEVENS. That gets back to the question. Can you anticipate that that level of funding will be matched?

Mr. KINGSTON. Yes; we can.

PRIVATE SUPPORT FOR CHALLENGE GRANTS

Senator STEVENS. If we matched $7.5 million, that is $7.5 million non-Federal; match $18 million, that is $48 million non-Federal. Do

you really think in 1 year you are going to pick up that much money when you could not match $12 million just a year ago?

Mr. KINGSTON. Yes; we do, and I would like to explain how. Again, it has to do with the difference in concepts. The challenge grant concept was pioneered by the Humanities Endowment originally in grants to a small number of research libraries, most notably the New York Public Library. It was done under the regular matching fund program. A grant was offered—grants over a period of 2 years were offered, which totaled $2.25 million and they were matched on a 2-to-1 basis over the 2-year period.

During that 2-year period the number of private gifts flowing into the New York Public Library tripled.

It increased from 7,000 in 1973 to 21,000 plus, 2 years later. This is the impact of a challenge grant, and its purpose is to raise only new money.

Historically, it has not been easy to raise private money to support distinctive Humanities projects, and this is what the $7.5 million is for.

Senator STEVENS. Your financial summary on page 3 estimates that you will have no unobligated balance at the end of the 1977 and 1978 fiscal year. How realistic is that estimate?

Mr. KINGSTON. Senator, I do not know. In past years our fourth quarter activity has been impossible to complete by the end of the fiscal year. This coming year, the National Council's fourth quarter comes in August; and the year ends less than 6 weeks later. We will do our best.

Senator STEVENS. Are all grants under direct programs fully matched by the recipients? How do you determine matching requirements?

Mr. KINGSTON. The Humanities Endowment's legislation does not require matching for its definite program grants. Individual applicants may request funding in the form of direct project support with no match at all, or direct project support with partial funding through gifts and matching activity, or all support through gifts and matching activity. Initially, the choice is the applicant's but frequently reviewers, panelists and Council will advise that a given project assume a given mix of funding.

PUBLIC PROGRAMS: PROGRAM DEVELOPMENT

Senator STEVENS. Why don't you use a similar concept in your program development? Program development, I am told, has a $1.8 million increase in this budget request. That is an increase of 81 percent.

Mr. KINGSTON. I think there you are referring to a category within our public programs, Mr. Chairman.

Senator STEVENS. Yes. But what I am saying is, if your experience is good, and you get an area like this, where you have a program—what is program development?

Mr. KINGSTON. I should explain that. The basic mission of public programs is to develop kinds of programs which reach outside of schools, colleges, and institutions to involve the adult program broadly.

The programs include media productions, museum exhibitions, community forums or programs through national organizations, like labor unions, women's organizations, ethnic organizations, and so on.

PROGRAM DEVELOPMENT AND CHALLENGE GRANTS

Senator STEVENS. Why is that not an area that could be utilized in this challenge grant program?

Mr. KINGSTON. Because, Mr. Chairman, the challenge grant program is designed to sustain the basic operations of the institutions of the Nation.

There are 20,000 of those, closing down, restraining their hours. Their history has been extremely painful over past years. The New York Public Library, for example, reduced its hours from 87 hours a week to 43 hours a week in 1970. It spent $8 million of its endowment last year alone in order to sustain operations at that reduced level. This is what is happening to institutions. Seventy-eight of the Nation's colleges have closed, simply gone out of business over the past 10 years.

A similar plight is found in museums. In a recent survey, 36 percent of them reported that they had reduced services, reduced maintenance, reduced hours of operation.

This is happening to institutions. And I think when Congress designed the challenge grant program—and I should mention it was designed in the Congress and subsequently supported by President Ford and now endorsed by President Carter—the purpose of that program is to keep these institutions operating by giving them an infusion of funds to challenge more private support, private support in funding, private support in attention, perhaps in dignity in their communities, so that they will be able to get a better financial base, better operating system—some of them, particularly the small ones, are hopelessly out of date—and be able to make fuller use of their resources.

At that point they will be able to conduct the kind of projects which the Endowment characteristically funds through outright funds, or through the old style of matching funds.

STATE-BASED FUNDS

Senator STEVENS. On the public programs area, the State-based funds, how are they administered? Is there a minimal allocation to each State?

Mr. KINGSTON. Yes; there is, Mr. Chairman. These programs were developed by the Endowment at the request of Congress, but as a matter of policy until last year, when they were written into law for the first time. Now the law requires that 20 percent of Endowment funds be directed to the State programs, with a minimum, I believe, of $200,000 to each State.

In every State there is a committee, a committee of citizens, which, under the new law, must publish bylaws, making it accountable to the State to insure that its programs are broadly publicized; committees also include two representatives of the Governor.

Indeed, if the State wishes to make an appropriation for that work equal to the Federal appropriation, then the Governor may appoint 50 percent of the membership of the State committee.

This is what is contained in the recent reauthorizing legislation.

Senator STEVENS. Is State funding required?

Mr. KINGSTON. State funding, per se, is not required. But in every State program it is required that Federal moneys do not cover more than 50 percent of the cost of any project.

Our histories in the States have been extremely good. Last year, the State program raised almost $30 million in private funds, throughout the country, and it was funded, I think, at a level of a little over $15 million during the past year in Federal funds.

Senator STEVENS. From your justification it would appear the State-based programs are quite successful and attract full matching funds and more. If this is so, why are they not allocated a larger share of your requested public programs increase?

Mr. KINGSTON. The State-based programs have enjoyed considerable increases in funding during the most recent fiscal years. The relative increase is lower for fiscal year 1978 because of two reasons. First, the recent reauthorizing legislation has enabled the State committees to expand their programing possibilities beyond the public policy focus which has been characteristic of their grants over the past 5 years. The committees must assess funding needs in the humanities in their States, including a judgment as to the relative priority of different kinds of humanities programing and the matching funds likely to be available for those purposes. Until this process of consultation and assessment within each State is complete, neither the Endowment nor the State committees can judge how much of an increase beyond current levels is absolutely essential.

Secondly, the demand for funds for nationally or regionally oriented public humanities activities has been growing at an even greater rate, and applicants to the Endowment's media and museums programs have demonstrated the same capacity to obtain matching funds as have applicants to the State-based committees. These national needs—for high-quality television and radio programs in the humanities, for major regional and national voluntary organizations, libraries, and other groups—deserve consideration just as the locally oriented activities do, and indeed they are an essential complement to the local programing.

Senator STEVENS. How are State committees funded locally?

Mr. KINGSTON. Support for the programs of the State committees comes from an astonishing variety of sources. As noted in the budget submission, for example, the Pennsylvania committee has received matching funds from the Pennsylvania Bell Telephone Co., private businesses and corporations, foundations, and individuals. Other committees have been supported by sources such as the Ralston Purina Co., McDonald's Restaurants, the Aetna Insurance Co., the Northwest Area Foundation, Lilly Endowment, American Jewish Committee, Soroptimist Clubs, and the San Francisco Foundation.

Beyond these funds, all local groups which receive grants from the State committees contribute other cost sharing. In some cases, it is appropriated from the program budgets of groups like YMCA's, Urban Leagues, and Leagues of Women Voters; in other cases, it comes from the donated use of meeting space in churches, libraries, schools, and people's homes; from contributed professional time; or from the provision of facilities like television and radio production equipment.

The value of such local support extends beyond the dollar amounts invested, because it is the Endowment's and the Congress best gage of why these programs are so important to the intellectual and civic life of their local communities. The money and time invested in humanities programs might just as readily be invested in other kinds of activities, but these local groups obviously believe that the programs of the State committees merit their continuing support.

MEDIA PROGRAM

Senator STEVENS. You have a media program of $7 million, up by $1 million. To what extent are these media grants matched?

Mr. KINGSTON. Grantees of the media program include public television and radio stations, independent film producers, State and local government agencies, and many other nonprofit organizations. Every grant in the media program is matched at least through cost-sharing—the contribution of time, supplies, equipment, facilities, and the like. Major nationally oriented programs receive additional outside support through the gifts and matching fund provisions. For example, "The Adams Chronicles," was financed on the basis of more than 2 private dollars to each Federal dollar, from sources such as the Atlantic Richfield Co. and the Andrew W. Mellon Foundation. Other current sources include the Exxon Corp., the Westinghouse Electric Co., and the Mobil Oil Corp. Over the past 2 years, gifts and matching awards have exceeded $3.5 million. Other matching has at least equaled the $5.3 million allocated in outright funds in fiscal year 1976 and the $3.3 million allocated in fiscal year 1975.

Senator STEVENS. Won't the media also be eligible contenders for challenge grants?

Mr. KINGSTON. Media production organizations, including public television and radio stations, can be expected to apply for challenge grants. As in all the other program areas of the Endowment, these challenge grant applications will not be for the same purposes as audience-oriented, specific project grant categories. Media organizations will seek challenge grants to strengthen their internal capacity to develop, produce and broadcast humanities programing, while continuing to rely on project grant applications for assistance in presenting individual productions to serve a broad public.

Senator STEVENS. $5.5 million of your media grants is for television. What other funds in your 1978 budget are for media, and how does the grand total compare with 1977 and 1976?

Mr. KINGSTON. The media program is the only grantmaking category in the Endowment specifically charged with the role of supporting television and radio programing. It does this exclusively through grants for projects of public television and radio stations, independent producers, and other nonprofit organizations. No funds are transferred to the Corporation for Public Broadcasting or to other Federal agencies, and all grants are on a competitive basis.

Other grantmaking areas of the Endowment occasionally provide support for television and radio programing related to their specific purposes, but these amounts are characteristically small. The major recent exception is the "Our Story" historical drama series on public television, supported through the education programs division because

it was aimed specifically at elementary and secondary school students. It was awarded a total of $2,898,309 during fiscal years 1975 and 1976.

State-based humanities committees are a potential source of funding for locally oriented television and radio projects, although, of course, the Endowment does not determine what proportion of the State funding is allocated for such purposes. During fiscal year 1976, the State humanities committees awarded approximately $2.2 million for local television and radio activities; the figure for fiscal year 1977 is expected to be close to $3 million, or about one-sixth of total State-based expenditures.

It is impossible to report the total of media-related expenditures anticipated for fiscal year 1978, because awards in grantmaking categories other than the media program will depend on the nature and quality of applications received, and the extent to which they use television rather than other means of dissemination.

MUSEUMS AND HISTORICAL ORGANIZATIONS

Senator STEVENS. You also have $7 million budgeted for museums and historical groups, up $1.6 million. Again, won't challenge grants also be available to museums?

Mr. KINGSTON. Challenge grants will assist museums in developing new and increased sources of basic institutional support, and in strengthening their long-term financial stability. This in no way duplicates the $7 million budgeted for museums and historical organizations for specific projects—interpretive exhibitions and other kinds of programs in the humanities for the public—which are essential to the way in which museums serve and educate the public, but which do not directly improve their general financial picture. The project support increase of $1.6 million is in response to the increased demand for these funds from a broad range of institutions across the country, for specific activities related to their service in educating the public in the humanities.

Senator STEVENS. To what extent do museums match your regular program grants?

Mr. KINGSTON. This varies widely. The Endowment expects that in most projects the museums will contribute an amount at least equal to the Federal share. Many institutions, in effect, far exceed this. For example, a recent grant to the Chicago Historical Society was matched by more than double the Endowment's share; the Pilgrim Society, for an exhibition on women's history, raised from other sources more than seven times the Endowment's contribution; the Iron Range Interpretive Center in Chisholm, Minn., matched three times over the Endowment's grant for an exhibition on regional history. On the other hand, small local historical organizations may not be able to match a grant at that level, and this does not disqualify them from receiving support. The range is therefore broad, and the match is evaluated on terms of congruence with the institution's capability. Total matching contributions during fiscal year 1976 were at least equal to the $5.7 million allocated by the Endowment.

MUSEUM SUPPORT

Senator STEVENS. We have some questions here, particularly about the museum support. I hope you do not misread our questions as to support of the basic objectives of your program.

But again, and it is for the record, we have money in the Arts for museums, money in the Humanities for museums, money in other Federal programs for museums, and now we have money for a new museum service program.

We would like to have the figures of total support for museums from Federal sources, if you have them, and for the record we will submit that question to you.

Mr. KINGSTON. Yes; indeed.

[The question and answer follows:]

Question. What is the total support for museums provided by the Federal Government?

Answer. Staff at the Endowment have researched this question and have been unable to locate such a figure. Given this special research effort, as well as the agency's continuous monitoring of published statistics in all areas of the humanities, it is unlikely that such information exists.

The Endowment's role, however, is clear: it is the sole source of sustained support for humanistic activities in museums. This includes exhibitions with primarily regional, local and international impact; interpretative programs other than exhibitions designed to use museum resources as key elements in the development of interesting, informative programs concerning a given humanistic topic of significant importance to localities; the use of historic sites as vehicles to convey the changing life patterns in selected areas; and the support of the training of professionals and volunteers in museums so that the institution's capacity to order and use humanistic resources will be improved.

These essential services have been strongly endorsed by the agency's reauthorizing committees each time, including last year's hearings. The Endowment's programs were seen by the committees as a vital complement to the other Federal programs in support of museums and museum-related activities, and the committees specifically noted their encouragement of continued expansion of NEH support for humanistic work in museums.

INTERPRETATION OF HISTORIC SITES

Senator STEVENS. An item here is $700,000 for interpretation of historic sites. I just heard the budget request for the Advisory Council on Historic Preservation and the Park Service. They have money for historic preservation. What do you need $700,000 in new money for interpretation when we have historic preservation programs in the Park Service and the Advisory Council already?

Sometimes I think you all ought to go to different committees, because having just heard that last week I——

Mr. KINGSTON. All I can say, Senator, is that it is not redundant. In fact——

Senator STEVENS. Why is it not redundant?

Mr. KINGSTON. Because they are complementary. We are not concerned with historic preservation. That is absolutely not the business of this Endowment. What we are concerned with are interpretive programs.

In other words, a certain kind of citizen education, which can take place at historic sites.

Senator STEVENS. Isn't that what the Park Service does with their money?

Mr. KINGSTON. Not as far as I know, but I am not closely familiar with what the Park Service has done. What we do is provide for educational programs at historic sites.

Senator STEVENS. Do you actually do that interpretive work, or do you give money out to people managing historic sites?

Mr. KINGSTON. The Endowment is not an operating agency. We provide grants in response to applications, about 10 grants for 10 exhibits or programs at historic sites. Mr. Barcroft will respond in some detail.

Senator STEVENS. Will you tell us for the record if any of those are matched by the Park Service?

Mr. BARCROFT. No, sir, they are not. Perhaps I could explain by one example. In Springfield, Ill., there are six different historic sites related to Lincoln's career as a young lawyer and a legislator in Springfield.

Of these, four are operated by nonprofit organizations that were founded many years ago, simply to preserve and maintain these sites. One is in the State capital, and one is operated by the National Park Service, but only one of the six is.

Those five institutions that are not operated by the Park Service made a joint application to us to do a common interpretation of all of those sites, and that is the kind of thing that this money goes for—for brochures and visual photographic material; labeling, so that when the public comes to those sites, they see, in this case, a developing experience of Lincoln and they have keyed the sites to Lincoln's life. You go first to the site earliest in Lincoln's career, and then to the site last that is latest. They have arranged a tour of the sites chronologically.

Our money did not go to preserving the facilities or maintaining staff at any of those sites, but simply for coordinated interpretation of those sites. There are something like 15,000 such sites operated by nonprofit organizations that have no relationship whatsoever to any Federal support, save the Endowment.

EDUCATION PROGRAMS

Senator STEVENS. I appreciate the explanation. An $800,000 increase for education programs is in higher education projects. We have had increased support for elementary and secondary education already. Is this involved in that level of education?

Mr. KINGSTON. We do, in fact, have some educational programs at the elementary and secondary level. But the elementary and secondary level programs through the Endowment are not seeking an increase in 1978.

Senator STEVENS. That is $4 million; right?

Mr. KINGSTON. Yes.

Senator STEVENS. $800,000 in higher education.

Mr. KINGSTON. That's right.

Senator STEVENS. Why is the increase needed there?

Mr. KINGSTON. In higher education projects? Primarily in response to the kinds of applications that we are receiving.

Our grants, of course, do not support the colleges and universities as colleges and universities. They support experimental programs, curriculum materials or programs aimed to retool teachers in their subject matter, and a number of summer institutes, for example, have worked well in this respect.

Cooperative endeavors between 2-year colleges and universities are proving helpful in reaching 2-year college curriculums.

This is the kind of work which the Endowment is responsible for in education. But the overall increase in education is very, very small, because we are not the agency primarily responsible for education as such in the country, but only for Humanities courses.

SUBMITTED QUESTIONS

Senator STEVENS. We have a series of questions about some of the aspects of fellowships and research. I hope that—we will have the staff submit them to you and I hope you will answer them, and we will put them in the record.

Mr. KINGSTON. By all means, Senator.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

FELLOWSHIPS

Question. The bulk of your requested $1.5 million increase for the fellowship programs is directed at summer seminars and fellowships in the professions. Why are these increases needed?

Answer. Summer seminars provide opportunities to teachers in the private and state undergraduate colleges and in junior and community colleges to study with distinguished scholars at major universities for a 2-month period during the summer. These opportunities for revitalization, provided on a large scale over a period of years, will have a major impact upon the quality of teaching and standards of learning in the colleges.

The response to this program on the part both of the college teachers for whom it is intended and of the distinguished university scholars who direct the seminars has been enormous. Over 3,600 college teachers applied for the 924 places available in the 77 seminars funded in FY 1976 for the summer of 1976. Over 4,000 applications are expected for the summer of 1977, for which there will be 106 seminars funded out of Transition Quarter and FY 1977 funds. The $3.6 million requested for FY 1978 will fund approximately 80 seminars for the summer of 1978. These, together with 28 seminars already funded for 1978 out of Transition Quarter funds, will provide approximately the same number of seminars and the same number of places for college teachers as are being offered in 1977. Thus the increase requested for FY 1978 will do no more than enable us to hold the number of seminars for the summer of 1978 even with the number to be held in the summer of 1977. The real increase in this program has occurred between the summer of 1976 and the summer of 1977.

This increase was needed in order to respond more adequately to the volume of applications received both from college teachers well qualified to make good use of these opportunities and from distinguished university scholars well qualified to provide them. It is very important for college teaching that the Endowment take as full as possible advantage of this interest in the Summer Seminar program.

The increased funding requested for the Professions program will go primarily toward increasing the number of one-month seminars for members of the non-teaching professions. Twenty-five such seminars are being offered in FY 1977, and 35 are proposed for FY 1978. This will mean an increase in places from approximately 350 to nearly 500. These seminars are the Endowment's means of enabling leaders in law, medicine, administration, business, labor, and other professions to draw back from their work for an extended period of study designed to sharpen their grasp of the historical and philosophical foundations of their professions. These seminars are a new and unfamiliar activity both to practitioners in the professions and to the scholars in the humanities who would be best qualified to direct them. The program has therefore had to make its way from a small start in two professions in 1974 and 1975 to 12 seminars in four professions in 1976, to the 25 seminars in seven professions now being offered for 1977. It is important to keep up the momentum of this important new program which is succeeding in drawing leaders in public and professional life into serious and extended programs of humanistic study.

Question. We'd like to have more specific information on individual fellowships. Please supply for the record the maximum and minimum costs of individual fellowships for each of the six programs.

Answer. The attached table shows actual maximum and minimum costs of individual fellowships for FY 1976.

Travel allowances cover only actual costs of transportation up to the stated amount; no per diem expenses are included.

The one- and two-month stipends in the Summer Stipend, Summer Seminar, and Professions Seminar programs are fixed amounts.

Savings are effected because Fellowship stipends are set at salary equivalents, up to the maximum, of course, and adjusted when there is sabbatical income. Thus, although the maximum stipend is $20,000, if a Fellow's actual salary is $16,000, and he has sabbatical income of $8,000, plus travel expenses of $300, the stipend would be $8,300, determined as follows:

Salary	$16,000
Sabbatical Income	-8,000
	8,000
Travel	300
	8,300

Question. The fellowships for professions seems particularly costly since it involves matching an individual's salary. Please give us some specifics on how many persons are benefiting from this program - actual for 1975 and 1976 and your best estimates for the current year and 1978.

Answer. In the professions program, salary matching, rather than being costly, actually holds costs down because salaries in journalism tend to be relatively low. Please note that the minimum journalism fellowship stipend in FY 1976 was $7,500, or half the maximum stipend.

The numbers of persons benefiting from the professions program from 1975 to 1978 are shown in the following table:

Participants in Professions Programs

	Actual		Estimated	
	1975	1976	1977	1978
Fellowships				
Journalism	23	24	24	24
Law Teachers	11	12	4	8
Seminars	79	155	372	525
Total	113	191	400	557

Question. What is the need for the $550,000 increase for the professions fellowships?

Answer. Most of this increase -- $425,000 -- is needed to increase the number of seminars for members of the non-teaching professions, the need for which is discussed above. Nearly all of the remainder is needed for additional fellowships in the law teacher fellowship program. The fellowship program for law teachers is being redesigned this year and is to be funded at an essentially start-up level in FY 1977. We are budgeting $100,000 for this program in FY 1977 and $200,000 for it in FY 1978, which we estimate to be its full-funding level. Finally, a small increase from $575,000 to $600,000 is anticipated for the journalism fellowship program.

Question. What kind of matching support do you get for fellowships (specifics for the record)?

Answer. Matching support for Fellowships comes primarily in the regular Professions and Centers programs, and also in special programs. In FY 1976, for example, $327,000 in matching funds was obligated. Of that amount, $72,000 was in the Professions program and $20,000 in Centers. The remaining $235,000 was for a special program for two-year college humanities teachers at Claremont Graduate School in California. The Division had funded this program as a pilot for two years with outright monies, but made further support contingent on matching funds, which the college succeeded in obtaining. In FY 1977, $350,000 in matching funds has been pledged or paid for the Centers Program projects.

FY 1976 INDIVIDUAL FELLOWSHIP COSTS

	Maximum		Minimum
Fellowships for Independent Study and Research			
12-month tenure	$20,000		$7,800
6- " "	$10,000		$6,348
Fellowships in Residence for College Teachers	$14,500 plus up to $500 travel		$7,850
Summer Stipends, 2 months		$2,000	
Summer Seminars for College Teachers; 2 months		$2,000 + up to $250 travel	
Professions Journalism Fellowships	$15,000+$250 book allowance		$7,500
Law Teacher Fellowships	$16,000+ up to $1,000 travel		
Seminars		$1,200 + up to $300 travel	
Centers	$20,000 (12 months)		$7,000 (6 months)

RESEARCH GRANTS

Question. Your research program budgeted for $12 million involves a $1.5 million increase. Is this a cost increase or does it involve additional grants?

Answer. It is both. The increase will allow us to make more grants but it also takes into account the increased cost of supporting research.

Expanded activity is covered in the budget justification so let me note but one illustration. The Congress, and specifically the Senate, has encouraged the Endowment to provide support for the dissemination of scholarly products resulting from NEH research grants. Right now, I do not know the exact cost in program and administrative funds for this activity but obviously additional funds are needed. We shall monitor it closely in this first, experimental year.

At the same time research related costs are going up. The Endowment defrays indirect costs to institutions at which research is done. As these institutions try to cope with salary increases, heat, and other physical plant costs, as well as trying to retain currency with new work in the fields, their indirect cost rates go up and this cost cannot be avoided.

Question. Generally, what portion of your research grants go to institutions and what portion to individuals?

Answer. Individual research projects are, for all intents and purposes, supported in the Division of Fellowships. In FY 1976 184 year-long and 231 summer-length awards were made for research in the humanities.

The Division of Research Grants support very few individual projects. The division's emphasis is upon endeavors that are designed to strengthen the resources of research or projects that are long-term, complex, collaborative, and impossible to undertake without outside assistance. For example, the recently published Atlas of Early American History has been in the planning and development stage for nearly a decade; grants from NEH go back to FY 1970. This project would never have been successfully undertaken without our support.

Question. Last summer, the Endowment asked and received authority to reprogram some $2.4 million in fiscal 1976 funding from the Planning program to the Research Grants program. What effect did this shift have on your Planning program?

Answer. The Office of Planning, to which you refer, has responsibility for planning, evaluation, and development. The reprogrammed funds came from the Special Projects/Development area and they result from the failure of anticipated projects to fulfill expectations during the outside and National Council review process.

Question. Is the Endowment attempting to maintain that funding shift in the current year?

Answer. No. The Endowment has allocated $10.8 million of its FY 1977 appropriation and an additional $300,000 of carryover funds to the Research Grants Division.

OFFICE OF PLANNING PROJECT

Senator STEVENS. This planning increase, a $1.1 million increase in 1 year for planning——

Mr. KINGSTON. You are referring to the planning project for the Office of Planning?

Senator STEVENS. A $5 million request, which is an increase of $1.1 million. How do we separate your Endowment administrative costs from the actual program grant costs?

Mr. KINGSTON. I think in this area it is really quite clear, and the increase is, perhaps, more apparent than real, because of the carryover moneys. Mr. Tashdinian, who directs the Endowments' planning, perhaps, could respond in more detail.

COURSES BY NEWSPAPER

Senator STEVENS. Perhaps you could tell us what this $1.1 million is in the newspaper program. Is that the area of greatest increase?

Mr. TASHDINIAN. No; actually, Senator, I think you are referring to our "courses by newspaper" projects that has been running around $300,000 to $400,000 a year for the basic core, which is the newspaper article and study materials. The $1.1 million that you are referring to comprises the core and supplementary activities. We hope to expand that project to support for a television component and to increased community programing, carried out through libraries, museums. While all of these may add up to a $1 million program, the newspaper core will not increase in cost.

Senator STEVENS. Does it have anything to do with the grant program?

Mr. TASHDINIAN. Our newspaper project?

Senator STEVENS. Yes.

Mr. TASHDINIAN. That is carried out through grants to the University of California, San Diego, and then smaller grants to other organizations cooperating with the University of California, San Diego, in order to develop modules for community programing or for special education programing purposes.

All of that is carried out through grants.

Mr. KINGSTON. All of the Endowments' programs are grants, and the grants are carried out through competition.

Senator STEVENS. I am informed that we have a typographical error in the $1.1 million.

Mr. TASHDINIAN. That is the total increase shown for all the planning categories, $1,125,000, but because of the carryover used in 1977 the actual increase is only $500,000.

ANALYTICAL STUDIES

Senator STEVENS. To whom are you going to give the grants under the $800,000 for identifying critical issues?

Mr. TASHDINIAN. Those go principally to large national organizations or consortia of organizations which would include the scholarly world, libraries, organizations concerned with research and dissemination.

As one example, we have presently a broad national inquiry about the problems of scholarly publications. That project happens to be a $600,000 project, half of which is put up by the Endowment, and half of which has been supported through other foundations.

These projects are quite large in their scope, because they attempt to collect and analyze data on national needs in the humanities, on the status of the humanities, on the extent to which there is activity developing or falling off in all the different areas and sectors that serve the humanities.

Once again, the grants or contracts will go to large national organizations or consortia of such.

Senator STEVENS. There are nongovernmental entities involved in identifying critical issues in terms of various organizations that have town-meeting-type operations and that sort of thing.

You are not funding those, are you?

Mr. TASHDINIAN. We may well have some smaller grants that would aid an individual community or individual institution to identify problems and prepare plans for improvement.

But the kinds of money we are talking about under "Assessment and Analytical Studies" are for broad, national studies.

Mr. KINGSTON. Mr. Chairman, if I might mention in that respect, it was this committee last year that directed the Endowment, and it was a very timely directive, to discover ways in which it could support scholarly publication.

We submitted a report on that to the committee earlier this year.

Senator STEVENS. I am not talking about that. I am talking about—what is that organization? It has a publication that comes out every year, Ten Critical Issues, and urges small meetings and citywide meetings.

We had one just a few months ago in Anchorage. They are already doing this. You are not going to compete with them, are you?

Mr. KINGSTON. No; I think those are citizen action programs. I merely refer to that because the kind of study we are engaged in is well exemplified by this study and the whole business of publication and the communication of information in this increasingly technological society.

It will enable us to develop much more effective publishing programs, ultimately. This is the kind of critical issue that our analytical staff has addressed.

ADMINISTRATION

Senator STEVENS. Again, there are questions here, and I apologize because I have a meeting with other Members of the Senate on a very critical matter here.

I will submit these to you, but I wanted to get to the questions of administration. Your administrative costs are going up from $7.4 million to $9 million. That is almost equal to the rate of your grant increase.

Can you tell us why you have to go up? You are budgeting, for instance, 24 new positions in the supplemental and another 4 positions in the 1978 budget, including 2 supergrades. Average salary now is more than $19,000, and staff increases 20 percent in 2 years.

Do you really have to have this administrative increase almost commensurate with the moneys you are handling?

Mr. KINGSTON. Mr. Chairman, I think the figures are a little deceptive. The requested supplemental for the fiscal 1977, when annualized, will increase the budget by $800,000.

That would make the difference between the 2 years considerably less.

Senator STEVENS. If you put the 2 years together, 1977 and 1978, you will have a 20-percent increase in staff. It says you will have an average salary of over $19,000.

We are not arguing about the salary as much as the numbers of people.

Mr. KINGSTON. Mr. Chairman, I believe that you are including the shared staff in the Humanities Endowment, because those figures that you are citing do not represent Endowment positions or figures at all.

Senator STEVENS. Straighten it out for the record, will you, so that we can have total positions and total administration cost for fiscal years 1976, 1977, and 1978. We will put it in the record here.

[The information follows:]

PERSONNEL AND ADMINISTRATIVE COSTS

Following are the totals requested for the Endowment Administrative costs and full-time permanent positions for the years requested:

[In thousands]

	Fiscal year 1976 (actual)	Fiscal year 1977 (estimated)	Fiscal year (request)
Administrative costs	$6,614	$7,674	$9,000
FTP personnel ceiling	130	154	158
Overall personnel ceiling	200	221	225

The personnel ceiling figures shown may be deceptive and it is necessary to explain in some detail so that the real impact of the Endowment's new authorized personnel ceiling may be gauged. The FTP personnel ceiling governs maximum number of employees the Endowment may have at any time working on a 40-hour per week basis in a career status entitling the employees to benefits contributed to and furnished by the U.S. Government (e.g., Civil Service Retirement, Health Benefits, and Life Insurance). Aside from that ceiling, the Endowment may employ additional staff, provided funds are available, in part-time permanent and temporary positions so long as the overall ceiling is not exceeded.

Therefore, the FTP ceiling does not accurately reflect the actual man-years needed to carry out the Endowment's activities and workload. Recognition of this paradox led OMB to grant the Endowment the additional 24 positions in FY 1977 and 4 in FY 1978. These 28 positions are not an increase in staff but are, instead, authorization to employ people (whom we already have) on a 40-hour per week basis instead of the 39 hours per week which they have been working. These 28 positions involve work of a continuing nature which clearly distinguishes them from positions that are truly temporary in nature. Temporary employees are only used during seasonal high-peakload periods that occur as a result of program application deadlines, preparation of materials for panel and council committee review, and council grant awards.

The overall personnel ceiling figures more precisely reflect the man-years needed to operate the Endowment at the same level of operation since FY 1975. Though the difference in FTP personnel ceiling between 1976 and 1978 appears to be an increase, it is, in fact, not: the 28 employees now used in a part-time status, when converted to full-time, will not be replaced by additional part-time employees.

TRAVEL

Senator STEVENS. But your travel budget, for instance, is going from $581,000 in 1976 to over $1 million in 1978. Your staff has not gone up that much. It has gone up 20 percent, and your travel has gone up almost 100 percent.

Why?

Mr. KINGSTON. Mr. Chairman, the increase in travel is, in fact, $96,000. I think we have a problem here, because this year for the first time the request from the Committee has been to present what has been——

Senator STEVENS. Fiscal years 1976 to 1978 goes from $581,000 to over $1 million. That is on a 2-year basis. We were talking 1976 to 1978 in terms of new positions.

Maybe that is the misunderstanding. It is not just 1 year; it is 2 years. We are looking at 1977 supplemental total now, and 1978, and comparing it with the last total year, 1976.

There seems to be some large quantum jumps.

Mr. KINGSTON. The 2-year figure annual supplemental does seem to lessen that gap. I can tell you something about the nature of our administrative needs, Senator.

The work of the Endowments that is measured by the number of grants being administered has increased 70 percent over the past year.

That is to say, a little over 1,000 grants in operation at the end of 1975 to over 2,000 at the end of 1976.

Senator STEVENS. We understand that workload, but it is 100 percent. You have gone from $537,000 to $1,101,000.

Mr. KINGSTON. Over a 2-year period, sir.

Senator STEVENS. Over a 2-year period, and your staff in that period has gone up 20-percent. We can understand 20-percent increase in travel, but why 100-percent increase in travel in a 2-year period?

Alexander Graham Bell ought to work for the Humanities as well as anyone else. Do you need to go out and talk to these people you are going to make grants to that much?

Mr. KINGSTON. We do not necessarily go out to talk to them. Frequently we have to bring them in to talk to us. But the increase in staff——

Senator STEVENS. Wouldn't that travel be included in their grant, if you bring them in?

Mr. KINGSTON. Not usually. Not if they are brought in at the Endowment's request for consultation. We have to bring in panelists and consultants to evaluate the grants. This is standard. And it relates to the number of applications we receive, and the number of grants in operation, not necessarily to the number of personnel we have.

The increase in grant activity is commensurate with the increase in the travel budget, and that is remarkable, since the actual costs of travel have increased considerably over the past 2 years as well.

We have taken a number of steps to minimize this, Senator, wherever we can, by holding panel meetings at different geographical locations across the country, so that the travel budget is cut down. Were it not so, it would be even higher.

Senator STEVENS. Just to compare it to your other agency that we deal with, that we just dealt with, they had an increase of somewhere over $100,000 in a 2-year period.

Their staff has gone up comparable to yours. Their grants have gone up. Their travel has gone up 15, 20 percent. Yours has gone up 100 percent.

TRAVEL INCREASE

We question seriously the need for that much jump in travel. We would like to have you explain a little more for the record where you are going to use that much increase in travel.

[The information follows:]

TRAVEL COSTS

To properly explain the increase in travel and transportation costs from FY 1976 to FY 1978, the following table, taken from appropriation requests to the Congress in FY 1976, FY 1977, and FY 1978, will point out the Endowment's plans for each fiscal year as originally proposed and justified:

CONGRESSIONAL SUBMISSIONS
(in thousands)

	FY 1976	FY 1977	FY 1978
Requested for the Budget Year 1/	$925 2/	$986	$1,101
"Current Year" Estimate 3/	872	1,004	--
Actual	581	--	--

1/ The original request for the fiscal year justified in the agency's submission covers only NEH and excludes prorated Shared Staff costs.
2/ In FY 1976 the Endowment's plan was to use $924,600 for travel and transportation, however only $213,000 was to be charged to Administrative funds while the difference was to be charged to PD&E funds. Itemization of PD&E funds did not begin until FY 1977.
3/ The estimate for the current year as noted in the appropriations request, e.g., the FY 1977 request noted that $872,000 was projected for expenditure in FY 1976.

In submitting the FY 1976 appropriation request the agency noted its plans to spend $925,000 for travel and transportation costs of staff, panelists, Council members, consultants and experts, and that amount was set aside for that purpose. By the time the FY 1977 request was due to Congress, changing plans had reduced planned FY 1976 travel to requirements totaling $872,000. When fiscal year 1976 was over, the Endowment actually had spent only $581,000 and this figure therefore appears in the FY 1976 column of the FY 1978 appropriations request. While the figures suggests a major increase is now being planned, it should be emphasized that the plans are in line with earlier plans submitted to and approved by both OMB and the Congress.

The 1976 data precisely point out the problem the Endowment has lived with since as long ago as FY 1971. Since that time the dynamic factors of increased numbers of applications, greater complexity of applications, sophistication of projects, increased numbers of open (active) grants, increased inquiries (written, telephonic, and personal) have all far exceeded the ability of the staff to respond to the demands of the public. Staffing has long been insufficient to fulfill all demands placed upon it. The paradox has been that while national needs in the humanities have required greater Federal support and dictated the Congresionally approved increases in program funds -- and experience shows that they have been wisely invested -- staffing has not kept pace with the increased public interest that this additional grant-making has in turn generated. Below is a comparison between permanent staff increases and program fund increases, using FY 1971 as a base:

	PERSONNEL		FUNDING (in thousands)	
FY 1971	44		$11,032	
FY 1972	55		24,814	
Increase		25%		125%
FY 1973	78		30,800	
Increase		42%		24%
FY 1974	97		48,567	
Increase		24%		58%
FY 1975	130		62,242	
Increase		34%		32%
FY 1976	130		78,109	
Increase		0%		21%
FY 1977	130[1/]			
Increase		0%		

1/ OMB has approved raising the ceiling to 154 in FY 1977 subject to appropriation of funds by the Congress.

Of course it cannot be expected that the staffing level would be equal to the program funding level in terms of percentage increase; but another factor with which the Endowment staff had, and still continues, to contend with is the insistence of the National Council on the Humanities that the Endowment must provide for additional needed travel to meet its, the Council's needs. For example, the Council in its deliberations with the staff continues to recommend more exposure of the Endowment and its activities to the public whom it serves, especially to smaller institutions and sectors or areas nor normally participating in NEH grants; at the same time the staff, unable to extricate itself from the office workload caused by public inquiries has limited opportunity to carry out the Council's wishes. The Council feels the lengthier and more complex applications of today demand expanded panelist review to assure the necessary breadth and depth of opinions on applications. Sheer numbers of applications have required more panel review meetings attended by a greater number of panelists for longer periods of time in order to arrive at sound recommendations. Travel and per diem for these purposes are included in the travel figures presented. Further, the Council feels that in order to properly evaluate existing programs as well as new projects, far more consultants and experts have to be used to provide them sufficient knowledge and advice on program directions. Such advice is needed to ensure that the government funds being invested in the various humanities disciplines yield the highest quality of knowledge and the greatest impact possible.

The Endowment strives to meet all the demands placed upon it (by the public, and the Council, as well as the Executive Branch and the Legislative Branch of government), but despite well-intentioned plans, it has until now, been physically unable to carry out all the tasks involving

travel. In FY 1977 and FY 1978, with the funds available, and the support staff to meet the workload, these shortcomings can be rectified to the advantage of the public.

Lest it be thought that the increase is purely for staff travel, the committee must be aware that the total amount includes all necessary travel and transportation. The increases are shown below:

	FY 1976 Originally (Requested)	FY 1977 (Estimated)	FY 1978 (Requested)
Staff	$270,400	$331,900	$463,600
Council	50,300	59,500	61,900
Panelist	353,600	360,600	335,600
Consultant/ Expert	250,300	252,000	239,800
TOTAL	924,600	1,004,000	1,100,900

The FY 1977 budget plan provides for the first time adequate funds for the Council, Panelists, Consultants and Experts to sustain the Endowment at a level of operation commensurate with its mission, functions, and workload. The FY 1978 request will permit continued operation at a similar level of effort.

The increase of $96,900 (from $1,004,000 to $1,100,900) is needed to meet the travel requirements of the Endowment. Although transportation fees continue to increase annually, the Endowment has again exercised economy by instituting stringent controls over travel authorizations. All staff travel requests are personally reviewed by Division Directors to ensure essentiality to program needs and then by the Chairman's Office to ensure there is no unnecessary duplication of travel by other division staff members. Panelist travel is minimized wherever possible by holding panel meetings at locations central to the areas from which panelists begin their travel if a savings can be achieved offsetting the staff's travel to the panel site. Consultant travel is similarly minimized by attempting wherever possible to select consultants who reside nearby sites necessary to be visited.

We estimate that this request was reduced as a result of these measures.

UNGRADED POSITION SALARIES

Senator STEVENS. Let me go on to the salary. I am told that your average salary for ungraded positions, an average salary of ungraded position is $42,000.

Is that right?

Mr. KINGSTON. That is the Chairman's salary, Mr. Chairman. It is the only ungraded position.

ELIMINATION OF SHARED STAFF

Senator STEVENS. All right. That answers that. Our staff tells me that both Endowments felt in prior discussions that splitting the shared staff would not incur additional expenses, but your justification makes the statement that elimination of shared staff would increase administrative costs to the foundation.

Mr. KINGSTON. I believe that to be true, Mr. Chairman, yes. It is also not true that there has been an agreement to eliminate the shared staff.

At the request of the committee we have presented administrative budgets, broken down to show the estimated cost of supporting the arts, and the estimated cost of supporting the humanities. That eliminates the shared staff as a budget item. It is not clear yet whether we will be able, in fact, to eliminate the shared staff.

Senator STEVENS. We have further questions on that. We understand what you are doing, but I want to make sure you are not now advocating splitting that shared staff.

Mr. KINGSTON. We are not advocating that. It is under examination at the moment to see what would be the additional cost and what economies could be effected.

SUBMITTED QUESTIONS

Senator STEVENS. We want to make sure we have the information so that we can also be involved in that decision. We will submit written questions to you on the matter.

Mr. KINGSTON. We will, indeed, pass that on to the staff.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

SHARED STAFF

Question. Your justification makes the statement that elimination of the shared staff "would inevitably increase administrative costs of the Foundation." Please expand on that.

Answer. The Administration's ceiling of $18 million for NFAH administrative expenses in FY 1978 was established prior to study of the effects which elimination of the Shared Staff arrangement might have on the two Endowments. In response to the request from the Congressional appropriations committees each Endowment is now attempting to assess its individual administrative requirements should it assume complete responsibility for such.

The Humanities Endowment itself has underway a study conducted by an outside management consultant firm in order to develop the implications of a change from the present Shared Staff arrangement. Until that study is completed, no firm cost figures for NEH administration can be presented. Nevertheless, it is a fact that certain functions now handled by one Shared Staff person for both Endowments will require a full-time position for each Endowment if each agency is to be fully responsible for that function. (For example, at the present time in the area of Equal Employment Opportunity the two Endowments are jointly served by one EEO Officer on the Shared Staff. Elimination of the Shared Staff would mean that each Endowment would have to have its own full-time EEO Officer.) Accordingly, at the time the appropriations request was being prepared it appeared that if everything presently being done by the Shared Staff were to be recreated in NEH as well as in NEA, some additional new positions would be needed: no offsetting cost-saving was immediately apparent.

However, it should be noted that each Endowment is presently examining its current relationships to the Shared Staff, and it is quite possible that there could be some efficiencies effected within each Endowment's own staff, especially in those units which have responsibility for certain kinds of administrative functions or which perform liaison functions between NEH and Shared Staff units. In addition, it must be recognized that because of their differing missions the two Endowments have imposed different kinds of demands on the joint support staff. If an administrative unit were responding to a more uniform series of requirements it might more easily be able to streamline its procedures and thereby reduce its total costs. Thus the integration of administrative and program functions into a clear chain of command under a common management, as characterizes all other Federal agencies, may enable either or both Endowments to envision as possibilities certain kinds of efficiencies which the present split in administrative structure has obscured. And the combination of such cost-savings resulting from changes in certain functions may offset any increases needed in other functions. We will be able to provide the Committee with more specific information about this matter later this spring.

Question. Aren't there certain common administrative functions that the two Endowments can continue to share in order to save separate costs?

Answer. The two Endowments are presently considering what the full impact of eliminating the Shared Staff would be on administrative costs and personnel. To aid in its own consideration, the Humanities Endowment has contracted with an outside management consultant firm in order to have an as objective appraisal as possible of NEH administrative personnel needs. The work of the consultants will not be concluded until later this spring, and, therefore, we are not now in a position to identify what the implications of a break-up of the Shared Staff are, what the full scope of NEH administrative requirements are, how these might best be organized, and to what extent the two Endowments could and should continue to share some support functions. Conclusions about these questions will depend on an assessment of the overall costs and benefits -- including operating effectiveness, flexibility, and responsiveness of each Endowment to its own constituencies -- resulting from partial or complete elimination of the present shared staff. At the present time a number of possibilities can be contemplated, but the feasibilities require harder information than now exists. With such information the Humanities Endowment will be better able to advise the Appropriations Committee how, given personnel and budget restraints, the agency can maximize the resources available to it and can best carry out its mission.

Question. What is responsible for the 50 percent reduction in "other services," apparently contracts?

Answer. The ceiling on our Administrative Funds request ($9 million) required the Endowment to lower the level of contract spending in order to provide adequate funds in other object classes in our budget. Nevertheless, we should note that the level of grant analyses, post-grant reviews, and audit studies deemed absolutely minimal by the National Council will require more funds than are budgeted in this object class; and accordingly the agency would place a high priority on adding to this class should additional administrative funds be available.

PUBLISHING OF RESEARCH

Senator STEVENS. Now, Senator Byrd is keenly interested in the Humanities Endowment study with regard to scholarly research publishing.

We have a preliminary report, have we?

Mr. KINGSTON. It is a report in response to the committee's directive of last year.

Senator STEVENS. Will there be a more complete study available?

Mr. KINGSTON. There will be other studies of publications, but not the Endowment's program of publication. That study represents the program that the Endowment is embarking on in response to the Senate's directive.

Senator STEVENS. Has your National Council had an opportunity to consider that report?

Mr. KINGSTON. No; it has not, Senator. That group is meeting this month, and it has been seen in draft by Council members, but it has not been acted on by the Council as a body.

Senator STEVENS. Will you notify this committee of your National Council's reaction to that report?

Mr. KINGSTON. We shall, indeed, Senator.

[The information follows:]

At its February meeting, the National Council endorsed the proposed areas of activity. It encouraged the staff to work out the administrative details of the program with all deliberate speed and report agency progress back to the Council when they next convene in May.

Senator STEVENS. You propose in that report some limited support for publication of work stemming from Humanities grants. Is there any funding level determined yet in that regard?

Mr. KINGSTON. No; Senator. The Council may wish to set aside certain funds from the budget, but on the other hand, since it was not featured in the request or justification, it would seem to be inappropriate.

I think it is further true that it is an area in which none of us have had any experience, and we simply do not know what kinds of requests will come in and be approved by the professional panels which must evaluate them.

Senator STEVENS. The report mentions the possible application of challenge grants for supporting publications. Do you envision these grants as a substantial portion of the Endowment's support?

Mr. KINGSTON. The Endowment's response to the congressional directive outlines four areas of activity. If the National Council agrees and if other interested parties affirm our directions, then the Humanities Endowment will offer three immediate services to the dissemination of scholarly research products developed with Federal support.

Just one of the activities we envision is the use of challenge grants to help university presses attract new and increased sources of basic support for their operations. Had there been no directive, let me hasten to add, university presses would still have been an eligible humanistic institution for challenge grant moneys.

At this time, it is impossible to say how many challenge grants will be issued to presses. We know that some will be coming in immediately—likewise, we will be learning in the next year or two just how great the demand is for publication support.

Senator STEVENS. What kinds of partial support by direct subsidy for major publications are you talking about in the report? How costly would that be?

Mr. KINGSTON. The report refers to the difference between reasonable costs of production and anticipated sales. This margin is often quite small, from several hundreds to $1,000 or $2,000, but it is sufficient to deter publishing houses from a particular enterprise. For it must be remembered that these nonprofit presses, mostly university affiliated, are encountering their own deficits and considerable institutional pressure for reducing losses.

Senator STEVENS. Supporting scholarly publications could quickly become an expensive burden on other Humanities programs, and I know this is a concern. How would you go about establishing realistic limits on a publications program?

Mr. KINGSTON. As is customary in such cases, we will be drawing on fiscal expertise in both the nonprofit and commercial arenas for advice on these decisions. The limit of one proposal per year from each publishing house suggested in the report should effectively limit the program in its initial stages.

The requirement that candidate works be of major stature and unable to cover production costs by anticipated sales should further control the program. Review by knowledgeable publishers able to assess and advise on the effectiveness of production and marketing plans may further help. And we must remember that support will only be given to products of NEH research grants.

Research grants have a good record in securing matching gifts from the private sector, and it is expected that this record will be maintained in the future. Thus the division has flexibility in making other awards, and we must hope that the publications program will not limit activity in other areas unduly during the current year and in fiscal 1978.

Senator STEVENS. I wish you would keep in mind the chairman's avid support of that endeavor.

Mr. KINGSTON. Yes; indeed, Senator.

Senator STEVENS. Again, my apologies for not spending more time with you.

Mr. KINGSTON. We are delighted to have this opportunity.

Senator STEVENS. I appreciate it very much.

SUBMITTED QUESTIONS

We have some additional questions which we will submit to you along with questions that Senator Hatfield has provided on folklife programs. Please provide the answers for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

GRANTS CONCENTRATION

Question. Like the Arts Endowment, your grant program is heavily concentrated in a few states. New York, Illinois, California and Massachusetts, among them, got more than 35 per cent of your grants in FY 1976. Is that pattern continuing? What are you doing to reverse this concentration? I note that it does not follow a population pattern in every respect.

Answer. The agency really has very little control over the distribution, geographically, of its grants. With the exception of our State-based programs, all of the Endowment's activities support projects which come primarily through unsolicited applications and which are reviewed by field or area experts and deemed the highest priority. It is hard to envision how else to administer quality programs.

The Endowment makes every effort, through staff travel to regional and state meetings, extensive mailings, and its State-based programs to encourage more applications from less active states and regions. At the same time, it must be noted that there are several of our grants that are administered in a single location but reach out to individuals and groups from a great many locales.

For example, the Summer Seminars Program is designed to support group study by college teachers. A grant is made to a given humanist for a program housed at his institution. In turn, re-grants are made to interested college teachers from across the nation. Thirty-four of these grants went to institutions in the four states mentioned but participants benefitting from the re-grants came from all 50 states and territories.

The Endowment also supports projects whose products reach out to all sectors of the country. Media projects, such as "The Adams Chronicles" has been shown and reshown on every public television station, and incorporated into the curriculum of colleges, universities and high schools. A similar enterprise is our Courses By Newspaper, carried in 300 to 400 newspapers, depending on the course. Each course offers individuals throughout the country organized, coherent statements on a given topic -- oceans, moral choices and ethical problems, the background of contemporary issues facing American society.

PLANNING

Question. "Planning" gets into a murky area where the committee has been trying with varying success to separate Endowment administrative costs from actual program grants. We need to know very specifically how much of your planning activity involves work by or for the Endowment.

Answer. To answer you most directly, let me go through the various activities outlined in the budget under the Office of Planning.

The "Special Projects" line supports a variety of activities, all of which are experiments and if they prove successful could lead to grant-making programs or projects administered elsewhere in the Endowment. All monies requested here go for

support of projects done by grantees and are strictly programmatic. This is equally true of Youth Programs.

Analytical studies are supported strictly through grants and require extensive review by peers. The priority studies undertaken rests upon their likelihood to generate information about national needs in the humanities in order to help those who guide the allocation of resources to and within the humanities—that is by humanities institutions, scholarly groups, state and local government, and other foundations as well as NEH. For example, NEH has supported a survey of the training, attitudes and professional practices of humanities faculty in 2-year colleges. The information derived is being used by professional associations, 2-year colleges, NEH and other agencies concerned about the humanities programs in this sector of higher education to help them measure the correspondence of their existing practices to faculty aspirations

The "Evaluation Studies" line is designed to aid the field as well as the agency by developing evaluation models useful to humanities institutions (whether or not they have received NEH grants) and by developing information about those areas of need to which existing NEH programs are directed, the relation between NEH and other agencies' efforts, and their relative impact. This work is also carried out by outside organizations either through grants or contracts.

These again are program activities, as mandated in our authorizing legislation.

Question. The $500,000 requested for evaluation studies seems to be clearly an administrative function where the Endowment will 'evaluate its own operating effectiveness" to quote the justification. Why isn't that listed under administrative costs?

Answer. The line item for Evaluation Studies in the NEH FY 1978 Program Budget is essential; it demonstrates that evaluation is an important activity, serving the entire agency and the humanities field. As such, it is an important part of a comprehensive evaluation effort designed and directed from a single office in NEH according to a coherent plan. Although evaluation studies of NEH programs and individual grant projects have as part of their purpose to "evaluate (the agency's) own operative effectiveness," another essential objective of evaluation studies is to develop information about the general needs and characteristics of the beneficiaries of NEH programs and projects. Thus, Evaluation Studies are never simply administrative monitoring and auditing studies; they seek to examine the work of the Endowment in its broad context, and to furnish the staff, the National Council on the Humanities, and ultimately the field, with information about the humanities institutions and individuals involved in various humanistic enterprises served by current NEH programs.

To put the Evaluation Studies into context, it should be noted that the work of the Endowment's Evaluation Unit proceeds according to a plan designed to enable the establishment of an ongoing evaluation and data collection system for each NEH program. This system will provide for:

(1) routine data collection or consultant services relating to programs and grant projects -- and this kind of monitoring will be funded out of Administrative Funds; and

(2) Evaluation Studies designed to develop data of a more general nature and/or evaluation tools for institutions in order to inform long-range policy decisions, and this requires large-scale surveys and evaluation models, which should be supported out of program funds.

In summary, the Endowment has budgeted for Evaluation Studies out of the program funds because:

-- Evaluation Studies constitute a specific program;

-- they are activities conducted by institutions or organizations rather than NEH;

-- they may be supported by either grant or contract depending on the nature of the work and recommendations by the National Council;

-- they may be initiated from outside the agency as well as the agency itself;

-- they are directed at providing a service specifically to the humanities constituency (for example, to help develop evaluation models to be used by humanities institutions) or to develop information about the impact of NEH and/or other agencies' funding on the humanities;

-- they complement grant-supported surveys carried out by other agencies and institutions directed at identifying broad areas of need which foundations like NEH should consider for future programming while the former supports work aimed at identifying changes in those needs as a result of specific NEH efforts;

-- their funding should be seen in relation to total NEH grant-making rather than submerged in administrative expenses; and

-- they serve to highlight a critical need in the humanities, that is, for all institutions, whether or not beneficiaries of NEH grants, to give serious and sustained attention to evaluating their programs and relating them to the needs of the communities or groups they serve.

Because evaluation in humanistic institutions is relatively undeveloped -- being unappreciated as an objective and undeveloped in practice -- the Endowment is itself attempting to give greater public visability to evaluation in two ways: (1) it has created the Evaluation Studies Program; and (2) it will begin to support in FY 1978 projects to aid humanities institutions in evaluating their own programs whether or not supported by NEH grants. During the past two years the agency has received an increasing number of requests from museums, libraries, historical societies and other educational institutions for this kind of assistance

in evaluation. There is a need for sound workable evaluation models and methods especially tailored to the needs of humanities institutions. Some of the requests have come as an outgrowth of NEH program and project evaluations. These general evaluation projects are thus in some instances closely related to NEH evaluations, a fact that supports the case for the Evaluation Studies line of the FY 1978 Program Budget in the interest of efficiency, logic and coherence.

Along with the tools and models the Evaluation Studies Program supports broad-scale inquiries about the universe to which current programming is directed. For example, in order to assess the impact of NEH grants to American scholars involved in international scholarly organizations, a large study is now underway to examine overall American participation in humanities exchange programs (only a small part of which is NEH-supported), to compare this with participation in national and social science exchanges, and to trace the link between international organizations and domestic research and education. This information, which will require an extensive study by an outside organization, will help inform agency decision-making about NEH's own grants but also provide information to the entire humanities constituency.

Because of the nature of Evaluation Studies they cannot be subsumed in the Administrative Funds budget. Even if the definition of that budget were expanded to encompass them, the agency believes that the impact of the program on the humanities field would be lost.

Question. Also under special projects planning you list $750,000 for "identifying critical issues." To whom do grants under this effort go? Give us some specifics.

Answer. As the budget narrative suggests the monies will go for applied research and development activities treating problems surrounding science and technology. A similar and counterpart program is being administered by the National Science Foundation. The objectives of these programs are to bring together the insights of humanists and the developments in science and engineering; thereby helping the nation better come to grips with the impact of new breakthroughs on all aspects of life -- social, ecological, moral, cultural and political.

A list of grants in this area is provided for the record.

OFFICE OF PLANNING

FY 1976 Grants

Science/Values	Outright	G&M	Total
*American Association for the Advancement of Science, Washington, D.C., William A. Blanpied, Viability of Concepts of Model Habitat in the Contemporary USA, AV-24606-76-95	$49,250	--	$49,250
*Bryn Mawr College, Bryn Mawr, Pa., Jane C. Kronick, Case History of New Zealand Accident Compensation Act as a Response to Technological Development, AV-25880-76-610	45,000	--	45,000
Case Western Reserve University, Cleveland, Ohio, David D. Van Tassel, Human Values & Aging: New Challenge to Research on the Humanities, AV-22113-75-111	5,000	--	5,000
*Cornell University, Ithaca, N.Y., Dorothy Nelkin, Conflict in a Technological Society, AV-25881-76-611	42,500	--	42,500
*Council for Philosophical Studies, Washington, D.C., Samuel Gorovitz, Institute on Philosophical Ethics for Science Faculty, AV-24605-76-83	33,745	--	33,745
*University of Delaware, Newark, Delaware, Paul T. Durbin, A Guide to Hist., Philosophical, Science - Policy and Socio. Studies of Science, Tech., AV-25826-76-635	92,170	--	92,170

	Outright	G&M	Total
Georgetown University, Washington, D.C., Warren T. Reich, Encyclopedia of Medical Ethics, AO-7831-73-19	--	$45,000	$45,000
*Harvard College, Cambridge,Mass., Vivian Shelanski, Continuation of Harvard Newsletter and Research Service on Research and Education in Science, Technology and Human Values, AV-25884-76-615	30,000	--	30,000
*Massachusetts Institute of Technology, Cambridge, Mass., Charles Weiner, The Recombinant DNA Research Guidelines, AV-25879-76-609	31,000	--	31,000
*Research for Social Change, Belmont, Mass., Dorothy Wertz, Effects of Cultural Values Upon Social Sciences Research About Women as Workers, AV-25883-76-613	6,500	--	6,500
The Salk Institute, San Diego, Ca., Harry Boardman, In Support of the Appointments in the Humanities at the Institute, AV-4126-74-387	--	70,000	70,000
Total Number of awards 11	$335,165	$115,000	$450,165

OFFICE OF PLANNING—TRANSITION QUARTER

Science/Values	Outright	G&M	Total
University of Delaware, Newark, Delaware, Paul T. Durbin, A Guide to Historical, Philosophical, Science-Policy and Sociological Studies of Science, Technology, AV-25826-76-635	$23,000	$ --	$23,000

*Grants co-funded with National Science Foundation

Question. You also list the $800,000 for Youth Programs under planning. Why is that considered planning?

Answer. It is not considered "planning," in fact. The Office of Planning serves several functions, as was noted above. One of these is the experimentation with new types of programming, such as the use of newspapers to disseminate humanistic courses, giving high priority and coordination to specific issues or subject matter -- for example, Science and Human Values. Experimentation also includes the effort to attract audiences not presently involved in the humanities. Young Americans are a case in point.

The formal education process supplies exposure but it is constructed for youth, not by them. Youth Programs consists of a number of still developing activities. One is the Youthgrants program which is designed to give young people (under 30 years of age) an opportunity to design their own individual or collective projects and carry them out. It is not a part of the school curriculum nor does it require school affiliation. Based on an evaluation, we are instituting some changes in the Youthgrants program and therefore the activity remains in the Office of Planning. In addition to Youthgrants the agency is testing various approaches to greater large-scale collaborative out-of-school projects for young persons as a counterpart to the individual or small group endeavors. These projects will be national or regional in scope and experiment with various ways of interesting teenagers in the humanities.

Question. It would appear from the figures mentioned in your justification that the average youth grant is $5,000 or more. What does that $5,000 pay for, specifically?

Answer. Funds for projects supported by the Youthgrants Program generally cover most project-related expenses such as limited stipends for the youth participants; the cost of supplies (which in a film project comprises most of the grant), clerical services, and rental of equipment as needed; small honoraria for advisors; and travel when appropriate. These costs are, of course, tailored to the specific project, and we find most young people are very modest in their requests. Since many Youthgrant projects include a number of young participants, the cost per person is much lower than the average project cost.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

FOLKLIFE

Question. In reviewing your Tenth Annual Report, I noticed with interest occasional references to folklife programs. Presumably this new activity is in response to this committee's directive, in its FY76 appropriations report, that you "extend and improve. . .programs in support of American folk culture." Since you have acquired this new interest, and are funding folklife projects ranging from Hoopa Indian oral literature to folkways in the Appalachian mountains, can you explain to me why you have not yet seen fit to follow the lead of your sister Endowment and establish a folklife division within your Endowment? This would not

only be a symbolic act of support for folk culture, but would heighten awareness of folklife throughout the Endowment and facilitate grants for folk projects. Could you please provide for the committee a list of folklife programs funded in FY76 and so far in FY77, the amount of funding for each and the division awarding the grant? How much do you anticipate spending for folklife programs in fiscal year 1978?

Answer. The Endowment shares the Committee's interest in this area and will examine further ways of making this interest -- and the considerable amount of funding which has been provided to folklife projects—more widely known to persons working in this field. However, it does not appear that practitioners are unaware of NEH interest. Folklife projects are eligible for -- and have received -- considerable support in each and every NEH program -- specifically, Research, Education, Public Programs, Fellowships, Youthgrants -- rather than confined to a specific "folklife" program. Support over the ten-year period, 1966-1976, totaled 527 grants and $14,071,211 which suggests that NEH is presently the nation's major source of support for preserving and disseminating the American folklife heritage, and indeed NEH funding for this area exceeds support provided to many of the traditional humanistic disciplines.

While it is too early to know what the level of activity will be in FY 1977 and 1978, judging by FY 1976 we can expect significant support across all of the Endowment's divisions. FY 1976 support is as follows:

NEH Support for American Folklife Projects
FY 1976 - By Divisions

	Number	Amount
Public	7	$182,351
Education	10	802,378
Fellowships	15	228,127
Research	21	1,880,639
Planning (Youthgrants)	11	60,158
Total	64	3,153,653

Attached is a list of awards granted furing FY 1976.

NEH FOLKLORE, FOLKLIFE AWARDS, FY 1976

FY 1976

Public Programs

William Haley: WXXI-TV Rochester Area Educational Television. The American Hero in Myth and Media. PN-25782-76-712 $17,587

Robert E. Smith: Lafayette Natural History Museum. 1776-1976: 200 Years of Life and Change in Louisiana. PM-23557-76-56 $33,099

Ted Christensen: Arizona State University, KAET-TV. Navajo. PN-25731-76-710 $20,000

Barbara Lipton: Newark Museum Association. Survival: Life & Art of the Alaskan Eskimo. PM-24609-76-455 $88,035

Gordon L. Olson: Grand Rapids Museum Association. Great Lakes Indian Trade Bead Project. PM-24320-76-323 $2,000

Joan F. Freeman: State Historical Society of Wisconsin. Native Americans of the Western Great Lakes. PM-24603-76-485 $6,630

Joseph Byrd: Yankee Doodle Society. Ideology & Utopia in American Popular Music of the Nineteenth Century. PN-24167-76-218 $15,000

FY 1976

Education Division

D'Arcy McNickle: The Newberry Library. Center for the History of the American Indian. EH-5461-72-487 $43,000

Adrian Akmajian, Richard Demers: University of Arizona. Native American Languages and Linguistics Program. EP-24974-76-522 $49,968

Douglas R. Parks: Mary College. North Dakota Indian Language Studies Program. ES-24874-76-516 $97,151

William L. Leap: Center for Applied Linguistics. Indian Language Assistance Project. EH-25606-76-769 $74,999

Lawrence J. Evers and Michael Thomsen: University of Arizona. Native American Literature: A Series of Videotaped Instructional Aids. EH-24759-76-537 $70,297

William Ferris: Center for Southern Folklore. Multi-Media Study of Southern Folklore. EH-23356-76-290 $120,000

Arthur Puotinen: Suomi College. Finish Folklore and Social Change in the Great Lakes Mining Region. EH-6622-72-419 $30,000

Robert Flanders: Southwest Missouri State University. Ozark Regional Studies. EP-23500-76-316 $29,805

Alan G. Bennett: Appalachian Film Workshop, Inc. Appalachian Educational Media Project. ES-8532-74-274 $19,435

Francis Jennings: Newberry Library. Center for the History of the American Indian. EH-25726-76-778 $267,723

Fellowships Division

Rudolph O. de la Garza: Colorado College. The Maintenance of Artistic, Folklore and Literary Traditions in the American Southwest. S-76-53 $2,000

Solon Kimball: University of Florida. Cultural Bases of American Civilization. FS-24700-76-171 $43,501

J. Bunker Clark: University of Kansas. Music in the United States before the Civil War. FS-23964-76-152 $38,919

Michael C. Shapiro: University of Washington. Language Variation in the U.S.: New Methods of Analysis. FS-24074-76-135 $35,019

Peter J. Petersen: Shasta College. Folklore as a Teaching Tool. F-76-277 $15,000

Douglas S. Greenberg: Lawrence University. Public Festivities in Early America. F-76-230 $15,000

Martin C. Lesley: Clackamas Community College. Characteristics of the Native American Voice. F-76-256 $15,000

Daryl C. Dance: Virginia Commonwealth University. S-76-48
Wit and Humor in Black American Literature. $2,000

Edmund J. Dehnert: Mayfair College. S-76-52
The Folk Music of Polish-Americans. $2,000

Karl Kroeber: Columbia University. S-76-119
Critical Anthology of American Indian Poetry. $2,000

Daniel E. Moerman: University of Michigan, Dearborn. S-76-147
North American Medical Ethnobotany-Computer Databank. $2,000

Jesse D. Green: Chicago State University. S-76-79
Frank Hamilton Cushing: Pioneer. $2,000

Bill Holm: University of Washington. F-76-76
Structure and Style of Northwest Coast Indian Art $13,688

Wilma S. Dykeman: Individual. F-76-37
Appalachian Literature. $20,000

James S. Pierce: University of Kentucky. F-76-121
Twentieth-Century American Environmental Folk Sculpture. $20,000

Research Division

Michael E. Krauss: University of Alaska. RO-24488-76-258
Alaska Native Writers Project. $30,000

D. W. Krummel: University of Illinois, Urbana. RT-23875-76-267
Directory & Source Materials of Early American Music. $156,111

Violet E. Rau: Kamiakin Research Institute. RC-23950-76-494
Photographic Archive of the Yakima Nation. $50,000

Robert W. Young: University of New Mexico. RT-24860-76-624
Navajo-English/English-Navajo Dictionary. $41,926

Helen Hornbeck Tanner: The Newberry Library. RT-23732-76-773
Atlas of Great Lakes Indian History. $173,642

James E. Morrison: Country Dance Society, Inc. RO-23926-76-260
American Social Dance Before 1820. $9,416

Norman Brouwer: South Street Seaport Museum. RO-23705-76-458
Survey of American Sailing Ship Remains in the Falkland Islands. $5,987

Jill Gellerman: Dance Notation Bureau, Inc. RO-21358-75-137
Hasidic Dances in Ritual and Celebration. $6,000

Prof. Richard M. Dorson: Indiana University RT-23935-76-623
Handbook of American Folklore. $69,399

Samuel A. Floyd, Jr.: Southern Illinois University, Carbondale. The Music of Black American Composers: An Anthology. RT-24919-76-808 $93,666

Rudolph J. Vecoli: University of Minnesota. A Facility for Basic Research on 'White Ethnic' Groups in Modern America. RC-10751-75-1 $136,961

James V. Hatch: The City College of CUNY/Research Foundation. A Collection of Oral Histories of Black-American Artists. RC-20585-75-56 $24,353

Frank Sommer and Mrs. Spencer Waters: Henry Francis Du Pont Winterthur Museum. Folk Arts in the Delaware and Ohio Valleys Prior to 1875: Material Culture. RT-24651-76-617 $105,000

Martha Royce Blaine: Oklahoma Historical Society. The Microfilming of the Indian Archives of the Oklahoma Historical Society. RC-23684-76-552 $90,312

Oscar Handlin and Stephan Thernstrom: President and Fellows of Harvard College. Harvard Ethnic Encyclopedia. RT-23658-76-482 $130,108

Wayland D. Hand: Regents of the University of California. Dictionary of American Popular Beliefs and Superstitions. RT-23041-75-592 $19,994

Lee A. Pederson: Emory University. The Linguistic Atlas of the Gulf States. RT-8487-73-208 $14,926

Lee A. Pederson: Emory University. Editing the Linguistic Atlas of the Gulf States. RT-25165-76-832 $348,439

Frederic G. Cassidy: University of Wisconsin, Madison. Dictionary of American Regional English. RT-25503-76-855 $200,000

Frederic G. Cassidy: University of Wisconsin, Madison. Dictionary of American Regional English. RT-22961-75-583 $105,000

Richard M. Dorson: Indiana University. Handbook of American Folklore. RT-23933-76-623 $69,399

Office of Planning & Analysis (Youthgrants)

James H. Renner: Oklahoma State University. The Research and Development of an Archive of Traditional Oklahoma Fiddle Music. AY-25046-76-514 $3,963

Paula Tadlock: Individual. A Study of Shape-Note Singing in Mississippi. AY-25098-76-504 $2,512

J. Mark Gooch: Samford University. Index, Research, and Exhibit of Central Alabama Folkcrafts. AY-24426-76-542 $7,587

Brett Sutton: University of North Carolina. A Collection of Virginia Mountain Religious Folksongs.	AY-24389-76-226 $9,495
Robert Arthur Griffith: Individual. A History of Blacksmithing in Colonial America.	AY-23436-76-66 $1,905
Stephen Garrison Hyslop: Tufts University. An Anthology of the Early American Minstrel Show.	AY-25268-76-619 $2,345
Michael Tiranoff: Individual. A Filmic Study of the Culture of Baltimore Street Criers.	AY-24470-76-406 $9,998
Anne Marie Billingsley: Individual. A Research of Folklore in Southwestern Indiana.	AY-24466-76-318 $4,941
Rochelle Lieber: Individual. A Cultural History of the Hualapai Indians of Arizona.	AY-23433-76-332 $5,307
Nym Cooke: Individual. Research and Compilation of 18th Century American Choral Music.	AY-23447-76-68 $1,902
Edward Gray: Individual. Films Study of Afro-American Music.	AY-23529-76-104 $10,203

SUBCOMMITTEE RECESS

Senator STEVENS. We will recess until 9 a.m. tomorrow morning.

[Whereupon, at 12:05 p.m. Wednesday, February 9, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, February 10.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

THURSDAY, FEBRUARY 10, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senators Stevens and DeConcini.

NATIONAL CAPITAL PLANNING COMMISSION

STATEMENT OF DAVID M. CHILDS, CHAIRMAN

ACCOMPANIED BY:

CHARLES H. CONRAD, EXECUTIVE DIRECTOR
DONALD F. BOZARTH, DIRECTOR, FEDERAL PLANNING DIVISION
GEORGE H. F. OBERLANDER, DIRECTOR, FEDERAL REVIEW DIVISION
DANIEL H. SHEAR, GENERAL COUNSEL AND SECRETARY
MALCOLM L. TREVOR, ASSISTANT EXECUTIVE DIRECTOR FOR ADMINISTRATION

PREPARED STATEMENT

Senator STEVENS. Good morning. We will begin today with the fiscal 1978 budget request of the National Capital Planning Commission. It totals $1.8 million, a slight decrease of $85,000 from 1977 appropriations to date.

The justification is included in the record. Mr. Childs, welcome again before the committee. Please introduce those with you at the witness table and highlight your prepared statement. The full statement will be printed in the record.

[The statement follows:]

PREPARED STATEMENT OF CHAIRMAN DAVID M. CHILDS

Mr. Chairman and members of the Committee, I am pleased to present the appropriations estimates for the Commission for Fiscal Year 1978. I would like to introduce members of the Commission staff accompanying me today:

Charles H. Conrad, Executive Director
Donald F. Bozarth, Director, Federal Planning Division
George H. F. Oberlander, Director, Federal Review Division
Daniel H. Shear, General Counsel and Secretary
Malcolm L. Trevor, Assistant Executive Director for Administration

The President's budget request for the Commission for fiscal year 1978 is $1,819,000. This figure represents a decrease of $150,000 from our FY 1977 budget (assuming a supplemental $65,000 is appropriated to cover the cost of the October 1976 Federal pay raise). This decrease would eliminate eight of our permanent staff positions.

President Carter, in his talk to the nation last Wednesday night, outlined the immediate goals for his new Administration. As Chairman of an independent agency in the Executive Branch, I am fortunate to be in a position to recommend actions which in a small way may help to implement some of these plans.

A clear opportunity in this regard is in the area of the reform of the Federal government. The budget for Fiscal Year 1978 makes reference to legislation "to reorganize the Federal Government's planning responsibilities for the Nation's Capital, in order to improve the coordination and public awareness of all federally sponsored development activities." A draft bill has been prepared by the Office of Management and Budget and is undergoing review in the Executive Branch. It would strengthen the National Capital Planing Commission as the central Federal planning agency in the National Capital region.

We welcome your questions on the details of our appropriation estimates.

INTRODUCTION OF ASSOCIATES

Mr. CHILDS. Thank you, Senator. It is a pleasure to be here this morning. I have an opportunity to present the National Capital Planning Commission's budget to you as Chairman of the Commission.

On my right is Executive Director Charles Conrad, Donald Bozarth is on my far left. He is Director of Federal Planning Division.

George Oberlander is on my far right, Director of the Federal Review Division. Beside Mr. Oberlander, there is Malcolm Trevor, who is the Assistant Executive Director for Administration, and on my left is General Counsel Daniel Shear.

My statement has been submitted for the record, and I would be pleased to answer particular questions you may have regarding the budget proposal before you.

Senator STEVENS. Is that your complete statement?

Mr. CHILDS. That is my complete statement.

DUPLICATION OF PLANNING EFFORTS

Senator STEVENS. Very good, thank you. Last year we expressed concern over the duplication of planning in the Capital City, and the President's January budget talks of recommending legislation to reorganize Federal planning responsibilities in the Capital area.

Where is that legislation now?

Mr. CHILDS. The proposal for legislation is currently being circulated within the executive branch of the Government.

We have participated in that strongly with OMB, in the drafting of changes that could occur in such new legislation.

I think it is particularly important, in relationship to the budget that is before you here, in that reorganization, as well as additional powers for the Commission, will permit the Commission to operate in a much more efficient manner, tailoring its responsibilities to the Federal review and Federal planning, so as to not conflict with that being done by the District of Columbia government.

The budget before you does not specifically relate, in its ability to be reduced to that pending legislation, which I am very hopeful will be coming to the Congress by the Administration in a short time.

Senator STEVENS. What does it do to your Commission and the Commission on Fine Arts?

Mr. CHILDS. It does nothing, in terms of tying the two Commissions more strongly together, at the current time. I am of the strong hope that further drafts will be circulated, not only with the Commission of Fine Arts but with the Pennsylvania Avenue Development Corporation, which is a very closely related body dealing with an important sector of the city and is also a Federal agency.

Senator STEVENS. As I understand it there is a proposal to take your Commission out of local planning, as opposed to those that deal with national planning.

Mr. CHILDS. Yes, sir. The Home Rule Act actually succeeded in doing that. The National Capital Planning Commission was the planning agency for the entire District, and it now is the central planning agency for the Federal Government only. As such, it prepares the Federal elements of the comprehensive plan and the District of Columbia government, the Mayor, which is, in fact, the planning agency for the District government, prepares the District elements.

Those District elements are approved by the District Council and come to the Planning Commission for review, for Federal impact. But we no longer prepare the plans for the District government. We do that only for the Federal areas, and we review their plans, District of Columbia plans, for Federal impact.

OMB'S PROPOSED REDUCTION IN NCPC STAFF

Senator STEVENS. What caused the reduction by OMB of your budget?

Mr. CHILDS. The reorganization proposed in the draft legislation which we were hopeful would be coming along with the budget request, reorganized the Commission and also added certain review powers and certain planning functions which OMB felt could tailor our staff in such a way that it would not be necessary to duplicate certain review procedures that were being done by the District government.

Senator STEVENS. Let us be specific. You have an eight staff member reduction, an eight-position reduction. What did you ask OMB for? Did you ask for that reduction?

Mr. CHILDS. No, sir. Our original request was, in fact, an increase in staff positions and an increase in a budget amount which would have permitted us to carry out certain of the functions of the Planning Act in fuller detail, the way that that act called for, as well as to do a complete and, in my opinion, very important restudy of the downtown Federal L'Enfant City in effect which has not been done for the last 76 years, since Senator MacMillan prepared the famous 1901 MacMillan plan.

In that regard, our request to make that effort was delayed. The draft legislation, I believe, in fact, if it does go through, will permit us to stay at the exact level of 64 positions which we are currently operating.

Senator STEVENS. You mean that legislation will increase your authorization, bring it back up to replace these eight positions?

Mr. CHILDS. No.

Senator STEVENS. Where are you operating? You have eight vacancies now, is that what you are saying?

Mr. CHILDS. I think we have two vacancies at the present time. We are authorized 64 full-time employees. The proposed reduction of 12.5 percent—eight positions—was directed by OMB.

Senator STEVENS. As applied to 64 positions?

Mr. CHILDS. Yes.

Senator STEVENS. What impact would the eight-position reduction have on your existing and future operations?

Mr. CHILDS. The 8-position reduction of the Commission's staff proposed in fiscal year 1978 would constitute a 12.5-percent cut in the 64 existing authorized positions. Such a decrease in positions would force the Commission, under current guidelines, to initiate a reduction in force. There are presently four vacancies on the Commission staff which we have been holding unfilled due to the possible reduction. Four additional positions would have to be abolished with the possibility of riffing staff in order to meet the total proposed reduction. No decision has been made at this time on which four positions might be affected and what, if any, reorganization of the staff might be necessary to adjust to this proposal.

Such a reduction in staff could better be evaluated in light of the possible future legislative proposals by the Office of Management and Budget which would functionally strengthen the National Capital Planning Commission to more adequately represent the Federal interest in the Nation's Capital.

Another item that would have a bearing on the number of reductions is the more adequate funding of the additional consultant assistance which includes a new look at the Federal L'Enfant City as previously discussed.

CONSULTANTS AND SPECIAL STUDIES

Senator STEVENS. You have increases totaling $80,000 for consultants and special studies.

Mr. CHILDS. Yes. This is part of the new plan for the downtown L'Enfant area. We requested greater funds than this in response to your question about our original request to OMB.

This is only a piece of that. As you can imagine, a major restudy of the central core of the city is a fairly expensive item, and this will only take us a very small first step into that process.

Senator STEVENS. How much do you have in total budgeted for temporary employees and consultants in 1978?

Mr. CHILDS. The consultant funds include a request for a base of $50,000, plus an additional $80,000 for other consultant moneys.

Senator STEVENS. That is related to this study, the MacMillan-type study?

Mr. CHILDS. Yes, sir.

Senator STEVENS. What were the eight positions related to?

Mr. CHILDS. We have not designated what positions those will be at this time out of our 64.

TRANSPORTATION STUDY

Senator STEVENS. What is the total allocated in your budget for the special transportation study and what will be gained from that multiyear study?

Mr. CONRAD. The total allocated in our fiscal year 1978 budget for the final phase of the Federal transportation study is $20,000. So far we have completed phases 1 and 2, accomplished in fiscal year 1975 and 1976. Phases 1 and 2 provided data on current Federal employee home-to-work travel, the primary purpose of which was to develop relationship to be used in forecasting future travel conditions in conjunction with the long-range Federal employment plan. Phase 3, which is budgeted for fiscal year 1977, will produce the long-range forecasts of Federal employee travel. Phase 4, proposed for fiscal year 1978, will deal with visitor travel—both tourist and business—generated by the operation of the Federal Government as well as other nonwork trips such as services. Such a study has never been undertaken on a regional scale by the Federal Government.

The complete study will allow the Commission to coordinate planning for the Federal operations in the region with local transportation systems plans and assure that regional transportation plans will fulfill the transportation requirements of the Federal Government.

Data obtained in the first two phases of the study has been useful to the Commission in the review of master plans for Federal facilities and has also been used by organizations preparing those master plans. In addition, data on patterns of Federal employee home-to-work residence and commuting practices has been made available to local jurisdiction planers for assistance in their work. Such data is useful in enhancing improvements in transportation efficiency through carpooling and transit routing and, ultimately, in siting Federal and non-Federal employment centers in optimum locations.

Senator STEVENS. That is part of the $80,000?

Mr. CONRAD. Yes, sir.

COMPENSATION FOR COMMISSION MEMBERS

Senator STEVENS. What is the budget for compensation of Commission members now?

Mr. TREVOR. That is presently $40,000, Senator.

Senator STEVENS. How much of that is for travel?

Mr. TREVOR. None of that is for travel. The travel money is in another object class of the budget, and I think that is about $6,000 or $6,500.

That is a rarely used item now for Commission members. We are voluntarily reducing that item each year, and you will notice in the 1978 budget we reduced it another $2,000.

REQUEST FOR TRAVEL

Senator STEVENS. You have a $12,000 travel request.

Mr. TREVOR. That is a combination, Senator, of staff travel as well as Commission member travel.

Senator STEVENS. $6,500 for staff travel?

Mr. TREVOR. Yes, that is approximately the amount.

Senator STEVENS. Why do you need travel money to plan for the District of Columbia?

Mr. CONRAD. Mr. Chairman, that money is utilized for sending key members of the staff to special conferences pertaining to planning. One of these conferences included the National Capital Planning Com-

mission for Ottawa, Canada, where the Commission members as well as staff got together to discuss mutual problems, also organization.

I think it was a mutually beneficial kind of conference to attend. We try to keep our staff up on current events, current planning techniques, and we find this a most helpful method to do it.

RELATIONSHIPS WITH OTHER PLANNING GROUPS

Senator STEVENS. What are you doing now for the Commission on Fine Arts?

Mr. CHILDS. Our relationship with the Commission on Fine Arts has been an extremely strong one.

Senator STEVENS. That is not what I asked you. What work are you doing for them?

Mr. CHILDS. We are not doing any work for the Commission on Fine Arts at the present time.

Senator STEVENS. They do not contract anything over to you at all?

Mr. CHILDS. No.

Senator STEVENS. We are getting to the point where I think the committee is going to have to raise some question soon about the conflicts of jurisdiction, overlapping of duties between the Commission on Historic Preservation for the District and the Commission on Fine Arts, your Commission, the Pennsylvania Avenue Corporation and the Department of Interior staff.

We are funding redundant studies, and it seems like our funding has increased as paperwork goes back and forth between these commissions.

How much of your work is reviewing actions taken either by the Advisory Council on Historic Preservation, the Fine Arts Commission, Department of Interior, or the Pennsylvania Avenue Development Corporation?

Mr. CHILDS. Almost nothing, sir. The Commission on Fine Arts—let me say, first, it is always a very difficult thing to draw a line between architecture and planning.

There is a gray area where we, as planners, get into some esthetics of a proposal and the Fine Arts Commission will, of course, look at a total project, not just from the materials being used and the elevations, but into the total urban design of many projects.

However, for the Pennsylvania Avenue Development Corporation, we are not involved in a review of that, other than giving comments to the Pennsylvania Avenue Development Corporation through the Mayor or the District of Columbia, which, I believe, is a funny way of going at one Federal agency——

Senator STEVENS. That means you review all the work they do; doesn't it?

Mr. CHILDS. No. They will come to us out of information, and present material to us and the staff. But we have no direct review of their proposals.

Senator STEVENS. But we have had testimony that you are commenting on it in some way. I have heard all the other agencies except the Department of Interior. We have had testimony that you are reviewing the work of these other agencies, directly or indirectly.

REVIEW OF PENNSYLVANIA AVENUE DEVELOPMENT PLANS

Mr. SHEAR. Mr. Chairman, the legislation creating the Pennsylvania Avenue Development Corporation, you may recall, initially required approval of the overall Pennsylvania Avenue plan by the Secretary of the Interior and the Mayor of the District of Columbia and the National Capital Planning Commission. Congress felt that three such approval requirements were at least one too many, and struck the National Capital Planning Commission as an approving agency with respect to the plan developed by the Pennsylvania Avenue Development Corporation.

As a result, the legislation, as it was enacted, provided for approval by the Secretary of Interior and by the Mayor of the District of Columbia, which provided for submission of our comments through the Mayor, as Mr. Childs has indicated.

We believe that to be inconsistent with the concept of the National Capital Planning Commission as the central planning agency for the Federal Government in the National Capital.

Senator STEVENS. I am not arguing that, counsel. My question is, Are you reviewing it? If you are going to give comments to the Mayor or through the Mayor, you are reviewing something.

Mr. SHEAR. We gave comments——

Senator STEVENS. What are you reviewing? That is my question. What are you reviewing to give those comments?

Mr. SHEAR. Nothing, at the present time. There is nothing from the Pennsylvania Avenue Development Corporation.

Senator STEVENS. I am not asking about current time. In the process of their planning, what do you review in order to give comments through the Mayor on the Pennsylvania Avenue Development Corporation?

Mr. SHEAR. The Commission reviewed the proposed Pennsylvania Avenue development plan prior to its submission to the Congress by the Corporation. As you know, that plan has completed that process and has been approved by the Congress.

And the Corporation is in the process of attempting to implement that plan.

Senator STEVENS. I wish you would sit here and listen to testimony delivered. It is far from being totally approved. The overall concept might have been approved, but the individual items are now in the process of rather redundant review, and I am trying to find out how much you are involved in any of the review of the implementation of that plan.

Mr. SHEAR. We will review any direct construction by the Corporation, if there is any, in the same manner that we review any direct Federal construction by the General Services Administration or the Department of Defense or Department of Interior.

Senator STEVENS. Did you review their proposal for the Willard Hotel?

Mr. SHEAR. No, sir.

Senator STEVENS. Did you review their proposal for the preservation—what street was that? The Seventh Street facade plan.

Mr. CHILDS. No.

83-107 O - 77 - pt. 3 -- 17

JOINT COMMITTEE ON LANDMARKS

Mr. SHEAR. No, sir. Now there is a Joint Committee on Landmarks of the National Capital, which is the local, the State landmarks review body, which is jointly sponsored by the National Capital Planning Commission and the Commission of Fine Arts and the District of Columbia government.

There may have been some confusion in that respect, sir. The Joint Committee on Landmarks, on which I also serve as counsel, pursuant to its charter, has reviewed various landmark matters affecting the Pennsylvania Avenue Development Corporation area.

But the National Capital Planning Commission has not reviewed any of the individual undertakings.

Senator STEVENS. I am sure you understand. We are going to try to get to this redundancy. There just seems to be a total redundancy in planning functions in the Capital, particularly as it relates to the Federal effort.

We may submit some further questions to you along that line.

Mr. CHILDS. Senator, if I might make a comment to your last statement. We would certainly be in great support of that. We believe as a central planning agency there ought to be one organization that coordinates the activities of the Federal Government.

CONSOLIDATION OF FUNCTIONS

Senator STEVENS. I do not want to mislead you. In view of the way that things have changed, with the increase of home rule, I am not sure that this committee would share your feeling that you ought to survive.

Looking at the Commission on Fine Arts and the corporations like the Pennsylvania Avenue Development Corporation, it seems to us that some of the redundancy may be starting to be eliminated by OMB.

Let me ask you this: You have a reduction of eight members in your staff. You tell us there is legislation that is coming up that will further coordinate the federal activities of the Capital City. Yet you have a requested increase for studies and consultants. The staff and I are legitimately confused about the direction coming out of OMB about consolidation of these functions.

Is this the first step toward consolidation of functions? You participated in those discussions with OMB. Why did they tell you to reduce your staff eight members?

Mr. CHILDS. They felt, and I agreed, that with a proper preparation of a plan for the central Federal core of this city, that it would give direction, which is a one-time increase of costs.

That it would give direction to the several agencies doing important planning, such as GSA, in creation of Federal office space, or the Department of Defense or the Department of Interior, with regard to them all.

With that preparation of a plan those agencies can then prepare their individual work items in conformance with the overall plan.

FUNDING FOR SPECIAL AREA STUDIES

Senator STEVENS. We are talking about the $80,000 in terms of one shot?

Mr. CHILDS. Yes.

Senator STEVENS. I understand $20,000 of that is the finishing out of a 3-year study. We are talking about $60,000 as a one-time expense for what amounts to a MacMillan-type plan.

Can you do that for $60,000?

Mr. CHILDS. No, sir. Our request for an additional $295,000 in excess of that for the entire plan of which $60,000 was approved by President Ford in this budget here.

Senator STEVENS. For this year?

Mr. CHILDS. Yes, sir.

Senator STEVENS. What was the time frame on that special study?

Mr. CHILDS. I believe we can do that project in 1 year.

Senator STEVENS. But you have got $60,000 out of $295,000. Someone does not share your point of view.

Mr. CHILDS. That is correct.

Senator STEVENS. What can you do? What can you get done for $60,000 out of a $295,000 study that should be done in a year?

Mr. CHILDS. Other than to coordinate several of the individual plans now being prepared by the Pennsylvania Avenue Development Corporation, Department of Interior, and by the Congress itself for its plan on Capitol Hill, we can do nothing of a creative type of planning, like the MacMillan Commission prepared.

Senator STEVENS. Don't misunderstand me. I am not antagonistic to your organization. I just think you might be the people to survive as the survivor agency.

It just seems that we are getting to this problem of redundancy a little late.

THE A–95 PROCESS

I have been told that the committee received a resolution yesterday from the Northern Virginia Planning District Commission that opposes designating your Commission as a third A–95 clearinghouse for the Washington area.

What does that mean?

Mr. CHILDS. This ties in with the conversation we just had.

Senator STEVENS. You have been clearing the plans for the Virginia Planning District?

Mr. CHILDS. No. The OMB circular, regarding the A–95 review, has requested that a copy of a notification of intent to apply for a Federal grant be sent to the National Capital Planning Commission.

Senator STEVENS. Who required that?

Mr. CHILDS. OMB. This form must be prepared by the local agency which is requesting Federal funds, and as a normal process in A–95 they would send that to us, for our information.

That to me, sir, seems to be the role of a Federal planning commission.

Senator STEVENS. Why in Virginia? You are supposed to be working in the District.

Mr. CHILDS. As it would impact, say, for example, a proposal by a local agency for Federal funding for a roadway which would do severe damage to Dulles Airport, which is a Federal facility. We would receive that form, which has already been prepared, a copy of it, to see if it had some impact on the Federal installation.

Ninety-nine times out of 100 it will have no impact and we will do nothing further. If it did have an impact we would notify the agency, which may not have received a copy of it. As the central planning agency we would notify them that this project was upcoming.

Senator STEVENS. Will you give us, for the record, a statement on your position and the need or the lack of need—I take it you agree from your statement that there is a need for this proposed A–95 clearinghouse designation.

Give us, for the record excerpts from the January 10 Federal Register that you believe support this, and we will put it in the record, with the resolution and the material furnished by the Northern Virginia Planning District.

[The information follows:]

A-95

The Commission has not been designated as a "third A-95 Clearinghouse in the Washington area" as claimed in the Northern Virginia Planning District Commission resolution dated January 27, 1977.

The Federal Register of January 10, 1977 lists the current State and areawide A-95 Clearinghouse; the Commission is not included. Listed as the State Clearinghouse for Virginia is the Department of Intergovernmental Affairs. Two areawide Clearinghouses are included: the Metropolitan Washington Council of Governments and the Northern Virginia Planning District Commission. (Pages 2231 and 2232, Federal Register, Vol. 42 No. 6, January 10, 1977.

The January 13, 1976 revisions to OMB Circular A-95 require that the Commission be notified by local jurisdictions of their intent to apply for Federal assistance for projects involving land or water use and development or construction in the National Capital Region.

The information required in the notice of intent to apply for Federal assistance is described in OMB Circular A-95 (Revised) and the Commission used those requirements in establishing its own procedures implementing the requirements of OMB Circular A-95. A copy of the NCPC Project Review and Notification System as published in the Federal Register of December 6, 1976 is submitted for the record.

The requirement of notification of intent to apply for Federal assistance is part of a two-way communication device in inter-governmental relations for cooperation with State and local governments in the evaluation, review and coordination of Federal and Federally assisted programs and projects. The extent of the Federal Establishment in the National Capital Region makes essential the coordinating of planning of Federal developments with State and local developments. Statutory requirements and the procedures for such coordination are contained in the National Capital Planning Act of 1952, as amended, and in Part II of OMB Circular A-95 (Revised). Part I of the circular promulgates regulations to be followed by local and state applicants for Federal assistance. By carrying out the prescribed procedures, both the local and Federal planning authorities and other affected governmental agencies communicate and coordinate their public works and program activities.

The A-95 notification system offers the best available process for swift review of local projects supported by Federal grants to determine whether such projects could have impacts on Federal interests in the National Capital Region. Although most such projects are not expected to have impacts on Federal interests, the A-95 process provides the opportunity to identify the special cases where Federal interests may be involved and to coordinate the local projects with the affected Federal interests. The Commission, in an effort to expedite such reviews, has delegated the function to its Executive Director in substantially all cases.

The Commission for many years has referred all master plans, and revisions to master plans, for Federal lands and installations to affected local communities for review and comment prior to action by the Commission on such master plans.

Although the A-95 notification process covers only Federally supported local projects, it does provide a means for coordinating these projects and establishes the principle of local to Federal coordination to complement the existing process of coordination of Federal plans with local communities. Because of the significant Federal presence in the National Capital Region, such coordination of Federal and local projects is essential to efficiency in overall planning and development for the Region.

Northern Virginia

Planning District Commission

7309 Arlington Blvd. • Falls Church, Virginia 22042 • 703-573-2210

February 2, 1977

Mr. Walter E. Scheiber
Executive Director
Metropolitan Washington Council
of Governments
1225 Connecticut Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Scheiber:

It is our understanding that the Senate Interior Subcommittee for Appropriations will be reviewing the budget and work program for the National Capital Planning Commission at its February 10, 1977 public hearing. In light of this, we would like to call to your attention the resolution and letters from our member jurisdictions attached herein. These materials express our concerns about the A-95 review authority proposed to be exercised by the National Capitol Planning Commission.

We appreciate your attention in this matter which affects all the local jurisdictions in the metropolitan Washington area.

Sincerely yours,

Ellen Bozman

Ellen M. Bozman
Chairman

Northern Virginia

Planning District Commission

7309 Arlington Blvd. • Falls Church, Virginia 22042 • 703-573-2210

January 31, 1977

Mr. Charles Conrad, Executive Director
National Capital Planning Commission
1325 G Street, N. W.
Washington, D. C. 20576

Dear Mr. Conrad:

At its meeting of January 27, 1977, the Northern Virginia Planning District Commission discussed the designation of the National Capital Planning Commission as an A-95 Clearinghouse in the Metropolitan Washington area. The Commission wishes to express its concern over the National Capital Planning Commission serving as a third A-95 Clearinghouse covering this geographic area. A copy of our Resolution No. 77-35 and supporting statements from our member jurisdictions are enclosed.

It is our understanding, based on Federal Register (January 10, 1977) and discussion with OMB representative William Brusset, that the National Capital Planning Commission is not a Clearinghouse in the same sense that the Northern Virginia Planning District Commission and the Metropolitan Washington Council of Governments are Clearinghouses. It is, instead, a Clearinghouse with delegated authority to review projects for Federal impact. In keeping with this Clearinghouse distinction, we wish to emphasize that the Northern Virginia jurisdictions will continue to coordinate with NCPC to insure adequate consideration of Federal projects and to minimize administrative costs and duplication of review procedures.

All Northern Virginia jurisdictions will continue to advise NCPC of proposed projects having potential impacts on Federal installations. In addition, Northern Virginia jurisdictions will continue to provide the Metropolitan Washington Council of Governments and NVPDC, the designated A-95 Clearinghouses, with full copies of all application materials. You will, of course, continue to receive the NVPDC weekly Notification List, the MWCOG weekly Status List, and any other application materials you request from the Clearinghouses. We believe that these mechanisms should provide you with adequate notice of proposed projects and will assure coordination with Federal plans.

We look forward to continuation of our cooperative relationship with you.

Sincerely yours,

Ellen M. Bozman
Chairman

Northern Virginia
Planning District Commission

7309 Arlington Blvd. • Falls Church, Virginia 22042 • 703-573-2210

RESOLUTION

RESOLUTION NO. 77-35: DATE: January 27, 1977

PATRON: John W. Epling, Executive Director

NORTHERN VIRGINIA PLANNING DISTRICT COMMISSION'S POSITION ON NATIONAL CAPITAL PLANNING COMMISSION'S A-95 RESPONSIBILITY

WHEREAS, the National Capital Planning Commission was designated by OMB as a Clearinghouse for assessing federal impact of A-95 review applications in January 1976; and

WHEREAS, the National Capital Planning Commission published further clarification of its A-95 procedures in the December 6, 1976, Federal Register; and

WHEREAS, the Northern Virginia Planning District Commission, at its meeting of January 6, 1977, requested additional information on the National Capital Planning Commission's A-95 designation; and

WHEREAS, a meeting held on January 18, 1977, with representatives from the National Capital Planning Commission, Metropolitan Washington Council of Governments, Prince William County, Arlington County, and the Northern Virginia Planning District Commission did not result in clarification of "federal interest" or the National Capital Planning Commission's relationship to potential A-95 applicants; and

WHEREAS, the National Capital Planning Commission indicated at the January 18th meeting that, as a Clearinghouse, they will communicate directly with applicants and Washington area jurisdictions to solicit A-95 applications;

BE IT THEREFORE RESOLVED that the attached comments, expressing the Northern Virginia Planning District Commission's member jurisdictions' opposition to the National Capital Planning Commission as a third A-95 Clearinghouse in the Washington area be forwarded to the National Capital Planning Commission, OMB, and Northern Virginia Congressional representatives; and

BE IT FURTHER RESOLVED that the National Capital Planning Commission be encouraged to continue its Federal impact assessment through existing review and comment mechanisms at the Metropolitan Washington Council of Governments and the Northern Virginia Planning District Commission.

CERTIFICATION

The undersigned certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Northern Virginia Planning District Commission held January 27, 1977.

C. J. Goll

C. J. Goll, Certifying Officer

ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE COUNTY BOARD
COURT HOUSE
ARLINGTON, VIRGINIA 22201

December 14, 1976

Mr. John Epling
Northern Virginia Planning Dist. Comm.
7309 Arlington Boulevard
Falls Church, Virginia 22042

Dear Mr. Epling:

It has recently come to our attention that the National Capital Planning Commission (NCPC) has been designated an A-95 reviewing agency. We strenuously object to this, and wish to take all possible steps to have this designation rescinded.

We believe that for A-95 review purposes NCPC ought to be considered a local jurisdiction, and that the summary reports on proposed projects, which are distributed by COG ought to provide adequate notification. If NCPC wishes to follow up on a proposed project it is certainly appropriate for them to inquire about it. However, there does not appear to be any rational justification for providing them with the complete standard form 424 and attachments for every local project proposed. In addition, there are legitimate questions as to NCPC's ability to review all of these proposals and to respond to them in a timely and useful fashion.

It should be noted that NCPC can and does provide useful information to local jurisdictions on proposed direct federal construction projects. This role should not be modified. Arlington firmly believes that the A-95 review process (which was established to ensure that funds from federal grant programs do not finance projects which conflict with state, regional and local priorities of sources) is a desirable one. However, we believe that this addition of a third reviewing agency will render it cumbersome and expensive.

Consequently, we request that both NVPDC and COG do everything possible to have the January 2, 1976 designation of NCPC revolked. The first step would be the passage of resolutions to this effect. Secondly, a meeting with OMB ought to be set up to discuss the impacts of this designation. Our congressional delegations ought to be alerted and asked for any assistance they can provide. If we can be of any assistance please do not hesitate to contact Betsy Nachbaur at 558-2291.

Sincerely yours,

Ellen M. Bozman

Ellen M. Bozman
Chairman, Arlington County Board

Letter From Prince William County, Va.

December 16, 1976

Mr. John W. Epling
Executive Director
Northern Virginia Planning District Commission
7309 Arlington Boulevard
Falls Church, Virginia 22042

RE: OMB Circular A-95, National Capital Planning Commission

Dear John:

This is to request that the Planning District Commission consider developing a firm stand in opposition to the National Capital Planning Commission's A-95 Procedures that recently appeared in the Federal Register (December 6, 1976). I would also advocate that all mention of NCPC be removed from Section 2.a. of Part I of Attachment A to OMB Circular A-95, Revised (Federal Register, January 13, 1976).

NCPC should have adequate means of providing input into the A-95 Review process through the Council of Governments. Burdening the entire SMSA with another A-95 Clearinghouse is a bureaucratic blunder of a high order, right on Jimmy Carter's doorstep, and in full view of the Federal Paperwork Commission.

I have considerable respect for NCPC, which has worked cooperatively with Prince William County on many issues relating to Federal installations and Federal interests. I am confident that, if NCPC were to request additional information through the Council of Governments on any County-sponsored project that affects the Federal interest, we would be most happy to provide this information and work with NCPC in resolving any possible conflicts.

It appears that most jurisidictions in the area, and most Federal grantor agencies, would prefer to ignore this new Clearinghouse as something of a bother or perhaps an embarrassment. The region, and most certainly NCPC, would be better off without it.

I would appreciate knowing what action NVPDC might take on this matter.

Sincerely,

Henry G. Bibber
Grants Coordinator

cc: Martha Schmitz
Patricia Rogow

9250 LEE AVENUE ◇ MANASSAS, VA. 22110 ◇ (703) 368-9171

City of Alexandria, Virginia

January 26, 1977

Mr. John W. Epling, Executive
Director
Northern Virginia Planning District
Commission
ATTN: Ms. Martha Schmitz
7309 Arlington Boulevard
Falls, Church, Virginia 22042

Dear John:

It recently came to my attention, as a part of the A-95 review process, the National Capital Planning Commission wants to become involved in any project dealing with land or water use and development or construction in the National Capital Region.

To me, and I am sure that there are many other jurisdictions that share my views, this is not necessary, nor warranted, due to the fact that it just adds another layer of reviewers within the system, and becomes more burdensome and costly when a community is submitting a notification of intent or application for Federal funds.

It is the City of Alexandria's view that the following clearinghouse reviews are sufficient to protect the Federal governments interests, to say nothing of the many planning processes and reviews conducted by the city in one fashion or another by Committees, Boards, Planning Commissions and ultimately City Council, to meet the intended requirement set forth in the Office of Management and Budget Circular Number A-95 (Revised).

CLEARINGHOUSE

Metropolitan Washington Council
of Governments
1225 Connecticut Avenue, N.W.
Washington, D.C. 20036

Department of Intergovernmental
Affairs
Division of State-Federal Assistance
Fourth Street Office Building
205 North Fourth Street
Richmond, Virginia 23219

Northern Virginia Planning District
Commission

Apparently it is the view of OMB, as well, because when the Directory of State and Areawide Clearinghouses was published in the Federal Register dated January 10, 1977 it did include all of the aforementioned clearinghouses, but not the National Capital Region. See attachment.

Therefore, I strongly urge you to take whatever steps that are necessary to resolve having the city to go through a fourth A-95 review process . Particularly since Northern Virginia Planning District Commission and the Metropolitan Washington, Council of Governments, in whom I have complete confidence and most certainly will be acting within the guidelines established by OMB, provide weekly reports on all Federally assisted programs that were submitted by various communities to the National Capital Planning Commission for their review.

Sincerely,

Douglas Harman
City Manager

NOTICES

OFFICE OF MANAGEMENT AND BUDGET

DIRECTORY

State and Areawide A–95 Clearinghouses

JANUARY 3, 1977.

Attached is a listing of clearinghouses arranged alphabetically by State according to the 10 Standard Federal Regions. The clearinghouses are established pursuant to Part I of the procedures promulgated by the Office of Management and Budget Circular No. A–95 (Revised).

Areawide clearinghouses in metropolitan areas are established pursuant to the requirements of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966. State and other areawide clearinghouses are designated by Governors of the States pursuant to rules and regulations developed by the Office of Management and Budget under authority of Title IV of the Intergovernmental Cooperation Act of 1968.

As new designations are made from time to time or changes made to existing designations, this office will send out addenda and amendments to the Directory.

Any inquiries should be directed to the Intergovernmental Relations and Regional Operations Division, Office of Management and Budget (395–3031) or to the Federal Regional Council A–95 Coordinator.

The Directory may be reproduced.

VINCENT PURITANO,
Deputy Associate Director for Intergovernmental Relations and Regional Operations.

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR NO. A-95 (REVISED)
STATE, METROPOLITAN, AND REGIONAL CLEARINGHOUSES

VIRGINIA

STATE CLEARINGHOUSE

Department of Intergovernmental Affairs
Division of State-Federal Relations
Fourth Street Office Building
205 North Fourth Street
Richmond 23219

AREAWIDE CLEARINGHOUSES
(Metropolitan)

Clearinghouse	Jurisdiction
Lynchburg	
Central Virginia Planning District Commission 2511 Memorial Avenue, Suite 301 Lynchburg 24501	Cities Bedford Lynchburg Counties Amherst Appomattox Bedford Campbell
Newport News/Hampton	
Peninsula Planning District Commission 2017 Cunningham Drive, Suite 203 Hampton 23666	Cities Hampton Newport News Williamsburg Counties James City York
Norfolk/Portsmouth	
Southeastern Virginia Planning District Commission 16 Koger Executive Center Norfolk 23502	Cities Chesapeake Franklin Norfolk Portsmouth Suffolk Virginia Beach Counties Isle of Wight Southampton

Clearinghouse	Jurisdiction
Petersburg	
Crater Planning District Commission P.O. Box 1808 2825 S. Crater Road Petersburg 23803	Cities Emporia Hopewell Petersburg Counties Dinwiddie Greensville Prince George Sussex Surry
Richmond	
Richmond Regional Planning District Commission 6 North Sixth Street, Suite 500 Richmond 23219	Counties Charles City Chesterfield Goochland Hanover Henrico New Kent Powhatan Richmond City
Roanoke	
Fifth Planning District Commission P.O. Box 2527 Crystal Towers Building Roanoke 24010	Counties Alleghany Botetourt Craig Roanoke Cities Clifton Forge Covington Roanoke Salem
Washington, D.C./Md./Va.	
Metropolitan Washington Council of Governments 1225 Connecticut Avenue, N.W. Washington, D.C. 20036	District of Columbia Maryland portion: Counties Montgomery Prince Georges Virginia portion: Cities Alexandria Fairfax Falls Church Counties Arlington Fairfax Loundoun Prince William

AREAWIDE CLEARINGHOUSES
(Other)

LENOWISCO Planning District Commission (PDC) U.S. 58-421 W Duffield 24244	Counties Lee Scott Wise Norton City
Cumberland Plateau PDC P.O. Box 548 Lebanon 24266	Counties Buchanan Dickenson Russel Tazewell
Mount Rogers PDC 344 S. Main Street Bull Building Marion 24354	Counties Bland Carroll Grayson Smyth Washington Wythe Cities Bristol Galax

Clearinghouse	Jurisdiction
New River Valley PDC 1612 Wadsworth Avenue Radford 24141	Counties Floyd Giles Montgomery Pulaski Radford City
Central Shenandoah PDC P.O. Box 1337 119 W. Frederick Street Staunton 24401	Counties Augusta Bath Highland Rockbridge Rockingham Cities Buena Vista Harrisonburg Lexington Staunton Waynesboro
Southside PDC P.O. Box 660 123 South Mecklenburg Avenue South Hill 23970	Counties Brunswick Halifax Mecklenburg South Boston City
RADCO PDC 913 Charles Street Fredericksburg 22401	Counties Caroline King George Spotsylvania Stafford Fredericksburg City
Northern Neck PDC Post Office Drawer H Callao 22435	Counties Lancaster Northumberland Richmond Westmoreland
Accomack-Northampton PDC Box 316 Accomack 23301	Counties Accomack Northampton
Piedmont PDC P.O. Box P 205 N. Virginia Street Farmville 23901	Counties Amelia Buckingham Charlotte Cumberland Lunenburg Nottoway Prince Edward
West Piedmont PDC P.O. Box 1191 18-22 Walnut Street Martinsville 24112	Counties Franklin Henry Patrick Pittsylvania
Lord Fairfax PDC 103 East Sixth Street Front Royal 22630	Counties Clarke Frederick Page Shenandoah Warren
Rappahannock-Rapidan PDC 702 S. Main Street Culpeper 22701	Counties Culpepor Fauquier Madison Orange Rappahannock

Clearinghouse	Jurisdiction
Northern Virginia PDC 7309 Arlington Boulevard Falls Church 22042	Counties Arlington Fairfax Loudon Prince William Cities Alexandria Falls Church Fairfax City Manassas Manassas Park
Thomas Jefferson PDC 701 East High Street Charlottesville 22901	Counties Albemarle Fluvanna Greene Louisa Nelson Charlottesville City
Middle Peninsula PDC P.O. Box 286 Saluda 23149	Counties Essex Gloucester King and Queen King William Mathews Middlesex

COMMONWEALTH OF VIRGINIA

COUNTY OF LOUDOUN

OFFICE OF COUNTY ADMINISTRATOR

18 NORTH KING STREET
LEESBURG, VIRGINIA 22075

January 27, 1977

Mr. John Epling
Northern Virginia Planning
District Commission
7309 Arlington Boulevard
Falls Church, VA 22042

Dear John:

It has come to my attention that the National Capital Planning Commission has been designated by the Office of Management and Budget as a A-95 review agency. I would like to join with other Northern Virginia officials in opposing this action.

Since COG, NVPDC, and the Commonwealth of Virginia already review grant applications, NCPC's review seems unnecessary and unjustified unless a specific Federal installation is directly involved. A-95 review by an additional agency only adds another time-consuming element to the already cumbersome grant application process. I am certain that any action which NVPDC can take to remove or alleviate this burdensome requirement will be supported by Loudoun County.

Thank you for this opportunity to express my views on this matter.

Sincerely,

Philip A. Bolen
County Administrator

COMMONWEALTH OF VIRGINIA
COUNTY OF FAIRFAX
BOARD OF SUPERVISORS
FAIRFAX, VIRGINIA 22030

January 31, 1977

Harold L. Miller, Chairman
Council of Governemnts
1225 Connecticut Ave. N.W.
Washington, D.C. 20036

Dear Mr. Miller:

The Fairfax County Board of Supervisors on January 31, 1977 approved a motion to request that COG take necessary steps to clarify the role of the National Capital Planning Commission (NCPC) in the A-95 process and to ensure that local jurisdictions are not burdened with additional paperwork or other administrative requirements.

The Board of Supervisors position on this matter is that current federal A-95 procedures by which Fairfax County submits its requests for federal grant assistance to the Northern Virginia Planning District Commission and the Metropolitan Washington Council of Governments for review are sufficient.

The additional requirement for direct local jurisdiction submissions to NCPC in certain broadly defined subject areas appears to be inconsistent with the intent of the federal A-95 clearinghouse system.

The Board of Supervisors is hopeful that this issue can be resolved to the satisfaction of all parties.

Sincerely,

John F. Herrity

ACTIVITIES OUTSIDE DISTRICT

Senator STEVENS. I would also like to have for the record a clear statement of what you believe your functions are, outside of the District of Columbia.

[The information follows:]

NCPC ACTIVITIES OUTSIDE DISTRICT OF COLUMBIA

The Commission is the central planning agency for the Federal Government in the National Capital which is defined by the National Capital Planning Act of 1952, as amended, as "the District of Columbia and territory owned by the United States within the environs." Environs means "the territory surrounding the District of Columbia included within the National Capital Region" and the National Capital Region consists of the District of Columbia, Montgomery and Prince Georges Counties in Maryland; Arlington, Fairfax, Loudoun and Prince William Counties in Virginia, and all cities in Maryland and Virginia within the outer limits of such counties.

The Commission is also "charged with the duty of preparing and adopting a comprehensive, consistent, and coordinated plan for the National Capital..." and with reviewing and making recommendations on plans originated by Federal and District agencies for proposed developments and projects in the National Capital Region "in preliminary and successive stages."

In summary, the Commission is responsible for planning for the Federal Establishment in the National Capital and for Federal interests in the planning and development of the National Capital Region. The Commission's activities, therefore, are necessarily directed to the entire Washington Metropolitan area.

In 1974 there were approximately 120,000 acres of Federally-owned land in the National Capital Region. Only 8.9% of that land was located in the District of Columbia, where Federal activities have historically been concentrated. The remaining 91.1% of the Region's Federally-owned land on approximately 100 separate sites was located outside of the District in the Maryland and Virginia portions of the National Capital Region, as shown below(1):

JURISDICTION	AREA (IN ACRES)	PERCENT
1. District of Columbia	10,680.36	8.9
2. Maryland	31,548.01	26.3
3. Virginia	77,803.39	64.8
Totals	120,031.76	100.0%

As the central planning agency for the Federal Government in the National Capital Region, the Commission is therefore responsible for reviewing Federal agency plans for the use and development of these 120,000 acres of land and the review of individual construction projects proposed on these lands. The Commission's review of the Master Plan for the Dulles International Airport and the review of individual construction plans at the airport are examples of the Commission's activities outside the District of Columbia.

There were an estimated 392,579 Federal employees working in the National Capital Region at the end of 1975. Approximately 56% of this total worked in the District of Columbia where Federal activities have historically been concentrated. The remaining 44% of the Region's Federal employees worked on sites outside of the District in the Maryland and Virginia portions of the Region, as shown below(2).

JURISDICTION	CIVILIAN EMPLOYEES	MILITARY EMPLOYEES	TOTAL EMPLOYEES	PERCENT OF NCR
District of Columbia	202,379	18,096	220,475	56.2
Maryland	64,201	10,454	74,655	19.0
Virginia	64,960	32,489	97,449	24.8
Totals National Capital Region	331,540	61,039	392,579	100.0%

As the Washington metropolitan area has grown, Federal activities have increasingly been located outside of the city and the District's relative share of the Region's total Federal employment has declined. Today, Federal activities in the National Capital are located throughout the National Capital Region. As a result, the Commission's plan preparation and plan review activities are directed to the Federal establishment in the entire Washington metropolitan area and to Federal interests involved in planning undertaken by the local governments, the state governments and the regional agencies and organizations in the National Capital Region.

(1) Source: Table No. 1, Distribution of Existing Federally-owned Land in the National Capital Region, by Political Jurisdiction - 1974.

(2) Source: Table entitled, Summary of Federal Civilian Employment and Military Personnel in the National Capital Region, by Political Jurisdiction, 1975.

Mr. SHEAR. Mr. Chairman, if I may. The Planning Act designates the National Capital Planning Commission as the central Federal planning agency in the National Capital region, not solely the District of Columbia.

Senator STEVENS. That is what I am asking for, counsel. I think we need to know that. We need to know how your Commission impacts the planning functions of Virginia and Maryland vis-a-vis the Federal activities outside the District of Columbia.

I thought we had given back to Virginia that portion of the District of Columbia that was originally within Virginia. It looks like we gave it back and then took over the State.

Mr. SHEAR. The Federal establishment, as you know, sir, extends well beyond the boundaries of the District of Columbia.

ROLE IN PLANNING DULLES AIRPORT

Senator STEVENS. Did you have a role in planning Dulles?

Mr. SHEAR. Yes, sir.

Senator STEVENS. What was your role?

Mr. SHEAR. Site review and approval, master plan review, and any amendments to the master plan, review of individual projects as the Federal Aviation Administration proposed them.

Senator STEVENS. I must tell you, that strains me to think that you would be involved in planning out at Dulles.

Mr. SHEAR. Plan review would be a more accurate——

Senator STEVENS. That is what we are talking about, redundancy, duplication of Federal effort in this area. We are also funding the deficit for the District of Columbia along the way.

It just seems to me that we have more and more groups coming in that basically are reviewing each other's activities.

Mr. CHILDS. Let me respond to that. There are many agencies that do their own planning. Our role as the central planning agency is to coordinate those activities, so there are no duplications. So that GSA, for example, is not building a building in a location of the city to reach a particular goal of theirs which is directly contrary to another agency's intentions, such as Interior, preserving that land as waterfront property.

It is our role to coordinate the planning activities of the several departments, so that we have a comprehensive, coordinated plan for the Federal Government in the Federal city.

ONE CENTRAL PLANNING AGENCY

Senator STEVENS. It just seems more direct to have one central planning agency, and have everybody else do what they told them to do.

I do not know why we have to have this coordination. This has got to be somebody's role. We will have to invent a new one. I just do not understand why we are getting so many additional functions when we thought we gave the District home rule.

And I do not understand this involvement in Dulles. I was not here then, so it is done—I assume it is done. You do not have any continuing role in Dulles, do you?

Mr. CHILDS. If there is a new proposal to change the existing master plan or the traffic access to it, we would have a review of that Federal planning activity, to make sure it is coordinated and not detrimental to some other Federal activity planned in the same area.

We do not have approval powers in the area.

Senator STEVENS. That means we have the FAA, the Highway Administration of both the State and Federal governments, we have EPA and we have the Corps of Engineers, because it goes across the river.

I would like to detail some time how many agencies would have to be involved in a modification of Dulles. Then we would probably understand why you get into four traffic jams to get there on Friday night.

Well, gentlemen, I appreciate your courtesy. We appreciate, also, those insertions in the record. Again, do not be misled. I will probably end up with having your agency become the planning agency, and not just the reviewing or coordinating of everybody else.

I appreciate your courtesy.

Mr. CHILDS. Thank you very much.

NAVAL PETROLEUM RESERVES

STATEMENT OF CAPT. GEORGE G. DOWD, JAGC, USN, DIRECTOR, NAVAL PETROLEUM RESERVES

ACCOMPANIED BY:

CAPT. H. ROBERT JONES, USN. ASSISTANT DIRECTOR, BUDGET AND REPORTS, OFFICE OF THE COMPTROLLER

CDR. GORDON R. GILMORE, CEC, USN, DEPUTY DIRECTOR

CDR. LAWRENCE W. VOGEL, CEC, USN, HEAD, OPERATIONS DEPARTMENT

LCDR. TODD J. REULING, JAGC, USN, DEPUTY COUNSEL

FRANK L. HOUTMAN, COMPTROLLER

BUDGET ESTIMATE

Senator STEVENS. Let me turn, now, to the operation and management of the Naval Petroleum Reserves. Gentlemen, if you would come forward?

The President's budget request for Petroleum Reserves in fiscal 1978 totals $561.2 million. Of this amount, $209.5 million is for the petroleum reserves in Alaska, which is going under the Interior Department's jurisdiction in June, and $145.6 million in estimated receipts is earmark for the Strategic Petroleum Reserve program administered by the Federal Energy Administration.

That leaves the Navy's basic request under this account for $205.9 million to manage petroleum reserves in California and Wyoming and the oil shale reserves in Colorado and Utah.

As I understand it, the Navy witnesses here today will be appearing in support only of the $205.9 million portion of the Petroleum Reserves estimate. This represents a reduction of $99.6 million in appropriations to date for fiscal 1977 for the Navy reserves.

The justifications have been included in the record. Captain Dowd, we will begin with your opening statement. The prepared text will be inserted in the record along with your biographical sketch, and you may highlight it for the committee after introducing those with you.

[The statement and biographical sketch follow:]

STATEMENT OF CAPT. GEORGE G. DOWD

Mr. Chairman and Members of the Committee, I appreciate this opportunity to appear before you to discuss the requested appropriation, Naval Petroleum and Oil Shale Reserves for fiscal year 1978.

Four Naval Petroleum Reserves and three Oil Shale Reserves were created by separate Executive Orders during the period 1912 to 1924. The creation of the Reserves was subsequently confirmed by statute which set forth their fundamental program and purpose. The statute directs the Secretary of the Navy, subject to approval of the President, to explore and develop the Reserves for the production of a supplemental supply of oil when required for national defense. With the passage of the Naval Petroleum Reserves Production Act of 1976, the statute was changed to allow production of Naval Petroleum Reserves Nos. 1, 2 and 3, and to transfer jursidiction of Naval Petroleum Reserve No. 4 in Alaska to the Department of the Interior (effective 1 June 1977).

When an oil shortage occurred toward the end of World War II, Congress called on the Navy to explore and develop its two most important Reserves, Naval Petroleum Reserve No. 1 (Elk Hills, California), and Naval Petroleum Reserve No. 4, located on the North Slope of Alaska. Naval Petroleum Reserve No. 1 was also authorized to produce 66,000 barrels of oil per day (BOPD) during the remainder of the wartime period. Considerable progress was made on these programs, at both Reserves, but they were prematurely terminated in 1953. Comparatively little further exploration and development was accomplished on the Reserves until, in 1974, faced with another national oil shortage, Congress took action to explore and develop Naval Petroleum Reserve No. 1 and to explore Naval Petroleum Reserve No. 4, by passage of the supplemental appropriation act of 1974 and by authorizing a separate appropriation commencing in fiscal year 1975. The exploration and development programs are currently being implemented. At Naval Petroleum Reserve No. 1, 17 exploratory wells and 447 development wells will have been completed by the end of fiscal year 1977. At Naval Petroleum Reserve No. 4, geophysical exploration surveys totaling 7,765 line-miles will have been completed by the end of fiscal year 1977, and a total of eight exploratory wells will have been drilled. Materials and supplies needed for next winter's drilling program of seven wells have already been purchased for shipment on the 1977 annual military summer supply barge to that Arctic Reserve.

Continuation of the exploration, development, and production programs at Naval Petroleum Reserves 1 and 3 make up the major part of our 1978 budget request of $206.0 million. The budget is in four parts; $28.5 million for regular operations, $14.2 million for exploration, $101.7 million for development, and $61.6 million for production. (See the following table.)

Fiscal Year - 1978 (In Thousands)

	Operations	Exploration	Develop.	Production	Total
NPR-1 & 2	25,479	10,773	82,595	59,970	178,817
NPR-3	1,770	2,861	18,655	1,620	24,906
NOSRs	240	560	500	---	1,300
HQTRS	972	---	---	---	972
	28,461	14,194	101,750	61,590	205,995

OPERATIONS

Fiscal Year - 1978 (000's)

Naval Petroleum Reserve No. 1 & 2	25,479
Naval Petroleum Reserve No. 3	1,770
Naval Oil Shale Reserves	240
Headquarters	972
	28,461

The regular operations budget provides for the following continuing programs:

(1) Maintenance of wells and facilities;

(2) Administration of oil and gas leases on Navy's land in Naval Petroleum Reserve No. 2 California;

(3) Management of the Naval Oil Shale Reserves located in Colorado and Utah, including management of grazing, timber, wildlife and recreation; and

(4) Administration of the Reserves and the utilization of petroleum and oil shale consultants.

EXPLORATION

Fiscal Year 1978 (000's)

Naval Petroleum Reserve No. 1	10,773
Naval Petroleum Reserve No. 3	2,861
Naval Oil Shale Reserves	560
	14,194

The exploration budget provides for the following programs in fiscal year 1978:

(1) The drilling of eight exploratory wells at Naval Petroleum Reserve No. 1 including one deep-test well, and fifteen exploratory wells at Naval Petroleum Reserve No. 3 to further define the limits of those fields; and

(2) Geologic evaluation and seismic survey of the Naval Oil Shale Reserves in Utah and Colorado.

DEVELOPMENT

Fiscal Year - 1978 (000's)

Naval Petroleum Reserve No. 1	82,595
Naval Petroleum Reserve No. 3	18,655
Naval Oil Shale Reserves	500
	101,750

The development budget provides for the following programs:

(1) The drilling and equipping of 132 additional development wells, as well as installation of surface facilities to permit the maximum production of Naval Petroleum Reserve No. 1 in California;

(2) The continuation of the development program in Naval Petroleum Reserve No. 3 in Wyoming, which includes acquisition of drilling equipment, installation of surface facilities, and the drilling of approximately 189 development wells; and

(3) The continued implementation of a pre-development plan for the Naval Oil Shale Reserves.

PRODUCTION

Fiscal Year - 1978 (000's)

Naval Petroleum Reserve No. 1	59,970
Naval Petroleum Reserve No. 3	1,620
	61,590

The funds requested for production are required for the following purposes:

(1) Lifting costs at Naval Petroleum Reserve No. 1 of .25¢ per barrel for approximately 47.8 million barrels of oil;

(2) Acquisition and/or initiation of construction of one or more pipelines between Naval Petroleum Reserve No. 1 and shipping points or refineries; and

(3) Lifting costs at Naval Petroleum Reserve No. 3 of .50¢ per barrel for approximately 3.2 million barrels of oil.

This concludes my statement Mr. Chairman. I shall be pleased to provide any additional information you may desire.

SUMMARY

The appropriation under this Title finances the day-to-day costs, (except military personnel salaries), of exploration, operation, maintenance, and production of the three Naval Petroleum Reserves and the three Oil Shale Reserves under the jurisdiction and control of the Secretary of the Navy. Funds for the operation and exploration

of Naval Petroleum Reserve No. 4 in Alaska are included through 1 June 1977, at which time administration of this program will transfer to Department of the Interior. These funds include amounts for civilian pay, consultant services, contract services for maintenance of oil field equipment and oil field facilities, and for necessary drilling operations, fuel, supplies, and equipment repair parts. Funds are also included for exploring Naval Petroleum Reserves No. 1 in California, No. 3 in Wyoming, and the three Oil Shale Reserves in Colorado and Utah. Also included is the development of Naval Petroleum Reserves Nos. 1 and 3 and implementation of the Pre-Development Plans for Naval Oil Shale Reserves Nos. 1 and 3.

The table below shows the totals for each fiscal accounting period from 1976 through 1978 including separate columns identifying monies appropriated to the Department of Defense, and funds appropriated to the President for accomplishment of our program.

SUMMARY
(IN MILLIONS)

Budget Program	1976 (Defense)	19TQ (Defense)	1976 (Supp.)	19TQ (Supp.)	1977 (Amend)	1978 FAP
A. NPR-1 & 2	$82.1	$40.0	$11	$10.8	$286.0	$178.8
B. NPR-3	.9	.03	11.5	4.5	17.3	24.9
C. NPR-4	33.2	6.9	.8	---	100.5	---
D. NOSR	.5	.2	---	---	1.3	1.3
E. HQTRS	.9	.2	---	.02	1.0	1.0
Total Direct Obligations	$117.6	$47.3	$24.2	$15.3	$406.1	$206.0

BIOGRAPHICAL SKETCH
CAPTAIN GEORGE G. DOWD, JAGC, USN
DIRECTOR, OFFICE OF NAVAL PETROLEUM AND OIL SHALE RESERVES

Captain Dowd was born on June 25, 1929, in Bellingham, Washington. He graduated from Western Washington State College in 1951, with a B. A. degree in Political Science and received a Juris Doctor degree from the University of Washington Law School in 1958. He holds a Master of Laws (LLM) degree from Southern Methodist University which he received in 1968.

He is a member of the bar of the State of Washington and is admitted to practice before the Supreme Court of the United States. He is a member of the American Bar Association, Federal Bar Association, Inter-American Bar Association, and is a former member of the House of Representatives of the State of Washington.

His duty assignments include the USS MONTROSE (APA-212); U.S. Naval Stations, Seattle, Washington, and Newport, R.I.; Headquarters Support Activity, Yokosuka, Japan; U. S. Naval Justice School staff; and U.S. Naval Support Activity, Danang, Republic of Vietnam. He has previously served as Counsel and Deputy Director of the Office of Naval Petroleum and Oil Shale Reserves and was the Officer in Charge of Naval Petroleum Reserves in California from 1971 to 1974.

His personal awards include the Bronze Star (with Combat V) for duty as Director of the Danang Law Center and the Navy Commendation Medal for duty as Officer in Charge of Naval Petroleum Reserves in California.

Captain and Mrs. Dowd, the former Joan Ellen McSweeney, reside in Woodbridge, Virginia with their three daughters.

INTRODUCTION OF ASSOCIATES

Captain DOWD. Yes, sir, Senator. On my right is Captain Jones, from the Office of the Navy Comptroller. Mr. Frank Houtman is the comptroller and administrative officer in our organization. On my immediate left is Commander Gilmore, the deputy director. On his immediate left is Commander Vogel, the director of engineering and contracts, and at the far end of the table to my left is Lieutenant Commander Reuling, who is deputy counsel.

Senator STEVENS. How many of you have served in Alaska, so far?

Captain DOWD. How many of us have served in Alaska?

Senator STEVENS. Have any of you served in Alaska?

Captain DOWD. No, sir. We have two officers in Alaska this morning, watching the fort. In order to save some time, Senator, if it meets with your approval, I will just go ahead and offer my formal statement for the record and make myself available to answer any questions.

STATUS OF RESERVE

Senator STEVENS. As I said, it will be printed in the record in full. What about the Naval Petroleum Reserves in Alaska? What is the status now?

Captain DOWD. As you know, it is scheduled for transfer to the Department of Interior on the first of June. Transition between the two departments is proceeding.

The Interior Department has vested the USGS to be its lead agency in managing the subsurface resources of the reserve. And USGS is in the process now of recruiting and actually staffing an office at Anchorage. It will also be supported, I understand, by the USGS regional office at Menlo Park, California.

Husky Oil Company, the current operator, I understand is negotiating with USGS for the third year of operations which will begin next fall.

Senator STEVENS. You are still supervising right now?

Captain DOWD. Yes, sir.

EXPLORATORY DRILLING

Senator STEVENS. How many wells have you drilled?

Captain DOWD. We have drilled one well this winter at South Harrison Bay. I regret to inform you it is not a productive well.

Senator STEVENS. We did not send you out to find oil. We sent you out to find stratographic information and to help us plan activities.

Captain DOWD. I am sorry, sir. We were out looking for oil.

Senator STEVENS. You were wildcatting, were you? [Laughter.]

You did that once before.

Captain DOWD. We have been wildcatting, yes, sir. But I would feel much better if I were able to tell you we found a lot of oil thus far.

We have planned and do plan to drill a total of five wells this winter.

Senator STEVENS. Seriously, are you searching for oil? Senator Jackson and I did not contemplate that you were out there looking for oil.

We had you out there looking for information to determine whether that is an oil province. If you find oil, it's great. But——

Captain DOWD. We identified 26 large promising stratigraphic possibilities within——

Senator STEVENS. On your seismic programs, you mean?

Captain DOWD. Yes, sir. Of course, it is an ambitious thing and we were very modest in attempting to drill or program one well per huge, promising geological area.

I guess the odds would be that if it took the 12th well at Prudhoe Bay for industry to finally find what it was looking for in a limited geographic area, our plan to drill one well in each of 26 different promising large areas was rather ambitious.

If we find oil, great. But I suppose——

Senator STEVENS. It took over 50 wells in the Powder River Basin in Montana, in case you did not know it, in an area smaller than Prudhoe Bay.

Captain DOWD. We are providing a lot of stratigraphic information.

ENVIRONMENTAL IMPACT STATEMENT

Senator STEVENS. That is what I would hope you would come up with, an indication of where we must maintain the right to drill in the future, as we go to other considerations.

I understand you have an environmental impact statement for NPR–4. When will you complete that?

Captain DOWD. That is in the final stages, as far as the draft is concerned. I understand it will be out within the next—a couple of weeks, the 25th of this month.

Then it will be circulated for public review and comments.

Senator STEVENS. Have you had any major problems in trying to complete this environmental impact statement prior to the transfer of jurisdiction to Interior in June?

Captain DOWD. We have had a lot of concern with the draft in getting it into the proper form, and having it reviewed by key Arctic environmental experts.

USGS has provided the services of a renowned Arctic environmentalist, Dr. Max Britton. Husky Oil Company has provided invaluable input from Dr. Brewer.

Senator STEVENS. Are you going to have it done by June 1?

Captain DOWD. Yes, sir, we fully intend to have it done, and we will have it filed, so that Interior will not be——

Senator STEVENS. When does the period expire for public comment?

Captain DOWD. If we file it for comment—they have 60 days, don't they—45 to 60 days to offer comment. Then we prepare the comments and file it with the Council on Environmental Quality.

Of course, Interior would not be ready to move before 30 days after it is filed, but they will not do anything this coming summer anyway, in terms of drilling.

ENVIRONMENTAL CLEAN-UP

Senator STEVENS. You had $2 million last year to complete the cleanup of petroleum reserve No. 4. What is the status of that, and will you have anything left to do after the transfer to Interior?

Captain DOWD. Yes, sir, I believe we will. We started that cleanup program 3 or 4 years ago, and we had originally programed to complete it in a 5-year time frame.

I suppose this would be the 5th year. We started the cleanup last summer, in the middle of June. It ended, of course, soon after Labor Day in September, so we had actually 88 days of operation in cleanup. They covered some 2,736 square miles, and retrieved over 23,000 old, abandoned oil drums that had been scattered out over the countryside, plus about 500 tons of assorted debris. Part of that material was loaded on board one of the barges that had come up on a cool barge convoy and was backloaded to Seattle for disposal as junk.

The cleanup operation, to answer your specific question, will continue at least another year under the Department of the Interior, this coming summer.

Senator STEVENS. Is there any budgeted moneys here to continue that cleaning?

Captain DOWD. It will be in the Department of Interior budget request, Senator. There is no money here at all in NPR–4. Mr. Houtman is correcting me. He noticed that there is $2 million in our current fiscal year 1977 budget for cleanup or environmental restoration.

That $2 million would be turned over to USGS on the first of June to fund the cleanup operations this summer.

Senator STEVENS. As I understand it you do not have anything in your budget at all ongoing as part of the cleanup work. That will be transferred to Interior?

Captain DOWD. Yes, sir. We intend to transfer all of our remaining funds to Interior on the first of June. And one of the specific line items will be that $2 million budget figure for cleanup.

FY 1978 FUNDING JURISDICTION

Senator STEVENS. In terms of budget request, Mr. Dyer points out that money for NPR–4 is still under your portion of the budget; right? Under Petroleum Reserves?

Captain DOWD. For fiscal year 1978 It will be in the Department of Interior's budget. Maybe the confusion is the fact that the appropriation will be made by Congress out of a special fund which was created under——

CONSULTANT SERVICES

Senator STEVENS. That may be, but Mr. Dyer is getting a copy of the budget to show what we are talking about. Let me ask you, I have been a little bit disturbed about reports that I have heard, since it is specific, I am not expecting you to have an answer.

But Jim Dalton has been associated with the Naval Petroleum Reserves since World War II drilling days. Many of my friends are quite disturbed at the Navy's treatment of Jim Dalton in the last year or so.

Are you familiar with that situation?

Captain DOWD. I am familiar with the story, Senator, and I share your feeling of concern for Mr. Dalton. He is a very good friend of mine, and I will provide you with any information.

Senator STEVENS. I just hope as you leave that scene you do not leave an anti-Navy feeling in the treatment that he gets after so many years of association with that reserve.

Captain DOWD. Absolutely not. Mr. Dalton has completed his service as a consultant to my office. However, because he was utilized several years ago as a procuring department, if you will, far outside the scope of a regular consultant, which his contract provided for, his counsel has submitted a claim for an equitable adjustment of that cardinal change to his contract, to reimburse him for the wonderful work that he did, and actually saved the Government an awful lot of money.

We are now in the process of negotiating an equitable adustment with Mr. Dalton.

Senator STEVENS. There were days when Jim Dalton was the only person who kept the interest in the oil in the Arctic alive in Alaska, and the whole development up there in my opinion is related to a great extent to the information he kept bringing back to the population centers that kept stirring people to go up and take a look.

There was a rather dry period in the 1950's as far as NPR–4 is concerned, I need not remind you.

Captain DOWD. There is no doubt about it, Senator, and he would still be a consultant to my office, had he not had the rather serious illness.

Senator STEVENS. I understand. I appreciate your comment. Senator, do you have any particular questions this morning?

Senator DECONCINI. No, Mr. Chairman, thank you.

Senator STEVENS. The transfer of the Alaska reserve should reduce your administrative load somewhat, but your request for the office of director stays almost the same. Why?

Captain DOWD. We are in fact losing one position, a petroleum engineer from this office as a result of the transfer of function. Any saving of other administrative support realized by the functional transfer was more than offset by unanticipated workload increases in the contracts and administrative areas. Incidentally, while the budget only reflects a minor decrease in our 1978 cost from $984,000 in 1977 to $972,000 we have absorbed within that 1978 estimate, a 5-percent pay raise.

FUNDING FLUCTUATIONS

Senator STEVENS. You have some increases and decreases in your budget request. I am told NPR–1 and 2 are down, and NPR–3 is up about 43 percent.

Can you explain to us why it is fluctuating so much?

Captain DOWD. Generally speaking, Senator, the amount of money requested for NPR–3, Teapot Dome, is increased because, as a result of Public Law 94–258, which was passed last year, Congress authorized us to go forward with a long overdue development of the old Teapot Dome field.

Just this past week we spudded in the first of a total of about 494 wells which will be drilled in the next 5 years at Teapot Dome.

It is that investment in the development of that reserve and the drilling program that has caused the rather marked increase in money that is earmarked for Teapot Dome.

Senator STEVENS. Let's go to California, then. You have lumped together the request for Reserves 1 and 2, $178.8 million.

Can you break that down? How much is for 1 and how much is for 2?

Captain DOWD. For many years NPR–2, which lies adjacent to Elk Hills, has been leased to private lessees, and has been actually on production since the early 1920's.

For many years, until this year, our budget request for the operation and administration of NPR–2 was in the neighborhood of $24,000 a year, which was the annual reimbursement from my office to the USGS, which had, since the very beginning of the leases in that field in the early 1920's, maintained the royalty accounting for the leasehold operation.

We reimbursed their accounting department $24,000 a year, and they continued to do our accounting for us. We now have assumed that responsibility. Do we have an accurate breakdown of what our actual budget request this year is for NPR–2?

Mr. HOUTMAN. It cost $2,000, sir, to provide guard service over there.

Captain DOWD. So we are absorbing the accounting function into our own organization?

Mr. HOUTMAN. Yes, sir.

DEVELOPMENT VERSUS EXPLORATION

Senator STEVENS. What are the major changes in the NPR funding, then? Development costs going down and exploration going up?

Captain DOWD. The development money might be coming down. Let's see if it isn't—it is. It is dropping from $192 million to $82 million.

Senator STEVENS. Why?

Captain DOWD. Probably for two reasons, Senator. First of all, when the Congress enacted the legislation last year opening Elk Hills and Teapot Dome to production, we were directed to produce those fields at their maximum efficient rate.

That was a different type of instruction than the one that we had originally set out to accomplish, which was to bring Elk Hills to a state of development where, in the event of a national defense emergency, it could actually be produced at a rate of 400,000 barrels a day sustainable over a 1-year period.

So we had a change in direction. They said, "Don't worry about the 400,000 barrels a day target. Let's see you produce the amount of oil that you can at the maximum efficient rate."

We then went back into our detailed engineering reservoir plan and found that since the maximum efficient rate of production would be more in the neighborhood of 300,000 barrels a day as opposed to our original target of 400,000 barrels a day, we did not need as many wells to be drilled. We reduced the total number of planned development wells to be drilled in order to meet the target of MER production.

Another significant cause of the reduction is the fact that we have already received money, no-year money, to fund some rather expensive capital costs at the field, new gas-handling facility, gathering lines.

We received money in last year's budget to fund the possibility of a Navy-owned pipeline from Elk Hills.

PRODUCTION AND RECEIPT ESIMATES

Senator STEVENS. We will talk about that in a minute. What is your production estimate now for NPR–1 for 1977 and 1978?

Captain DOWD. We are producing, at the moment, about 100,000 barrels a day, including Standard's share. We intend to produce, if all goes well, almost 11.2 million barrels of oil at Elk Hills this coming year.

Senator STEVENS. What are your anticipated revenues from NPR–1 for those 2 fiscal years? This one and the next, 1977 and 1978?

Captain DOWD. Total revenues are estimated to be——

Senator STEVENS. On NPR–1, how much do you estimate will be your revenues for 1977–1978?

Captain DOWD. Slightly over $500 million. That, plus the $500 million for fiscal year 1978 will bring the projected revenue for those 2 fiscal years to just over $1 billion.

Senator STEVENS. For the record, as you did last year, will you submit the estimated operating costs and oil and gas receipts for NPR–1 for 1977 through 1980 fiscal years, and explain any changes you made in your estimate from last year?

Captain DOWD. Yes, sir.

[The information follows:]

NAVAL PETROLEUM RESERVE #1

Estimated Costs and Revenues

FY 1977 - 1981

	1977	1978	1979	1980	1981
Operations	20,286	37,449	116,983	103,927	111,389
Pipeline Acquisition	65,000	48,000	-0-	-0-	-0-
Development	192,884	82,595	39,300	38,352	26,389
Exploration	7,820	10,773	15,560	3,110	19,010
Total ($000)	285,990(1)	178,817(2)	171,843(3)	145,389(4)	156,788
Revenues (Oil)	454,378	549,601	991,510	1,404,000	1,404,000
(Gas)	3,946	5,054	15,738	29,365	29,365
Standard Share of Expenses	28,000	15,000	24,000	26,000	14,000
Total	486,324	569,655	1,031,248	1,459,365	1,447,365

Difference in Estimates from Last Year Submission

(1) Includes exploration costs ($7,820).
(2) Includes exploration costs and increased operations and development costs.
(3) Increased operations costs and phase II of development program.
(4) Increased operations costs and phase II of development program.

Captain DOWD. Mr. Houtman wants to correct me. I was reading from the wrong shorthand notes. Our estimated production from Elk Hills this year will be in the neighborhood of 43.7 million barrels.

We will provide a complete breakdown of this for the record.

ELK HILLS PIPELINE

Senator STEVENS. Where is the pipeline for Elk Hills now? Where does that stand?

Captain DOWD. It stands in the hands of the preparation of a draft environmental impact statement, which the Navy has commissioned. That draft environmental impact statement is looking at three alternative pipeline rights-of-way or routes from Elk Hills.

One of them would go over the coast range, into Port Hueneme, Marine Terminal Complex, which the Navy would have to construct. Another possibility is a route more south from Elk Hills, into the Redlands area in San Bernardino County, where it would intersect with the SOHIO-proposed east-west pipeline.

A third alternative being looked at from an environmental standpoint is the possibility of running a line directly north from Elk Hills up the San Joaquin Valley to Coalinga, where it might be possible to connect into existing private pipeline systems that go into the San Francisco Bay area.

That draft environmental impact statement should be completed some time this summer. The draft will be out on the street for comment and review in April.

Senator STEVENS. Under NEPA you have to pick the basic project you support and discuss alternatives. Which proect do you support?

Captain DOWD. We are not allowed to make a decision, as you know. We would probably prefer the Redlands route.

Senator STEVENS. You have to make a decision, under NEPA. You have to have a project and you have to discuss the alternatives, as I understand it.

Captain DOWD. Our suggestion is that we are considering all three, and we cannot make a decision as to which one until we have assessed the environmental impact of each one.

Senator STEVENS. You cannot come down with final approval of any one, but as I understand the law, you have to have a project and review the alternatives.

Which is the project you are seeking or haven't you made—you tell me you have not made up your mind which of the alternatives is your project?

Captain DOWD. I am glad to say we have not made up our mind, and it is a good thing that we haven't, because, as you well know, the SOHIO east-west pipeline has yet to secure the necessary permits from the State of California and the Coastal Commission.

The reason I indicated a personal preference for that route is that it seems to me that it would give us access for a greater market in the Midwest.

And it would also allow the President to exercise his discretion under Public Law 94–258, if he should decide that Elk Hills production should be put in a salt dome facility under the strategic reserve system.

WEST COAST OIL SURPLUS

Senator STEVENS. Right now you are involving production, and you are heading to the MER as far as this reserve is concerned.

What will you do—we discussed it last year. What will you do if that surplus does occur in southern California? Are you prepared to reduce your production if adverse market conditions prevail?

Captain DOWD. If adverse market conditions prevail to the extent that we are unsuccessful in selling our production, of course we would not produce that which we could not sell.

Senator STEVENS. You can sell it. The question is price.

Captain DOWD. That is right. I see your point. I would think that if the market deteriorated in terms of price because of the surplus, so that $12 oil from Elk Hills was only salable at $7 or $8, I would recommend that the Secretary seek the counsel of the Armed Services Committee as to whether or not those committees with oversight authority would prefer that we would sell it at a bargain-basement rate or would, in fact, seek an amendment to the law to allow him the discretion to shut down.

We discussed that last year, I am reminded, and we provided some language to you that might provide that.

Senator STEVENS. Yes. I just wondered whether you decided that language is necessary.

Captain DOWD. I would think it would be nice to have, to arm the Secretary with discretion to move in the event of that kind of situation, where our oil was saleable, but with an obvious bargain-basement pricetag.

Senator STEVENS. Will you discuss that with staff? I am reminded there were some questions about that language in conference last year as to whether it had been shut down.

Will you discuss that language with the staff before we mark up, so that we can avoid that problem this time?

Captain DOWD. Yes, sir.

POSITION INCREASES

Senator STEVENS. In your object class schedule you list total personnel compensation as up about $1.1 million, and there is a comment, it includes a ceiling of 87 positions for the pipeline.

That is the current year in comparison with 1977 and 1978 budget submission. Could you explain that to us?

Captain DOWD. Yes, sir. The Secretary, in seeking to prepare to carry out the mandate in Public Law 94–258, wherein it instructs him to have 350,000 barrels a day of pipeline capacity available within 3 years of the passage of the act, called upon the Commander of the Naval Facilities Engineering Command within the Navy Department and tasked NAVFAC, as it is referred to in the Navy, with the responsibility to take over the contracting and right-of-way acquisition in the design of the pipeline from Elk Hills, once the decision had been made by the Secretary as to which route was acceptable.

The Naval Facilities Engineering Command, and the Chief of Naval Operations concurred and established a new command at San Bruno, Calif., which is called the Officer in Charge of Construction, Elk Hills.

That organization is in the process of being organized and recruited from within the Navy engineering community, to specifically take over the construction phase of the pipeline project. It also has been asked by the Secretary to be responsibile for other major items of construction at Elk Hills itself, such as the large gas-handling processing plant, which is in the drawing stages.

So most of those 88 people there that you referred to, 87 people, are earmarked for that organization, the staffing of the Officer in Charge of Construction, Elk Hills.

Senator STEVENS. Did you seek any approval of that program modification from the committees involved? And we are talking about 1977 now, aren't we?

Captain DOWD. I do not recall if we specifically consulted on that with the Armed Services Committee, Senator. Did we?

I do not think we did. We merely felt, we must have felt that there would be no problem, since the Secretary had the responsibility and he was using resources available to him in the Department of the Navy to implement those responsibilities.

LACK OF REPROGRAMING REQUEST

Senator STEVENS. Mr. Dyer points out that is a sizable program change, and we read it in the resubmission rather than in any kind of a reprograming.

Where did you get the money? Was it no-year money? Where did you get the money?

Captain DOWD. I am going to turn Mr. Houtman loose, because he is the money man, and he can tell us. Where did we get the money in 1977?

Mr. HOUTMAN. At a budget hearing earlier this year at the Navy comptroller level we were advised that Navy Facilities Engineering Command needed these people to oversee this job for us.

The job would normally have been paid for out of contract funds or object class 25 funds.

Senator STEVENS. You reprogramed object class 25 funds into this object class without even notifying us?

Mr. HOUTMAN. That is correct, sir.

Senator STEVENS. I am glad the chairman is not here. He is a little more—he reacts a little bit more than I do to that sort of thing. Why? I do not see how we can deal with the budget if you can reach over into a general pot and take whatever you want out of it.

And you can bring in money from another pot and say, "We are going to do this" and not tell us.

Mr. HOUTMAN. Sir, normally I would have provided these moneys directly through Navy Facilities Engineering Command as a regular other-services-type money. As far as I was concerned, this money was being provided as other-services-type funds or object class 25 funds. until it was directed from higher authority in the Navy——

Senator STEVENS. Maybe you don't remember the rhubarb about flying NPR–4 supplies up with training money from the Air Force.

We have definite feelings about that. Why shouldn't it have been contracted out to begin with? Why did you have to have a permanent Navy installation with an increase of 87 permanent people and take the money we gave you to—another committee gave you, really, to contract out to the private sector?

Mr. HOUTMAN. I would hazard a guess that Naval Facilities Engineering Command has the expertise in the construction contracts area, sir.

Senator STEVENS. You told me you took the money that would be available to contract to the private sector; is that right?

Mr. HOUTMAN. No, sir. I would have provided out of other-services money——

Senator STEVENS. How would you like to give us a statement for the record, so I can take this up with the Chairman?

Mr. HOUTMAN. Yes, sir. We will supply that information.

[The information follows:]

POINT PAPER

Subject: Change in Total Naval Petroleum Reserves (NPR) Civilian Personnel from the fiscal year 1977 Appropriation to the fiscal year 1977 Column of the fiscal year 1978 President's Budget

1. *Background.*—As a result of the Naval Petroleum Reserves Production Act of 1976 (Public Law 94–258), funding responsibility for the Naval Petroleum Reserves (NPR) was transferred from the Department of Defense to "Funds Appropriated to the President" beginning in fiscal year 1977. However, no such transfer was provided for civilian manpower. Under current procedures, necessary civilian manpower end strengths are provided by the Navy from within the Department of the Navy civilian manpower allocated by SECDEF within the ceiling established by the Defense Appropriation Authorization Act.

2. *Discussion.*—When the fiscal year 1977 NPR funds were appropriated, funding for construction of the Elk Hills pipeline was included under Object Class 25 (Other Services). Included in Object Class 25 were reimbursable services for 87 civilian personnel attached to the Naval Facilities Engineering Command (NAVFAC). Rather than continue to display the NAVFAC effort as being reimbursable service purchased by the NPR, 87 NAVFAC civilian positions are now displayed directly in the NPR budget to show the total number of DON employees engaged in the program and paid by the NPR appropriation. This results in an increase of $1.2 million in Object Classes 11 and 12 (Personnel compensation and benefits) and a corresponding decrease in Object Class 25. The realignment between object class does not alter the intent for which the funds were originally requested, the appropriation total, or the total Navy civilian personnel ceiling in executing the mandate of P.L. 94–258. The changes do, however, reflect the Navy's effort to account accurately to this Subcommittee for Navy civilian manpower dedicated to the NPR effort.

FINANCIAL OVERSIGHT BY COMMITTEE

Senator STEVENS. I would hope that as we proceed in this, and this is going to get substantial, you are involved, now, in the oil business in a big way.

And we are sort of your financial committee overseeing the expenditures recommended by operating personnel. The board of directors is downtown, and the President is making recommendations.

But we are still going to review what he is going to do. We are not going to be able to review what is going on in this handling of billions of dollars if you start jerking money around from one object class to another on us without telling us.

I would say the next time we are going to have to have a special hearing of the full committee on it, if we get into this thing again.

You have another subcommittee dealing with that object class you are talking about. You took money from an account that is overseen by another subcommittee. I happen to be on that committee. Am I not right? It is not in this one.

Captain JONES. It is within this appropriation, and we used the money that was going to be used for a contractor for the same purpose.

We are using the money for the same purpose.

Senator STEVENS. I misunderstood, then——

Captain JONES. I would like to provide a point for the record, that I do not think there has been any misuse of funds——

Senator STEVENS. I am not saying there is any misuse of funds. Don't misunderstand me. The press would say that I am accusing you of misusing money.

Not at all. We are saying that reprograming is the way to move from one object class to another, and we cannot keep track of what we are doing with this kind of money if you don't give us that cooperation.

We should not have to pick it up in terms of a resubmission of an object class, an explanation of a difference such as that.

Captain DOWD. Well, it was an innocent omission that was innocent on our part, I assure you, Senator. We were not trying to cover up anything.

We will provide a detailed explanation of what we are doing. Now, insofar as the use of the 87 Navy people is concerned, I would point out that we are not using those people in lieu of private sector construction companies.

They will merely oversee the letting of contracts to the private sector for the construction and design and quality control and all the rest of it.

These are just oversight personnel.

Senator STEVENS. Did I misunderstand that, too? I thought you said this was a new command, established to oversee this construction effort.

Captain DOWD. Yes, sir. To oversee and maintain the oversight over private contractors, and to actually let the contracts for the construction.

Senator STEVENS. Again, I would appreciate it if you would put something in the record.

ELK HILLS RESERVE

Fifteen new positions are requested for Naval Petroleum Reserve No. 1. How many positions are now assigned to this reserve?

Captain DOWD. We have 62 civilians—civil servants—and 6 military personnel assigned at this time.

Senator STEVENS. You have a line in your routine variable operations cost for an off-Reserve pipeline system—$65 million in 1977 and $48 million requested for 1978. Tell us about that.

Captain DOWD. The Naval Petroleum Reserves Production Act of 1976, Public Law 94–258, requires Navy—

To construct, acquire, or contract for the use of storage and shipping facilities on and off the reserves and pipelines and associated facilities on and off the reserves for transporting petroleum from such reserves to the points where the production from such reserves will be refined or shipped.

Public Law 94–258 also requires that——

Pipeline and associated facilities constructed at or procured for Naval Petroleum Reserve Number 1 . . . shall have adequate capacity to accommodate not less than three-hundred-fifty-thousand barrels of oil per day and shall be fully operational as soon as possible, but not later than three years after the date of enactment of the Naval Petroleum Reserves Production Act of 1976.

Present available pipeline capacity from Elk Hills to points where the production can be refined or shipped is approximately 140,000 barrels of oil per day through existing commercial pipelines. This available capacity may vary with commercial production in the area served by the pipeline. Therefore, taking the approximate commercial capacity into account, there exists a shortfall of between 200,000 and 250,000 barrels of oil per day in transportation capability from Elk Hills to comply with Public Law 94–258. This shortfall will be made up by constructing a Navy pipeline system.

This shortfall will be accommodated by the construction of a Navy pipeline along one of three alternate pipeline routes: from Elk Hills to Port Hueneme, Calif., where a deep water tanker terminal will be activated on the Navy Construction Battalion Center; from Elk Hills to Redlands, Calif., where the Navy pipeline would tie into the proposed SOHIO, Long Beach to Midland Pipeline for transport to eastern markets; and from Elk Hills to Coalinga, Calif., for commercial pipeline transport to San Francisco Bay area markets. This latter route will have intermediate terminals leading to the tanker facilities at Estero Bay and Avila Beach, Calif.

An environmental assessment of the three routes and a feasibility study of the Port Hueneme route have been prepared.

A draft environmental impact statement addressing all three alternate routes is being prepared in addition to the preliminary design of the routes to Redlands and Port Hueneme, Calif.

The funds provided in fiscal year 1977—$65 million—and requested in fiscal year 1978—$48 million—along with funds previously allocated—total through fiscal year 1978 of $125 million—will fully fund the Navy pipeline construction regardless of which of the three routes ultimately selected.

Senator STEVENS. How much of the $65 million has been obligated to date?

Captain DOWD. None of that money has been obligated yet.

ELK HILLS DEVELOPMENT

Senator STEVENS. Your PET–1 Development Program calls for less wells in 1978. Is this the future pattern?

Captain DOWD. That is correct. The Total Five Year Development Program, as revised, which was initiated in fiscal year 1974 will be fully funded with the fiscal year 1978 appropriation. Under this revised Development Program, approximately 717 development wells will be drilled. I must point out however, that a follow-on development program will be initiated to develop new reservoirs identified by the exploration program. Funds for this follow-on development program are anticipated to be far less than for the initial program and will be requested during fiscal years 1979 through 1983.

Senator STEVENS. How much longer do yor anticipate you will be increasing funds for PET–1 exploration?

Captain DOWD. Our Total Five Year Exploration Program for Naval Petroleum Reserve No. 1 provides for the drilling of 31 exploratory wells including 3 deep tests to basement rock. This program was initialed in fiscal year 1974 and will be fully funded with the fiscal year 1978 appropriation. I must point out however, that additional exploration funds may be requested in subsequent fiscal years to explore areas of the Reserve identified by previous exploratory drilling or geophysical investigation as having potential hydrocarbon deposits.

TEAPOT DOME RESERVE

Senator STEVENS. What is your peak production that you now look to from Petroleum Reserve No. 3? Last year you told us that you thought you would have about 20,000 barrels a day by 1978 or 1979.

Is that still realistic?

Captain DOWD. Yes, sir. I understand that by the end of this calendar year the production there will be in the neighborhood of over 5,000 barrels. So it is climbing and we are still hopeful that it will reach the 20,000 barrel-a-day plateau in 1979.

Senator STEVENS. Your request for Petroleum Reserve No. 3 is $24.9 million in fiscal year 1978, which is $7.5 million over the 1977 funding. Tell us first where you stand now on the program to put this reserve into production.

Captain DOWD. Navy currently has 152 oil wells capable of producing approximately 1,480 barrels of oil per day. Materials and equipment for the first 2 years of the drilling program have been purchased and two rigs are drilling on the Reserve. Estimated production at the end of fiscal year 1977 is 4,400 barrels of oil per day. Subject to the results of a detailed engineering and geological analysis of the Reserve, it is our current plan to drill approximately 494 development wells through fiscal year 1979. I must point our, however, that this total number may increase or decrease following our review of the results of the detailed engineering and geological analysis currently underway.

Senator STEVENS. Why do you need $2.8 million for exploration on PET–3, a reserve that I understand has been pretty thoroughly worked over and is supposed to be in a high state of readiness?

Captain DOWD. In spite of the widely held belief that Naval Petroleum Reserve No. 3 has been fully developed and explored, there exists at this time only 152 oil wells capable of production. The majority of these wells were drilled along the boundaries of the Reserve to prevent drainage by offset producers. In field development of any magnitude has just begun. In addition, the deeper horizons at Naval Petroleum Reserve No. 3 have not been adequately explored, but have indicated potential production.

Senator STEVENS. How many exploratory wells are we talking about?

Captain DOWD. Our current plans call for the drilling of approximately 22 exploratory wells at Naval Petroleum Reserve No. 3 through fiscal year 1981.

Senator STEVENS. Please supply a 5-year table of estimated costs, production and revenues for Naval Petroleum Reserve No. 3 as you did for Elk Hills.

[The information follows:]

NAVAL PETROLEUM RESERVE #3

Estimated Costs, Production, and Revenues

FY 1977 - 1981

	FY 77	FY 78	FY 79	FY 80	FY 81
Operations	1,750	3,390	4,706	5,285	4,533
Development	15,150	18,655	18,582	12,730	2,674
Exploration	450	2,861	1,400	1,000	1,800
Total ($000)	17,350	24,906	24,688	19,015	9,007
Revenues ($000)	8,373	41,431	67,500	94,500	101,250

OIL SHALE PROGRAM DIRECTION

Senator STEVENS. In terms of the oil shale reserves, your funding request is the same for 1978 as in 1977, but there seems to be a change in emphasis from exploration to predevelopment; is that right?

Captain DOWD. Yes, sir.

Senator STEVENS. What does that entail?

Captain DOWD. For many years, 50 years I suppose, the Navy was merely the custodian of undeveloped real estate that had oil shale assets beneath it. In view of the energy crisis and another look at our stewardship of the reserve, it occurred to the Secretary that we should begin planning for the possible development of the oil shale reserves that are within the Navy responsibility.

We had what we called a predevelopment plan prepared which would indicate what had to be done, what studies were needed, what information had to be obtained about the reserve itself, what kind of oil shale we had, how much kerogen per ton rock did we have, how much water was available to us for a retorting effort.

We submitted that predevelopmental plan to these committees last month, and we are in the process of attempting to find out if the time involved in making that assessment can be shortened.

It was originally a 6-year program. We are trying to see whether or not it can be accomplished in a shorter period of time.

Our thinking was and is that if we can pull all the pieces of the puzzle together and come up to Congress with a specific, detailed engineering proposal and say, "We are prepared, if you direct us, to go ahead with the development of the oil shale reserves, to be prepared to produce 50,000 barrels a day or 250,000 barrels a day of synthetic shale oil in 3 years, we are prepared to do so and here is a detailed estimate of the cost."

This is our new emphasis on trying to move from merely a custodian of an empty parking lot to the developer of a viable asset.

DEVELOPMENT PLAN

Senator STEVENS. Did you submit a plan to the Armed Services Committee?

Captain DOWD. Yes, sir.

Senator STEVENS. Would you give this committee a copy of that plan?

Captain DOWD. Yes, sir, the plan will be submitted under separate cover to the chairman.

Senator STEVENS. At this time there does not seem to be too much serious effort directed toward getting oil shale into production. We constantly hear talk about technical, economic and environmental problems. Under the circumstances, can't you get along with less funding?

Captain DOWD. A predevelopment plan for Naval Oil Shale Reserves 1 and 3 has been submitted to the Congress for consideration. The Senate Armed Services Committee has concurred in the Plan. Concurrence of the House Armed Services Committee is pending.

The funds contained in the budget request are essential for the predevelopment assessment of the Naval Oil Shale Reserves, and to

insure that the long-term petroleum requirements for national defense can be satisfied.

Senator STEVENS. How many new positions are involved in program staff support?

Captain DOWD. I will provide that for the record.

[The information follows:]

At this time it is anticipated that 22 civilian and military personnel will be required to support the predevelopment plan.

ADMINISTRATIVE COSTS

Senator STEVENS. Would you give us the administrative cost for oil shale reserve for 1977 and 1978 and give us the justification for any increases?

Captain DOWD. We have $145,000 for this in 1977 and have requested $300,000 in 1978. The increase is required for the phased implementation of the total predevelopment plan.

EIS ON ALASKA RESERVE

Senator STEVENS. Let me go back, if I may, to the Naval Petroleum Reserve in Alaska. There is language that says, "All funds remaining on June 1, 1977, as well as the reserve itself in the Navy will be transferred to the Department of Interior."

I asked you about the completion of the EIS. If that EIS is not completed by June 1, 1977, I take it that the matter will be transferred to the Department of Interior along with personnel on all related activities; is that right?

Captain DOWD. If it is not completed by that time, I suppose the subject matter of the problem would be inherited by USGS.

But as far as the personnel and the work that would remain to be done, I cannot really foresee that there would be any.

Senator STEVENS. Have you had a meeting with Interior as to what this related personnel means?

Captain DOWD. Yes, sir. The related personnel merely means the transfer of our civilian Naval employee billets into the reserve program.

In other words, we are not going to transfer our two officers.

Senator STEVENS. They could be detailed.

Captain DOWD. There is a meeting of minds between the two departments on both the transfer of personnel and money and we are trying——

Senator STEVENS. My problem relates to the EIS. If the EIS is not completed by June 1, I take it many of the personnel involved in that are uniformed personnel here in Washington.

That is not being done in Alaska, the EIS; is it? What happens to that EIS if it is not done by June 1?

Captain DOWD. At that point, Senator, it would mean that it would go before the Council on Environmental Quality, the work would have been done. It would merely be the possibility of a delay in filing the final draft with the Council on Environmental Quality.

And then we would wait for 30 days. But there would be no more physical work that would be required in reviewing or preparation.

SUBCOMMITTEE RECESS

Senator STEVENS. Thank you very much. We appreciate your courtesy. The subcommittee will stand in recess until February 24 at 9:30 a.m., when we will hear from the Office of Water Resource and Technology.

Thank you, gentlemen.

[Whereupon, at 11 a.m., Thursday, February 10, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, February 24.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

THURSDAY, FEBRUARY 24, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:40 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

DEPARTMENT OF THE INTERIOR

OFFICE OF WATER RESEARCH AND TECHNOLOGY

STATEMENT OF DR. JAMES S. BURTON, ACTING DIRECTOR

ACCOMPANIED BY:

MR. JACK C. JORGENSEN, ASSISTANT DIRECTOR, TECHNOLOGY TRANSFER
MR. CHANDLER H. TOWNSEND, ACTING ASSISTANT DIRECTOR, PROGRAM PLANNING AND EVALUATION
MR. F. WILLIAM KOOP, ADMINISTRATIVE MANAGER
MR. RAYMOND A. JENSEN, MANAGER, WATER RESOURCES SCIENTIFIC INFORMATION CENTER
DR. K. C. CHANNABASAPPA, ACTING ASSISTANT DIRECTOR, SALINE WATER CONVERSION
MR. DEMETRES A. VLATAS, ACTING ASSISTANT DIRECTOR, RESEARCH

BUDGET REQUEST

Senator STEVENS. Good morning. We are sorry for the delay.

We are scheduled to hear the budget request of the Office of Water Research and Technology for fiscal 1978. The total request is slightly over $21 million, an increase of about $2 million. The justification has been included in the record.

PREPARED STATEMENT

Dr. Burton, would you please introduce those with you and we will then proceed with your statement. Your full statement will be placed in the record along with your biographical sketch.

[The statement follows:]

STATEMENT OF DR. JAMES S. BURTON

Mr. Chairman:

It is an honor and a privilege to appear before you and other members of this Committee to present the appropriation request for the Office of Water Research and Technology for Fiscal Year 1978.

The budget estimate for the Office of Water Research and Technology for Fiscal Year 1978 is $21,112,000. The estimate represents an increase over the amount appropriated for FY 1977 of approximately two million dollars. The amount available for FY 1977, which includes approximately $500,000 of funds carried over from prior years, amounts to $19,529,731. The amount requested for FY 1978 represents only an increase of $1,582,000 over the amount available for FY 1977. The budget request for FY 1978 assumes enactment of legislation to continue saline water programs and to resume additional water resources research.

Legislation

An amendment to the Water Resources Research Act of 1964, PL 88-379 as amended, was transmitted to the Congress and introduced as S. 1301. The amendment proposed to expand the Act to include technology development and saline water programs. The amendment further proposed to revise the patent article to facilitate and encourage the financial participation by industry in Office of Water Research and Technology programs. The patent changes would provide industry with an incentive to improve and adopt the technology developed by OWRT for commercial use.

The Congress did not act on S. 1301, and Title II expired after ten years of successful research. The Congress passed legislation to continue the saline water program and included the patent article to cover both water resources research and saline water activities.

Legislation was proposed to continue saline water research and technology development and water resources research. It is hoped that the 95th Congress will act favorably on the Administration's proposal.

Fiscal Year 1978 Budget Request $21,112,000

The budget for OWRT is presented in six major activities and a reimbursable program. I will summarize these programs for the Committee.

Assistance to State Water Research Institutes

The Fiscal Year 1977 appropriation provided $5,730,000 or $110,000 each for 51 institutes and $40,000 each for Guam, Virgin Islands, and the District of Columbia. The FY 78 budget requests $6,525,000 or $125,000 each for the 51 institutes and $50,000 each for the three new institutes.

This program will assist water research institutes in each State to solve or mitigate urgent water problems. Particular emphasis is being given to water problems of a regional or river basin nature and to water resource needs and environmental problems generated by the energy crisis.

To improve coordination of the research efforts among the 54 institutes, they have been organized into eight regional associations based on commonality of water problems: New England, Middle Atlantic, South-Atlantic Gulf, Great Lakes-Ohio-Upper Mississippi, Missouri River, Southern Plains, Colorado Great Basin, and Pacific Northwest. A ninth "region" might be "Islands and Alaska." However, because of the long

distances between the institutes in those areas and minimal common problem elements, there has been no formal association of institute Directors created for that area. Rather, each institute in those areas is considered along with the nearest mainland regions for program planning purposes.

Internally, we have matched our organization with this regional structure by assigning program development and management for each region to an OWRT staff scientist. Each scientist has been given primary responsibility to develop the best possible research program for his region within available funding levels. The scientist works with the institute in indentifying and verifying the most important problems of his region and priority research needs associated with them. An approach like this also provides a mechanism for inter-regional coordination of research programs to assure that unnecessary duplication of effort does not occur among the regions. OWRT's organization also gives emphasis to scientific disciplines, e.g., biological sciences, planning sciences, hydrologic sciences, physical chemistry, and engineering systems. This arrangement is a further safeguard against unwanted overlap or duplication.

Matching Grants to State Water Research Institutes

The fiscal year 1977 appropriation provided $3,200,000 and the FY 1978 budget requests that this activity be increased by $300,000 for a total of $3,500,000. Present legislation limits this activity to a maximum of $5,000,000.

This activity supports research into water and water-related problem areas of State, regional, and National concern. This program is designed to complement both the "Assistance to State Water Research Institutes" and "Water Resources Research" programs of OWRT. Moreover, State and local water problems are many times of National concern. The program will be directed toward the research needs identified in pursuance of objectives of the analytical "Water Problems and Research Needs Identification" program development system initiated two years ago. This office, the State institutes, and other Interior bureaus and offices, are involved in the development and implementation of this system. Matching grant proposals that offer good prospects for resolving or mitigating water or water-related problems of urgent multi-State, regional, or river basin concern will receive priority consideration. Identification of water problems and related research needed is a continuing process and evaluation must be made regularly based on new information.

Based on experience over the past several years, over 280 matching grant research proposals are expected to be submitted requesting about $12 million in Federal fund support. These proposals are submitted on a cost-sharing basis with at least 50 percent of the total cost contributed by the proposing institutions. The majority of the proposals will relate directly to water problems that, after in-depth analysis, have been designated as major by the States. Approximately one-fourth of all proposals submitted will be selected for support; hence, while almost all the proposals will be meritorious, only the very best will be funded.

Water Resources Research

The Fiscal Year 1977 appropriation did not provide funds for this activity as the authorization expired at the end of the transition quarter. A portion of the FY 77 budget request, water reuse research and planning, was authorized under the Saline Water Conversion Act. This Act expires at the end of FY 1977. Proposed legislation provides for the continuation of this activity as well as water resources research. The amount requested for FY 78 amounts to $3,775,000, an increase of $1,775,000 taking into account the funds authorized and appropriated under Saline Water legislation for water reuse research.

This activity will be carried out in the form of contracts and grants with public and private research entities to perform research directed towards finding solutions to the most urgent water and water-related problems; programs include (a) water conversion processes research; (b) water resources planning and management research; and (c) water reuse research and related planning research.

This activity will be directed towards the following areas:

1. Water Conversion Processes Research - $1,200,000

The proposed FY 78 program will concentrate on membrane research. The objective is to achieve high flux, low pressure membranes capable of converting brackish, sea water, or waste water on an economical basis to usable water for beneficial purposes.

Primary research effort will be directed to those research needs deemed to be most critical for improving efficiency, extending the range of application, and reducing the costs of desalting by those processes which hold promise of substantial improvement over currently available technology. This research effort will focus mainly on sea water and brackish water membranes.

2. Water Resources Planning and Management Research - $1,285,000

Resource systems management and operation raise difficult choices in an era when food and fiber production is increasing, energy development is accelerating, and mineral development is beginning to be of more concern. All these activities require water and can impact water quality and other aesthetic and ecologic concerns. These choices must be made in a management environment in which multiple value systems need to be considered and in which new decision processes need to be invented. Yet, explicit methodologies, appropriate for decision-making in water resources planning, water allocation, and water systems operation in a changing value environment, have only begun to evolve. Research proposed in FY 78 includes the following priorities: a) the nature of decision and choice processes; b) information inputs and requirements for these processes; c) comparative analyses of current processes, as well as alternatives to these processes; d) development of systems for displaying water resources management and development alternatives and trade-offs among these alternatives to enable more rational analyses and better decisions; and e) behavior of complex natural systems, e.g., hydrologic and meteorologic characterization and forecasting techniques. The work that is most badly needed tends to be interdisciplinary in nature. A span of disciplines, including lawyers, political scientists, psychologists, sociologists, economists, systems analysts, engineers, agricultural scientists, and earth scientists, must participate.

In addition, studies which are innovative in terms of the solutions proposed need to be done. Such items as supplemental irrigation in humid areas and the definition of planning systems appropriate to the aspirations of native American cultures are a sample of the areas in which innovative planning research can be valuable.

3. Water Reuse Research and Planning - $1,290,000

The proposed research and development plan for water reuse is oriented toward supplementing existing water supply sources and conserving a reclaimable resource. The development of technology to economically reclaim waste water to meet quality requirements and provide an additional supply of water is a key element in fully utilizing our limited water resources. Waste waters with potential for reuse include those from municipalities, agriculture and industry. Major potential reuse applications of reclaimed waste waters include groundwater recharge, irrigation,

recreation, fish propagation, industrial processes, cooling water, domestic use, and energy conversion. Industrial reuse applications will be oriented toward high water consuming industries and those primarily located in potentially water-short areas.

The development of an effective water reuse program requires a nationally coordinated effort. Such coordination will be maintained with other Federal, State and local government agencies with water reuse related interests to develop an effective program and eliminate potential unwanted project duplication. Previous efforts toward reuse have been fragmented and have not produced usable technology for major reuse systems. The proposed research is a comprenensive approach toward developing the required technology to supplement water resources with renovated waters suitable for reuse. The FY 1978 program includes the following projects: (a) continued evaluation of existing and advanced technology for reuse applications; (b) research of selected municipal, industrial and agricultural reuse applications; (c) research to improve methods for identification, analysis and effects of contaminants; (d) health aspects of municipal water recycling and reuse; (e) research on treatment processes and systems; and (f) research on planning and management aspects of water reuse.

The following programs conducted in FY 1976 could not be continued in FY 1977 since funds were not authorized or appropriated: Water Resources Planning and Management; Water Related Problem - Aiding Indians to achieve Self-Determination; Protection of the Water and Water-Related Environment; and Solving of Energy-Related Water Problems.

Technology Development

The Fiscal Year 1977 appropriation provided $4,700,000 for this activity and $499,731 of unobligated saline water funds carried into FY 77 provided for a total program of $5,199,731. The program proposed for FY 1978 amounts to $3,800,000, a decrease of $1,399,731. The unobligated funds carried forward originated from an FY 1975 supplemental appropriation of $2,900,000 for brackish water R&D in support of the Yuma Desalting Plant. This supplemental was for the purpose of increasing recovery rates of brackish water membranes above the 75% rate that had been achieved at that time. If the supplemental carryover funds are not taken into account, the decrease amounts to $900,000. The decreases are the elimination of the freezing program and field test operations and maintenance.

This activity is directed toward the development of technology from the product of successful research and the transfer of research and technology results to water planners, users, and others for practical application to water or water-related problems. This activity has four main objectives: water conversion processes, water resource technology, the transfer of research results and technology to agencies and individuals in need of solutions to water or water-related problems, and water reuse. Water resources technology development is a new function assigned to this office two years ago.

1. Brackish Water High Product Recovery Technology Development - $1,200,000

Because of the limited availability of usable water supplies, the fourteen Western States are concerned about water supply and water quality and are continually looking for new water resources to meet the growing water demands of municipalities, industry, and agriculture. In searching for new water resources, the Western States have identified agricultural wastes as a new potential water resource. Reuse of these waters for beneficial purposes requires application of treatment techniques to convert agricultural wastes to a water quality suitable for reuse. The membrane desalination method is one method that can be adapted and improved for this purpose. The Congress has authorized construction of

a 100 mgd membrane desalination plant for treatment of agricultural wastes as part of the overall Colorado River Salinity Control program. The Bureau of Reclamation is presently in the process of designing this plant. An economic constraint in this plant design is the percent of waste water that could be converted into fresh water. Current membrane technology is adequate to design and operate a membrane desalting plant to recover 75% of the agricultural wastes as fresh water. This would result in discharge of the remaining 25% of the waste water as highly concentrated brine. Some of this discharge could be recovered by increasing the recovery of the system.

It is proposed to initiate programs in FY 78 to improve or develop new membranes, components and pretreatment systems to achieve an efficient and economical membrane system suitable for recovery above 75%.

During FY 1978 an intense study will be undertaken to determine the economic feasibility of advancing membrane recovery to 90% for use in the Yuma Plant. If the study indicates the economics are favorable, then additional work will be proposed for FY 79.

2. Sea Water Membrane Development - $1,000,000

This program will concentrate on sea water membrane development. Development and testing will be carried out by contractors under OWRT direction. Membranes being developed include non-cellulosic, cellulosic, and new and improved composite membranes, including testing of system components utilizing one-pass and two-pass membrane systems on sea water. During FY 1978, planned developing and testing will be conducted on advanced technology modules, including single pass hollow fine fiber, single pass spiral cellulosic, and single pass spiral with thin composite membrane. This program is being directed towards developing technology to solve water and water-related problems.

3. Water Reuse Technology Development - $800,000

The available commercial desalination hardware and techniques, such as membranes, pretreatment methods, etc., were primarily developed for conversion of ground and surface brackish waters to fresh water quality supplies suitable for municipal, industrial, and agricultural uses. These systems are not readily usable for all waste water and need adaptation for use in the renovation of waters. In FY 77, commercial membranes and other desalination devices will be test evaluated on a number of municipal and industrial wastes to determine their suitability for economical treatment of waste waters for water reuse and to establish the research and development needs required to utilize the desalination techniques for waste water treatment.

During FY 78, programs will be initiated to develop and test new components and pretreatment methods that are specifically adaptable for treatment of municipal, industrial and agricultural wastes for reuse. Where possible, efforts will be made to modify the commercial desalination equipment so as to be suitable for water treatment at lowest cost.

4. Technology Assessment and Research Transfer - $600,000

There is an urgent need to determine and evaluate the technology that has been developed, relate this information to water and water-related problems, and, where promise and economics are appropriate, translate the technology into practical applications. This program proposes to prove the technology developed in the OWRT program to a point where it has demonstrated acceptability to the potential user community. Additionally, this program provides a very important feedback from the user community in their expression of needed technology. There are five major programs planned for FY 1978: (a) conferences and seminars; (b) technology assessment; (c) semi-technical publications; (d) design manuals and handbooks; and (e) technology demonstrations.

5. Other Water Technologies - $200,000

Successful research needs development before tangible benefits can be fully realized. Research results will be examined, evaluated, and related to water resource problems. Exploratory and planning models will be developed that are problem-oriented to determine technology that has passed through the research stage which needs further modification and development to make it suitable for use by the water resources community. Successful research results will be applied to real water resource problems on a side-by-side basis with water resource individuals to determine the best alternatives. The development of software techniques for water resource problem solutions will provide a further means for developing water resources technology for application. Other possibilities include systems analysis techniques selected from the many innovative methods used in the research program which show promise of making improved contributions to the water resources planning and management practices.

Water Resources Scientific Information Center - $1,100,000.

The Fiscal Year 1977 appropriation provided $1,100,000 for this activity and the FY 1978 budget requests $1,100,000; no increase.

This activity covers the operation of the Water Resources Scientific Information Center. The Center was established eight years ago and has gained national and international reputation as the outstanding water resources technical information storage and retrieval center. It is the primary information source for researchers and others to identify what research has been undertaken and the results achieved. The significantly large information base developed includes abstracts selected from virtually all significant water resources research literature published since 1968.

The Center program goals include (a) responding effectively to the water resources community; (b) assisting materially in the avoidance of undesirable research replication; and (c) improving communications and coordination of efforts among agencies and individuals engaged in water-related research.

Cooperative agreements have been executed with Australia, South Africa, and Canada, whereby the Center will receive scientific information and, in return, provide technical information services.

The Center program calls for conducting customer-oriented presentations and demonstrations of Center products and services to show how a water resource individual can best use the system and how researchers' efforts can be made cost effective. Visual material will be prepared, e.g., charts, slides, and exhibits for presentations to the water resources organizations, researchers, and others.

The Center workload will include acquiring approximately 14,000 abstracts reflecting the results of completed water resources research and legal, social, economic and planning aspects of water resources as described in technical journals, monographs, books and serials; processing these abstracts into the system; and publishing the abstracts together with appropriate indexing in the WRSIC twice-monthly journal, "Selected Water Resources Abstracts." The Center, in collaboration with the Smithsonian Science Information Exchange, will develop a comprehensive data base comprising descriptions of on-going water resources research projects. It is expected that the Center will respond to technical information requests of water program officials to: (a) generate and publish topical bibliographies rapidly and economically in water resources; (b) produce information in response to special requests of individuals and organizations; (c) provide information for literature reviews and state-of-the-art studies and, if required, publish these; and (d) continue

an expansion program of assisting in establishing a network of geographically dispersed on-line retrieval responses to requests for technical information from the water resources community.

Administration - $2,412,000

The Fiscal Year 1977 appropriation provided $2,300,000 and the budget request for FY 1978 amounts to $2,412,000, an increase of $112,000.

Administration funds the personnel and support work for all programs other than the Water Resources Scientific Information Center (WRSIC).

This activity will: (a) provide over-all direction to the total OWRT program; (b) provide programming, budgeting, evaluation and planning; (c) administer and refine the "Water Problem and Research Needs Identification Program"; (d) assist the Assistant Secretary in coordinating all water resources research program planning of the Department; (e) provide administrative support, procurement, personnel and office services; (f) provide technical and management monitoring of between 500 and 600 grants and contracts; (g) evaluate approximately 1,000 new research proposals and execute some 300 new contracts and grants; (h) review and process an estimated 2,000 reports and documents developed under OWRT research and development programs; (i) provide program and research project guidance to several hundred existing and potential program participants; (j) coordinate programs with other agencies and within the Department; (k) conduct conferences, meetings and seminars as appropriate for effective program operations; (l) administer a technology assessment and research transfer program; and (m) support symposiums and use consultants to obtain overview advisory reports to keep program participants and managers informed about the status of and need for research and development in specific areas that relate to OWRT program goals, objectives and priorities, and to assure that research and development being considered for support is appropriate, does not duplicate other research and development programs, and focuses on the most urgent water problems.

The increase requested provides funds for increased employee salaries due to step increases and pay costs, increase in standard level user charges (assessment for cost of office space) and other administrative support costs.

Reimbursable Programs

This is a new program established to handle the request OWRT has received to provide technical assistance to AID for the Israel Desalting Plant and to Middle East countries in participating with the Joint Commission. The FY 77 and FY 78 programs, which are fully reimbursable, provide for support costs to the AID Israel Desalting Plant technical support. No funds are included for the Joint Commission. No agreements have been reached concerning technical support for this activity. The FY 77 program includes some remaining activity in connection with joint funding of contracts with NASA, Corps of Engineers, etc. The FY 77 program provides for three positions to be filled to provide technical support to AID in connection with the Israel Desalting Plant. Two of these positions will be located in Israel and one in Washington, D.C.

That concludes my remarks describing our FY 1978 program. I will be happy to answer any questions the Committee may have.

BIOGRAPHY — DR. JAMES S. BURTON

Dr. James S. Burton comes to the post of Acting Director of the Office of Water Research and Technology (OWRT), from the position of Assistant Director-Research, OWRT. Dr. Burton served as the Assistant Director-Research, from September 1975 to the present time. During this time, he was responsible for the technical management of the OWRT water resources research program, including the directing of the planning, implementation, and administration of the following major programs in the water resources research: (1) water resources planning and management; (2) water quality and quantity; (3) water reuse research and planning; and saline water conversion.

Prior to his position with the Office of Water Research and Technology, Dr. Burton was Director of the Water Resources Research Center, Washington Technical Institute, Washington, D.C., and was responsible for the management and development of a research program focused on solving the water resources problems of the District of Columbia.

From July 1969 to September 1974, Dr. Burton held professional positions with the MITRE Corporation in McLean, Virginia. He was a technical staff member in the Environmental Systems Department, from 1969 to 1974, where he dealt with a broad range of environmental programs. In 1974, Dr. Burton was Director of the Solar Energy Laboratory.

From December 1966 to July 1969, Dr. Burton held scientific positions with the General Technologies Corporation, Reston, Virginia. He served as Project Engineer from 1967 to 1969, Senior Chemist from 1966 to 1967, and, in 1969, Dr. Burton was the Director of the Environmental Sciences Research.

From 1963 to 1966, Dr. Burton served as Senior Chemist for Melpar, Inc., Falls Church, Virginia. During this period, Dr. Burton was responsible for acquiring work on the application of reverse osmosis to the conversion of waste water to potable water.

Dr. Burton's academic background includes an A.B. degree in Chemistry from Berea College in 1958; a M.S. degree in Physical Chemistry from Howard University in 1962; and a Ph.D. in Physical Chemistry from Howard University in 1964.

Dr. Burton is a member of the following advisory groups within the Interior Department: (1) Resource Panel, Geothermal Advisory Council; and (2) Executive Development Advisory Group. In addition, Dr. Burton is a member of the following professional societies: (1) American Chemical Society, 1961 to 1972; and (2) Chesapeake Water Pollution Control Association, Inc.

Dr. Burton is the author and co-author of numerous technical papers and reports. A list is attached.

Dr. Burton and his wife, the former Ophelia Weaver, are the parents of one child, and the family resides in Reston, Virginia.

Publications/Papers Presented:

Ph.D. Dissertation: "Vibrational Anharmonicity and Potential Constants of the Azide Ion," 1964.

Paper presented at the Annual Symposium on Molecular Structure and Spectroscopy, Columbus, Ohio, "Infrared Spectroscopic Study of the Reactions between Gaseous Hydrogen Bromide and 1,1 Diphenylurea," June 1965.

Paper presented at the Meeting-in-Miniature of the American Chemical Society, University of Maryland, "Infrared Spectroscopic Study of the Gaseous Interactions between SO_2 in a Synthetic Flue Gas and Various Solids," May 1968.

Paper presented at the Fourth Middle Atlantic Regional Meeting of the American Chemical Society, Washington, D.C., "Infrared Spectroscopic Study of Gas-Solid Interaction between SO_2 in a Synthetic Flue Gas and Various Limestone Adsorbents," February 1969.

"Applications of Infrared Spectroscopy to the Study of Gas-Solid Interactions between SO_2 in a Simulated Flue Gas and Various Solid Adsorbents," in Developments in Applied Spectroscopy, Vol. 9, E. L. Grove and A. J. Perkins, Eds., Plenum Press, New York, N.Y., 1971.

Paper presented at the U.S. Section Meeting, International Solar Energy Society, Colorado State University, Fort Collins, Colorado, "MITRE Solar Energy Demonstration System," August 1974.

Presentation before a luncheon meeting of the Washington Sanitation Conference, "Programs of the Water Resources Research Center for the District of Columbia," December 1974.

Co-Author of the Following Reports:

"High Modulus-to-Density Fiber Reinforcement for Structural Composites," AFML-TR-65-265, Part III, May 1967.

"Design of the MITRE Environmental Systems Laboratory," (MTR-1696), The MITRE Corporation, McLean, Virginia, March 1971.

"Guidelines for the Acquisition of Validated Air Quality Data," The MITRE Corporation, McLean, Virginia, (MTR-6000), April 1971.

"Management Plan - Test Support for the Cat-Ox Demonstration Program," (MTR-6054), The MITRE Corporation, McLean, Virginia, July 1971.

"Baseline Measurement Test Plan for the Cat-Ox Demonstration Program," (MTR-6053), The MITRE Corporation, McLean, Virginia, October 1971.

"Evaluation of Proposals for Stack Sampling and Analytical Services," (WP-8507), The MITRE Corporation, McLean, Virginia, October 1971.

"Anti-Pollution Systems and Techniques," (M73-47), The MITRE Corporation, McLean, Virginia, April 1973.

"Baseline Measurement Test Results for Cat-Ox Demonstration Program," (M73-42), The MITRE Corporation, McLean, Virginia, April 1973.

"Environmental Protection Agency's Monitoring Program," (M73-34), The MITRE Corporation, McLean, Virginia, April 1973.

"Fundamental Combustion Research Needs and Sponsored Contracts and Grants for Stationary Combustion, Liquid-and Solid-Waste Incineration, and Mobile Combustion Systems," (MTR-6370), The MITRE Corporation, McLean, Virginia, April 1973.

"Technical Assistance for the Development of a Fundamental Combustion Research Program for the Environmental Protection Agency," (MTR-6306), The MITRE Corporation, McLean, Virginia, April 1973.

"A Preliminary Review of Water Quality Remote Sensing Techniques," (MTR-6480), The MITRE Corporation, McLean, Virginia, January 1974.

"MITRE Solar Energy Demonstration System," (M74-44), The MITRE Corporation, McLean, Virginia, May 1974.

"Water Resources Problem Projections for the District of Columbia, FY-1976 through 1980," Water Resources Research Center, Washington Technical Institute, October 1974.

"Water Resources Research Requirements for the District of Columbia, FY-1976 through 1980," Water Resources Research Center, Washington Technical Institute, November 1974.

HIGHLIGHT STATEMENT

Senator STEVENS. If you wish to highlight your statement, we will be pleased to hear you in any way you wish.

Dr. BURTON. Mr. Chairman, it is an honor and a privilege to appear before you and other members of this committee to present the appropriation request for the Office of Water Research and Technology for fiscal year 1978.

I am Dr. James S. Burton. I am the Acting Director of the Office of Water Research and Technology. I would like to introduce the staff of OWRT.

On my left is Mr. Chandler Townsend who is the Acting Assistant Director of Program Planning and Evaluation. Mr. Demetres A. Vlatas is the Acting Assistant Director for Research. And on my right is Dr. K. C. Channabasappa who is the Acting Assistant Director of Saline Water Conversion; and Mr. Jack C. Jorgensen who is Assistant Director for Technology Transfer for the Office.

I do have a prepared statement, Mr. Chairman, and I would like to take 5 to 10 minutes to summarize it.

Senator STEVENS. Thank you very much. Please proceed.

FISCAL YEAR 1978 BUDGET ESTIMATE

Dr. BURTON. Mr. Chairman, the budget estimate for the Office of Water Research and Technology for the fiscal year 1978 is approximately $21 million. The estimate represents an increase over the amount appropriated for fiscal year 1977 of approximately $2 million. The amount available for fiscal year 1977 amounts to approximately $19.6 million.

The amount requested for fiscal year 1978 represents only an increase of about $1.6 million over the amount available for fiscal year 1977. The budget request for fiscal year 1978 assumes enactment of legislation to continue saline-water programs and to resume additional water resources research.

With respect to legislation, a housekeeping bill has just cleared OMB, which at a minimum will continue saline-water research and technology development and water resources research for 1 year. We feel that this will give the new administration time to get onboard and evaluate our program. It is hoped that the 95th Congress will act favorably on the administration's proposal. This bill is being hand-carried over here today.

The fiscal year 1978 budget request for approximately $21 million is presented in six major activities and a reimbursable program. I will summarize these programs for the committee.

ASSISTANCE TO STATE WATER RESEARCH INSTITUTES

The first major activity is assistance to State water research institutes. The fiscal year 1978 budget request is $6,525,000 or $125,000 for each of the 51 institutes and $50,000 each for the three new institutes.

This program will assist water research institutes in each State to solve or mitigate urgent water problems. Particular emphasis is being given to water problems of a regional or river basin nature, and to water resource needs, and environmental problems generated by the energy crisis.

MATCHING GRANTS TO WATER RESEARCH INSTITUTES

The next major activity is grants to State water research institutes, matching grants. We are requesting for the fiscal year 1978 a total of $3,500,000 which represents an increase of $300,000 over fiscal year 1977. This activity supports research into water and water-related problem areas of State, regional, and national concern.

WATER RESOURCES RESEARCH

The third activity is water resources research. The proposed legislation provides for a continuation of this activity. We are requesting for fiscal year 1978, $3,775,000, an increase of $1,775,000 over fiscal year 1977.

This particular activity is divided into three areas: Water conversion processes research; water resources planning and management research; and water reuse research.

We are requesting the following amounts for these activities. We are requesting $1,200,000 for water conversion processes research; $1,285,000 for water resources planning and management research; $1,290,000 for water reuse research and planning.

TECHNOLOGY DEVELOPMENT

The next activity is technology development. We are requesting for fiscal year 1978 an amount of $3.8 million which represents a decrease of approximately $1.4 million for this activity.

This activity is divided into three major areas. I will give the budget request for each of these. We are requesting $1.2 million for brackish-water high product recovery technology development; $1 million for seawater membrane development; $800,000 for water reuse technology development; $600,000 for technology assessment and research transfer and $200,000 for other water technologies.

WATER RESOURCES SCIENTIFIC INFORMATION CENTER

The next activity is water resources scientific information center. We are requesting $1.1 million for this activity. This does not represent any increase over fiscal year 1977. This activity covers the activity of the water resources scientific information center.

ADMINISTRATION

The next category is administration. We are requesting for fiscal year 1978, $2,412,000, which represents an increase of $112,000 over fiscal year 1977. We are requesting this increase to provide funds for increased salaries, employee salaries due to step increases, pay costs increase, standard level user charges, and other administrative costs.

REIMBURSABLE PROGRAMS

The last activity is a new budget activity which is reimbursable programs. This new activity was added to handle the requests OWRT has received to provide technical assistance to the Agency for International Development for the Israel desalting plant and to Middle East

countries in participating with the Joint Commission. Both the fiscal year 1977 and the fiscal year 1978 programs which are completely reimbursable, provide for support costs to the Agency for International Development, Israel desalting plant technical support.

No funds are included for the Joint Commission. No agreements have been reached concerning the technical support of this activity.

This concludes my remarks regarding our fiscal year 1978 program. My staff and I will be happy to answer any question the committee may have.

AUTHORIZING LEGISLATION

Senator STEVENS. Thank you very much, Dr. Burton.

Where is this legislation? You say you think that it will be over here today?

Dr. BURTON. Yes, sir. I have a copy of it right here.

Senator STEVENS. Could you leave a copy with the staff?

Dr. BURTON. Yes.

TITLE II PROVISIONS

Senator STEVENS. What are the details of the new title II provisions?

Dr. BURTON. Within this legislation?

Senator STEVENS. What is the significant change in this legislation as you see it?

Dr. BURTON. Essentially it extends for 1 additional year the water resources research program for title II. As you recall, we had a couple of other research categories, energy problems, and problems dealing with Indians. But we have just restored additional water resources research to continue that program.

Senator STEVENS. It is an additional year for your present authorization?

Dr. BURTON. Yes. Mr. Chairman, we are just extending this for 1 year.

FUNDING FOR STATE INSTITUTES

Senator STEVENS. That is what I understand. Now, you will be able to increase the amounts for State institutes by $15,000 if this is approved?

Dr. BURTON. Yes, sir.

Senator STEVENS. That really isn't an increase. It is sort of keeping up with the inflationary trend.

Dr. BURTON. Yes, sir.

Senator STEVENS. Your statement also indicates the legislation would require State institutes to match grants above $50,000 to a maximum of $250,000. Why the top limit of $250,000?

Dr. BURTON. That is not part of this housekeeping bill that we are proposing.

Senator STEVENS. I understand that. I was just shifting over to the State institute problem. Why do you have the maximum of $250,000 in matching grants?

Dr. BURTON. That was further specified in the Water Resources Research Act of 1964, as amended.

Senator STEVENS. That is a legislated amendment?

Dr. BURTON. That is right, sir.

NEW WATER RESEARCH INSTITUTES

Senator STEVENS. All right. Now you have three new institutes, Guam, Virgin Islands, and Washington, D.C. You put them all at $50,000. What led you to the $50,000 level for them?

Dr. BURTON. These three new institutes started out at $40,000 when they were added and we are bringing them up to the full funding on a gradual basis. So it was a $10,000 increase for each of the three additional institutes until we can bring them up to the full funding of the other 51 institutes.

Senator STEVENS. What is the extent or quality of research done at the smaller institutes? Don't their needs vary?

Dr. BURTON. The quality of research done at the smaller institutes is excellent. They experience some difficulty in attracting as large a number of graduate students as do mainland institutes. The quality, however, is excellent. The D.C. institute does not experience that problem, but is new and has not as yet developed a research program as comprehensive as the other mainland institutes.

MATCHING GRANTS

Senator STEVENS. Under matching grants for the State institutes, you request an increase of $300,000 to take this program to a total of $3.5 million. Would you be able to make any additional grants with this money?

Dr. BURTON. Yes, sir.

Senator STEVENS. How many?

Dr. BURTON. We believe that we will be able to fund approximately five additional grants with that money.

Senator STEVENS. How many grants in total would that make?

Dr. BURTON. That will give us a total of about 75 grants.

Senator STEVENS. Is any of this money tied to multiyear grants?

Dr. BURTON. Most of the matching grants are for 12 months. There are a few that extend beyond the 12-month period.

Senator STEVENS. What has really been accomplished with those State institute grants? Do you have any examples of the type of progress that was made or accomplishments in that area?

Dr. BURTON. Yes, sir. I would like to summarize that by just stating a couple of projects. For example, in West Virginia University under an OWRT grant they are conducting research directed to pump storage, which is currently being considered to minimize peak energy demands. The use of pump storage plants is expected to triple within the next 20 years. So the research being conducted here addresses the environmental considerations associated with pump storage, such as the effects of water level fluctuations on shore areas, adverse changes, and quantity and quality of downstream water releases, stratification changes effecting luminology, biology, and dissolved oxygen in lake waters.

Then another project is in the State of Kentucky on an allotment project, they have a computer program which they developed that is called damage, and this was tested and initially used by the Corps of Engineers as a subroutine in water regulation program in their Huntington District.

These are examples of things that are coming out of the institute.

LIMITATION FOR MATCHING GRANTS

Senator STEVENS. Your proposed legislation would remove the $5 million limitation on matching funds to State institutes. Why do you want to remove the limitation if you are only seeking $3.5 million in your fiscal year 1978 budget?

Dr. BURTON. In assembling our budget, sir, we had to take into account all of our priorities with respect to the research and development program and have the total program address critical water resources problems. So within our budget priorities, we have allocated $3.5 million to this activity to give a balanced program.

Senator STEVENS. All right. You don't have any projection of what you are going to ask for the next fiscal year if that limitation is removed, do you?

Dr. BURTON. We would have to wait for the new administration to get onboard.

WATER RESOURCES RESEARCH

Senator STEVENS. All right. Under water resources research the total program goes up from $2 million to $3.8 million. You are asking for $90,000 of the increase for water reuse research. Is there anything specific that you want that money for? Do you have a specific target for that $90,000?

Dr. BURTON. Yes, sir. In our fiscal year 1978 program we will expand the development of new treatment processes and systems, and support major industrial and municipal projects, and the modification of desalination processes for reuse purposes.

Senator STEVENS. Do you have an application or any particular plan already drawn up to use it? Are you going to contract it out or use it in-house?

Dr. BURTON. We contract our work out.

Senator STEVENS. Have you got any specific contract already to go?

Dr. BURTON. For the $90,000? Our water reuse is a new initiative that was started this year. At the present time we do have our plans for the 1977 program in terms of contracts or proposals that are just beginning to come in, and so, based on this—on the proposals coming in and the work that we will initiate in fiscal year 1977—this will help us in the development of our program for the $90,000.

It is mainly aimed at major industrial and municipal projects.

TITLE II PRIORITIES

Senator STEVENS. All right. What is your priority with respect to title II, assuming your program is reauthorized and refunded?

Dr. BURTON. Under title II we are going to focus on water resources planning and management projects.

Senator STEVENS. Would that include the North American Water Plan? Are you familiar with that?

Dr. BURTON. No, sir. I am not familiar with that.

Senator STEVENS. What kind of plan are you talking about there?

Dr. BURTON. Well, let me just try to summarize it this way, Mr. Chairman. There are solutions to water problems of the future which demand a closer coordination of land use planning and water develop-

ment. The competition for land and water is intensified and all of these competing and conflicting needs and users, must be resolved by compromise.

So that difficult choices have to be made between the use of water in an era when food production is increasing, mineral development is beginning to be of more concern, and urban dwellers need more water. The research is aimed at developing explicit methodologies appropriate for decision making and water resources planning, water allocation, and water systems operation, and the changing value environment.

Maybe our Assistant Director—our Acting Assistant Director for Research can expand on this since he is in charge of our planning.

Mr. VLATAS. Sir, the planning scientists——

Senator STEVENS. Is this Mr. Vlatas?

Dr. BURTON. Yes.

Mr. VLATAS. I am Jim Vlatas with the Office of Water Research and Technology. My normal position is Chief of the Planning Sciences Division.

The plan that you make reference to is something that comes up from time to time. Everytime we have a drought the plan comes up. Plans to float icebergs down from the Arctic to make use of water for the various entities are floated out.

Basically, what we are trying to do, is come up with methodologies so we can avoid crises before they occur, rather than trying to figure out what plan should be adopted when a crisis suddenly hits us, such as the current drought.

THE NORTH AMERICAN PLAN

Senator STEVENS. The North American Plan involves taking water from my State of Alaska and bringing it down to California and Arizona. Is that within the scope of your money here?

Mr. VLATAS. If it is not specifically, we might be studying plans of this nature, but it is not one of the items that we are looking at right now or are contemplating in the next year.

TITLE II ACCOMPLISHMENTS

Senator STEVENS. What have you done under title II so far? What has been the general activity of OWRT under title II?

Mr. VLATAS. Title II has been used to fill the research needs of various mission agencies at Interior, specifically, we have done work with FWPCA, which is now EPA. We did work on water quality under title II program.

Right now we are doing work on planning and management that would meet the needs of the Bureau of Reclamation. the Bureau of Outdoor Recreation, and sometimes the Fish and Wildlife Service. We do research work that meets the needs of other Federal agencies such as the Corps of Engineers, in looking at sludge management and sludge protection measures, other than building dams and reservoirs.

We have looked at various techniques to eliminate droughts, better means to predict when we might get high flows and when we might get low flows, how we might look at weather modification, although

this is a peripheral activity of the weather modification aspect in the title II program.

ENVIRONMENTAL AND ENERGY RELATED PROGRAMS

Senator STEVENS. I understand you are not going to resume your environmental and energy related programs, but you are planning to spend $1.2 million for planning and management research.

Mr. VLATAS. Peripherally, we are going to be looking at the environmental aspects because we are planning to look at the decision and choice processes and be able to do that. We have to be able to identify impacts from various decisions. We have to look at the economics, the social impacts, the environmental impacts. How does one display them? How do you make people aware of what these impacts might be so that they can provide a better solution?

We can't simply ignore these aspects just because we are saying we are going to look at planning. These things are all interrelated and we feel we will be touching on much of this even though we are not specifically saying—the rest of what we are saying is, we won't be specifically funding research that will go out and identify environmental impacts, or we won't be looking at what will happen, say, on ending registrations in terms of water rights.

But this may be touched on in other parts of our program. The matching grant program has many projects in it that will be addressing these points.

Senator STEVENS. I see. So you are not going to be subjective with regard to this present drought situation. Yours is a long-range option, management research concept; is that what you are telling me?

Mr. VLATAS. Yes, sir. We feel that it is our job to come up with a methodology to do these things. The Water Resources Council, the Corps of Engineers, and the Bureau of Reclamation, have the function to take our methodologies that we come up with and try to apply them and come up with real world solutions.

Senator STEVENS. How would you spend the requested $1.2 million for planning and management research under title II? Is that contract work or direct grants?

Dr. BURTON. The research and development carried out by the Office of Water Research and Technology is mostly performed by universities or contractors. A small amount of work is done by other Federal agencies. Most of the work for planning and management research under title II in the past has been performed by universities. Work planned for fiscal year 1978 will be a combination of contracts with industry and grants to universities.

SALINE-WATER RESEARCH

Senator STEVENS. Now, you are going to increase conversion process research by $400,000 for a total program of $1.2 million. What are your specific accomplishments there? What are your plans for that increase?

Dr. BURTON. We are planning to focus our research on seawater and brackish-water membrane development. There is a need for developing better membranes. There is a need to make these mem-

branes stable to various gases—make them stable to high temperature. Also, with respect to our water reuse program, many of the developments in the saline-water research program will be applicable to our water reuse program.

SALINE-WATER TEST FACILITIES

Senator STEVENS. You plan to close those two membrane facilities and at the same time increase membrane research.

Dr. BURTON. The research that we are doing is, of course, contracted out to various industries and in the universities. But we don't need the facilities to conduct the membrane research program, the membrane seawater or brackish-water membrane program research. That work is contracted out.

PILOT PLANTS

Senator STEVENS. Do you have a new pilot plant going in somewhere?

Dr. BURTON. That is the high-temperature electrodialysis plant.

Senator STEVENS. Where is that going to be located?

Dr. BURTON. In Massachusetts. We have let a contract of $600,000 to the Ionics Co. to develop this high-temperature electrodialysis unit.

TECHNOLOGY DEVELOPMENT

Senator STEVENS. Please explain the $500,000 unobligated balance from 1976 under technology development, which you say was not expected.

Dr. BURTON. The $500,000 unobligated balance represents funds appropriated during fiscal year 1975 expressly for a brackish-water membrane research and development program that were not committed for contracts during fiscal years 1975 and 1976. The brackish-water program was a 24-month effort and funds were not available until the last half of fiscal year 1975. There still remains some work to be contracted. These funds will be fully utilized during fiscal year 1977.

Senator STEVENS. Your justification shows no anticipated unobligated balance at the end of 1978. How accurate is that?

Dr. BURTON. It is our best judgment, based on annual program plans. However, if these plans are changed, as is sometimes the case, in our R. & D. program, it may result in a carryover. All of the water resources research funds are annual funds, and there are rarely any funds not obligated. Saline-water funds are no year and that is where funds are sometimes carried over.

Senator STEVENS. Why do you ask that all of your appropriation be made available until expended? Aside from technology development, why can't they be annual funds?

Dr. BURTON. Research and development programs are to some extent unpredictable. By that I mean, that as the program evolves you may encounter problems that require more time to resolve. Follow-on programs need the results of the first effort before they can begin. If allowed to wait for these results before going into the next phase, a researcher can obtain maximum utilization of his resources. If he is pressured into beginning the next phase with the threat of losing the funds, it could result in less than efficient utilization of funds.

TEST FACILITY CLOSINGS

Senator STEVENS. You show a reduction of $700,000 due to closing of the Roswell and Wrightsville Beach facilities. Please go into the justification in more detail. What are the alternatives to closing these facilities?

Dr. BURTON. The two remaining test facilities are, in their present state, not cost effective. These facilities were designed and constructed to support a $25 million to $30 million research and development program. There is considerable unused space. The unused space is designed to support saline-water test and development and it would require modifications to rearrange things for some other type of work. The extent of the modifications and cost would depend on the type of work anticipated. To fully justify the continued operation of these facilities would require a significant increase in development programs. OWRT pays the total overhead of both. There are other locations, such as the Bureau of Reclamation facility located at Yuma, Ariz., and the Orange County Water District facility located at Fountain Valley, Calif., where overhead could be shared and more funds could be devoted to development of the technology.

Senator STEVENS. You say that the brackish-water membrane testing currently being done at Roswell can be conducted at the Yuma facility at an annual savings. Could you document that? How much of a savings?

Dr. BURTON. Moving the test and development program out of Roswell and to another location, such as Yuma, could result in an annual savings of approximately $150,000 to $200,000. This savings would be realized by sharing the overhead cost with another—for example, in guard protection. The cost of guard service is the same for a facility, whether there are one or several tenants. Administrative support costs could be shared. Considering the unused space at the facility, there would be a savings in the maintenance of buildings and grounds. There, of course, would be no savings in direct cost of operating the test equipment.

Senator STEVENS. How extensively do you plan to pursue brackish-seawater membrane work in 1978?

Dr. BURTON. The saline-water research funding for fiscal year 1978 shows a $400,000 increase over the amount appropriated for fiscal year 1977. Funds required for fiscal year 1978 for membrane development are increased by $450,000. The main thrust will be in development of high recovery brackish-water membranes. We will be pushing to have a recovery rate of approximately 90 percent.

Senator STEVENS. What will happen to our Roswell and Wrightsville Beach facilities?

Dr. BURTON. While our budget assumes closing of these facilities, we are currently taking no action to close Roswell. As you know, there are plans to reorganize certain functions and, until these plans are known, we plan to take no action to close the Roswell facility. If the decision is made to move ahead with the closing, we will declare the facilities surplus to our needs. The Department will have a chance to obtain them and, if there is no interest, they will be turned over to GSA for disposal. The State of North Carolina and the town of Wrightsville Beach have requested that the Wrightsville

Beach facility be turned over to them, as they could make good use of it. Chaves County, N. Mex. has requested that they be allowed to use some of the unused space at Roswell. They may have an interest in acquiring at least part of the Roswell facility.

TECHNOLOGY DEVELOPMENT PROGRAM EFFORTS

Senator STEVENS. Why do you plan to conclude work on freezing development this year?

Dr. BURTON. The current test and development work on the freezing process pilot plant at Wrightsville Beach, N.C., will be concluded this year. If through our saline-water research program, new research results or processes are found, additional test and development work may be in order. If this is the case, we will go back to request funds. Freezing processes may have application in our water reuse program to obtain high concentration of discharges. Funds for these applications, if required, will be requested in our water reuse program.

Senator STEVENS. Give us some details on the $300,000 increase for water reuse technology development. What specific accomplishments do you envision?

Dr. BURTON. Technology development will be concentrated in support of major municipal and industrial reuse projects using available treatment processes and systems in major reuse applications, such as ground water recharge, industrial process feed water, and industrial cooling water. The increase will be used to fund mobile treatment units intended to field-test waste streams from major industrial plants, in order to identify on a broad scale, effects of the waste streams on the available desalting processes in order to determine required improvements and modifications.

Senator STEVENS. Under technology transfer, you mention plans for seminars, conferences, manuals and handbooks, and demonstrations. How successful are these kinds of things in promoting new technologies?

Dr. BURTON. These transfer mechanisms are standard technology transfer tools and have proven extremely successful. Successful examples can be found in several Federal research and development agencies. The key to the success of these mechanisms lies in the fact that they can be geared to impact a particular user group. For example, a seminar, aimed at providing the consulting engineering community with an alternative pollution abatement technology, can be structured so only to cover the viable design criteria necessary to implement the technology, and not divert interest and acceptability by alluding to research information, or projects not directly associated or supportive. Each mechanism is individually successful in transferring and promoting new technologies. A prime payoff to the seminar or conference mechanism, is the avenue created to channel user needs back into the R. & D. system, to impact research and make it more user oriented. This personal contact and interface can be extremely beneficial.

To be sucessful, each technology transfer mechanism and the technology transfer program must be carried out in an active mode and be user oriented.

Senator STEVENS. You ask for $200,000 to establish an activity called "Other water technologies." What will this allow you to accomplish?

Dr. BURTON. Successful research results in some cases need development before tangible benefits can be realized. In the water resources research area, due to funding constraints, we have not been able to take this next step. The program proposed for fiscal year 1978 would allow for a very small start in this direction. The funds requested would allow the development of a computer program and techniques, to allow water planners or managers to see the effects of various options or alternatives in a given situation and would provide the basis for selecting the best alternatives to problem solutions. The system would provide a further means or tool for developing water resources research results and technology for application.

HIGH-TEMPERATURE ELECTRODIALYSIS DEVELOPMENT

Senator STEVENS. You propose dropping $600,000 funding for high-temperature electrodialysis development and mention possible cost sharing with private industry. Please elaborate on that.

Dr. BURTON. The $600,000 appropriated for fiscal year 1977 for high-temperature electrodialysis will provide for the construction and operation of a small pilot plant. The plant will be constructed during fiscal year 1977 and testing will be started in fiscal year 1977, continuing in fiscal year 1978. Industry has indicated that they may be willing to cost share in the operation of the pilot plant. If this happens, then there may be adequate resources, possibly, to continue into fiscal year 1979.

Senator STEVENS. How can you fund the high-temperature electrodialysis development through 1979 without any appropriation after 1977?

Dr. BURTON. The development schedule calls for design and construction of a small pilot plant during fiscal year 1977. There will be time for some testing before fiscal year 1977 comes to a close. The funds appropriated will provide for pilot plant construction cost and 10 to 12 months operation. This will carry well into fiscal year 1978. Since industry has indicated a willingness to cost share, it may be possible to continue testing into fiscal year 1979.

SCIENCE INFORMATION CENTER

Senator STEVENS. What is the extent of the relationship between your science information center and the Smithsonian Science Information Exchange?

Dr. BURTON. It has the form of a contractual relationship. SSIE is mandated to be the cataloging center for descriptions of ongoing water resources research projects; that is, information on what kind of water resources research is being performed, what questions are being investigated, who's doing it, and so forth. If SSIE describes a research project this year, the results of that project may be published 2 years from now, depending on the length and scope of the project. The idea is that if an investigator wants to start a project, he or she should be able to check somewhere to see if somebody else is already working on it and, if so, why reinvent the

wheel. WRSIC comes into the picture by purchasing from SSIE a writeout of this file on magnetic tape, but coded and formatted for composition on GPO's Linotron. Thus, the information is published in book form, the Water Resources catalog, after which the tapes are cleaned up, reformatted, and located into the GIPSY search system at the Department of the Interior, for use by the Department and other Federal agencies with whom OWRT has exchange agreements. The hard copy catalog is disseminated to State water resources research institutes, principal investigators, and other Federal agencies who support water research, and is for sale to the public. We can summarize the relationship by saying that SSIE prepares the tapes for the updated water research project file and WRSIC disseminates the information to the State institutes and individual investigators as a publication or in the form of off-line computer searches.

Senator STEVENS. Is the actual operation of the center—the retrieval and storage of information—handled directly by your personnel?

Dr. BURTON. Generally, the basic operations are performed by other organizations. WRSIC is responsible for the format of the abstracts, that is, how they are put into the abstract journal and searchable data base, and is ultimately responsible for their quality. Thus, while non-WRSIC performers, such as the centers of competence, scan the literature, select the articles, papers, reports, according to their subject area of competence, and prepare the test of the input, WRSIC has a monitoring and editing role. WRSIC also must procure relevant documents that aren't routinely caught by the input centers and eliminate the occasional, but inevitable duplication. From one input source, WRSIC must insert the entire data field to make up for the lack of supplier capability. WRSIC is responsible for current awareness of who and where the water resources expertise is and for initiating arrangements for the kind of input that will keep the bibliographic file relevant to the community's needs. WRSIC then forwards the input to NTIS, where it is transformed to magnetic tape to be used in composing the journal. After composition, the abstract tapes are returned to WRSIC, when they are sent to the Department's computer center for reformatting and loading into the GIPSY information retrieval system. The final destination for the update tapes is the Oak Ridge computer facility for loading on the RECON online retrieval system. Thus, WRSIC must maintain computer systems expertise, not only to insure uninterrupted twice-monthly update of the abstract journal and machine searchable file, but also to coordinate and support the nationwide water information retireval network which uses the RECON system. WRSIC also performs machine searches of the abstracts and research projects catalog files for selected users. Finally, since WRSIC serves at the national center for water information, WRSIC personnel have the obligation to accommodate requests for water information from the professional water community and the public.

COMPUTER TERMINALS

Senator STEVENS. How much of the $1.1 million is directed toward installation of additional computer terminals?

Dr. BURTON. About $35,000.

Senator STEVENS. How many terminals are currently in operation?

Dr. BURTON. Thirteen; one additional is going up in fiscal year 1977.

Senator STEVENS. How many additional terminals will be in operation in 1978?

Dr. BURTON. We anticipate six more dial-up terminals.

Senator STEVENS. How successful has the terminal operation been?

Dr. BURTON. Users have generally been enthusiastic about the online terminals. There has been a modest, but steady, increase in the number and variety of service requests from the user community, served by the OWRT network and from those served by ERDA installations. First-time users are coming back for repeat searches and indicating their satisfaction with the results. Requests for terminal access have also increased. Orientation workshops, conducted by WRSIC around the country, have introduced new users to the water information system. A user reaction study, just completed in Tennessee for WRSIC, has recorded several narratives from new researches that indicate their satisfaction with the system and their plans for future use of it.

EQUIPMENT EXPENSES

Senator STEVENS. Your fiscal year 1977 object classification differs in some places from that which was presented last year. What accounts for the $750,000 increase in equipment, originally reported at $50,000?

Dr. BURTON. Our budget request for fiscal year 1977 was amended by the Congress. Funds were added for a high temperature electrodialysis pilot plant, $600,000; to continue work in membrane development, $750,000; and to operate and maintain the Roswell and Wrightsville Beach test facilities, $700,000. The additional equipment needed to carry out these programs amounts to approximately $750,000.

TRAVEL

Senator STEVENS. In your narrative justification, you state that travel has been reduced to a level of $120,000. Your object classification reports travel at $125,000. Which figure is correct?

Dr. BURTON. The amount stated in the object classification includes travel funds for the entire OWRT program. The amount stated in the narrative is for the administrative part of the program and does not include funds for the Water Resources Scientific Information Center. Our budget has traditionally separated travel and personnel costs for WRSIC from administration. There is $5,000 for WRSIC travel and $120,000 for travel for the balance of the program.

INTERBASIN WATER PROJECT RESEARCH

Senator STEVENS. Let me go back to this Arctic water plan.

If you are not doing it, who is doing the research on the long range planning to determine whether or not some of these proposals, to use Arctic water in the Southwest have any feasibility? Are you involved at all?

If you are not involved, who is involved in examining those proposals for using water from the North for the South?

Mr. JORGENSEN. My name is Jack Jorgensen.

The actual planning for major diversion projects is done by other agencies of the Government. Mr. Vlatas has mentioned them. Primarily, the Corps of Engineers and the Bureau of Reclamation.

At the present time——

Senator STEVENS. I hope you don't misunderstand me. I have 5 years in that organization you are with. I think I know what is going on downtown, but you are seeking money now, as I understand it—we just went over that—under title II for planning and management research. I happen to know that there isn't anybody you mentioned who is looking over these plans and these proposals that people are dreaming up out West to use Arctic water.

What I want to know is, why aren't you doing it if nobody else is doing it; why aren't you doing it?

Mr. JORGENSEN. Basically, our organization is a research organization, and the actual planning process takes place——

Senator STEVENS. That is what I am saying. It is not in status yet for planning. The question is, whether there is any possible feasibility in terms of research as to transportation of that water from the Arctic to the Southwest. I understand that the planning and engineering aspects are in the Corps and in the Bureau of Reclamation and all of the others involved in this—but—who researches the basic proposals that come out of the private sector or the university sector, to determine whether there is any feasibility at all, as to whether they should go to the Corps of Engineers or the Bureau of Reclamation?

In my day it was an agency like OWRT that did it, but you are not doing it now as I understand it. Is that right? You are not doing any research in that kind of water management plant at all. Is that right?

Mr. VLATAS. Sir, we are doing work on transbasin diversions, but we are not looking specifically at that plan or bringing water down——

Senator STEVENS. I don't want to get specific or provincial about Alaska. The question is, are you doing any research about interbasin transfers and their feasibility in terms of any exchanges between Canada and the United States? Are any of those within your jurisdiction?

Mr. VLATAS. I believe we do have several matching grant projects that are looking into transbasin diversions. I think we have to go back and provide the information for you for the record, but I do know that we have projects underway that are looking at this matter, not specifically international, but we are looking into the matter.

Senator STEVENS. All right. Will you do that for me? It is on my mind. I was just out in California and they think we are somehow or other opposing it, the concept of developing water supply plans from Nome, Alaska, to the Southwest, which we are not. I don't know of anyone who opposes it. I don't know of anyone who is helping study it, though, or even looking into the feasibility.

If you have any applications down there at all for that kind of thing, either from Canada or Alaska or any of the proposals to take water from one basin to another through an exchange system, I would like to know.

What I am really saying is if there is any chance that you need any more money to do some specific concepts in that area, let me know.

Dr. BURTON. We will be happy to.

Mr. VLATAS. We will be happy to put that in as one of the priority areas and study it so we would seek specific research on that matter.

Senator STEVENS. Good.

[The information follows:]

Social, Environmental and Economic Consequences of Transregional Water Transfers

Theoretically, the fundamental objective of water development, i.e., to establish a new hydrologic equilibrium so as to achieve some net social advantage, is independent of scale. Practically, however, experience with small scale development does not necessarily provide all the necessary answers to large scale development. Elements of the planning matrix can relate in more subtle and devious ways and combine to create much larger impacts. If the impacts are desirable, the rate of return on such an investment can be extremely large. Alternatively, if impacts turn out to be undesirable, th- losses may be of tremendous proportion.

A ten year moratorium (ends Sept. 30, 1978) was placed on the study of such large transfers of water in the West in the authorizing legislation for the Central Arizona Project (P.L. 90-537). This moratorium will expire shortly.

In view of the present drought conditions in the West, proposals for transbasin/transregional transfers can again be expected. Research is needed to answer the many questions that will be posed with respect to these transfers. For example, these questions might include:

1. What is the philosophic basis for regional water transfer?

2. Does it differ from the philosophy of water resources development within a single river basin?

3. What are the institutional and legal problems and complications involved in conveying large quantities of water across state and even national boundaries?

4. What are the long term physical implications of large scale transfers on local water balances and water quality both in the donor and the recipient regions?

5. How will regional growth patterns be affected on such transfers?

6. Should water transfers be used to regulate growth?

7. Can the ecological implications of such transfers be predicted?

8. Can existing institutional patterns be adopted to the considerations of large scale water transfers?

9. Are institutional changes desirable?

10. How realistic are these concepts, given political realities? What changes might make these concepts more feasible?

11. What are the economic impacts to regions of export and import? The Nation?

12. Can it be determined to what extent, or whether exporting water will limit the future economic growth of the donor region?

13. How does economic development stemming from regional water transfers compare to alternative investment plans which are not water oriented?

14. How can costs and benefits be evaluated and allocated where states and nations are involved?

15. What are the alternatives to large scale water imports? How can these be evaluated and compared?

16. Will considerations of large scale water transfer entail a significant reorientation of our concepts of water resources development?

17. Will such transfers be a means to achieve benefits or will they result in strife among States and Nations?

There have been many proposals broached with the intent of moving large quantities of water from so called water surplus areas to water deficient areas. Some have been implemented. An example is the California Aqueduct System to carry water from Northern California to Southern California.

Prior research provides substantial knowledge towards answering these questions. However, the conclusions reached must be reevaluated in terms of energy scarcity, high world food demands, a higher degree of concern for environmental values and the quality of life. These changes in the decision environment require research into multi-objective planning methodologies and the analysis of complex systems.

Large scale interbasin transfers raise complex difficult questions. These questions must be answered before such proposals can be viewed as economically and politically feasible.

Aside from the purely financial and engineering considerations, the magnitude of which are themselves enormous, proposals for large scale transfer involve a host of other preplanning questions and affect many important interest. They call for very long term judgments on the population and economic growth and water needs and supplies of both the area of origin and the area of import.

As renewed interest in inter-basin transfers is expressed, we find ourselves in a decision environment substantially dissimilar than when such transfers were analyzed in the past. Energy is short, world food demand is impacting U.S. agriculture to greater degree than had been anticipated and these facts both impact, in many instances, the same water supply. In addition, environmental concerns have vested a need to modify planning technology. That technology also needs to be modified to incorporate greater participation by a wider array of concerned publics. Further, water problems must be considered in concert with other resource management problems. These concerns are a part of our present efforts to do the research necessary to the development of an effective planning methodologies.

The application of knowledge to research and development in this area needs to be done before interbasin transfers are considered in full detail. Thus, in order to be ready to do an effective job of planning as proposals emerge, the research needs to be done now. No fully developed, information oriented planning technology is currently in being. The span of areas in which research must be done is broad and the systems problems are complex. Such items as linked regional economy analysis, choice process definition, determination of value systems of varying constituencies, information system design and test, and large scale environmental and biological consequences require sizeable research efforts. An initial budget of $2,000,000 would permit OWRT to add modest but significant effort to its current very limited effort in the water and related resources planning research area. Approximately 40 man years of research effort and a number of direct costs such as computer time would be included in this effort.

NOTICES OF RESEARCH PROJECTS

WATER RESOURCES DEVELOPMENT AND MANAGEMENT

MCFARLAND J
UNIV. OF RHODE ISLAND
AGRIC. EXPERIMENT STATION
RESOURCE ECONOMICS
ADMINISTRATION BLDG.
WAKEFIELD RHODE ISLAND 02881

SPONSOR- U.S. DEPT. OF AGRICULTURE
COOPERATIVE STATE RES. SERVICE
RHODE ISLAND

OBJECTIVE: ANALYZE THE PROPOSED PLAN FOR THE DEVELOPMENT OF GROUNDWATER RESERVES IN THE TOWN OF EXETER FOR INTERBASIN TRANSFERS TO THE JAMESTOWN-NEWPORT AREA. EXAMINE ALTERNATIVE SCHEMES OF WATER-DEVELOPMENT TO THE PROPOSED BIG-WOOD RESERVOIR PROJECT. CONTINUE AND INTEGRATE ONGOING RESEARCH CONCERNING THE CONJUNCTIVE CONTROL OF SALINITY AND GROUNDWATER RESERVES. WORK WITH STATE AND LOCAL PLANNERS IN TERMS OF THE EVALUATION OF PROJECTS FOR WATER RESOURCE DEVELOPMENT.

APPROACH: AN ANALYTICAL MODEL WILL BE DEVELOPED FOR THE EVALUATION OF ALTERNATIVE TRANSFER SYSTEMS BETWEEN THE SOUTHWEST AND SOUTHEASTERN PARTS OF THE STATE. PROJECTIONS OF WATER DEMAND, WITH ALTERNATIVE PRICING SCHEMES IMPOSED, WILL BE USED TO ALLOW ANALYSIS OF NET BENEFITS ASSOCIATED WITH ALTERNATIVE TRANSFER SYSTEMS.

PROGRESS: CONSIDERABLE PROGRESS HAS BEEN MADE OVER THE LAST YEAR IN THE ANALYSIS OF PROBLEMS INVOLVING WATER RESOURCES DEVELOPMENT AND MANAGEMENT. WE ARE ENTERING THE FINAL STAGES OF OUR WORK CONCERNING INTERBASIN WATER TRANSFERS IN THE STATE OF RHODE ISLAND. ALSO, IN ADDITION TO THE PUBLICATION LISTED BELOW, AN EMPIRICAL STUDY OF GROUNDWATER MANAGEMENT AND SALINITY CONTROL IS UNDER REVIEW WITH A PROFESSIONAL JOURNAL, AND THE INVESTIGATORS WILL BE CO-EDITORS ON A BOOK OF READINGS CONCERNING THE MODELING OF WATER RESOURCE SYSTEMS.

MODELS FOR ASSESSING THE ECONOMIC VALUE OF HYDROPOWER FOR PEAKING PURPOSES AND THE PRICING OF PEAKING ALTERNATIVES

HANSON R J
WASHINGTON STATE UNIVERSITY
SCHOOL OF SCIENCE
MATHEMATICS
PULLMAN WASHINGTON 99163

SPONSOR- U.S. DEPT. OF THE INTERIOR
OFFICE OF WATER RES. & TECH.

THIS RESEARCH IS DIRECTED AT DEVELOPING OPTIMIZATION-SIMULATION MODELS TO BE USED IN DETERMINING THE LOSS IN HYDROPOWER PEAKING CAPABILITY AS RESERVOIR FLUCTUATION CONSTRAINTS OF VARYING STRENGTHS ARE IMPOSED. THE "COST" OF IMPOSING A FLUCTUATION CONSTRAINT WILL THEN BE THE COST OF REPLACING THE HYDRO PEAKING CAPABILITY LOSS DUE TO THE CONSTRAINT BY SOME OTHER PEAKING MEANS, E.G. GAS TURBINE OR COMBINED- CYCLE TURBINE. THE MODELS DEVELOPED WILL ALSO BE OF USE IN DETERMINING PEAKING LOSSES CAUSED BY INTERBASIN TRANSFERS. THE MODELS WILL BE APPLIED TO THE SNAKE-COLUMBIA RIVER BASIN.

THE MODELING TECHNIQUES WILL USE BOTH SIMULATION ROUTINES AND OPTIMIZATION ROUTINES.

AN ANALYTICAL MODEL FOR ESTABLISHING WATER RESOURCES DEVELOPMENT PRIORITIES

REID G W

UNIV. OF OKLAHOMA
SCHOOL OF ENGINEERING
CIVIL ENGIN & ENVIRON SCIENCE
660 PARRINGTON OVAL
ROOM 101
NORMAN OKLAHOMA 73069

SPONSOR- U.S. DEPT. OF THE INTERIOR
OFFICE OF WATER RES. & TECH.

THE MAIN PURPOSE OF THIS RESEARCH IS TO DEVELOP (CONCEIVE AND TEST) AN ANALYTICAL MODEL WHICH WILL HELP DECISION MAKERS RANK PROJECTS ON THE BASIS OF CRITERIA DEVELOPED BY THE MODEL. PART OF THE OBJECTIVE IS THE DETERMINATION OF THOSE FACTORS OR PARAMETERS WHICH CAN BE USED IN THIS MODEL AND HOW BEST TO ASSESS THEM, I.E., BY WEIGHTING OR SOME OTHER METHOD. THIS IS CONSTRAINED BY THE AVAILABLITY OF DATA, A PROBLEM ENCOUNTERED IN 201 (CONSTRUCTION OF TREATMENT WORKS) STUDIES. IT IS POSSIBLE THAT IN THE PROCESS OF DETERMINING THE NEED FOR THESE PROJECTS, EACH ONE WILL HAVE A DIFFERENT SET OF FACTORS APPLICABLE TO IT. FOR INSTANCE, ONE COMMUNITY MAY HAVE A DEFINITE PROBLEM FROM THE ENGINEERING POINT OF VIEW, I.E., A TECHNICAL PROBLEM, ANOTHER FROM THE STANDPOINT OF HEALTH, AND A THIRD BECAUSE OF INCREASING POPULATION, AND A DIFFERENT GEOGRAPHICAL SETTING, I.E., SOCIO-ECONOMIC AND PHYSICAL LIMITATIONS. ALL OF THESE ASPECTS AND MANY OTHERS WILL HAVE TO BE EVALUATED. ONCE A MODEL HAS BEEN DEVELOPED, THE IDENTIFIED PARAMETERS CAN BE USED TO ILLUSTRATE HOW AN AREA CAN DEVELOP PRIORITIES. THE MODEL CAN BE TESTED IN OKLAHOMA WHERE PROJECTS ARE DEFINED WITHIN RIVER BASINS AND INVOLVE NUMEROUS STRUCTURES AND PROCEDURES. A NUMBER OF PLANS HAVE BEEN DEVISED INVOLVING INTERBASIN TRANSFERS AS FAR INTO THE FUTURE AS THE YEAR 2030 BY THE OKLAHOMA WATER RESOURCES BOARD IN A COMPREHENSIVE PLAN. INCLUDED IN THIS PLAN IS THE TRANSFER OF WATER FROM THE SOUTHEASTERN PART OF THE STATE WHERE IT IS ABUNDANT TO OKLAHOMA CITY AND THE DRY AREAS IN WESTERN OKLAHOMA.

LAGOON STUDY

LAMPE H C

UNIV. OF RHODE ISLAND
AGRIC. EXPERIMENT STATION
RESOURCE ECONOMICS
ADMINISTRATION BLDG.
WAKEFIELD RHODE ISLAND 02881

SPONSOR- RHODE ISLAND STATE GOVERNMENT

OBJECTIVE: DEVELOP INTEGRATED WATER MANAGEMENT MODEL FOR AN IRRIGATION-LAGOON ENVIRONMENTAL CONTROL SYSTEM. APPLY THE MODEL TO A REPRESENTATIVE AREA OR AREAS WHERE IRRIGATION PROGRAMS AND LAGOON MANAGEMENT PROGRAMS MAY BE IN CONFLICT. SPECIFICALLY THE APPLICATION WILL INVOLVE THOSE IRRIGATION DISTRICTS CURRENTLY BEING STUDIED AT THE NATIONAL AGRICULTURAL SCHOOL AT CHAPINGO.

APPROACH: BASICALLY THE MANAGEMENT PROBLEM WILL BE DEVELOPED AS A DYNAMIC PROGRAM. THIS APPROACH HAS BEEN EXTENSIVELY DEVELOPED AND MOST RECENTLY APPLIED TO INTER-BASIN TRANSFERS IN MEXICO BY CUMMINGS. HOWEVER THE JOINING OF THE LAGOON MODEL TO AN IRRIGATION MODEL DOES MORE THAN ADD TO THE SIZE OF THE SYSTEM. THE LAGOON MODEL ITSELF CONSISTS OF TWO SUBSYSTEMS--PHYSICAL AND BIOLOGICAL--BOTH OF WHICH ARE COMPLEX.

PROGRESS: ANALYSIS OF DATA AND MODEL CONSTRUCTION WERE COMBINED DURING THE YEAR. A BIOLOGICAL COMPUTER MODEL OF A LAGOON WAS COMPLETED. WORK CONTINUED TO DEVELOP A PRODUCTION FUNCTION RELATING OUTPUT TO FRESHWATER INTRUSION. WORK ON THE AGRICULTURAL MODEL OF IRRIGATION DISTRICTS ADJACENT TO LAGOONS IS VERY NEARLY COMPLETED. A PAPER WAS PRESENTED TO AN INTERNATIONAL CONFERENCE ON WATER MANAGEMENT IN SANTIAGO, CHILE.

NOTICES OF RESEARCH PROJECTS

REGIONAL SIMULATION OF STREAMFLOW DATA

WISER E H
UNIV. OF NORTH CAROLINA
SCHOOL OF AGRICULTURE
BIOLOGICAL & AGRIC ENGINEERING
RALEIGH NORTH CAROLINA 27607

SPONSOR- U.S. DEPT. OF THE INTERIOR
OFFICE OF WATER RESOURCES RES.

THE OBJECTIVE IS TO DEVELOP A METHOD OF REGIONAL SIMULATION OF STREAMFLOW DATA FOR NORTH CAROLINA. THE SIMULATOR WILL WORK ON ANYTHING FROM SMALL SUB-BASINS TO COMBINATIONS OF LARGE BASINS INCLUDING THE ENTIRE STATE. PARTICULAR FEATURES WILL INCLUDE: A) SELECTION OF LOCATIONS TO BE SIMULATED BY SIMPLE CONTROL OPTIONS; B) VARIABLE NUMBERS OF LOCATIONS TO BE SIMULATED SIMULTANEOUSLY; C) PROVISION FOR OPTIONAL INTER-BASIN DIVERSIONS; D) PROVISION FOR OPTIONAL INCLUSION OF RESERVOIRS; E) LOCATION OF POINTS TO BE SIMULATED IS ARBITRARY, WHETHER GAGED OR NOT.

DEVELOPMENT OF THE REGIONAL SIMULATOR DEPENDS ON THREE MAJOR COMPONENTS: A) SIMULATION OF PRECIPITATION DATA OVER THE REQUIRED AREAS. A REGIONAL SIMULATOR DEVELOPED BY THE PRINCIPAL INVESTIGATOR WILL BE USED. B) CONVERSION OF THE PRECIPITATION AMOUNTS INTO STREAMFLOW VALUES AT THE SPECIFIC POINTS. THE SSARR MODEL WILL BE USED FOR INITIAL DEVELOPMENT. C) A UNIFIED SYSTEM BY WHICH SIMPLE CONTROL CAN BE MAINTAINED, AND WHICH PERMITS INTER-BASIN TRANSFERS TO BE INCLUDED.

AFTER THE SIMULATOR IS ASSEMBLED, OTHER CATCHMENT MODELS WILL BE TESTED FOR A NUMBER OF GAGED LOCATIONS TO DETERMINE WHICH MODEL OR MODELS IS MOST SATISFACTORY.

REIMBURSABLE PROGRAM

Senator STEVENS. You have a new reimbursable program on the eight positions to assist Israel for their construction of a desalting plant as well as to provide technical assistance to Saudi Arabia.

When do you expect to start that program?

Dr. BURTON. Mr. Chairman, the joint United States-Israeli desalting plant project has already begun. As a matter of fact, we have two persons over in Israel now with one person here in Washington managing the project. The life of this particular project is 4 years for development design, construction and testing activities, and the preliminary design is now set for completion for July 1, 1977.

The Saudi Arabia project—no agreement has been signed for that particular project. So I guess we are just waiting for the signing of the agreement.

Senator STEVENS. What happens to these people at the end of the program? Are you going to continue those positions as part of your base?

Mr. TOWNSEND. No, sir. Those were furnished us by AID. They will be transferred back to AID.

Senator STEVENS. How long will the program continue?

Mr. TOWNSEND. I think initially it is 4 years to design and construct and then maybe a short period of time after that.

Dr. BURTON. Five years production operation.

Senator STEVENS. Thank you very much. We appreciate your appearance.

SUBCOMMITTEE RECESS

We will recess until tomorrow morning at 9:30 when we will hear Secretary of Interior, Mr. Andrus. Thank you.

[Whereupon, at 10:20 a.m., Thursday, February 24, the subcommittee was recessed, to reconvene at 9:30 a.m., Friday, February 25.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

FRIDAY, FEBRUARY 25, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:40 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Robert Byrd (chairman) presiding.

Present. Senators Byrd, Hollings, Leahy, DeConcini, Stevens, and Young.

DEPARTMENT OF THE INTERIOR

DEPARTMENTAL OVERVIEW

STATEMENT OF HON. CECIL D. ANDRUS, SECRETARY

ACCOMPANIED BY:

DR. HEATHER ROSS, ACTING ASSISTANT SECRETARY, PROGRAM DEVELOPMENT AND BUDGET

RICHARD HITE, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT

FRANK WILES, BUDGET DIRECTOR

OPENING REMARKS

Senator BYRD. This is the time scheduled for an overview hearing on the fiscal 1978 budget request of the Interior Department agencies funded in the appropriations bill for Interior and Related Agencies.

This year we will also question on major features of proposed supplemental appropriations for the Department in the current fiscal year.

The departmental overview is complicated this year by a series of budget revisions submitted just this week by the new administration of President Carter. Nevertheless the subcommittee will again follow a compressed hearing schedule necessitated by appropriations schedules mandated by the Budget Reform Act of 1974.

It is my intent to complete budget hearings for all agencies funded in the bill by late April, if not before, with the goal of completing all congressional action on the bill in late June, depending on the action in the other body, of course, which has to precede action of our own.

The appropriations under the jurisdiction of this subcommittee include all Interior agencies except the Bureau of Reclamation and

the power marketing agencies. Related agencies include the Forest Service, Naval Petroleum Reserves, Federal Energy Administration, fossil fuel and conservation activities of the Energy Research and Development Administration, Indian health and education functions of the Department of Health, Education and Welfare, the Smithsonian Institution, the National Foundation on the Arts and Humanities and the Pennsylvania Avenue Development Corporation.

In total, as revised by the Carter administration, new budget authority requested for all agencies in the bill amounts to more than $10 billion. This includes funds requested for the Alaska petroleum reserve. That is a whopping $4.2 billion increase over appropriations to date for fiscal 1977—up nearly 75 percent. Some $1.8 billion of that increase came in the revisions submitted by President Carter.

Of the $10 billion plus total, some $3.7 billion is for Interior programs and about $6.3 billion for related agencies.

The committee is also considering some $857 million in supplemental appropriation requests for the current fiscal year, more than $483 million of it for the Interior Department.

In talking about total budget requests well exceeding $10 billion, I think it is worth noting that appropriations in the bill for essentially the same programs 10 years ago barely exceeded $1.3 billion. That is nearly an eightfold increase in one decade.

While a good share of the increases is devoted to energy programs, this is the kind of spending increase that must be the subject of real concern. It is a concern I shall certainly carry with me in the consideration of these funding proposals.

APPROPRIATION TABLES

Before proceeding we will include in the hearing record the usual statements and comparative tables on appropriations: first, for the entire bill, a committee summary of budget authority for fiscal year 1977 and 1978 by agency and appropriation; then Interior tables of new budget authority for 1977–78; outlays by appropriations, 1974 through 1978; appropriations and receipts for 1976 through 1978; an analysis of permanent positions and statements of permanent, indefinite and trust fund appropriations for the same period; a statement on all appropriations for the 1969 through 1978 fiscal years; and a tabulation of Interior appropriations for research and development, 1976–78.

This year we will also include a committee table on supplemental appropriation requests for fiscal 1977, as amended by the Carter administration.

[The information follows:]

COMPARITIVE STATEMENT OF NEW BUDGET AUTHORITY

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
TITLE I-DEPARTMENT OF THE INTERIOR			
LAND AND WATER RESOURCES			
Bureau of Land Management			
Management of lands and resources	223,829,000	238,466,000	+14,637,000
Acquisition, construction and maintenance	10,160,000	17,558,000	+7,398,000
Public lands development roads and trails (appropriation to liquidate contract authority)	(5,000,000)	(1,924,000)	(-3,076,000)
Payments in lieu of taxes	---	100,000,000	+100,000,000
Rescission of contract authority (Roads and trails)	(-13,900,000)	(---)	(+13,900,000)
Oregon and California grant lands (indefinite, appropriation of receipts)	41,250,000	45,000,000	+3,750,000
Range improvements (indefinite, appropriation of receipts)	7,370,000	8,750,000	+1,380,000
Recreation development and operation of recreation facilities (indefinite, special fund)	300,000	300,000	---
Service charges, deposits, and forfeitures (indefinite, special fund)	---	11,250,000	+11,250,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
Working capital fund	---	2,000,000	+2,000,000
Miscellaneous trust funds (indefinite)	---	100,000	+100,000
Total, Bureau of Land Management	282,909,000	423,424,000	+140,515,000
Office of Water Research and Technology			
Salaries and expenses	18,923,000	21,112,000	+2,189,000
Total, Land and Water Resources	301,832,000	444,536,000	+142,704,000
FISH AND WILDLIFE AND PARKS			
Bureau of Outdoor Recreation			
Salaries and expenses	5,961,000	6,857,000	+896,000
Land and Water Conservation Fund			
Appropriation of receipts (indefinite)	397,056,000	600,000,000	+202,944,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
United States Fish and Wildlife Service			
Resource management	128,861,000	168,628,000	+39,767,000
Construction and anadromous fish	17,211,000	42,692,000	+25,481,000
Migratory bird conservation account (definite, repayable advance)	4,000,000	10,000,000	+6,000,000
Development and operation of recreation facilities	---	150,000	+150,000
Total, United States Fish and Wildlife Service	150,072,000	221,470,000	+71,398,000
National Park Service			
Operation of the national park system	276,485,000	323,147,000	+46,662,000
Construction	40,097,000	143,130,000	+103,033,000
Road construction (appropriation to liquidate contract authority)	(21,800,000)	(30,198,271)	(+8,398,271)
Rescission of contract authority (Road construction)	(-118,995,000)	(---)	(+118,995,000)
Preservation of historic properties	22,000,000	6,589,000	-15,411,000
Historic preservation fund	---	35,000,000	+35,000,000
Planning, development and operation of recreation facilities (indefinite, special fund)	14,000,000	14,000,000	---
John F. Kennedy Center for the Performing Arts	3,072,000	3,783,000	+711,000
Total, National Park Service	355,654,000	525,649,000	+169,995,000
Total, Fish and Wildlife and Parks	908,743,000	1,353,976,000	+445,233,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
ENERGY AND MINERALS			
Geological Survey			
Surveys, investigations, and research	305,896,000	353,622,000	+47,726,000
Exploration of national petroleum reserve in Alaska	100,492,000	209,541,000	+109,049,000
Total, Geological survey	406,388,000	563,163,000	+156,775,000
Mining Enforcement and Safety Administration			
Salaries and expenses	93,740,000	105,766,000	+12,026,000
Bureau of Mines			
Mines and minerals	164,465,000	160,529,000	-3,936,000
Total, Energy and Minerals	664,593,000	829,458,000	+164,865,000
INDIAN AFFAIRS			
Bureau of Indian Affairs			
Operation of Indian Programs	602,713,000	654,740,000	+52,027,000
Construction	77,101,000	87,247,000	+10,146,000
Road construction	39,075,000	70,335,000	+31,260,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
Road construction (appropriation to liquidate contract authority)	(36,795,000)	(22,912,000)	(-13,883,000)
Indian loan guaranty and insurance fund	15,000,000	---	-15,000,000
Alaska native fund	30,000,000	30,000,000	---
Trust funds (definite)	3,000,000	3,000,000	---
Trust funds (indefinite)	25,400,000	23,000,000	-2,400,000
Total, Bureau of Indian Affairs	792,289,000	868,322,000	+76,033,000
TERRITORIAL AFFAIRS			
Office of Territorial Affairs			
Administration of territories	23,846,000	21,001,000	-2,845,000
Permanent appropriation (special fund)	(256,000)	(336,000)	(+80,000)
Transferred from other accounts (special fund)	(620,000)	(940,000)	(+320,000)
Trust Territory of the Pacific Islands	79,077,000	86,625,000	+7,548,000
Total, Office of Territorial Affairs	102,923,000	107,626,000	+4,703,000
SECRETARIAL OFFICES			
Office of the Solicitor			
Salaries and expenses	12,371,000	14,054,000	+1,683,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
Office of the Secretary			
Salaries and expenses	20,620,000	23,161,000	+2,541,000
Departmental operations	12,926,000	13,464,000	+538,000
Salaries and expenses (special foreign currency program)	907,000	1,000,000	+93,000
Total, Office of the Secretary	34,453,000	37,625,000	+3,172,000
Total, Secretarial Offices	46,824,000	51,679,000	+4,855,000
Total, title I, new budget (obligational) authority, Department of the Interior	2,684,309,000	3,655,597,000	+971,288,000
Consisting of:			
Appropriations	2,817,204,000	3,655,597,000	+838,393,000
Definite appropriations	2,331,828,000	2,953,197,000	+621,369,000
Indefinite appropriations	485,376,000	702,400,000	+217,024,000
Rescission of contract authority	-132,895,000	---	+132,895,000
Memoranda:			
Appropriations to liquidate contract authority	(63,595,000)	(55,034,271)	(-8,560,729)
Title I, new budget (obligational) authority and appropriations to liquidate contract authority	2,747,904,000	3,710,631,271	+962,727,271

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
TITLE II-RELATED AGENCIES			
DEPARTMENT OF AGRICULTURE			
Forest Service			
Forest protection and utilization:			
Forest land management	397,151,000	424,573,000	+27,422,000
Forest research	87,087,000	95,650,000	+8,563,000
State and private forestry cooperation	33,254,000	24,743,000	-8,511,000
Total, forest protection and utilization	517,492,000	544,966,000	+27,474,000
Construction and land acquisition	18,016,000	22,564,000	+4,548,000
Youth conservation corps	30,000,000	30,375,000	+375,000
Forest roads	173,000,000	212,115,000	+39,115,000
Forest roads and trails	---	126,241,000	+126,241,000
Forest roads and trails (appropriation to liquidate contract authority)	(208,104,000)	(78,781,000)	(-129,323,000)
Rescission of contract authority (Roads and trails)	(-39,827,943)	(---)	(+39,827,943)
Acquisition of lands for national forests:			
Special acts (special fund, indefinite)	160,000	165,000	+5,000
Acquisition of lands to complete land exchanges	54,000	38,000	-16,000
Kanseland improvements (special fund, indefinite)	700,000	5,200,000	+4,500,000
Assistance to States for tree improvement	1,373,000	1,387,000	+14,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
Construction and operation of recreation facilities (indefinite, special fund).....	2,475,000	4,084,000	+1,609,000
Total, Forest Service.....	743,270,000	947,135,000	+203,865,000
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION			
Operating expenses, fossil fuels.....	521,775,000	773,800,000	+252,025,000
Plant and capital equipment, fossil fuels.....	62,220,000	93,970,000	+31,750,000
Total, Energy Research and Development Administration.....	583,995,000	867,770,000	+283,775,000
FEDERAL ENERGY ADMINISTRATION			
Salaries and expenses.....	150,385,000	344,310,000	+193,925,000
Strategic petroleum reserve.....	447,684,000	3,018,933,000	+2,571,249,000
Total, Federal Energy Administration.....	598,069,000	3,363,243,000	+2,765,174,000
DEPARTMENT OF DEFENSE			
Naval petroleum reserves.....	305,624,000	205,995,000	-99,629,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE			
Health Services Administration			
Indian health services	337,422,000	368,066,000	+30,644,000
Indian health facilities	88,163,000	74,425,000	-13,738,000
Total, Indian health	425,585,000	442,491,000	+16,906,000
Office of Education			
Indian education	44,933,000	45,087,000	+154,000
Office of Assistant Secretary for Education			
Institute of Museum Services	---	3,000,000	+3,000,000
INDIAN CLAIMS COMMISSION			
Salaries and expenses	1,525,000	1,545,000	+20,000
NAVAJO AND HOPI RELOCATION COMMISSION			
Salaries and expenses	400,000	25,200,000	+24,800,000

	New BA Enacted Fiscal Year 77	New BA Estimate@ Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
SMITHSONIAN INSTITUTION			
Salaries and expenses	82,106,000	89,033,000	+6,927,000
Museum programs and related research (special foreign currency program)	3,481,000	4,500,000	+1,019,000
Science information exchange	1,900,000	1,977,000	+77,000
Construction and improvements, National Zoological Park	6,580,000	1,000,000	-5,580,000
Restoration and renovation of buildings	2,950,000	9,700,000	+6,750,000
Construction	---	325,000	+325,000
Salaries and expenses, National Gallery of Art	12,309,000	14,717,000	+2,408,000
Salaries and expenses, Woodrow Wilson International Center for Scholars	1,120,000	1,306,000	+186,000
Total, Smithsonian Institution	110,446,000	122,558,000	+12,112,000
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			
Salaries and Expenses			
Endowment for the arts	77,500,000	89,000,000	+11,500,000
Endowment for the humanities	77,500,000	87,000,000	+9,500,000
Administrative expenses	11,000,000	18,000,000	+7,000,000
Total, salaries and expenses	166,000,000	194,000,000	+28,000,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
Matching Grants			
Endowment for the arts (indefinite)	7,500,000	25,500,000	+18,000,000
Endowment for the humanities (indefinite)	7,000,000	25,500,000	+18,500,000
Total, matching grants	14,500,000	51,000,000	+36,500,000
Total, National Foundation on the Arts and the Humanities	180,500,000	245,000,000	+64,500,000
COMMISSION OF FINE ARTS			
Salaries and expenses	214,000	234,000	+20,000
ADVISORY COUNCIL ON HISTORIC PRESERVATION			
Salaries and expenses	---	1,230,000	+1,230,000
NATIONAL CAPITAL PLANNING COMMISSION			
Salaries and expenses	1,904,000	1,819,000	-85,000

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION			
Salaries and expenses	65,000	---	-65,000
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION			
Salaries and expenses	29,000	30,000	+1,000
JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA			
Salaries and expenses	737,000	712,000	-25,000
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION			
Salaries and expenses	1,000,000	1,336,000	+336,000
Land acquisition and development (borrowing authority)	---	7,500,000	+7,500,000
Public development	---	12,354,000	+12,354,000
Total, Pennsylvania Avenue Development Corporation	1,000,000	21,190,000	+20,190,000
Total, title II, new budget (obligational) authority, related agencies	2,958,468,057	6,294,239,000	+3,335,770,943

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
Consisting of:			
Appropriations	2,998,296,000	6,286,739,000	+3,288,443,000
Definite appropriations	2,980,461,000	6,226,290,000	+3,245,829,000
Indefinite appropriations	17,835,000	60,449,000	+42,614,000
Borrowing authority	---	7,500,000	+7,500,000
Rescission of contract authority	-39,827,943	---	+39,827,943
Memoranda:			
Appropriations to liquidate contract authority	(208,104,000)	(78,781,000)	(-129,323,000)
Title II, new budget (obligational) authority and appropriations to liquidate contract authority	3,166,572,057	6,373,020,000	+3,206,447,943

	New BA Enacted Fiscal Year 77	New BA Estimates Fiscal Year 78	FY 78 estimate compared with FY 77 enacted
RECAPITULATION			
Total, new budget (obligational) authority, all titles	5,642,777,057	9,949,836,000	+4,307,058,943
Consisting of:			
Appropriations	5,815,500,000	9,942,336,000	+4,126,836,000
Definite appropriations	5,312,289,000	9,179,487,000	+3,867,198,000
Indefinite appropriations	503,211,000	762,849,000	+259,638,000
Borrowing authority	---	7,500,000	+7,500,000
Rescission of contract authority	-172,722,943	---	+172,722,943
Memoranda:			
Appropriations to liquidate contract authority	(271,699,000)	(133,815,271)	(-137,883,729)
Grand total, new budget (obligational) authority and appropriations to liquidate contract authority	5,914,476,057	10,083,651,271	+4,169,175,214

DEPARTMENT OF THE INTERIOR

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
LAND AND WATER RESOURCES						
Bureau of Land Management						
Management of Lands and Resources						
Energy and minerals management	$86,672,000	$1,142,000	$ --	$87,814,000	$98,295,000	$10,481,000
Lands and realty management	34,703,000	1,076,000	--	35,779,000	24,708,000	-11,071,000
Renewable resource development, protection and mgt.	59,260,000	1,617,000	--	60,877,000	63,974,000	3,097,000
Planning and data management	19,675,000	458,000	--	20,133,000	24,888,000	4,755,000
Cadastral survey	15,263,000	431,000	--	15,694,000	17,724,000	2,030,000
Firefighting and rehabilitation	4,750,000	--	--	4,750,000	4,750,000	--
Administration and enforcement	3,506,000	184,000	--	3,690,000	4,127,000	437,000
Total, Management of Lands and Resources	223,829,000	4,908,000	--	228,737,000	238,466,000	9,729,000
Acquisition, Construction and Maintenance						
Acquisition and construction	3,368,000	--	--	3,368,000	10,170,000	6,802,000
Maintenance	6,792,000	--	--	6,792,000	7,388,000	596,000
(Appropriation to liquidate contract authority)	(5,000,000)	--	--	(5,000,000)	(1,924,000)	(-3,076,000)
Total, Acquisition, Constr. & Maintenance	10,160,000	--	--	10,160,000	17,558,000	+7,398,000
Oregon and California Grant Lands (Indefinite, Appropriation of Receipts)						
Construction and acquisition	13,811,000	--	--	13,811,000	12,100,000	-1,711,000
Maintenance	7,639,000	--	--	7,639,000	6,000,000	-1,639,000
Renewable resource development, protection and management	19,800,000	--	--	19,800,000	26,900,000	7,100,000
Total, Oregon & California Grant Lands	41,250,000	--	--	41,250,000	45,000,000	3,750,000
Payments in lieu of taxes						
Payments to local governments	--	--	--	--	100,000,000	100,000,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
Bureau of Land Management (cont'd)						
Range Improvements (Indefinite, Appropriation of Receipts)						
Improvements to public lands	$6,847,000	$ --	$ --	$6,847,000	$8,235,000	$1,388,000
Farm Tenant Act lands	523,000	--	--	523,000	515,000	-8,000
Total, Range Improvements	7,370,000	--	--	7,370,000	8,750,000	1,380,000
Service Charges, Deposits and Forfeitures (indefinite)						
Rights-of-way processing	--	--	--	--	10,400,000	+10,400,000
Repair of lands and facilities	--	--	--	--	850,000	+850,000
Total, Service Charges, Deposits and Forfeitures	--	--	--	--	11,250,000	+11,250,000
Trust Fund - Indefinite	100,000	--	--	100,000	100,000	--
Recreation Development & Operation of Recreation Facilities (Indefinite appropriation of receipts)						
Development & opera. of rec. facilities	300,000	--	--	300,000	300,000	--
Working Capital Fund	--	--	--	--	2,000,000	2,000,000
Total, Bureau of Land Management	283,009,000	4,908,000	--	287,917,000	423,424,000	135,507,000
Office of Water Research and Technology						
Salaries and expenses:						
Assistance to States for Institutes	5,730,000	--	--	5,730,000	6,525,000	795,000
Matching grants to Institutes	3,200,000	--	--	3,200,000	3,500,000	300,000
Water resources research	2,000,000	--	--	2,000,000	3,775,000	1,775,000
Technology development	4,700,000	--	--	4,700,000	3,800,000	-900,000
Scientific information center	1,100,000	--	--	1,100,000	1,100,000	--
Administration	2,193,000	107,000	--	2,300,000	2,412,000	112,000
Total, Office of Water Res. & Technology	18,923,000	107,000	--	19,030,000	21,112,000	2,082,000
TOTAL, LAND AND WATER RESOURCES	301,932,000	5,015,000	--	306,947,000	444,536,000	137,589,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
FISH AND WILDLIFE AND PARKS						
Bureau of Outdoor Recreation						
Salaries and Expenses:						
Planning and research	$3,096,000	$118,000	$ --	$3,214,000	$3,738,000	$524,000
Federal coordination	1,503,000	58,000	--	1,561,000	1,688,000	127,000
Technical assistance	1,362,000	52,000	--	1,414,000	1,431,000	17,000
Total, Salaries and Expenses	5,961,000	228,000	--	6,189,000	6,857,000	668,000
Land and Water Conservation:						
Assistance to States	175,303,000	--	--	175,303,000	351,635,000	176,332,000
Federal programs	214,829,000	--	--	214,829,000	239,136,000	24,307,000
Administrative expenses	6,924,000	--	--	6,924,000	9,229,000	2,305,000
Total, Appropriation of Receipts (Indefinite)	397,056,000	--	--	397,056,000	600,000,000	202,944,000
Total, Bureau of Outdoor Recreation	403,017,000	228,000	--	403,245,000	606,857,000	203,612,000
Fish and Wildlife Service						
Resources Management						
Habitat preservation	25,458,000	722,000	--	26,180,000	41,668,000	15,488,000
Wildlife resources	60,302,000	2,120,000	--	62,422,000	76,111,000	13,689,000
Fishery resources	27,101,000	854,000	--	27,955,000	29,396,000	1,441,000
Endangered species	10,123,000	208,000	--	10,331,000	15,269,000	4,938,000
Administration	5,877,000	281,000	--	6,158,000	6,184,000	26,000
Total, Resources Management	128,861,000	4,185,000	--	133,046,000	168,628,000	35,582,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
FISH AND WILDLIFE AND PARKS (Cont'd)						
Fish and Wildlife Service (Cont'd)						
Construction and anadromous fish						
Construction and rehabilitation						
New facilities	$9,632,000	$ --	$ --	$9,632,000	$13,064,000	$+3,432,000
Rehabilitation of facilities	4,066,000	--	--	4,066,000	25,796,000	21,730,000
Pollution abatement	--	--	--	--	310,000	310,000
Anadromous fish	3,513,000	--	--	3,513,000	3,522,000	9,000
Total, Construction and anadromous fish	17,211,000	--	--	17,211,000	42,692,000	25,481,000
Migratory Bird Conservation Account	4,000,000	--	--	4,000,000	10,000,000	+6,000,000
Development and Operation of Recreation facilities	--	--	--	--	150,000	150,000
Total, Fish and Wildlife Service	150,072,000	4,185,000	--	154,257,000	221,470,000	67,213,000
National Park Service						
Operation of the National Park System						
Park management	269,952,000	9,044,000	-140,000 1/	278,856,000	306,616,000	27,760,000
Forest fire suppression and rehabilitation of burned areas	700,000	--	--	700,000	700,000	--
Executive direction	5,833,000	104,000	-- 2/	5,937,000	5,939,000	2,000
Park recreation and wilderness planning	--	--	3,469,000 2/	3,469,000	3,726,000	257,000
Cooperative programs	--	--	2,925,000 2/	2,925,000	4,178,000	1,253,000
Statutory and contractual aid	--	--	1,954,000 2/	1,954,000	1,988,000	34,000
Total, Operation of the National Park System	276,485,000	9,148,000	8,208,000	293,841,000	323,147,000	29,306,000

1/ Transferred to Advisory Council on Historic Preservation, Salaries and Expenses.
2/ Transfers between Operation of National Park System and Construction are comparative transfers.

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
FISH AND WILDLIFE AND PARKS (contd)						
National Park Service (contd)						
/Planning and Construction/ Construction						
Buildings, utilities & other facilities	$31,749,000	$ --	$ -- 2/	$31,749,000	$87,097,000	$55,348,000
Park, recreation, and wilderness planning	3,469,000	--	-3,469,000 2/	--	--	--
Cooperative programs	2,925,000	--	-2,925,000 2/	--	--	--
Statutory or contractual aid for other activities	1,954,000	--	-1,954,000 2/	--	--	--
Roads, trails and parkways	--	--	2/	--	56,093,000	56,093,000
Total, Planning and Construction	40,097,000	--	-8,348,000	31,749,000	143,190,000	111,441,000
Road Construction (Liquidation of C/A)						
Roads, trails and parkways	(21,800,000)	--	--	(21,800,000)	(30,198,271)	(8,398,271)
Preservation of Historic Properties						
Historic preservation & special studies	21,436,000	140,000	--	21,576,000	6,589,000	-14,987,000
Advisory Council on historic preservation support	564,000	--	-510,000	54,000	--	-54,000
Total, Preservation of Historic Properties	22,000,000	140,000	-510,000	21,630,000	6,589,000	-15,041,000
John F. Kennedy Center for the Performing Arts	3,072,000	28,000	--	3,100,000	3,783,000	683,000
Historic Preservation Fund	--	--	--	--	35,000,000	35,000,000
Planning, Development & Opera. of Recreation Facilities (Indefinite)						
Recreation facilities	14,000,000	--	--	14,000,000	14,000,000	--
Total, National Park Service	355,654,000	9,316,000	-650,000	364,320,000	525,709,000	161,389,000
TOTAL, FISH AND WILDLIFE AND PARKS	908,743,000	13,729,000	-650,000	921,822,000	1,354,036,000	432,214,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
ENERGY AND MINERALS						
Geological Survey						
Surveys, Investigations, and Research						
Alaska Pipeline related investigations	$ 321,000	$ 12,000	$ --	$ 333,000	$ 333,000	$ --
Topographic surveys and mapping	48,568,000	1,814,000	--	50,382,000	59,802,000	9,420,000
Geologic and mineral res. surveys & mapping	96,752,000	3,372,000	--	100,124,000	119,390,000	19,266,000
Water resources investigations	61,548,000	2,089,000	--	63,637,000	68,579,000	4,942,000
Conservation of lands and minerals	66,517,000	1,650,000	--	68,167,000	72,225,000	4,058,000
Land information and analysis	17,314,000	404,000	--	17,718,000	17,986,000	268,000
General administration	3,628,000	137,000	--	3,765,000	3,587,000	-178,000
Facilities	9,448,000	32,000	--	9,480,000	11,720,000	2,240,000
National petroleum reserve	1,800,000	49,000	--	1,849,000	--	-1,849,000
Total, Geological Survey	305,896,000	9,559,000	--	315,455,000	353,622,000	38,167,000
Mining Enforcement and Safety Administration						
Salaries and expenses						
Coal mine health & safety inspection	50,529,000	2,019,000	--	52,548,000	57,170,000	4,622,000
Metal and nonmetal mine health & safety inspections	16,808,000	619,000	--	17,427,000	19,271,000	1,844,000
Education and training	10,449,000	264,000	--	10,713,000	10,894,000	181,000
Technical support	13,809,000	396,000	--	14,205,000	15,895,000	1,690,000
Program administration	2,145,000	43,000	--	2,188,000	2,536,000	348,000
Total, MESA	93,740,000	3,341,000	--	97,081,000	105,766,000	8,685,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
ENERGY AND MINERALS (contd)						
Bureau of Mines						
Mines and Minerals						
Metallurgy research	$25,749,000	$786,000	$ --	$26,535,000	$25,579,000	$-956,000
Mining research	107,366,000	515,000	--	107,881,000	105,405,000	-2,476,000
Mine land demonstrations	10,070,000	39,000	--	10,109,000	4,138,000	-5,971,000
Data collection and analysis	15,606,000	515,000	--	16,121,000	17,174,000	1,053,000
Mineral land assessments	4,191,000	115,000	--	4,306,000	5,403,000	1,097,000
Program Administration	1,483,000	62,000	--	1,545,000	2,830,000	1,285,000
Total, Bureau of Mines	164,465,000	2,032,000	--	166,497,000	160,529,000	-5,968,000
TOTAL, ENERGY AND MINERALS	564,101,000	14,932,000	--	579,033,000	619,917,000	40,884,000
Bureau of Indian Affairs						
Operation of Indian Programs						
Education	230,106,800	6,576,000	--	236,682,800	245,467,000	8,784,200
Indian services	155,407,000	1,378,000	--	156,785,000	173,935,000	17,150,000
Economic development & employment programs	72,899,200	1,367,000	--	74,266,200	67,520,000	-6,746,200
Natural resources	38,681,000	974,000	--	39,655,000	49,788,000	10,133,000
Trust responsibilities	25,521,000	640,000	--	26,161,000	30,759,000	4,598,000
General management and facilities operation	80,098,000	3,098,000	--	83,196,000	87,271,000	4,075,000
Total, Operation of Indian Programs	602,713,000	14,033,000	--	616,746,000	654,740,000	37,994,000
Construction						
Buildings and utilities	47,091,000	--	--	47,091,000	42,870,000	-4,221,000
Irrigation systems	30,010,000	--	--	30,010,000	44,377,000	14,367,000
Total, Construction	77,101,000	--	--	77,101,000	87,247,000	10,146,000
Road Construction	39,075,000	--	--	39,075,000	70,335,000	31,260,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
Bureau of Indian Affairs (contd)						
Road Construction (appropriation to liquidate contract authority)	$(36,795,000)	$ --	$ --	$(36,795,000)	$(22,912,000)	$-(13,883,000)
Alaska Native Fund	30,000,000	--	--	30,000,000	30,000,000	--
Indian Loan Guaranty and Insurance Fund	15,000,000	--	--	15,000,000	--	-15,000,000
Tribal Funds:						
Definite						
Education and welfare services	18,325	--	--	18,325	18,325	--
Resources management	446,082	--	--	446,082	446,082	--
Construction and land acquisition	335,000	--	--	335,000	335,000	--
General tribal affairs	2,200,593	--	--	2,200,593	2,200,593	--
Total, Definite	3,000,000	--	--	3,000,000	3,000,000	--
Indefinite:						
Advances to Indian tribes	25,400,000	--	--	25,400,000	23,000,000	-2,400,000
Total, Bureau of Indian Affairs	792,289,000	14,033,000	--	806,322,000	868,322,000	62,000,000
Office of Territorial Affairs						
Administration of Territories						
Guam - Economic development fund	1,000,000	--	--	1,000,000	500,000	-500,000
American Samoa						
Governor's office	403,000	10,000	--	413,000	393,500	-19,500
Judiciary	376,000	8,500	--	384,500	381,500	-3,000
Grants	22,067,000	7,500	--	22,074,500	19,726,000	-2,348,500
Total, Administration of Territories	23,846,000	26,000	--	23,872,000	21,001,000	-2,871,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
Office of Territorial Affairs (cont'd)						
Trust Territory of the Pacific Islands						
High Commissioner's Office	$ 500,000	$ 8,000	$ --	$ 508,000	$ 506,000	$ -2,000
Judiciary	855,000	7,000	--	862,000	826,000	-36,000
Federal Comptroller's Office	250,000	10,000	--	260,000	446,000	186,000
Grants, Trust Territory	66,492,000	145,000	--	66,637,000	71,332,000	4,695,000
Government of the Northern Mariana Islands, grants	10,980,000	10,000	--	10,990,000	13,515,000	2,525,000
Total, Trust Territory of the Pacific Is.	79,077,000	180,000	--	79,257,000	86,625,000	7,368,000
Total, Office of Territorial Affairs	102,923,000	206,000	--	103,129,000	107,626,000	4,497,000
SECRETARIAL OFFICES						
Office of the Solicitor						
Salaries and Expenses:						
Legal services	12,371,000	550,000	--	12,921,000	14,054,000	1,133,000
Office of the Secretary						
Salaries and Expenses:						
Departmental direction	8,327,400	337,000	--	8,664,400	9,562,000	897,600
Program direction and coordination	2,431,000	105,000	--	2,536,000	2,620,000	84,000
Administrative management	7,484,600	308,000	--	7,792,600	8,050,000	257,400
General Services	2,377,000	--	--	2,377,000	2,929,000	552,000
Total, Salaries and Expenses	20,620,000	750,000	--	21,370,000	23,161,000	1,791,000
Departmental operations:						
Office of Hearings and Appeals	5,141,000	175,000	--	5,316,000	5,384,000	68,000
Library and information services	1,814,000	70,000	--	1,884,000	2,224,000	340,000
Office of Mineral Policy Research and Analysis	2,198,000	35,000	--	2,233,000	1,488,000	-745,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
SECRETARIAL OFFICES (Cont'd)						
Office of the Secretary (Cont'd)						
Departmental operations (Cont'd)						
Office of Aircraft Services	$1,597,000	$35,000	$ --	$1,632,000	$1,380,000	$-252,000
Emergency Preparedness	440,000	21,000	--	461,000	530,000	69,000
Outer Continental Shelf Program	636,000	14,000	--	650,000	677,000	27,000
Ocean Mining Administration	--	--	--	--	464,000	464,000
General services	1,100,000	--	--	1,100,000	1,317,000	217,000
Total, Departmental Operations	12,926,000	350,000	--	13,276,000	13,464,000	188,000
Salaries and Expenses (Special Foreign Currency Program)						
Research	307,000	--	--	307,000	285,800	-21,200
Endangered species	600,000	--	--	600,000	714,200	114,200
Total, Salaries and Expenses (Special Foreign Currency Program)	907,000	--	--	907,000	1,000,000	93,000
Total, Office of the Secretary	34,453,000	1,100,000	--	35,553,000	37,625,000	2,072,000
TOTAL, SECRETARIAL OFFICES	46,824,000	1,650,000	--	48,474,000	51,679,000	3,205,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
TOTAL, NEW BUDGET (OBLIGATIONAL AUTHORITY, DEPARTMENT OF THE INTERIOR	$2,716,812,000	$49,565,000	$-650,000	$2,765,727,000	$3,446,116,000	$680,389,000
Consisting of:						
Appropriations	2,716,812,000	49,565,000	-650,000	2,765,727,000	3,446,116,000	680,389,000
Definite Appropriations	(2,231,336,000)	(49,565,000)	(-650,000)	(2,280,251,000)	(2,754,966,000)	(474,715,000
Indefinite Appropriations	(485,476,000)	(--)	(--)	(485,476,000)	(691,150,000)	(205,674,000
Memoranda						
Appropriations to Liquidate Contract Authority	63,595,000	--	--	63,595,000	55,034,271	-8,560,729
TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY AND APPROPRIATIONS TO LIQUIDATE CONTRACT AUTHORITY	2,780,407,000	49,565,000	-650,000	2,829,322,000	3,501,150,271	671,828,271
Total, New Budget (Obligational) Authority, Department of the Interior	2,716,812,000	49,565,000	-650,000	2,765,727,000	3,446,116,000	680,389,000
PERMANENT APPROPRIATIONS						
Payments to States and local governments						
Bureau of Land Management	140,050,000	--	--	140,050,000	265,399,000	125,349,000
Fish and Wildlife Service	4,850,274	--	--	4,850,274	3,300,000	-1,550,274
National Park Service	320,000	--	--	320,000	500,000	180,000
Bureau of Indian Affairs	200,000	--	--	200,000	200,000	--
Office of Territorial Affairs	19,441,000	--	--	19,441,000	20,336,000	895,000
Subtotal	164,861,274	--	--	164,861,274	289,735,000	124,873,726

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
PERMANENT APPROPRIATIONS (Cont'd)						
Receipts applied to operations						
Bureau of Land Management	$750,000	$ --	$ --	$750,000	$751,000	$ 1,000
Bureau of Indian Affairs	12,666,000	--	--	12,666,000	15,430,000	2,764,000
Fish and Wildlife Service	13,526,127	--	--	13,526,127	23,155,000*	9,628,873
Subtotal	26,942,127	--	--	26,942,127	39,336,000	12,393,873
	* Includes $10,000,000 under proposed legislation for later transmittal.					
Mixed receipts						
Fish and Wildlife Service	88,713,599	--	--	88,713,599	114,241,000	25,527,401
Total, Permanent Appropriations	280,517,000	--	--	280,517,000	443,312,000	162,795,000
CONTRACT AUTHORITY						
Bureau of Land Management	-13,900,000	--	--	-13,900,000	--	+13,900,000
National Park Service	-133,995,000	--	--	-133,995,000	--	+133,995,000
Bureau of Outdoor Recreation	30,000,000	--	--	30,000,000	30,000,000	--
Bureau of Mines	47,500,000	--	--	47,500,000	47,500,000	--
Total, Contract Authority	-70,395,000	--	--	-70,395,000	77,500,000	147,895,000
TRUST FUNDS						
Bureau of Land Management	600,000	--	--	600,000	600,000	--
Fish and Wildlife Service	2,303,000	--	--	2,303,000	2,500,000	197,000
National Park Service	3,000,000	--	--	3,000,000	3,000,000	--
Bureau of Mines	600,000	--	--	600,000	800,000	200,000
Bureau of Indian Affairs	270,689,000	--	--	270,689,000	364,000,000	93,311,000
Office of the Secretary	--	--	--	--	--	--
Total, Trust Funds	277,192,000	--	--	277,192,000	370,900,000	93,708,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
PROPOSED FOR SEPARATE TRANSMITTAL						
Existing Legislation						
Bureau of Land Management						
Management of lands and resources	$41,255,000	$ --	$-20,000,000 3/	$ 21,255,000	$ --	$ -21,255,000
Payments in lieu of taxes	100,000,000	--	--	100,000,000	--	-100,000,000
Total, Bureau of Land Management	141,255,000	--	-20,000,000	121,255,000	--	-121,255,000
Bureau of Outdoor Recreation						
Salaries and expenses	1,000,000	--	--	1,000,000	--	-1,000,000
Land and water conservation fund	140,743,000	--	+20,000,000 3/	160,743,000	--	-160,743,000
Total, Bureau of Outdoor Recreation	141,743,000	--	+20,000,000	161,743,000	--	-161,743,000
U.S. Fish and Wildlife Service						
Resource management	21,025,000	--	--	21,025,000	--	-21,025,000
Construction and anadromous fish	7,000,000	--	--	7,000,000	--	-7,000,000
Migratory Bird Conservation Account	10,000,000	--	--	10,000,000	--	-10,000,000
Total, U.S. Fish and Wildlife Service	38,025,000	--	--	38,025,000	--	-38,025,000
National Park Service						
Operation of the National Park System	13,730,000	--	--	13,730,000	--	-13,730,000
Planning and construction	96,000,000	--	--	96,000,000	--	-96,000,000
Preservation of historic properties	1,500,000	--	--	1,500,000	--	-1,500,000
Total, National Park Service	111,230,000	--	--	111,230,000	--	-111,230,000

3/ Transfer repayment to the Land and Water Conservation Fund for fire obligations temporarily transferred in the transition quarter.

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
PROPOSED FOR SEPARATE TRANSMITTAL (Cont'd)						
Existing Legislation (Cont'd)						
Mining Enforcement & Safety Admin. S&E	$ 1,100,000	$ --	$ --	$ 1,100,000	$ --	$-1,100,000
Bureau of Indian Affairs						
Operation of Indian programs	10,040,000	--	--	10,040,000	--	-10,040,000
Office of the Secretary						
Salaries and expenses	277,000	--	--	277,000	--	-277,000
Departmental operations	730,000	--	--	730,000	--	-730,000
Total, Office of the Secretary	1,007,000	--	--	1,007,000	--	-1,007,000
Total, Proposed under existing legislation	444,400,000	--	--	444,400,000	--	-444,400,000

Comparison of Fiscal Year 1977 New Budget (Obligational) Authority with Fiscal Year 1978 Estimates

Bureau or Office and Appropriation Title	Fiscal Year 1977 Appropriation	Pay Cost Supplemental	Transfers	Total Available	Fiscal Year 1978 Estimate	Increase or Decrease (-) 1978 Compared with 1977
PROPOSED FOR SEPARATE TRANSMITTAL, ADDITIONAL AUTHORIZING LEGISLATION REQUIRED						
Bureau of Mines						
Mines and minerals	$5,178,000	$ --	$ --	$ 5,178,000	$ --	$ -5,178,000
Territorial Affairs						
Administration of Territories	19,700,000	--	--	19,700,000	--	-19,700,000
Trust Territory of the Pacific Is.	14,444,000	--	--	14,444,000	--	-14,444,000
Total, Territorial Affairs	34,144,000	--	--	34,144,000	--	-34,144,000
Total, Additional authorizing Leg. required	39,322,000	--	--	39,322,000	--	-39,322,000
Proposed Legislation						
Territorial Affairs						
Trust Territory of the Pacific Is.	--	--	--	--	9,458,000	+9,458,000
Bureau of Land Management						
Mineral Development Impact Loans	--	--	--	--	40,000,000	+40,000,000
Total, Proposed Legislation	--	--	--	--	49,458,000	+49,458,000
Rescission Pending						
Bureau of Mines						
Helium Fund - Authority	-47,500,000	--	--	-47,500,000	--	+47,500,000
GRAND TOTAL, NEW BUDGET (OBLIGATIONAL AUTHORITY) - DEPARTMENT OF THE INTERIOR - Exclusive of the Power Agencies	3,640,348,000	49,565,000	-650,000	3,689,263,000	4,387,286,000	+698,023,000

Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
Land and Water Resources						
Bureau of Land Management						
Management of lands and resources	105,825	159,861	181,311	53,149	226,212	234,945
Construction and maintenance	6,111	7,931	--	--	--	--
Public Land Development Roads and Trails	3,176	3,545	--	--	--	--
Oregon and California Grant Lands	20,058	29,573	30,935	10,500	28,900	41,000
Range Improvements	2,925	3,929	3,625	959	7,600	8,500
Recreation development and operation of recreation facilities	146	145	226	79	300	300
Acquisition, construction and maintenance	--	--	12,456	3,918	14,900	17,747
Payments in lieu of taxes	--	--	--	--	--	100,000
Service charges, deposits and forfeitures	--	--	--	--	--	10,500
Total, items in Appropriation Bill	138,241	204,984	228,553	68,605	277,912	412,542
Permanent appropriations	107,762	179,330	174,607	140,268	140,900	266,628
Trust funds	496	574	411	160	650	650
Supplementals - Existing Legislation	--	--	--	--	--	--
Management of lands and resources	--	--	--	--	20,295	960
Payments in lieu of taxes	--	--	--	--	100,000	--
Supplemental - Proposed Legislation						
Mineral Development Impact Loan	--	--	--	--	--	40,000
Total, Bureau of Land Management	246,499	384,888	403,571	209,033	539,757	720,780
Office of Water Research and Technology						
Salaries and Expenses - Appropriation Bill	26,610	23,015	23,276	6,105	20,178	18,712
Consolidated Working Fund	-156	42	-438	373	147	--
Trust Fund	-172	195	--	--	--	--
Total, Office of Water Research and Technology	26,594	23,252	22,838	6,478	20,325	18,712
Total, Land and Water Resources	273,093	408,140	426,409	215,511	560,082	739,492

Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
Fish and Wildlife and Parks						
Bureau of Outdoor Recreation						
Salaries and Expenses	4,384	5,251	5,694	1,467	6,181	6,857
Land and Water Conservation Fund	248,488	283,617	275,946	85,627	422,000	443,000
Subtotal, Items in Appropriation Bill	252,872	288,868	281,640	87,094	428,181	449,857
Consolidated Working Fund	97	3	-67	78	--	--
Trust Funds	--	--	--	--	--	--
Supplementals - Existing Legislation - Salaries and Expenses	--	--	--	--	1,000	--
Supplementals - Additional authorizing legislation required	--	--	--	--	--	--
Land and Water Conservation Fund	--	--	--	--	80,000	61,000
Total, Bureau of Outdoor Recreation	252,969	288,871	281,573	87,172	509,181	510,857
U.S. Fish and Wildlife Service						
Resources management	83,307	99,211	115,070	29,761	131,885	162,127
Construction and anadromous fish	9,026	8,790	12,038	1,953	18,532	19,278
Migratory Bird Conservation Account - Direct	3,500	1,000	7,500	--	4,000	20,000
Development and operation of recreation facilities	--	--	--	--	--	150
Subtotal, Items in Appropriation Bill	95,833	109,001	134,608	31,714	154,417	201,555
Migratory Bird Conservation Act - Permanent	9,044	15,464	8,515	6,290	10,750	12,000
Miscellaneous other Permanent appropriations	55,219	72,100	73,379	16,606	85,900	98,825
Subtotal, Permanent	64,263	87,564	81,894	22,896	96,650	110,825
Trust Funds	1,595	1,357	1,825	609	2,275	2,400
Consolidated Working Fund	233	-2,881	270	421	700	800

Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
U.S. Fish and Wildlife Service - Continued						
Supplementals - Additional authorizing legislation required						
Resource Management						
Bicentennial Land Heritage and Endangered Species	--	--	--	--	8,025	--
Construction and anadromous fish						
Bicentennial Land Heritage program	--	--	--	--	25,000	25,000
Total, Fish and Wildlife Service	161,924	195,041	218,597	55,640	287,067	340,580
National Park Service Historic Preservation Fund	--	--	--	--	--	15,262
Operation of the National Park System	170,890	224,209	248,148	78,713	285,680	382,148
Planning and Construction	39,778	56,092	--	--	--	--
Road construction (Liquidation of contract authority)	16,172	24,560	40,969	9,262	22,943	30,241
Preservation of Historic Properties	9,193	13,847	17,291	5,011	26,624	16,006
John F. Kennedy Center for the Reforming Arts	2,131	2,605	2,534	875	3,019	3,681
Planning Development and Operation of Recreation Facilities	10,458	18,284	16,158	3,888	15,000	17,500
Construction	--	--	68,313	12,964	52,521	51,666
Subtotal, Items in Appropriation Bill	248,622	339,597	393,413	110,713	405,787	516,504
Permanent Appropriations	250	243	307	131	320	500
Trust Funds	1,448	2,035	2,341	662	1,600	3,000
Consolidated Working Fund	162	-77	-1,875	789	--	--
Supplementals - Existing legislation						
Preservation of historic properties	--	--	--	--	1,000	500
Supplementals - Additional authorizing legislation required						
Operation of the National Park System	--	--	--	--	13,730	--
Planning and construction	--	--	--	--	64,000	64,000
Total, National Park Service	250,482	341,798	394,186	112,295	486,437	584,504
Total, Fish, Wildlife and Parks	665,375	825,710	894,356	255,107	1,282,685	1,435,941

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Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
Energy and Minerals						
Geological Survey						
Surveys, Investigations and Research - Appropriations Bill	177,639	226,868	286,039	58,880	313,377	352,115
Permanent Appropriation	--	--	--	--	--	--
Consolidated Working Fund	724	-1,958	-6,864	5,139	5,000	--
Subtotal	178,363	224,910	279,175	64,019	318,377	352,115
Total, Geological Survey	178,363	224,910	279,175	64,019	318,377	352,115
Mining Enforcement and Safety Administration						
Salaries and Expenses - Appropriation Bill	58,804	68,260	84,247	20,469	100,774	105,222
Consolidated Working Fund	173	-15	-72	38	--	--
Trust Funds	--	150	-112	141	--	--
Supplemental - Existing legislation						
Salaries and expenses - Mine inspectors and helicopter rentals	--	--	--	--	1,065	35
Total, Mining Enforcement and Safety Administration	58,977	68,395	84,063	20,648	101,839	105,257
Bureau of Mines						
Mines and Minerals	82,712	115,563	134,874	30,612	163,951	164,726
Helium Fund - (Borrowing authority)	-1,616	-455	-1,942	-248	312	1,980
Subtotal, Items in Appropriation Bill	81,096	115,108	132,932	30,364	164,263	166,706

Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
Energy and Minerals - Continued						
Bureau of Mines						
Miscellaneous permanent	87	64	--	-5	200	200
Trust Funds	423	468	794	279	600	800
Consolidated Working Fund	-300	-2,929	-2,222	751	1,688	1,500
Supplemental - Additional authorizing legislation required						
Mines and minerals - ocean mining program and purchase and renovation of building	--	--	--	--	4,378	800
Total, Bureau of Mines	81,306	112,711	131,504	31,389	171,129	170,006
Total, Energy and Minerals	318,646	406,016	494,742	116,056	591,345	627,378
Bureau of Indian Affairs						
Education and Welfare Services	309,484	Merged with Operation of Indian Programs				
Resources Management	87,069	" " " " " "				
Operation of Indian Programs	--	469,155	527,122	139,889	617,185	637,198
Construction	48,917	60,404	58,208	19,441	72,332	89,445
Road construction (Liquidation of contract authority)	55,604	66,945	61,872	20,105	89,895	74,368
General administrative expenses	4,833	Merged with Operation of Indian Programs				
Revolving Funds	-159	7,126	6,859	1,717	14,673	14,200
Indian Loan Guaranty Fund	--	96	858	212	6,600	6,200
Subtotal, Items in Appropriation Bill	505,748	603,726	654,919	181,364	800,685	821,411
Claims and Treaty Obligations	70,295	70,345	73,001	40,137	30,200	30,200
Miscellaneous Permanent Appropriations	11,167	14,580	14,728	4,374	12,800	14,600
Alaska Native Funds	131,208	845	11,527	32	32,000	124,000
Tribal Funds (Trust)	129,004	143,635	148,934	104,830	166,684	178,384
Miscellaneous Trust Funds	3,444	4,430	4,616	--	4,616	4,616
Subtotal, Trust Funds	263,656	148,910	165,077	104,862	203,300	207,000

Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
Supplementals - Existing legislation						
Operation of Indian programs						
Fire suppression, Navajo Irrigation Project Pyramid Lake studies, House Rocks EIS, Uranium Regional statement	--	--	--	--	9,200	840
Total, Supplementals	-4,375	1,818	-4,852	-13,402	--	--
Consolidated Working Fund	3	4	2	-1	13	13
Liquidation of Hoonah Housing Project	846,494	839,383	902,875	317,334	1,056,198	1,174,064
Total, Bureau of Indian Affairs						
Office of Territorial Affairs						
Administration of Territories	19,970	19,244	21,084	16,688	33,926	20,027
Trust Territory of the Pacific Islands	63,842	70,404	86,389	21,248	82,175	80,537
Micronesian Claims Fund	38	-177	9,517	7,073	8,548	--
Subtotal, Items in Appropriation Bill	83,850	89,471	116,990	45,009	124,649	100,564
Miscellaneous Permanents	17,926	17,554	33,742	3,551	19,474	20,680
Supplementals - Proposed for later transmittal - existing legislation						
Trust Territory of the Pacific Islands - Grants, N. Mariana Islands	--	--	--	--	--	2,614
Supplementals - Additional authorizing authorizing legislation required	--	--	--	--	--	--
Trust Territory of the Pacific Islands - Constant dollars adjustment	--	--	--	--	9,600	4,844
Administration of Territories - Grants to Virgin Islands	--	--	--	--	16,000	3,700
Supplementals - Proposed for later transmittal, proposed legislation						
Enewetak rehabilitation - Trust Territory of the Pacific Islands	--	--	--	--	--	4,000
Total, Office of Territorial Affairs	101,776	107,025	150,732	48,560	169,723	136,402
Office of the Solicitor						
Salaries and Expenses - Appropriation Bill	7,950	10,773	11,763	2,710	12,898	13,654

Outlays By Appropriation (Interior and Related Agencies Appropriation Bill Only)
Fiscal Years 1974 through 1978
(in thousands of dollars)

	Actual				Estimate	
	1974	1975	1976	T.Q.	1977	1978
Office of the Secretary						
Salaries and Expenses	17,682	19,964	17,945	5,058	20,620	22,512
Departmental Operations	5,599	9,929	11,296	3,811	13,036	12,946
Salaries and Expenses - (Special Foreign Currency Program)	617	137	26	1	1,800	1,200
Subtotal, Items in Appropriation Bill	23,898	30,030	29,267	8,870	35,456	36,658
Permanent Appropriation	37	8	4	2	--	--
Working Capital Fund	-2,777	3,495	-172	178	--	--
Consolidated Working Fund	-1,097	653	8	217	--	--
Supplementals - Existing legislation						
Salaries and Expenses						
Ocean Mining Administration, law of sea negotiations	--	--	--	--	263	14
Departmental Operations	--	--	--	--	--	--
Petroleum Reserve 4 Study	--	--	--	--	730	--
Total, Supplementals Existing Legislation	--	--	--	--	993	14
Total, Office of the Secretary	20,061	34,186	29,107	9,267	36,449	36,672
TOTAL, Department of the Interior (Excludes Power Agencies)	2,233,395	2,631,233[1/]	2,909,984	904,545	3,709,380	4,163,603

1/ Adjusted for funds transferred out to Federal Energy Administration and Energy Research and Development Administration.

Department of the Interior

Appropriations Compared with Receipts
(In thousands of dollars)

Appropriations	1976 Actual	TQ 1976 Actual	1977 Estimate	1978 Estimate
Annual Definite	3,210,625	1,117,118	4,206,298	4,070,351
Annual Indefinite	44,839	25,026	63,020	79,400
Permanent	314,936	153,898	283,517	446,012
Trust	269,795	104,659	337,092	415,500
Total	3,840,195	1,400,701	4,889,927	5,011,263
Admission fees, concessions, and special benefit charges	19,366	10,351	18,165	18,846
Receipts from sale of refuges products	4,837	1,217	4,300	4,400
Grazing fees	18,348	2,078	19,016	19,016
Revenues, Oregon & California & Coos Bay Wagon Road lands	122,517	63,331	170,292	186,493
Sales of products	4,060	1,518	6,102	6,557
Mineral, oil and gas leasing, etc.	181,423	-34,243	204,850	235,162
Receipts from mineral leasing, Outer Continental Shelf	2,662,448	1,311,119	2,300,000	3,400,000
Interest on & repayments to other funds	36,905	6,914	42,892	41,218
Revenues from Colorado River Dam Fund Project	6,859	1,703	7,240	8,505
Collections, Reclamation Fund				
Bureau of Reclamation: Sale of power & other utilities	154,283	39,532	165,500	168,000
Other receipts	23,825	4,067	24,001	25,072
Bonneville Power Administration: Sale of Electric energy	1,500	1,852	14,000	20,300
Bureau of Land Management:				
Receipts from mineral leasing, public lands	166,499	108,774	131,060	150,900
Other receipts	6,019	4,340	8,792	9,513
Total, Collections, Reclamation Fund	352,126	158,565	343,353	373,785
Sale of power & other utilities	21,415	4,207	19,645	19,650
Sale of Southeastern power	43,995	11,593	45,000	46,000
Sale of Southwestern power	35,132	9,595	35,704	34,438
Sale of Eklutna, Alaska power	1,578	232	1,500	1,500
Sale and transmission of electric energy, Snettisham Project, Alaska	670	150	1,450	1,450
Sale of Falcon Dam, Texas power	--	10	--	--
Miscellaneous rentals, fees, and permits	12,150	3,066	12,726	12,961
Collections for services to Indians	14,809	4,092	14,108	16,872
Indian Trust receipts	179,095	98,673	147,391	233,107

Appropriations Compared with Receipts
(In thousands of dollars)

Appropriations	1976 Actual	TQ 1976 Actual	1977 Estimate	1978 Estimate
All other Trust receipts	17,216	4,764	35,078	22,575
Recoveries and refund	1,789	878	1,573	1,679
Sale of Public lands, buildings, and other property	557	-842	1,846	1,930
Receipts, Land and Water Conservation Fund	30	8	30	33
Unclassified receipts	238	45	93	97
Total, Proprietary Receipts	3,737,563	1,659,024	3,432,354	4,686,274
Collected by Interior not deducted in Printed Budget: Governmental receipts	45,808	12,731	46,274	58,138
Interest on loans and advances	15,809	4,427	16,670	17,194
Collected by other Federal agencies: Receipts, Land and Water Conservation Fund	23,234	34,082	70,528	80,567
Receipts, Federal Aid in Fish Restoration & Management	21,894	--	20,128	27,394
Receipts, Federal Aid in Wildlife Restoration	63,047	--	70,607	86,847
Internal Revenue Collections for Virgin Islands	17,284	4,726	19,000	20,000
Total, Receipts	3,924,639	1,714,990	3,675,561	4,976,414
Appropriations compared with total receipts	-84,444	-314,289	1,214,366	34,849

Appropriations Compared with Receipts
(Excludes Bureau of Reclamation and Power Marketing Agencies)

(In thousands of dollars)

Appropriations	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
Annual Definite	2,562,871	725,716	3,221,624	3,447,722
Annual Indefinite	44,839	25,026	63,020	79,400
Permanent	312,219	152,629	280,517	443,312
Trust	255,551	101,286	305,592	396,900
Total	3,175,480	1,004,657	3,870,753	4,367,334
Admission fees and concessions	19,366	10,351	18,165	18,846
Receipts from sale of refuge products	4,837	1,217	4,300	4,400
Grazing fees	18,348	2,078	19,016	19,016
Revenue, Oregon & California & Coos Bay Wagon Road Lands	122,517	63,331	170,292	186,493
Sale of products	4,060	1,518	6,102	6,557
Mineral, oil and gas leasing, etc.	181,423	-34,243	204,850	235,162
Receipts, mineral leasing, Outer Continental Shelf	2,662,448	1,311,119	2,300,000	3,400,000
Interest on and repayment to other funds	12,938	712	13,992	10,518
Collections, Reclamation Fund:				
Bureau of Land Management:				
Receipts from mineral leasing public lands	166,499	108,774	131,060	150,900
Other receipts	6,019	4,340	8,792	9,513
Total Collections, Reclamation Fund	172,518	113,114	139,852	160,413
Miscellaneous rentals, fees, and permits	11,361	2,719	11,717	11,955
Collections & services to Indians	14,809	4,092	14,108	16,872
Indian Trust receipts	179,095	98,673	147,391	233,107
All Other Trust receipts	2,972	1,391	3,578	3,975
Recoveries and refunds	1,674	878	1,573	1,679
Sale of power & other utilities	134	18	145	150
Sale of public lands, buildings, and other property	-250	-929	1,328	1,412
Receipts, Land & Water Cons. Fund	30	8	30	33
Unclassified receipts	220	37	60	64
Total, Proprietary Receipts	3,408,500	1,576,084	3,056,499	4,310,652

Appropriations Compared with Receipts
(Excludes Bureau of Reclamation and Power Marketing Agencies)

Appropriation	1976 Actual	TQ Actual	1977 Estimate	1977 Estimate
Collected by Interior but not deducted in Printed Budget:				
Governmental Receipts	45,808	12,731	46,274	58,138
Collected by other Federal Agencies:				
Receipts, Land & Water Conservation Fund	23,234	34,082	70,528	80,567
Receipts, Federal Aid in Fish Restoration and Management	21,894	--	20,128	27,394
Receipts, Federal Aid in Wildlife Restoration	63,047	--	70,607	86,847
Internal Revenue Collection for Virgin Islands	17,284	4,726	19,000	20,000
Total Receipts	3,579,767	1,627,623	3,283,036	4,583,598
Appropriations compared with receipts	-404,287	-622,966	587,717	-216,264

Appropriations Compared with Receipts
Bureau of Reclamation and Power Marketing Agencies

(In thousands of dollars)

Appropriations	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
Annual Definite	647,754	391,402	984,674	622,629
Permanent	2,717	1,269	3,000	2,700
Trust	14,244	3,373	31,500	18,600
Total	664,715	396,044	1,019,174	643,929
Interest on and repayments to other funds	23,967	6,202	28,900	30,700
Revenues from Colorado River Fund Project	6,859	1,703	7,240	8,505
Collections, Reclamation Fund:				
Bureau of Reclamation:				
Sale of Power & other utilities	154,283	39,532	165,500	168,000
Other receipts	23,825	4,067	24,001	25,072
Bonneville Power Administration:				
Sale of electric energy	1,500	1,852	14,000	20,300
Total Collections, Reclamation Fund	179,608	45,451	203,501	213,372
Sale of power and other utilities	21,281	4,189	19,500	19,500
Sale of Southeastern power	43,995	11,593	45,000	46,000
Sale of Southwestern power	35,132	9,595	35,704	34,438
Sale of Eklutna, Alaska power	1,578	232	1,500	1,500
Sale of transmission electric energy, Snettisham Project, Alaska	670	150	1,450	1,450
Sale of Falcon Dam, Texas power	--	10	--	--
Miscellaneous rentals, fees & permits	789	347	1,009	1,006
Sale of public lands, buildings, and other property	807	87	518	518
Trust receipts	14,244	3,373	31,500	18,600
Recoveries and refunds	115	--	--	--
Unclassified receipts	18	8	33	33
Total, proprietary Receipts	329,063	82,940	375,855	375,622
Collected by Interior, not deducted in Printed Budget:				
Interest on loans and advances	15,809	4,427	16,670	17,194
Total Receipts	344,872	87,367	392,525	392,816
Appropriations compared with total receipts	319,843	308,677	626,649	251,113

DEPARTMENT OF THE INTERIOR

Analysis of Permanent Positions, Fiscal Years 1976-1978
Other than Reclamation and Power Marketing Agencies

Bureau or Office and Appropriation Title	Permanent Positions in 1978 Budget			
	1976	1977	1978	Increase or Decrease (-)
LAND AND WATER RESOURCES				
Bureau of Land Management				
Management of land and resources	4,107	4,574	4,526	-48
Acquisition, construction and maintenance	179	185	162	-23
Oregon and California grant lands	746	755	695	-60
Allocation to other agencies	-95	-25	-25	--
Net, Total	651	730	670	-60
Recreation development and operation of recreation facilities	6	6	6	--
Range Improvements	46	56	46	-10
Service charges, deposits and forfeitures	--	--	165	+165
Other funds	236	222	340	+118
Allocation to other agencies	-25	--	-5	-5
Net, Total	211	222	335	+113
Mineral Development Impact Loans	--	5	5	--
Total, Bureau of Land Management	5,200	5,778	5,915	+137
Office of Water Research and Technology				
Salaries and expenses	78	78	78	--
TOTAL, LAND AND WATER RESOURCES	5,278	5,856	5,993	+137
FISH AND WILDLIFE AND PARKS				
Bureau of Outdoor Recreation				
Salaries and expenses	223	221	230	+9
Land and Water Conservation Fund	744	800	835	+35
Allocations to other bureaus and agencies	-508	-567	-558	+9
Net, Total	236	233	277	+44
Subtotal	459	454	507	+53
Other funds	14	11	11	--
Total, Bureau of Outdoor Recreation	473	465	518	+53
Fish and Wildlife Service				
Resource management	3,620	3,941	4,372	+431
Construction and anadromous fish	42	42	42	--
Migratory bird conservation account	150	152	152	--
Subtotal	3,812	4,135	4,566	+431
Other funds	654	576	597	+21
Land Heritage Bicentennial	--	100	100	--
Total, Fish and Wildlife Service	4,466	4,811	5,263	+452
National Park Service				
Operation of the National Park System	6,992	7,767	8,713	+946
Planning and Construction	371	392	389	-3
Allocations to other Agencies	--	--	-31	-31
Net, Total	371	392	358	-34
Road Construction (Liquidation of Contract Authority)	154	154	--	-154
Allocations to other Agencies	-31	-31	--	+31
Net, Total	123	123	--	-123
Preservation of Historic Properties	133	114	88	-26
Historic Preservation Fund	--	--	26	+26
John F. Kennedy Center for the Performing Arts	81	81	81	--

Bureau or Office and Appropriation Title	Permanent Positions in 1978 Budget			Increase or Decrease (-
	1976	1977	1978	
FISH AND WILDLIFE AND PARKS (Cont'd)				
National Park Service (Cont'd)				
Planning, Development and Operation of Recreation Facilities	110	110	110	--
Subtotal	7,810	8,587	9,376	+789
Other Funds	405	433	468	+35
Total, National Park Service	8,215	9,020	9,844	+824
TOTAL, FISH AND WILDLIFE AND PARKS	13,154	14,296	15,625	+1,329
ENERGY AND MINERALS				
Geological Survey				
Surveys, investigations and research	7,036	7,570	7,618	+48
Other funds	2,120	1,853	1,880	+27
Total, Geological Survey	9,156	9,423	9,498	+75
Bureau of Mines				
Mines and minerals	2,541	2,591	2,615	+24
Helium fund	264	264	264	--
Subtotal	2,805	2,855	2,879	+24
Other funds	169	174	174	--
Total, Bureau of Mines	2,974	3,029	3,053	+24
Mining Enforcement and Safety Administration				
Salaries and expenses	3,149	3,470	3,573	+103
TOTAL, ENERGY AND MINERALS	15,279	15,922	16,124	+202
Bureau of Indian Affairs				
Operation of Indian programs	13,018	12,807	12,919	+112
Construction	287	334	337	+3
Allocation to another bureau	-148	-151	-154	-3
Net, Total	139	183	183	--
Road construction (Liquidation of contract authority)	416	411	411	--
Allocation to other agencies	-6	-6	-6	--
Net, Total	410	405	405	--
Other funds	548	525	480	-45
Total, Bureau of Indian Affairs	14,115	13,920	13,987	+67
Office of Territorial Affairs				
Administration of Territories	15	15	9	-6
Trust Territory of the Pacific Is.	148	140	109	-31
Subtotal	163	155	118	-37
Other funds	62	62	66	+4
Total, Office of Territorial Affairs	225	217	184	-33
SECRETARIAL OFFICES				
Office of the Solicitor				
Salaries and expenses	442	442	442	--

Bureau or Office and Appropriation Title	Permanent Positions in 1978 Budget			
	1976	1977	1978	Increase or Decrease (-)
SECRETARIAL OFFICES (Cont'd)				
Office of the Secretary				
Salaries and expenses	660	651	641	-10
Departmental operations	336	327	339	+12
Subtotal	996	978	980	+2
Other funds	423	423	423	--
Total, Office of the Secretary	1,419	1,401	1,403	+2
TOTAL, SECRETARIAL OFFICES	1,861	1,843	1,845	+2
GRAND TOTAL (Interior and Related Agencies only)	49,912	52,054	53,758	+1,704

Other funds include positions financed by reimbursements, permanent appropriations, trust funds, allocations from other agencies, consolidated working funds, etc.

DEPARTMENT OF THE INTERIOR

Permanent Appropriations, Fiscal Years 1976, Transition Quarter, Estimates 1977 and 1978

Bureau or Office and Appropriation Title	1976 Actual	T.Q. Actual	1977 Estimate	1978 Estimate
LAND AND WATER RESOURCES				
Bureau of Land Management				
Leasing of grazing lands	$ 1,312	$ 1,143	$ --	$ 1,000
Payment to:				
Oklahoma (royalties)	8,070	1,961	--	2,000
Coos and Douglas Counties, Oregon from receipts Coos Bay Wagon grant lands	1,628,804	--	1,700,000	2,200,000
Counties, Oregon & Calif. grant lands	49,347,960	59,120,860	29,563,000	82,500,000
States (proceeds of sales)	715,151	274,187	124,000	496,000
States from grazing receipts, etc., public lands within grazing districts	591,080	766,444	28,000	911,000
States from grazing receipts, etc., public lands outside grazing districts	697,835	850,617	132,000	1,133,000
States from grazing receipts, etc., public lands within grazing districts misc.	4,628	2,638	--	--
States from receipts under Mineral Leasing Act	119,600,718	78,176,314	108,213,000	177,821,000
Counties, national grasslands	274,751	163,207	290,000	336,000
Expenses, Public Land Administration Act	1,572,988	859,377	--	--
Expenses, road maintenance deposits	--	--	750,000	750,000
Total, Bureau of Land Mgmt.	174,443,297	140,216,748	140,800,000	266,150,000
Bureau of Reclamation				
Colorado River Dam Fund, Boulder Canyon Project:				
Payment of interest on advance from the Treasury	1,772,263	525,000	1,900,000	1,700,000
Payment to States of Arizona & Nevada	600,000	600,000	600,000	600,000
Operation, Maintenance and replacement of project works, North Platte project (Gering and Ft. Laramie, Goshen and Pathfinder Irrigation Districts)	13,229	2,788	30,000	30,000
Payments to Farmers' Irrigation Districts (North Platte project, Nebraska-Wyoming)	8,000	8,000	8,000	8,000
Payments to local units, Klamath Reclamation Area	123,111	133,036	125,000	140,000
Refunds and returns	200,000	--	337,000	222,000
Total, Bureau of Reclamation	2,716,603	1,268,824	3,000,000	2,700,000
Total, Land & Water Resources	177,159,900	141,485,572	143,800,000	268,850,000

Permanent Appropriations, Fiscal Years 1976, Transition Quarter, Estimates 1977 and 1978

Bureau or Office and Appropriation Title	1976 Actual	T.Q. Actual	1977 Estimate	1978 Estimate
FISH AND WILDLIFE AND PARKS				
Fish and Wildlife Service				
Migratory Bird Conservation account	13,929,801	2,514,048	12,000,000	22,000,000 1/
Federal aid in fish restoration and management	21,894,197	--	20,128,000	27,394,000
Federal aid in wildlife restor...	63,046,646	--	70,607,000	86,847,000
National wildlife refuge fund ...	4,837,075	1,216,752	4,300,000	4,400,000
Proceeds from sales, water resources development projects.	56,539	58,812	55,000	55,000
Total, Fish & Wildlife Service	103,764,258	3,789,612	107,090,000	140,696,000
National Park Service				
Education expenses children of employees Yellowstone Nat'l Park	381,181	334,064	295,000	475,000
Payment for tax losses on land acquired for Grand Teton National Park	25,000	25,000	25,000	25,000
Operation, Management, Maintenance, and Demolition of Federally acquired properties Independence Nat'l Historical Park	12,320	3,680	--	--
Total, National Park	418,501	362,744	320,000	500,000
Total, Fish and Wildlife and Parks	104,182,759	4,152,356	107,410,000	141,196,000
ENERGY AND MINERALS				
Geological Survey				
Payment from proceeds, sales of water	1,676	517	--	--
Total, Energy and Minerals ...	1,676	517	--	--

1/ Includes $10,000,000 proposed for later transmission under proposed legislation.

Permanent Appropriations, Fiscal Years 1976, Transition Quarter, Estimates 1977 and 1978

Bureau or Office and Appropriation Title	1976 Actual	T.Q. Actual	1977 Estimate	1978 Estimate
Bureau of Indian Affairs				
Alaska Native Fund	-239,760	--	--	--
Claims & treaty obligations	795,000	97,751	200,000	200,000
Acquisition of lands and loans to Indians in Oklahoma Act of June 26, 1936	3,774	4,530	--	--
Operation and Maintenance, Indian irrigation systems	8,224,563	1,369,631	6,850,000	9,000,000
Power systems, Indian irrigation projects	6,912,419	2,041,195	5,816,000	6,430,000
Indian Arts and Crafts Fund	2,033	15,250	--	--
Total, Bureau of Indian Affairs	15,698,029	3,528,357	12,866,000	15,630,000
Office of Territorial Affairs				
Internal Revenue collections for Virgin Islands	17,283,856	4,725,820	19,000,000	20,000,000
Office of Comptroller for Guam	600,000	--	441,000	336,000
Total, Territorial Affairs	17,883,856	4,725,820	19,441,000	20,336,000
Office of the Secretary				
Johnny Horizon Program	8,876	4,149	--	--
TOTAL, PERMANENT APPROPRIATIONS, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION & POWER AGENCIES	312,218,493	152,627,947	280,517,000	443,312,000
TOTAL, RECLAMATION & POWER AGENCIES	2,716,603	1,268,824	3,000,000	2,700,000
GRAND TOTAL, DEPARTMENT OF THE INTERIOR	314,935,096	153,896,771	283,517,000	446,012,000

Annual Indefinite Appropriations, Fiscal Years 1976, Transition Quarter, and Estimates 1977 and 1978

Bureau or Office and Appropriation Title	1976 Actual	T.Q. Actual	1977 Estimate	1978 Estimate
LAND AND WATER RESOURCES				
Bureau of Land Management				
Oregon & Calif. grant lands	$ 25,103,594	$ 19,325,662	$ 41,250,000	$ 45,000,000
Range improvements	5,434,933	600,000	7,370,000	8,750,000
Recreation development and operation of recreation facilities	300,000	100,000	300,000	300,000
Service charged, deposits and forfeitures	--	--	--	11,250,000
Total, Bureau of Land Mgmt.	30,838,527	20,025,662	48,920,000	65,300,000
FISH AND WILDLIFE AND PARKS				
National Park Service				
Planning, development and operation of recreational facilities	14,000,000	5,000,000	14,000,000	14,000,000
TOTAL, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION AND POWER AGENCIES	44,838,527	25,025,662	62,920,000	79,300,000

Trust Funds, Fiscal Year 1976, Transition Quarter, and Estimates 1977 and 1978

Bureau or Office and Appropriation Title	1976 Actual	T.Q. Actual	1977 Estimate	1978 Estimate
LAND AND WATER RESOURCES				
Bureau of Land Management				
Contributed Funds	294,686	181,258	--	--
Expenses, public survey work	95,627	49,822	--	--
Trustee funds, Alaska Townsites	30,821	1,541	1,000	1,000
Land and resources management -				
Indefinite	--	--	100,000	100,000
Trust Fund	--	--	599,000	599,000
Total, Bureau of Land Management	421,134	232,621	700,000	700,000
Bureau of Reclamation				
Reclamation Trust Funds	14,243,917	3,372,982	31,500,000	18,000,000
Total, Land & Water Resources Other than Reclamation	421,134	232,621	700,000	700,000
TOTAL, LAND & WATER RESOURCES	14,665,051	3,605,603	32,200,000	19,300,000
FISH AND WILDLIFE AND PARKS				
Bureau of Outdoor Recreation				
Donations	573	--	--	--
Fish and Wildlife Service				
Contributed Funds	1,892,738	730,516	2,303,000	2,500,000
National Park Service				
Donations	1,111,592	408,332	2,892,000	2,877,000
Preservation, birthplace of Abraham Lincoln	2,540	1,270	3,000	3,000
Jefferson National Expansion Memorial contributions	291,407	--	105,000	120,000
Total, National Park Service	1,405,539	409,602	3,000,000	3,000,000
TOTAL, FISH & WILDLIFE & PARKS	3,298,850	1,140,118	5,303,000	5,500,000
ENERGY AND MINERALS				
Bureau of Mines				
Contributed Funds	656,726	427,139	600,000	800,000
TOTAL, ENERGY AND MINERALS	656,726	427,139	600,000	800,000

Trust Funds, Fiscal Year 1976, Transition Quarter, and Estimates 1977 and 1978

Bureau or Office and Appropriation Title	1976 Actual	T.Q. Actual	1977 Estimate	1978 Estimate
Bureau of Indian Affairs				
Alaska Native Fund	$10,458,896	$40,831,803	$32,000,000	$124,000,000
Tribal Funds	234,163,889	57,497,134	261,486,800	260,397,800
Miscellaneous:				
Indian moneys proceeds of labor, agencies, schools. etc.	6,028,319	939,888	5,200,000	5,200,000
Funds contributed for advancement of Indian Race	519,132	215,880	400,000	400,000
Bequest of George C. Edgeter, for relief of indigent Indians	2,173	450	2,200	2,200
Total, Miscellaneous	6,549,624	1,156,218	5,602,200	5,602,200
TOTAL, BUREAU OF INDIAN AFFAIRS	251,172,409	99,485,155	299,089,000	390,000,000
TOTAL, DEPARTMENT OF THE INTERIOR OTHER THAN RECLAMATION	255,549,119	101,285,033	305,692,000	397,000,000
TOTAL, RECLAMATION & POWER AGENCIES	14,243,917	3,372,982	31,500,000	18,600,000
GRAND TOTAL, DEPARTMENT OF THE INTERIOR	269,793,036	104,658,015	337,192,000	415,600,000

DEPARTMENT OF THE INTERIOR

Statement of Appropriations, F. Y. 1969 - 1978

	Actual 1969	1970	1971	1972	1973	1974	1975	1976	TQ	Est. 1977	Est. 1978
Bureau of Land Management											
Appropriations - Direct	$ 69,545,000	$ 88,090,000	$ 90,870,000	$ 96,681,000	$ 107,795,000	$ 127,521,000	$ 186,681,000	$ 228,050,000	$ 63,130,000 1/	$ 365,152,000	$ 399,848,000
Permanent	79,045,433	87,142,277	86,051,346	90,907,302	97,738,116	108,347,305	179,796,568	174,443,297	140,216,748	140,800,000	266,150,000
Indefinite	20,177,644	16,462,499	17,311,111	21,469,257	25,037,185	32,714,268	31,830,292	30,838,527	20,025,662	49,220,000	65,400,000
Trust	651,896	475,663	646,990	480,326	433,511	631,571	725,167	421,134	232,621	800,000	800,000
Total	170,019,973	192,370,439	194,879,447	209,538,085	231,003,812	269,214,144	399,031,027	433,752,958	223,605,031	555,972,000	731,998,000
Bureau of Indian Affairs											
Appropriations - Direct	249,643,000	303,747,000	344,916,700	445,527,500	549,805,000	582,985,000	772,785,000	808,095,000	258,757,000	824,757,000	865,234,000
Permanent	8,013,058	8,305,028	9,034,316	9,950,370	11,135,422	11,905,825	13,055,352	15,698,029	3,328,357	12,866,000	15,630,000
Trust	106,019,427	109,426,728	150,421,319	116,603,680	137,170,740	168,203,544	184,554,523	251,177,609	99,685,155	299,089,000	390,000,000
Total	363,675,485	421,478,756	526,362,335	570,081,350	718,111,162	763,094,369	970,394,875	1,074,965,638	361,770,512	1,136,712,000	1,270,864,000
Bureau of Outdoor Recreation											
Appropriations - Direct	168,815,000	135,148,000	361,370,000	365,449,000	304,212,000	80,891,000	312,872,000	322,875,000	77,484,000 3/	364,988,000	606,857,000
Trust	3,005	75	143	--	--	--	--	373	--	--	--
Total	168,818,005	135,148,075	361,370,143	365,449,000	304,212,000	80,891,000	312,872,000	322,875,373	77,484,000	364,988,000	606,857,000
Office of Territorial Affairs											
Appropriations - Direct	44,697,000	63,319,916	77,276,000	84,479,000	82,375,000	73,884,000	86,500,000	127,191,000	47,542,000	137,273,000	119,698,000
Permanent	12,867,071	14,643,128	13,575,853	39,416,404	31,602,604	17,898,607	18,300,522	37,983,856	4,723,820	19,441,000	20,336,000
Total	57,564,871	77,963,044	90,851,853	123,895,404	103,977,604	91,784,607	104,800,522	165,074,856	52,267,820	156,714,000	140,034,000
Geological Survey											
Appropriations - Direct	90,917,000	102,887,000	114,603,000	131,050,000	149,386,000	172,324,000	234,146,000	272,836,000	69,324,000	313,455,000	353,622,000
Permanent	665	1,529	1,886	1,635	1,451	1,113	1,209	1,676	517	--	--
Total	90,917,665	102,888,529	114,604,886	131,051,628	149,387,451	172,325,113	234,147,209	272,837,676	69,324,517	313,455,000	353,622,000
Bureau of Mines											
Appropriations - Direct	79,249,000	95,877,000	174,308,000	179,032,000	158,171,000	81,689,000	133,807,000 3/	158,818,000	39,510,000 4/	171,675,000	160,329,000
Trust	1,283,470	1,336,341	1,544,993	1,376,931	496,278	446,000	609,984	656,726	427,139	600,000	800,000
Total	80,532,470	97,213,341	175,852,993	180,398,931	158,667,278	82,135,000	134,416,984	159,474,726	39,937,139	172,275,000	161,129,000
Mining Enforcement & Safety Admin.											
Appropriations - Direct	--	--	--	--	--	58,713,000	67,913,000	84,465,000	20,934,000 5/	98,181,000	105,788,000
Trust	--	--	--	--	--	--	184,369	--	--	--	--
Total	--	--	--	--	--	58,713,000	68,097,369	84,465,000	20,934,000	98,181,000	105,788,000

	Actual									Est.	Est.
	1969	1970	1971	1972	1973	1974	1975	1976	TQ	1977	1978
Office of Coal Research											
Appropriations - Direct	$ 13,700,000	$ 15,300,000	$ 17,160,000	$ 30,650,000	$ 43,490,000	Transferred to ERDA		$	$	$	$
Trust	--	--	--	2,086,288	3,471,066						
Total	13,700,000	13,300,000	17,160,000	32,736,288	46,961,066						
Office of Oil and Gas											
Appropriations - Direct	755,900	1,065,000	1,273,000	1,379,000	1,538,000	Transferred to FEA					
Bureau of Commercial Fisheries											
Appropriations - Direct	38,499,000										
Permanent	7,722,283										
Indefinite	2,857,470										
Trust	1,764,974										
Total	50,839,657	5/									
Bureau of Sport Fisheries & Wildlife (Fish and Wildlife Service)											
Appropriations - Direct	80,630,000	67,742,768	76,891,000	86,181,000	86,072,300	98,398,500	119,195,000	147,541,000	30,542,000	192,282,000	223,470,000
Permanent	30,387,340	55,468,594	57,975,450	63,161,598	71,102,987	79,563,850	86,542,790	103,744,258	3,789,612	107,090,000	140,696,000
Trust	315,515	352,390	1,039,031	1,671,833	1,646,935	1,578,000	1,263,239	1,892,738	730,516	2,303,800	2,500,000
Total	111,332,855	123,563,752	135,906,501	151,014,431	158,822,422	179,540,350	207,000,029	253,217,996	35,062,128	301,673,800	366,666,000
National Park Service											
Appropriations - Direct	106,865,000	129,423,000	164,427,000	241,674,000	236,039,000	266,695,000	333,552,000	330,086,000	104,279,000	483,350,000	541,907,000
Permanent	114,892	143,421	138,734	265,193	276,008	280,904	276,994	418,301	362,744	320,000	500,000
Indefinite	--	--	--	--	--	27,300,000	11,739,060	14,000,000	5,000,000	14,000,000	14,000,000
Trust	8,383,122	8,192,113	3,282,309	2,137,831	1,760,225	2,750,457	1,705,458	1,405,339	409,802	3,000,000	3,000,000
Total	115,360,014	137,757,533	167,866,043	244,077,024	238,075,233	297,026,361	347,273,512	345,910,040	110,051,546	500,670,000	559,407,000
Office of Saline Water											
Appropriations - Direct	25,642,833	25,000,000	28,573,000	27,025,000	(Combined with Office of Water Research and Technology)						
Trust	758,998	313,531	393,570	1,464,287							
Total	26,401,831	25,313,531	28,966,570	28,489,287							
Office of the Solicitor											
Appropriations - Direct	3,683,000	3,984,000	7,024,000	6,967,000	7,360,000	8,375,000	11,083,000	11,395,000	2,782,000	12,921,000	14,034,000

	Actual									Est.	Est.
	1969	1970	1971	1972	1973	1974	1975	1976	TQ	1977	1978
Office of the Secretary											
Appropriations - Direct	$ 8,755,000	$ 10,814,700	$ 12,472,000	$ 15,195,000	$ 47,132,100	$ 24,473,000	$ 30,649,000	$ 33,116,000	$ 7,021,000	$ 36,560,000	$ 37,625,000
Permanent	--	--	--	--	10,540	26,158	15,063	8,876	4,149	--	--
Trust	--	--	--	--	35,290	-38,000	--	--	--	--	--
Total	8,755,000	10,814,700	12,472,000	15,195,000	47,177,930	24,460,158	30,664,063	33,124,876	7,025,149	36,560,000	37,625,000
Office of Water Resources Research											
Appropriations - Direct	11,181,000	11,281,000	13,242,000	14,230,000	14,306,000	(Combined with Office of Water Research and Technology)					
Office of Water Research & Technology											
Appropriations - Direct	--	--	--	--	--	17,396,000	19,792,000	18,180,000	4,411,000	19,030,000	21,112,000
Trust	--	--	--	--	--	--	-7,261	--	--	--	--
Total	--	--	--	--	--	17,396,000	19,784,739	18,180,000	4,411,000	19,030,000	21,112,000
TOTAL, DEPARTMENT OF THE INTERIOR (EXCLUSIVE OF RECLAMATION AND POWER MARKETING AGENCIES & FWQA)											
- Direct	973,772,735	1,055,498,384	1,505,209,700	1,727,960,500	1,787,709,600	1,593,548,300	2,329,976,000	2,342,871,000	725,716,000	3,221,624,000	3,447,722,000
Permanent	158,251,542	165,903,977	166,795,825	203,503,495	201,867,130	218,023,762	301,986,498	312,218,493	152,627,947	280,317,000	443,312,000
Indefinite	22,831,064	18,882,499	19,311,111	21,469,257	25,037,185	60,014,368	45,569,352	44,838,527	25,025,682	63,020,000	79,400,000
Trust	119,382,617	119,999,240	157,317,377	123,819,198	165,014,043	173,379,772	189,034,566	255,569,119	101,285,033	305,592,000	396,900,000
TOTAL	1,274,237,738	1,360,284,100	1,848,634,213	2,076,751,450	2,179,627,960	2,045,137,302	2,863,566,416	3,175,477,139	1,004,654,662	3,870,733,000	4,367,334,000

	Actual									Est.	Est.
	1969	1970	1971	1972	1973	1974	1975	1976	TQ	1977	1978
Bureau of Reclamation											
Appropriations - Direct	$ 277,002,500	$ 271,441,500	$ 322,618,000	$ 401,039,000	$ 520,817,000	$ 428,415,000	$ 507,766,000	$ 630,334,000	$ 388,689,000	$ 964,599,000	$ 606,866,000
Permanent	3,188,782	3,072,719	3,095,424	3,027,854	2,886,926	2,722,704	2,703,509	2,716,603	1,268,824	3,000,000	2,700,000
Trust	4,668,508	6,915,913	3,634,907	1,538,270	1,516,194	2,162,050	2,921,507	14,243,917	3,372,982	31,300,000	18,600,000
Total	284,859,790	281,430,131	329,348,326	405,605,124	525,220,120	433,299,754	513,391,016	655,294,520	393,330,806	1,001,099,000	628,166,000
Bonneville Power Administration											
Appropriations - Direct	123,500,000	119,733,000	116,820,900	118,625,000	125,520,000	132,614,000	172,000,000				
Permanent	--	123,893	--	254,616	102,256	2,615,500	--	a/	a/	a/	a/
Trust	1,366,237	3,336,448	7,247,468	1,424,981	20,623,452	20,113,009	7,149,310				
Total	124,866,237	123,193,341	126,067,468	120,304,597	146,245,708	155,342,509	179,149,310				
Southeastern Power Administration											
Appropriations - Direct	850,000	685,000	836,000	870,000	900,000	900,000	966,000	1,000,000	257,000	1,076,000	1,143,000
Permanent	45,263	142,551	52,698	--	41,422	23,761	108,056	--	--	--	--
Total	895,263	827,551	888,698	870,000	941,422	923,761	1,074,056	1,000,000	257,000	1,076,000	1,143,000
Southwestern Power Administration											
Appropriations - Direct	6,366,000	5,648,587	6,244,000	6,050,000	7,233,000	5,752,000	6,415,000	6,760,000	1,999,000	15,109,000	12,505,000
Indefinite	3,200,000	2,800,000	--	--	--	--	--	--	--	--	--
Total	9,566,000	8,448,587	6,244,000	6,050,000	7,233,000	5,752,000	6,415,000	6,760,000	1,999,000	15,109,000	12,505,000
Alaska Power Administration											
Appropriations - Direct	1,002,000	1,000,000	1,000,000	937,000	1,228,000	1,269,000	1,300,000	1,659,500	457,000	1,870,000	2,093,000
Federal Water Pollution Control Admin.											
Appropriations - Direct	300,789,000	b/									
Trust	3,020										
Total	300,792,020										
Office of the Secretary											
Appropriations - Direct	--	--	750,000	875,000	1,000,000	Underground Electric transferred to ERDA					
TOTAL, RECLAMATION, POWER MARKETING AGENCIES & FEDERAL WATER QUALITY ADM.											
Appropriations - Direct	709,309,500	398,508,087	448,268,000	528,616,000	656,698,000	568,950,000	688,427,000	647,753,500	391,402,000	984,674,000	622,629,000
Permanent	3,234,045	3,339,163	3,148,122	3,282,470	3,030,604	5,361,965	2,811,565	2,716,603	1,268,824	3,000,000	2,700,000
Indefinite	3,200,000	2,800,000	--	--	--	--	--	--	--	--	--
Trust	6,037,765	10,252,360	10,847,370	2,963,251	22,139,646	22,275,059	10,070,817	14,243,917	3,372,982	31,300,000	18,600,000
TOTAL	721,001,310	414,899,610	462,283,492	534,861,721	681,868,250	596,587,024	701,309,382	664,714,020	396,043,806	1,019,174,000	643,929,000
GRAND TOTAL, DEPARTMENT OF THE INTERIOR											
Appropriations - Direct	1,682,282,235	1,454,206,471	1,953,477,700	2,256,576,300	3,444,407,600	2,163,498,508 a/	3,017,401,000	3,210,624,500	1,117,118,000	4,206,299,000	4,070,351,000
Permanent	161,585,387	169,263,140	169,943,947	206,784,965	204,897,734	223,385,727	304,798,063	314,935,096	153,896,771	283,517,000	446,012,000
Indefinite	26,031,044	19,442,499	17,311,111	21,469,257	25,037,185	60,014,268	43,569,352	44,838,527	25,025,662	63,020,000	79,400,000
Trust	125,440,182	130,251,600	148,184,947	126,782,449	187,153,691	193,845,831	199,105,381	269,793,036	106,658,015	337,092,000	413,500,000
GRAND TOTAL	1,995,338,848	1,773,163,710	2,308,917,705	2,611,613,171	3,861,496,210	2,641,744,334	3,564,873,796	3,840,191,159	1,402,698,448	4,889,927,000 c/	5,011,263,000 d/

Statement of Appropriations, F.Y. 1969-1978

NOTES:

1/ Excludes $87,198,000 transferred to ERDA, P.L. 93-438.

2/ Does not include $20 million transfer from BOR for fire costs.

3/ Does not reflect transfer of $20 million to BLM.

4/ Includes $200,000 transfer to MESA.

5/ Excludes $200,000 transfer from Bureau of Mines.

6/ Transferred in accordance with Reorganization Plan No. 4 of 1970.

7/ Transferred in accordance with Reorganization Plan No. 3 of 1970.

8/ Method of financing changed to authorize spending from public debt receipts.

9/ Totals are exclusive of amounts transferred to Federal Energy Administration and Energy Research Development Administration.

10/ Totals include supplementals proposed under existing and proposed legislation.

SUMMARY

Appropriations for Research and Development by Activities
Fiscal Years 1976-1977-1978 and Comparison 1977 vs. 1978

(In thousands of dollars)

Bureau and Appropriation	FY 1976 Actual	FY 1977 Estimated	FY 1978 Estimated	Incr. or Decrease 1977 vs. 1978
Bureau of Land Management				
Management of land and resources	627	794	1,273	+479
Oregon and California Grant Lands	100	107	119	+12
Subtotal, Bureau of Land Management	727	901	1,392	+491
Office of Water Research and Technology				
Salaries and Expenses:				
Assistance to States for institutes	5,730	5,730	6,525	+795
Matching grants to institutes	3,000	3,200	3,500	+300
Water resources research	4,763	2,000	3,775	+1,775
Technology development	1,490	4,700	3,800	-900
Scientific information center	986	1,100	1,100	--
Administration	2,211	2,300	2,412	+112
Subtotal, Office of Water Research & Technology	18,180	19,030	21,112	+2,082
Fish and Wildlife Service				
Resource Management:				
Habitat preservation	7,292	7,347	13,484	6,137
Wildlife resources	7,599	7,337	7,749	+412
Fishery resources	5,711	6,268	6,669	+401
Endangered species	1,231	1,123	1,123	--
Construction and anadromous fish:				
Construction and rehabilitation	6,937	635	825	+190
Anadromous fish	350	350	350	--
Federal Aid in Fish Restoration & Management	379	200	200	--
Federal Aid in Wildlife Restoration	67	100	100	--
Contributed Funds - (Trust Funds)	224	250	250	--
Subtotal, Fish and Wildlife Service	29,790	23,610	30,750	7,140

(In thousands of dollars)

Bureau and Appropriation	FY 1976 Actual	FY 1977 Estimated	FY 1978 Estimated	Incr. or Decrease 1977 vs. 1978
National Park Service				
Operation of the National Park System:				
Park Management	7,100	7,900	9,300	+1,400
Preservation of Historic Properties:				
Historic Preservation and Special Studies	1,900	2,000	1,100	-900
Planning and Construction:				
Buildings, Utilities and Other Facilities	300	--	--	--
Subtotal, National Park Service	9,300	9,900	10,400	+500
Bureau of Outdoor Recreation				
Salaries and Expenses (Planning and Research)	20	20	20	--
Geological Survey				
Surveys, Investigations, and Research:				
Alaska pipeline related investigations	287	333	333	--
Topographic surveys and mapping	1,599	1,650	1,700	+50
Geologic and mineral resource surveys and mapping	83,368	89,738	108,739	+19,001
Water resources investigations	20,129	22,475	24,201	+1,726
Conservation of lands and minerals	5,381	5,828	7,403	+1,575
Land information and analysis	8,390	9,818	10,186	+368
National petroleum reserve in Alaska	--	1,000	--	-1,000
Subtotal, Geological Survey	119,154	130,842	152,562	+21,720
Bureau of Mines				
Mines and Minerals:				
Metallurgy	27,022	31,663	25,579	-6,084
Mining	102,873	107,881	105,405	-2,476
Mined land demonstrations	7,550	10,109	4,138	-5,971
Subtotal, Bureau of Mines	137,445	149,653	135,122	-14,531

(In thousands of dollars)

Bureau and Appropriation	FY 1976 Actual	FY 1977 Estimated	FY 1978 Estimated	Incr. or Decrease 1977 vs. 1978
Office of the Secretary				
Salaries and expenses (Special Foreign Currency Program)	1,494	907	1,000	+93
Departmental Operations	1,484	2,233	1,488	-745
Subtotal, Office of the Secretary	2,978	3,140	2,488	-652
TOTAL, DEPARTMENT OF THE INTERIOR (except Reclamation and Power Marketing Agencies)	317,594	337,096	353,846	+16,750

FIRST SUPPLEMENTAL 1977

Agency	Appropriation 1977	Supplemental Request
DEPARTMENT OF THE INTERIOR		
Bureau of Land Management		
Management of Lands and Resources.....	$ 223,829,000	
1. Firefighting and rehabilitation....		$ 35,000,000
2. ANSCA implementation.....		2,400,000
3. Alaska Pet. Reserve study.....		3,855,000
Subtotal.....		41,255,000
Payment in Lieu of Taxes		
1. Implementation costs.....		100,000,000
Subtotal.....		100,000,000
Bureau of Outdoor Recreation		
Salaries and Expenses.....	5,061,000	
1. Urban recreation study.....		1,000,000
Subtotal.....		1,000,000
Land and Water Conservation Fund.....	397,056,000	
1. Bicentennial Land Heritage.....		140,743,000
Subtotal.....		140,743,000
U. S. Fish and Wildlife Service		
Resource Management.....	128,861,000	
1. Bicentennial Land Heritage.....		21,025,000
Subtotal.....		21,025,000
Construction and Anadromous Fish.....	17,211,000	
1. Bicentennial Land Heritage.....		7,000,000
Subtotal.....		7,000,000
Migratory Bird Conservation Account....		
1. Wetlands loan authority.....		10,000,000
Subtotal.....		10,000,000
National Park Service		
Operation of the National Park System..	276,485,000	
1. Bicentennial Land Heritage.....		13,730,000
Subtotal.....		13,730,000
Planning and Construction.....	40,097,000	
1. Bicentennial Land Heritage.....		96,000,000
Subtotal.....		96,000,000
Preservation of Historic Properties....	22,000,000	
1. Tax Reform Act implementation.....		1,500,000
Subtotal.....		1,500,000
Mining Enforcement and Safety Admin.		
Salaries and Expenses.....	93,740,000	
1. Inspector pay costs.....		1,100,000
Subtotal.....		1,100,000
Bureau of Mines		
Mines and Minerals.....	164,465,000	
1. Salt Lake City Research Center.....		5,178,000
Subtotal.....		5,178,000

Agency	Appropriation 1977	Supplemental Request
Bureau of Indian Affairs		
Operation of Indian Programs.....	502,713,000	
1. Services, natural resource development, and trust responsibilities..		10,040,000
Subtotal.....		10,040,000
Office of Territorial Affairs		
Administration of Territories.....	23,846,000	
1. Grants to Virgin Islands and Guam..		19,700,000
Subtotal.....		19,700,000
Trust Territory of the Pacific Islands.	79,077,000	
1. Enewetak rehabilitation and constant dollar adjustment.....		14,444,000
Subtotal.....		14,444,000
Office of the Secretary		
Salaries and Expenses.....	20,620,000	
1. Law of the Sea negotiations.....		277,000
Subtotal.....		277,000
Departmental Operations.....	12,926,000	
1. Pet #4 study.....		730,000
Subtotal.....		730,000
TOTAL, Department of Interior.....		$ 483,722,000
RELATED AGENCIES		
Forest Service		
Forest Protection and Utilization.....	517,492,000	
1. Firefighting and mineral areas.....		207,975,000
Subtotal.....		207,975,000
Construction and Land Acquisition.....	18,016,000	
1. Alpine Lake management.....		234,000
Subtotal.....		234,000
Federal Energy Administration		
Salaries and Expenses.....	150,385,000	
1. EPCA support.....		97,112,000
Subtotal.....		97,112,000
Institute of Museum Services		
Salaries and Expenses.....		
1. Program administration.....		100,000
Subtotal.....		100,000
National Foundation on the Arts and Humanities		
Salaries and Expenses.....	166,000,000	
1. Bicentennial photography project...		5,000,000
Subtotal.....		5,000,000
Matching Grants.....	14,500,000	
1. Challenge grants.....		24,000,000
Subtotal.....		24,000,000
Advisory Council on Historic Preservation		
Salaries and Expenses.....		
1. Council operations.....		320,000
Subtotal.....		320,000

Agency	Appropriation 1977	Supplemental Request
RELATED AGENCIES (Cont.)		
Pennsylvania Avenue Development Corp.		
Salaries and Expenses	$ 1,000,000	
1. Implementation of development plan		$ 29,081,000 a/
Subtotal		29,081,000
TOTAL, Related Agencies		$ 363,822,000
GRAND TOTAL		$ 847,544,000

a/ Includes $25 million in borrowing authority.

INTRODUCTION OF COMMITTEE MEMBERS

Senator BYRD. With that having been said, let me welcome to our subcommittee the new Senator from Arizona, Mr. DeConcini. He will be a fine member of the subcommittee. He will be on time, as you have already seen today. Both he and Mr. Stevens were on time. I was the tardy member.

I want to say that I am grateful for this new member, Mr. DeConcini. He comes from an area of the country that will be very, very interested in this bill and in all of the projects and programs that are funded by it. I know that he will be a tremendous asset to the subcommittee and a man that will greatly assist the chairman and the ranking member in the preparation of the bill.

Let me say also at this time that I express appreciation again, as I have done many times, to the ranking minority member, Mr. Stevens. Mr. Stevens is one of the most able members of the Senate. He is one of the most attentive and able members of this subcommittee, and were it not for him, I doubt that I would be able with my floor duties even to assist in doing the job that has to be done with respect to this appropriation.

Finally, let me thank the capable staff of this subcommittee, because without this staff, of course, it would be impossible for us to perform on schedule and to perform as well and adequately and efficiently as the subcommittee is able to do.

Let me welcome another new member to the committee. Mr. Leahy is not a new member of the Senate as is Mr. DeConcini, but Mr. Leahy is a new addition to this subcommittee. He comes from the State of Vermont. He is a man who knows how to drive on the ice. In the event that we have any more winters like this one, he will be a very capable and attentive and industrious member of this committee. And the Chairman welcomes Pat Leahy to the committee and knows that he will do his share of the work and be on time and will attend the meetings dutifully.

Senator LEAHY. Thank you very much, Mr. Chairman.

WELCOME TO SECRETARY ANDRUS

Senator BYRD. Now, Mr. Secretary, we welcome you before the committee for the first time. We realize that you are now in a very difficult period. I think that we can say the same for ourselves and for the country, but with respect to you in particular, you have barely had an opportunity to get acquainted with your new responsibilities, and the difficult issues have been coming at you hard and fast. But you are a very capable man. You come to the job with the kind of experience, I believe, that will equip you for the complex issues that will confront you.

There has been some lively discussion, we hear, on the topic of certain water projects, along with other problems. And on top of that, we have just received President Carter's budget amendments as they affect this bill. We have had little opportunity to analyze them. It would have been better, perhaps, to delay this particular hearing so that we could all become better acquainted with the budget issues, but this oversite hearing on the departmental budget is an important starting point for the weeks of agency hearings that will

follow and the Appropriation's time table mandated by the Budget Reform Act requires that we begin earlier.

You have taken on a tough job, Mr. Secretary, as I said. I am sure that you have discovered that already. But your reputation for handling tough jobs has preceded you.

I am confident that you are more than equal to the difficult tasks that lie ahead. The committee wishes you well. We stand ready to help you over the big hurdles whenever we can and we will want you to help us over some hurdles, also.

STATEMENT AND BIOGRAPHICAL SKETCH

If you will now be good enough to introduce those with you at the witness table you may then proceed to highlight your statement as you see fit.

Your full prepared statement will be printed in the record along with your biographical sketch.

[The statement and biographical sketch follow:]

STATEMENT OF CECIL D. ANDRUS

Mr. Chairman:

Thank you for this opportunity to discuss the Department of the Interior's fiscal year 1978 budget request. As you know, this is my first appearance before your Subcommittee -- however, I am well aware of the past support this Subcommittee has given the Department in its mission to protect and utilize our Nation's natural resources. This of course includes our role to protect the interests of our Native Americans and Territorial peoples.

As a former Western Governor, I am cognizant of the resources programs operating in my State of Idaho and the relationship of those programs with the Department's budget request.

As I stated in a prior session with the House Committee on Interior and Insular Affairs, the challenge that faces us all is the duty to be good stewards of the land and the resources we have inherited -- and to pass on this heritage to future generations. The challenge that faces me, as Secretary of the Interior, is to make the Department the instrument for good stewardship. With your help I believe this challenge can be met.

I am pleased to take the first step in this direction with you by highlighting some modified requests to the Department's budget presented to you in January. They are:

- an accelerated program of land acquisition, operation and maintenance and development for our National Parks and Wildlife Refuges;

- mineral development impact loans to affected States and local governments to be administered by the Bureau of Land Management; and

- increased funding for the Alaskan National Petroleum Reserve's land use management plan.

Our fiscal year 1978 budget request for the Interior and Related Agencies Appropriations Bill totals $3,501 billion, an increase of $672 million above the amount appropriated for 1977. In addition to the above proposals, but within our total appropriations request, significant increases are included for:

- National Parks and Wildlife Refuges;

- Earthquake Hazards Reduction Program;

- Energy and minerals management, principally for environmental protection in conjunction with Interior leasing operations;

- Implementation of new Federal Land Management Act;

- Accelerating land transfer under the Alaska Native Claims Settlement Act;

- Mine safety enforcement; and

- Indian education and natural resources program on reservations.

Land and Water Resources

The appropriation request for land and water resources activities totals $446 million. Of this amount, the request for the Bureau of Land Management is $425 million, an increase of $132 million over 1977. Changes in the budget are primarily targeted at implementation of major new legislation passed in the Second Session of the 94th Congress.

Major changes are:

-- $100 million is requested for payments to counties in lieu of taxes for Federal lands administered by the Bureau, the National Park Service, and the Forest Service;

-- $40 million for mineral development impact loans which is subject to enactment of new legislation;

-- second year requirements for Federal coal leasing activities in conformance with the recently enacted Federal Coal Leasing Amendment Act;

-- implementation of provisions of the Federal Land Policy and Management Act of 1976; the comprehensive new legislation for multiple use management on the public lands; and

-- implementing the Alaska Native Claims Settlement Act Amendments of 1976 and reducing the current backlog of claims act work.

Aside from budget changes related to new legislation, the budget contains an increase for automation of vast amounts of resource inventory and land status information currently being maintained by manual procedures. The Bureau of Land Management's budget structure proposes to establish a new appropriation to use appropriated receipts for rights-of-way application processing and monitoring activities including monitoring operational activities of the Trans-Alaska Pipeline.

Interior is requesting an appropriation of $21.1 million for the Office of Water Research and Technology, an increase of $2.1 million over 1977. The increase includes additional funds to State water research institutes, matching grants to institutes and water resources research.

The major increase is in water resources research and reflects reinstatement of the Water Research Act Title II program that was discontinued in fiscal year 1977 because funds were neither authorized nor appropriated. This research activity, authorized under Title II of the Water Resources Research Act of 1964, expired at the end of the transition quarter. The 94th Congress did not renew this authorization.

The 1978 budget assumes enactment of legislation to continue water resources research and saline water conversion activities. Approximately $8 million in these program activities need authorizing legislation for 1978.

Fish and Wildlife and Parks

The appropriation request for the Fish and Wildlife Service, the National Park Service, and the Bureau of Outdoor Recreation totals $1.384 billion.

Funding at the newly authorized level of $600 million is proposed for the Land and Water Conservation Fund program which is administered by the Bureau of Outdoor Recreation. This proposal would provide:

-- $351.6 million for matching grants to States for outdoor recreation planning, land acquisition and facilities development;

-- $239.1 million for Federal land acquisition, including $143 for National Parks, $64 million for National Forests, $30 million for wildlife refuges, and $2.1 million for scenic rivers administered by the Bureau of Land Management.

Line item funding is provided for acquisition of 62 important Federal areas including Big Cypress, Indiana Dunes, Gulf Islands Great Dismal Swamp, Congaree National Monument, Alpine Lakes and Rogue River, and for endangered species.

Appropriations requested for the National Park Service total $556 million. This represents an increase of $170 million over 1977 and is summarized as follows:

-- $29.3 million for operation of the park system;

-- $19.9 million for preservation of historic properties;

-- $119.8 million for construction; and

-- $0.7 million for the John F. Kennedy Center.

In addition, 1977 supplementals have been requested for the National Park Service in the amount of $13 million to upgrade park operations and $96 million as the first installment on a 5-year program to upgrade facilities in our Nation's parks.

A major increase for National Park System operations is the additional $11 million requested to further upgrade the cyclic maintenance program for park facilities. The 1978 construction program includes $91 million as the second year funding for the 5-year development program. The proposed budget also includes $35 million to be appropriated from the newly-created Historic Preservation Fund for Historic Preservation grants-in-aid to States.

The appropriation request for the Fish and Wildlife Service for fiscal year 1978 is $221.5 million. This represents an increase of $67.2 million over 1977 and can be summarized as follows:

-- $35.6 million increase in the resource management appropriation;

-- $25.4 million increase for construction; and

-- $6 million increase for the wetlands acquisition program.

In addition, 1977 supplementals have been requested for the Fish and Wildlife Service as follows:

-- $7 million for refuge operations;

-- $10 million for the Service's environmental programs;

-- $3 million for Endangered Species grants-in-aid to States;

-- $7 million for refuge construction and rehabilitation; and

-- $10 million for the wetlands acquisition program.

Second year funding for these programs has been included in the 1978 request at the same level as 1977, with the exception of the refuge construction program which increase to $30 million in 1978. Other operating increases for 1978 are requested in the amount of $14.6 million for refuges, hatcheries, research stations, endangered species and biological services.

Energy and Minerals

The appropriation request for our geologic, mineral resource and mine safety programs total $620 million, an increase of $41 million.

Of that amount $353.6 million is for the Geological Survey, an increase of $38.2 million above 1977.

This budget request provides for substantial acceleration of the Survey's program in earthquake hazard reduction. Substantial increases are also provided to address critical needs for new topographic mapping and to modernize the Survey's mapmaking capability.

In other areas, the budget request provides for increased efforts in the assessment of the quality and quantity of coal resources on Federal lands, the acceleration of mineral resource appraisals, and the assessment of potential geological hazards to nuclear reactors in the eastern part of the country.

Under the Survey's program for the collection and dissemination of water data, the request provides for expansion of the National Streams Quality Accounting Network, measurement of the hydrologic impacts of the burial of low-level radioactive waste, increased efforts in the appraisal of hydrologic impacts on coal development, the initiation of a comprehensive joint Federal and State effort to acquire data on water use and the expansion of the National Water Data Exchange.

The fiscal year 1978 request provides for funding to respond to the increased workload associated with the development of oil and gas resources in the Outer Continental Shelf and coal on Federal lands and to initiate a program to ascertain the risks associated with OCS oil and gas development in areas where earthquake potential or unstable sea bottom conditions pose a threat to safety and protection of the environment.

Additionally, $209.5 million of new appropriations under Funds Appropriated to the President to continue the exploration programs in the National Petroleum Reserve in Alaska, initiated by the Navy, will be transferred to the Department on June 1, 1977.

The request for the National Petroleum Reserve in Alaska will provide for the continuation of the program which was designed and initiated by the Department of the Navy. This program will assess the oil and gas resources in the Petroleum Reserve, continue the supply of natural gas to native communities and Federal installations in and around Point Barrow, Alaska, and continue the program of environmental restoration in the Petroleum Reserve by collecting and disposing of materials which are the residue of previous exploration efforts.

The appropriation request for the Bureau of Mines is $160.5 million, a net decrease of $6 million below the 1977 level of funding. We are proposing high priority increases in selected areas which are more than offset by decreases in other areas and reductions for non-recurring and completed projects.

One important area of effort in which we seek an increase is in metallurgical processing research to develop ways to increase recovery of critical strategic minerals such as chromium, nickel, cobalt, and platinum. Other funding increases are requested for automating and otherwise improving our data collecting and analysis activities to strengthen our information base on critical and strategic minerals.

Other important increases include funds to expand mineral assessments on public lands and to initiate a program of upgrading Bureau facilities to improve health and safety protection of the Bureaus' work force. Non-recurring and completed projects total more than $8 million including $2.8 million for relocating the College Park Metallurgy Research Center and $5 million for projects and demonstrations in the anthracite area.

We are reducing the scope of the oil shale mining program and reorienting research on control of potentially toxic elements in minerals processing operations. Mine health and safety research will continue at about the same level as will research on coal extraction although we shall be giving greater emphasis to coal preparation within current resources.

The 1978 budget for the Department includes an appropriation request of $105.8 million for the Mining Enforcement and Safety Administration, an increase of $8.7 million over the 1977 allocation. This increase contains $4 million and 103 positions for expanded health and safety initiatives aimed toward improving the working environment of the Nation's miners.

Increased funding is being devoted to programs that will improve the working environment of our Nation's miners. This includes computerizing the handling of dust sampling data and to place greater emphasis on the control of respirable coal dust through effective dust control plans. In the metal/nonmetal areas the current comprehensive health inspection program will be expanded to about 1,000 targeted high-risk operations.

Other program increases are scheduled for the metal/nonmetal accident prevention program and for specialized assistance in

developing corrective measures to health and safety problems identified during the enforcement process.

Indian Affairs

The 1978 request for the Bureau of Indian Affairs totals $891.2 million and represents an increase of $48.1 million over 1977. Increases are included for most Indian programs except for the Alaska Native Fund and the Indian Loan Guaranty and Insurance Fund. The Alaska Native Fund request of $30 million is in accordance with the schedule set forth in the Alaska Natives Claims Settlement Act. The appropriation authorization for the Indian Loan Guaranty and Insurance Fund expired with the 1977 fiscal year; however, guaranteed and insured loans will be financed from available fund balances in fiscal year 1978.

Of major significance in this year's budget for the Bureau of Indian Affairs is the emphasis placed on accelerating the construction and rehabilitation of high priority irrigation systems. We are requesting $44.4 million for this purpose of which $25 million is for continuing work on the Navajo Indian Irrigation Project. This development of water supplies and distribution systems is critical since on many reservations irrigated farming is the basic, and in some cases, the only economic industry.

Another item of similar nature is the request of $7.6 million for the minerals and mining area. The requested amount represents an increase of $6.4 million over last year which will be used to initiate and complete an inventory of mineral resources at many locations. With this information tribes will then be in a position to begin development, production and marketing of their available mineral resources which will have the dual effect of stimulating Indian employment and tribal income at the local level and of reducing the vital need for energy supplies at the National level.

There are several other highlights of the Indian budget which are also noteworthy: an increase for Indian Education; a construction program for schools andother facilities; and for construction of public schools as authorized by P.L. 93-638.

Territories

The appropriation request for Territorial activities is $107.6 million, an increase of about $4.5 million from 1977. Most of the increase stems from an increased funding for grants to the Government of the Trust Territory, increased funding for grants to the Government of the Northern Mariana Islands, and an increase for the Government of the Trust Territory, Federal Comptroller's Office. These increases are partially offset by decreases for American Samoa and for the Guam Economic Development Fund.

Principal items included in the 1978 request are $73.1 million for the Trust Territory of the Pacific Islands Government, $13.5 million for the Northern Mariana Islands Government and $21.0 million for American Samoa and the Guam Economic Development Fund.

Mr. Chairman, that concludes my prepared remarks. I will be happy to attempt to answer any questions you may have.

Biographical Sketch of

CECIL D. ANDRUS
Secretary of the Interior

Cecil D. Andrus, a former Governor of Idaho who was re-elected in 1974 to a second term by the largest margin in the State's history, was sworn into office as the 42nd Secretary of the Interior January 23, 1977, following unanimous confirmation for that position by the United States Senate January 20, 1977.

Andrus brings to the Department of the Interior a strong concern for the environment and a pledge that the quality of life will not be sacrificed to economic development.

Born in Hood River, Oregon, August 25, 1931, to Hal and Dorothy Andrus, Secretary Andrus grew up on a farm in logging country. He worked in the woods and sawmills, fished and hunted Idaho's streams and forests during all his growing years.

Following a year at Oregon State University, the Secretary served in the Navy during the Korean War, then returned with his wife, Carol, to Orofino, Idaho, to make his home. They have three daughters, Tana, Tracy, and Kelly.

Elected as a State Senator at the age of 29 from Clearwater County, Andrus' career always has been characterized by strong support for education, a sense a fiscal responsibility, and work for legislation in the fields of conservation, social services, business, and agriculture. He was re-elected to three successive terms to the Idaho Senate.

In 1970, he was elected Governor of Idaho and his first term saw the delivery of improved people services close to their home. An Executive Reorganization measure he spearheaded in 1972 streamlined the State bureauracy from 270 agencies, boards, and commissions to 19 State departments.

As Governor of Idaho, Andrus worked diligently and constructively within the limitations of the natural environment in achieving economic objectives. He has been a strong advocate of locally controlled, State-assisted land use planning.

He strongly supported regional approaches to the delivery of health services, better funding of education by the State, and fiscal solvency. During his years as Governor, he kept the State in a financially sound position with no debts and no encumbrances carried over into new fiscal years. Under his leadership, a three-mill reduction in property taxes was effected in 1973 and a State surplus in 1974 turned into an additional four-mill reduction.

Re-elected to a second term as Governor November 5, 1974, Andrus garnered 71 percent of the gubernatorial vote. In his second inaugural address, Andrus declared: "Conservation is no longer a pious ideal, it is an element of our survival."

As a freshman Governor he was named to the Executive Committee of the National Governors' Conference (1971-72). He served as Chairman of the Rocky Mountain Federation of States from 1970 to 1972, and through that organization brought an education satellite into use to aid remote Idaho communities. He was elected Chairman of the National Governors' Conference in 1976, and resigned upon being nominated Secretary of the Interior.

INTRODUCTION OF ASSOCIATES

Secretary ANDRUS. Mr. Chairman and distinguished members of the committee, I would like to express my appreciation to you, Mr. Chairman, for articulating the difficult times that I seem to have strolled into in the last month.

I am not asking for any relief or making any excuses, but I appreciate the recognition that you have given. It made it somewhat difficult—that and the procurement and the confirmation of some of the other members of the policy team in the department—to achieve all of the things I would like to over the short period of time in preparation.

Therefore, I have brought with me three of the dedicated members of the staff of the Department of the Interior whom I have asked to help me this morning with some of the numbers we will be discussing.

On my far right is Dr. Ross. On my immediate right is Mr. Hite. On my immediate left is Mr. Wiles.

I think that these three people are known to the members of this committee and with your permission, from time to time if I do not have the answer on the tip of my tongue I would like to defer to them.

Senator BYRD. Certainly. Mr. Secretary, if I might, at this time, I would like to call on my very dear friend and ranking member, Senator Stevens, for any comments that he may wish to make at this point prior to your proceeding with your statement.

COMMENTS OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman. I thank you, too, for your gracious remarks.

Mr. Secretary, I welcome you here. I am reminded of the former Governor from my State who also sat in that chair from time to time. He came in under rather stormy circumstances but not the same kind of stormy circumstances as you have had.

We do look forward to working with you. I think it is going to be a very interesting period as we go through the whole process of reorganization which the President has the right to propose. I am sure we will try to expedite their consideration in the Congress.

In the course of it, I want you to know that I am convinced that you will have bipartisan support on achieving your goals as Secretary. And this committee in particular, I am certain, will do everything we can to assure that you have the funds that we can both agree upon that you need to meet the goals that have been set by Congress and by the President for the administration of the Department of Interior.

I have a long association, as I told you, with the Department of the Interior. I think this is one of the great pleasures in my life to sit up here and serve with my good friend from West Virginia in reviewing the budgets of the Department that I have had so much connection with in the past.

So, I welcome you here and your colleagues. I look forward to being able to work with you in the years ahead.

Thank you, Mr. Chairman.

Senator BYRD. Thank you, Mr. Stevens.

OUTLOOK OF THE SECRETARY

Secretary ANDRUS. Mr. Chairman and Senator Stevens, I appreciate those comments. Although you and I don't know one another well, I get the universal reaction from everyone I ask that he is a fair man and a man who does his homework, as the chairman pointed out in the opening remarks.

I appreciate your kindness. The activities will be strenuous, but I think the Department is up to it and I am confident that the Congress is.

So, Mr. Chairman, if I may, I will just use a brief version of the comments that you will put into the record.

I would like to say that we are pleased to be here. As a former Governor, I am very familiar with the work that this committee has done in the Department of the Interior to make available the funding that can help us in a way that you and your colleagues have mentioned here this morning.

Senator BYRD. Thank you, Governor. If you would get just a little closer to the microphone. I believe visitors in the audience might be able to hear you better.

Secretary ANDRUS. Thank you, Mr. Chairman. If that is more convenient.

As I stated in a prior session with the House Committee on Interior and Insular Affairs, the challenge that faces all of us is the duty to be good stewards of the land and the resources that we have inherited and to pass on this heritage to future generations.

The challenge that faces me as Secretary of the Interior is to make the Department the instrument for good stewardship, and with your help I believe we can meet this challenge.

FISCAL YEAR 1978 BUDGET REQUEST

I am pleased to take the first step in this direction by highlighting some modified requests in the Department's budget that was presented to you in January. They are an accelerated program of land acquisition, operation, and maintenance and development for our national parks and wildlife refuges; mineral development impact loans to affected States and local governments to be administered by the Bureau of Land Management; and increased funding for the Alaskan National Petroleum Reserve's land use management plan.

Our fiscal year 1978 budget request for the Interior and Related Agencies appropriations bill totals $3.501 billion, an increase of $672 million above the amont appropriated for fiscal year 1977.

In addition to the above proposals, but within our total appropriations request, significant increases are included for: national parks and wildlife refuges; earthquake hazards reduction program; energy and minerals management, principally for environmental protection in conjunction with Interior leasing operations; implementation of the new Federal Land Management Act; accelerating land transfer under the Alaska Native Claims Settlement Act; mine safety enforcement; and Indian education and natural resources program on reservations.

To highlight where this money has increased, let me say that the appropriation request for land and water resources totals, $446 million. The request for the Bureau of Land Management is $425 million, an increase of $132 million over the request for fiscal year 1977.

The major increases include increased capability for coal and OCS programs, Alaskan Native land transfer, recreation development, including wilderness review and study and California desert vista management, and payment in lieu of taxes to States and localities for Federal lands. This is a new program and $100 million for each fiscal year 1977 to 1978.

We are requesting an appropriation of $21.1 million for the Office of Water Research and Technology. It is an increase of $2.1 million over that amount available for fiscal year 1977.

The major increase will increase the funding to the State institutes, improve water resource research by restoring title II authority and its claims.

FISH AND WILDLIFE AND PARKS

The appropriations request for the Fish and Wildlife and Parks area totals $1.384 billion. The Bureau of Outdoor Recreation request would fully fund the land and water conservation fund at the $600 million level.

Line item funding is provided for acquisition of 62 important Federal areas including Big Cypress, Indiana Dunes, Gulf Islands, Great Dismal Swamp, Congaree Swamp National Monument, Alpine Lakes and Rogue River, and for endangered species.

Appropriations requested for the National Park Service total $556 million. This represents an increase of $170 million over 1977 and is summarized as follows: $29.3 million for operation of the park system; $19.9 million for preservation of historic properties; $119.8 million for construction; and $0.7 million for the John F. Kennedy Center.

In addition, 1977 supplementals have been requested for the National Park Service in the amount of $13 million to upgrade park operations and $96 million as the first installment on a 5-year program to upgrade facilities in our Nation's parks.

A major increase for National Park System operations is the additional $11 million requested to further upgrade the cyclic maintenance program for park facilities. The 1978 construction program includes $91 million as the second year funding for the 5-year development program.

The proposed budget also includes $35 million to be appropriated from the newly-created historic preservation fund for historic preservation grants-in-aid to States.

The appropriation request for the Fish and Wildlife Service for fiscal year 1978 is $221.5 million. This represents an increase of $67.2 million over 1977 and can be summarized as follows: $35.6 million increase in the resource management appropriation; $25.4 million increase for construction; and $6 million increase for the wetlands acquisition program.

In addition, 1977 supplementals have been requested for the Fish and Wildlife Service as follows: $7 million for refuge operations; $10 million for the Service's environmental programs; $3 million for endangered species grants-in-aid to States; $7 million for refuge construction and rehabilitation; and $10 million for the wetlands acquisition program.

Second year funding for these programs has been included in the 1978 request at the same level as 1977, with the exception of the refuge construction program which increases to $30 million in 1978.

Other operating increases for 1978 are requested in the amount of $14.6 million for refuges, hatcheries, research stations, endangered species and biological services.

ENERGY AND MINERALS

The appropriation request for our geologic, mineral resource, and mine safety programs total $620 million, an increase of $41 million.

Of that amount $353.6 million is for the Geological Survey, an increase of $38.2 million above 1977.

This budget request provides for substantial acceleration of the Survey's program in earthquake hazard reduction. Substantial increases are also provided to address critical needs for new topographic mapping and to modernize the Survey's mapmaking capability.

In other areas, the budget request provides for increased efforts in the assessment of the quality and quantity of coal resources on Federal lands, the acceleration of mineral resource appraisals, and the assessment of potential geological hazards to nuclear reactors in the eastern part of the country.

Under the Survey's program for the collection and dissemination of water data, the request provides for expansion of the national streams quality accounting network, measurement of the hydrologic impacts of the burial of low-level radioactive waste, increased efforts in the appraisal of hydrologic impacts on coal development, the initiation of a comprehensive joint Federal and State effort to acquire data on water use and the expansion of the national water data exchange.

The fiscal year 1978 request provides for funding to respond to the increased workload associated with the development of oil and gas resources in the Outer Continental Shelf and coal on Federal lands and to initiate a program to ascertain the risks associated with OCS oil and gas development in areas where earthquake potential or unstable sea bottom conditions pose a threat to safety and protection of the environment.

Additionally, $209.5 million of new appropriations under funds appropriated to the President to continue the exploration programs in the National Petroleum Reserve in Alaska, initiated by the Navy, will be transferred to the Department on June 1, 1977.

The appropriation request for the Bureau of Mines is $160.5 million, a net decrease of $6 million below the 1977 level of funding. We are proposing high priority increases in selected areas which are more than offset by decreases in other areas and reductions for nonrecurring and completed projects.

One important area of effort in which we seek an increase is in metallurgial processing research to develop ways to increase recovery of critical strategic minerals such as chromium, nickel, cobalt, and platinum. Other funding increases are requested for automating and otherwise improving our data collecting and analysis activities to strengthen our information base on critical and strategic minerals.

Other important increases include funds to expand mineral assessments on public lands and to initiate a program of upgrading Bureau facilities to improve health and safety protection of the Bureaus' work force.

Nonrecurring and completed projects total more than $8 million including $2.8 million for relocating the College Park Metallurgy Research Center and $5 million for projects and demonstrations in the anthracite area.

The 1978 budget for the Department includes an appropriation request of $105.8 million for the Mining Enforcement and Safety Administration, an increase of $8.7 million over the 1977 allocation. This increase contains $4 million and 103 positions for expanded health and safety initiatives aimed toward improving the working environment of the Nation's miners.

INDIANS AND TERRITORIES

The 1978 request for the Bureau of Indian Affairs totals $891.2 million and represents an increase of $48.1 million over 1977. Increases are included for most Indian programs except for the Alaska Native fund and the Indian loan guaranty and insurance fund.

The Alaska Native fund request of $30 million is in accordance with the schedule set forth in the Alaska Natives Claims Settlement Act. The appropriation authorization for the Indian loan guaranty and insurance fund expired with the 1977 fiscal year; however, guaranteed and insured loans will be financed from available fund balances in fiscal year 1978.

Of major significance in this year's budget for the Bureau of Indian Affairs is the emphasis placed on accelerating the construction and rehabilitation of high priority irrigation systems. We are requesting $44.4 million for this purpose of which $25 million is for continuing work on the Navajo Indian irrigation project.

This development of water supplies and distribution systems is critical since on many reservations irrigated farming is the basic, and in some cases, the only economic industry.

The appropriation request for Territorial activities is $107.6 million, an increase of about $4.5 million from 1977. Most of the increase stems from an increased funding for grants to the government of the Trust Territory, increased funding for grants to the government of the Northern Mariana Islands, and an increase for the government of the Trust Territory and the Federal Comptroller's Office.

These increases are partially offset by decreases for American Samoa and for the Guam economic development fund.

Principal items included in the 1978 request are $73.1 million for the Trust Territory of the Pacific Islands government, $13.5 million for the Northern Mariana Islands government and $21 million for American Samoa and the Guam economic development fund.

That is a highlight, Mr. Chairman. I remind you that our increase is $672 million over 1977 appropriations and I think we have outlined where the majority of those increases will be. We will be happy to respond to any questions that you or your colleagues have.

MAGNITUDE OF FY 1978 INCREASES

Senator BYRD. The Interior budget before this committee represents significant spending increases. If we include the funds that will go to Interior for the Alaska Petroleum Reserve, we are talking about a jump of nearly $880 million over appropriations to date for 1977.

We recognize that new programs are involved, but that kind of an increase, about 31 percent, certainly deserves some scrutiny.

Based on your admittedly short experience, Mr. Secretary, do you believe that that kind of spending increase is essential and that it can be obligated effectively by the Department?

Secretary ANDRUS. Mr. Chairman, I do, when we take into consideration the increase in programs that have been put forth. For example, the $100 million in lieu of tax program, the Land Heritage program and full funding for the land and water conservation fund. Those are the major components of the $672 plus the one that you mentioned.

IMPORTANCE OF NEW PROGRAMS IN FISCAL YEAR 1978

Senator BYRD. There are many new initiatives and major program expansions in the 1978 budget, including $184 million worth added by your administration. Which of these major increases do you consider most essential?

Secretary ANDRUS. Mr. Chairman, that is a difficult question. We would first have to follow the mandate of the Congress with regard to where we will spend these moneys and then we move into an area of the priorities. I think that basically we would have to look at improving the maintenance and operation of existing facilities that are under our charge after we have met the new mandates that Congress has set for top priority.

Senator BYRD. Two programs alone, the land and water conservation fund and payments to States in lieu of taxes, account for almost half of the total increase. What priority do you assign to these increases and how essential do you consider them to be?

Secretary ANDRUS. Mr. Chairman, the increase with regard to the payment in lieu of taxes to the States is one that I really don't feel that we have any choice. I do agree with it philosophically myself. With reference to the increase in the Land Heritage program and certainly the land and water conservation fund, I think those should be high priority because this enables some of the local communities and States to develop some of the necessary parks and recreational components that they have desired for years.

NEW PERSONNEL

Senator BYRD. The dollar increases that are proposed for 1978 also carry substantial personnel growth, close to 2,000 new permanent positions under the Carter revisions. Have you been able to examine the budget in enough detail to make a judgment on the need for that kind of Federal employment rise?

Secretary ANDRUS. Mr. Chairman, with regard to that, the largest component of that is the new personnel in the parks. The National Park Service has for years, in my opinion, been shorted with reference to the additional responsibilities that have been directed to them.

They have not been given the increase in manpower money to keep up. So, therefore, some of the maintenance and operation money has suffered.

The big increase in that regard is basically attributable to that, but I think we have about 600—in the wildlife refuges, if my memory serves me, 3 years ago where the cut was made in manpower and we are going to bring those back up to a level of competency and improvement in employment. And the personnel is needed.

CONTRACTING COSTS

Senator BYRD. The committee has some concern over the growth of contracting particularly in a budget that features Federal employment expansion. It would be helpful if you could have your people work up the figures for total contracting costs by the Department for activities funded in this bill for the past 5 years and estimated for fiscal 1978.

Would you do that?

Secretary ANDRUS. Yes. We will supply that for the record.

[The information follows:]

Total of contracting costs (other services) for activities in the Interior bill and estimated for 1978 and the past 5 years is shown below:

[In thousands of dollars]

Fiscal year:	
1973	232,580
1974	290,330
1975	392,199
1976	487,093
1977 estimated	545,223
1978 estimated	584,193

TEMPORARY EMPLOYMENT

Senator BYRD. With this kind of employment increase that you have just alluded to, could we expect to see a reduction in the growth of contracting with private concerns for the many studies and services?

Secretary ANDRUS. Mr. Chairman, it would be my intention to do just that, but I think that I should mention one other item to you and to this committee that came as a shock to me when I started delving into the same figures that you are delving into. We have many thousands of employees in the Department of Interior that are classified as temporary employees, when, in fact, Senator, they have been working there for years and years.

That is a new wrinkle to me as to how you get over—I suppose that it was done in past administrations—to get around the number ceiling of employees that are available. But if you will look closely at the Department of the Interior you will find that people will work for 50 weeks and then take 2-week vacations right at the crucial time of the numbers count. Then they come back onboard and are not counted. They are considered temporary employees.

Mr. Chairman, they are obviously permanent employees and I would like to work with you and Members of Congress to correct that so that we do have a list of true, permanent employees.

Senator BYRD. All right. Why don't you supply to the committee the number of temporary employees and indicate the length of time as best you can, the general length of time that the so-called temporary employees have been permanently employed and indicate to the committee what you are going to do about it, what you recommend be done about it.

Secretary ANDRUS. Mr. Chairman, we will present that to you and I will tell you in advance my thinking.

[The information follows:]

As of December 31, 1976, the Department of the Interior employed a total of approximately 9,200 persons in positions counted as less than full-time permanent but which are, in actuality, nearly full-time permanent in nature. The breakdown of these positions is as follows:

Temporary appointments in continuing positions	1,100
Part-time positions working at least 35 hours per week	3,000
Career seasonal and intermittent positions working at least 10 months per year	5,100
Total	9,200

The seasonal nature of many of our operations in National Parks, Wildlife refuges, Indian schools, and public lands is responsible for many of these positions. Additionally, increasing numbers of employees are finding part-time work to be to their advantage. In many cases, particularly among the career seasonal and part-time workers, their average length of service is little different than that of the full-time permanent work force.

The present system of counting full-time permanent employment excludes these positions. By Departmental policy we endeavor to provide maximum allowable Federal career service benefits to these employees. Nonetheless, in many cases serious administrative and managerial difficulties are created by the inflexibilities inherent in the system. Because of ceiling constraints, we are unable to utilize administrative flexibility in assigning tours of duty to seasonal and part-time employees.

We believe that ceilings can be a useful management tool and therefore do not recommend their abolishment. However, we do recommend that ceilings must be established in a meaningful relationship to work that must be done.

Secretary ANDRUS. I think we have to fess up to it and ask for the increase in ceiling. It is really there anyway. So if we don't use subterfuge to account for this, I think our Department has been guilty of that in the past.

Senator BYRD. Yes, Mr. Stevens.

Senator STEVENS. Could we also have the areas in which they have been employed? I suspect that it is the National Park Service employment problem with the arbitrary ceiling that was imposed on them. We tried to relieve that last year, but I congratulate you on facing up to the problem. I think the ceiling has been arbitrarily low.

Secretary ANDRUS. Mr. Chairman and Mr. Stevens, that is one of the large parts, but it is certainly not the only part. In the Park Service there is a temporary employee list there that follows a different time sequence.

But these that I am referring to who are really full time that we classify as temporary, I want to clear that up in the initial days of this administration so that we are leveling with you and the American people as to how many employees we really have.

Senator BYRD. You will be doing a service, Mr. Secretary. I congratulate you on candidly divesting yourself of this point. I think you ought to take action and see what the realities of the situation are.

We will be monitoring this with you to see what actions are taken. We will appreciate your supplying this committee with full information in connection with the present situation and the progress that is made in eliminating this kind of subterfuge in the days ahead.

FISCAL YEAR 1978 RECEIPTS

Now the receipts estimated by the Department for activities under this bill total nearly $4.3 billion, the bulk of them from the Outer Continental Shelf. This is about $702 million over 1977 estimates.

In recent years these estimates have proven to be wide of the mark, particularly on the OCS. In view of recent developments, how accurate do you believe the 1978 estimates to be?

Secretary ANDRUS. Mr. Chairman, until a decision is made on the Atlantic lease that the judge handed down the order on last week—we hope that decision will be made the first of next week—I can't really answer that question. But I would be happy to supply it to you in detail as to the accuracy after that decision is made on the appeal.

[The information follows:]

There is no reason at this time to revise fiscal year 1978 OCS receipt estimates. The tentative dates for sales in that fiscal year have not been changed. We also have not developed any new models for forecasting receipts.

CANCELLATION OF LEASES

Senator STEVENS. Is that limited to the Atlantic lease, Mr. Secretary? We do have that decision pending on your cancellation on the Lower Cook Inlet lease in the Gulf of Alaska.

I share the chairman's pessimism about the estimate of receipts in view of the leasing schedule that I have seen—have you revised at all the receipts scheduled for the budget for OMB?

Secretary ANDRUS. No, sir, Mr. Chairman, or Senator, we have not because that Lower Cook Inlet sale was a postponement and could well be sold within the fiscal year. The Atlantic sale, the decision has to be made on the appeal so neither one of those have come to final decision within the areas of the current fiscal year to tell whether they are going to have impact upon us.

Senator STEVENS. The staff has given me the release cancelling the general Pacific sale, too. In view of this, that means all three of the scheduled leased sales are currently suspended.

Secretary ANDRUS. Yes, sir.

Senator STEVENS. Well, then, how firm really is this estimate that we have for 1977?

Secretary ANDRUS. Mr. Chairman, two things, again. The Lower Cook Inlet sale was not a cancellation. It was a postponement. The west coast sale off the coast of Washington and Oregon and California, we set those dates back. The Atlantic one, again, the judge's order we are reviewing right now. So the projections could still be accurate if we get these into this fiscal year.

But, again, if they are not, I would have to concur with what you said, that the anticipated receipts would be less than that. I think—I will have to check it with my staff—but I think that the decision making process will be completed——

Senator STEVENS. I take it you have a thorough ongoing review of the OCS leasing policies. Could you tell us what your timetable is for that overall review?

Secretary ANDRUS. Senator, we established a timetable of 90 days to establish the criteria on the sales of the Outer Continental Shelf. When I walked into that office about the 21st of January I could not get the answers to some of my questions such as trajectory of currents in the Lower Cook Inlet. Where were the crab beds? What would be the time element if we had a spill? Questions like that. I was not willing to proceed with a sale where I had not been involved in the establishment of the criteria. That is why that action was taken.

Basically the same thing on the western front. Of course, the judge's decision on the Atlantic sale was something that we were not involved in, but we are shooting for the 90-day time limit to make the determination on those sales. We might even be faced with a modification of one sale, Mr. Chairman.

OCS SUIT AGAINST THE DEPARTMENT

Senator STEVENS. I think you should know that one of the first things that happened to the new Secretary is that he was sued by some Alaskans on the OCS decision that was made by his predecessor. He was kind enough to call and ask if we had registered any opinion as to that sale with his predecessor.

The Secretary might want to know that I have been sort of criticized at home because I defended the decision that you ought to have time to review that OCS program and to make it your own, so if you are going to get sued, it is on the basis of your own decision and not somebody else's.

I really think that you have approached the OCS leasing pattern systematically.

However, I think the Congress and the Department have been trying to accelerate the OCS leasing program in the past year. So that would be my last question to you: have you developed a policy as far as the OCS is concerned in terms of goals? Do you have the same goals as your predecessors or that Congress has enunciated in the past? Or should we anticipate a reduction in the OCS leasing activity?

Secretary ANDRUS. Senator, we have not established the goals with reference to the revenue that should be derived. That would have to be done in consort with the Office of Management and Budget and the Secretary of the Treasury.

What I was concerned with initially was the environmental impact. I would also have to comment because we are involved in it also, that the amendments to the 1953 Outer Continental Shelf Act being prepared in Congress—the bill number is S. 9.—at least from your committee will have impact on those sales and I would hope that those decisions could be reached before we start into any long-range projections of revenue.

Senator STEVENS. I concur in that. And I thank you, Mr. Chairman. I would hope that S. 9 will be reviewed as a bill that has future implications and would not interfere with sales that are currently

under consideration except for the Atlantic sale. I think that you have a very difficult problem with that court decision, as we understand it.

But we could go ahead in the Pacific and offshore Alaska, with proper consultation with the State governments, and I thank you for that. I think our Governor expressed to me also his appreciation of your attitudes toward working with the State in terms of OCS activity.

Mr. Chairman, 70 percent of the OCS is off Alaska, so you are going to be a very frequent visitor up our way, Mr. Secretary. I appreciate your answers.

I think the problem really, in terms of this committee, is where we are going to come out in terms of receipts and policies.

Thank you, Mr. Chairman.

Senator BYRD. Mr. Leahy.

COST OF ENVIRONMENTAL IMPACT STATEMENTS

Senator LEAHY. Thank you, Mr. Chairman.

Referring to the leases and the previous questions of the chairman and Senator Stevens, Mr. Secretary, roughly how much has been spent to date on environmental impact statements on those leases? How much additional money will be needed to satisfy the EIS requirements?

Secretary ANDRUS. Mr. Chairman, in response, Senator, we can supply that for the record. I do not have it.

Senator LEAHY. If we could have it for the record, that would be helpful.

[The information follows:]

COSTS OF MID-ATLANTIC EIS

The Bureau of Land Management estimates that approximately $600,000 was spent in preparing the environmental impact statement for the Mid-Atlantic Sale 40. BLM further estimates that approximately $750,000 additional funding would be required to satisfy requirements discussed in the Court decision. Major components of the additional funding would be consideration of onshore rights-of-way and facility siting and a contract to develop a cost/benefit analysis.

Senator LEAHY. I wonder if because of the offshore court decision, and the go-slow approach to future leasing of the property, you would not need all of those requested funds for OCS leasing operations in fiscal year 1978. That may also be something you would want to supply for the record.

Feel free to answer it, if you prefer.

Secretary ANDRUS. We can supply that for the record or I might turn to the staff and they could supply it for you now.

But, Senator, I think in all fairness that we have to point out that in my opinion that not all of the EIS statements that have been made in the past years have been what you would refer to as a quality statement, in my opinion. They have been improving. They have done a better job as our capability increases.

But I think that we would have to—the direct answer to your question would have to be supplied for the record, if I may.

[The information follows:]

No decisions to date would result in a reduced OCS appropriations request for fiscal year 1978. Even though sales currently scheduled for fiscal year 1978 may not be held in that year greater emphasis will be placed on preparation of quality environmental, socio-economic and technological analyses which will necessitate the same level of OCS appropriations.

GAS PRODUCTION STUDY

Senator LEAHY. Do you think that it would be safe to say it is a matter of great national interest, the production of natural gas from OCS lines? Are you planning a more extensive probe on gas production?

Secretary ANDRUS. Mr. Chairman, and Senator, we are involved in data gathering presently to go through as many of the additional fields in the Gulf that we can and into other fields at the same time to determine the availability of gas that can be brought on line during this calendar year to replenish the onshore storage and to make additional gas supplies available for next winter. That part of it is in its infancy.

Our original look, which admittedly was an 11-day period of time, gave us some indicators. It gave us probably more questions than answers. It led me to a decision that we should look at it in more depth and in more fields.

Yes, sir. We are commencing with that now.

Senator LEAHY. We will be looking into whether that increases our holding pattern in gas production.

Secretary ANDRUS. Yes, sir. But the thrust will be for us to look at what we will do to improve next year's supply. Obviously and certainly, if we can show where there was willful withholding, then the Justice Department and the Congress of the United States would be involved in that regard, probably more than Interior.

But I don't want to imply that that is the thrust of the investigation. Nor do I want to imply that at the present time I would have information that would lead me to make that accusation. I do not.

Senator LEAHY. I understand. I was not suggesting that it might be. But I was wondering who conducts such an investigation. Is that done completely within your Department?

Secretary ANDRUS. It could be, Mr. Chairman.

Senator LEAHY. Maybe I should ask how it would be done. By whom? How much would it cost?

Secretary ANDRUS. It will be a combination of representatives from different branches of the Government, probably involving outside consultants and USGS personnel and BLM personnel.

But I do not, as a new Secretary of the Interior, want to be totally reliable upon in-house capabilities when there have been questions raised about the depth of our capabilities and where our original figures come from.

So it will be mixed, similar to what our initial short-range was, Senator.

PRIOR INTERIOR STUDIES

Senator LEAHY. To follow up a little bit on that, as I understand it, there were news stories carrying implications that the Department's earlier investigation—this was certainly well before you were Secretary, sir—that the earlier investigation was not fully carried out.

Do you know if there is any substance to that?

Secretary ANDRUS. Mr. Chairman, I do not know if there is any substance to that.

Senator LEAHY. Could you have that checked and if you find that there was, could you supply that answer for the record?

Secretary ANDRUS. Mr. Chairman, that will probably be a judgment call. We can take a look in that regard and ask those questions. Certainly I will respond to your question. I am just trying to think of the capabilities of getting somebody within the Department to admit that maybe they didn't do their job right.

Senator LEAHY. Yes. I don't want to ask you an impossible question. I don't want to be naive about it. Let me put it this way so that I won't burden either you or your Department unnecessarily with searching.

I would hope, I would trust that if you found an earlier investigation was not fully carried out, that, No. 1, you would take steps to correct that; and No. 2, you would make sure that this committee realizes what steps are being made to correct it because naturally whatever determinations we make here, we have to be sure that we have—that we can give the fullest credibility to any investigations carried out by your Department.

Secretary ANDRUS. Mr. Chairman and Senator, I assure you that this administration will be very open with regards to that. And one of my first acts will be to notify the members of Congress as to finding improprieties or misconduct or poor conduct or whatever it might be. Certainly.

[CLERK'S NOTE.—The report of the Interior Department investigation is available in the subcommittee files.]

OBJECTIVITY OF DEPARTMENT'S DATA

Senator LEAHY. Do you believe that the Department has sufficient independent data when it looks at the production processes so that it does not have to rely too heavily on industry data alone?

Secretary ANDRUS. No, sir. I do not.

Senator LEAHY. You do not feel you have sufficient independent data?

Secretary ANDRUS. No, sir.

Senator LEAHY. Will you be taking steps to increase the availability of independent data?

Secretary ANDRUS. Senator, yes, sir. I have asked for a proposal in-house to determine what level of manpower personnel we would need. There have been some suggestions from Congress that we take over all exploration; that we make all judgments. We simply do not have the manpower and the budget to do that presently, but we should have in-house the capabilities to test some of the information that we receive.

I am not saying that it is false. But I can't sit here and attest to you that it is all accurate, either. That makes me feel uncomfortable.

Senator LEAHY. Does your budget carry sufficient funding so that you can assure the availability of independent data on energy leasing?

Secretary ANDRUS. Not the first budget that we have submitted to you here today. It will increase some of our capabilities, yes. But I have just asked for the update and I have not attached a price tag to it. But, yes, some of the figures I have presented to you this morning will improve our position. But I don't want to imply to the chairman or to yourself that he can come back 6 months from now and say, all right, we gave you that money, now give us the total. It is just not there.

Senator LEAHY. I understand. I am a new member, as the chairman has pointed out, to this committee, and I am certainly not suggesting that I have all the answers, or even most of the questions, Mr. Secretary. But I know that I would feel very comfortable with more independent data created by the Department as opposed to the industry.

Senator BYRD. Thank you. Mr. DeConcini.

DROUGHT AND WATER PROBLEMS

Senator DECONCINI. Thank you, Mr. Chairman.

Mr. Secretary, you are undoubtedly aware of the drought that is continuously plaguing the West and not coming to any solution. Can you highlight the measures that are being undertaken by the Department and have you provided for any budgetary connected proposals to deal with this?

Secretary ANDRUS. Mr. Chairman, and Senator, presently we are looking at a request of Senator Jackson and others—yourself, as a matter of fact, when I stop and think—to see about the emergency funding available through the Bureau of Reclamation for the purpose of supplying water, procuring and supplying water to some of the drought areas.

There is an interagency task force being formed under the White House and there is a meeting of the Governors next Monday so

that we coordinate programs within our department. We presently have the Bureau of Reclamation in the regional areas looking at the availability of water which is in storage—the metering of that water compared to their anticipated needs for the upcoming crop and domestic season.

The involvement of the agencies within the area to control water for use within the west areas in lieu of dumping that water, or to sell surplus to other areas so that the end result will not be a shortage within their individual regions.

This started last Sunday with a meeting of myself and 12 western Governors, representatives of your State and others. We meet with those persons again on Monday.

We have had requests from concerned Members of Congress in this regard. I have been directly involved for a little less than 1 week, but we have those actions in operation.

WATER MANAGEMENT

Senator DECONCINI. Thank you, Mr. Secretary. I realize that this is not the public works subcommittee and the Arizona project falls in that committee, but I would like to ask this question in relation to the drought and your water management proposals.

When the decision was made to cut funding for those 19 projects, did you know there was consideration and discussion as to the severe drought that has recently occurred in the West and seems to be imminent to continue for some time?

Secretary ANDRUS. Mr. Chairman and Senator, yes. That matter was discussed at the same meeting a week ago yesterday, when we were discussing the projects and the thought was then expressed that the projects that we were suggesting for reevaluation would be those projects that would not be online to help us this year and in any instances next year for the storage of water in a drought situation.

You are absolutely right. Some areas—South Dakota is a prime example—this is the fourth consecutive year.

Senator DECONCINI. So your answer is that your decision regarding drought is this year or next year, not a long term basis concerning the western part of this country?

Secretary ANDRUS. No. I am sorry if I misled you. Your question was if the drought was discussed. Certainly, it was. The projects involved were short-term ones.

Senator DECONCINI. I see.

Secretary ANDRUS. I don't want to imply that we have some guarantee the drought is going to go away. No, sir. We don't.

Senator DECONCINI. Also, I noticed in the prepared statement that you submitted you have a substantial additional increase in the Navajo Indian irrigation project. I commend your Department for taking a close look at that, apparently as you have in the Bureau of Reclamation and at least have made a determination there that the project should be expanded in close review at least by this Senator, of that project.

I concur with you. I only hope to convince the Bureau of Reclamation and yourself that the other projects are as worthy of consideration.

BICENTENNIAL LAND HERITAGE PROGRAM

I would now like to change the subject to the National Park Service, if I could, Mr. Secretary.

The committee has noted with interest the budget revision as it deals with the National Park Service and Fish and Wildlife Service having front-end development funding proposed by President Ford in the pending supplemental reduced to annualized funding or a modified 5-year program.

Could you explain the reasoning for that?

Secretary ANDRUS. Mr. Chairman, and Senator, basically this was my suggestion because the original proposal was for 10 years with a larger front-end funding. I thought it would be more appropriate and that Congress would have a better opportunity to see what we were doing as we moved along if we put it on an annual budgeting basis instead of the large front-end load and accelerate the program over 5 years.

Senator DECONCINI. I understand that. I presume you are satisfied that you can do that. The idea of the front-end development money certainly has some merit from the standpoint of being able to be prepared at the beginning when certainly there are many startup costs that you have under your annualization. You have that built in, I presume.

Secretary ANDRUS. Mr. Chairman and Senator, my concern is—as you very ably pointed out—the impact that has for the future, the President's concern, the chairman's concern and others for a balanced budget. I think we have to move on that regard.

And if I can't come up here on an annual basis and justify to you what we are doing with that money, then we shouldn't have the authorization for expenditure.

URBAN PARKS

Senator DECONCINI. Thank you. Now, let me turn to the area of urban parks.

Given the cost of acquisition, do you care to express your feeling toward the expanding urban parks under the national park system and where do you see we are going in that area?

Secretary ANDRUS. Mr. Chairman, and Senator, when I respond to that I would hope that Mr. Wiles would slide that figure over so I can give you the exact one.

But my philosophy and thinking in that regard is simply this: stories have been told about the large increases in the Park Service and the land that we have, the major acreages coming out of Alaska. The people in the lower 48 are not going to have the opportunity, all of them who would like to, to visit Alaska. Many of them do not have the opportunity to even travel, for example, to Yellowstone. We need to move some of the park resources closer to the areas where the people are located.

I am sorry, this morning I can't give you the name of it, but a prime example of this is the one in Ohio at the present time. Cuyahoga. Yes. Thank you, Mr. Chairman.

Also, Mr. Chairman, continuing in response to the question: We have $1 million in there for a study where we can best expend this money for this year.

Senator DECONCINI. For urban parks?

Secretary ANDRUS. Yes, for urban parks. That is one example where that one park concept will be within a half hour to an hour and a half of 5 million people and they will have an opportunity to have a park experience, an outdoor experience without having to drive to Yellowstone or flying to Alaska.

Senator STEVENS. Would the gentleman yield there?

Senator DECONCINI. Yes.

OCS RECEIPTS FUNDING PARK EXPANSION

Senator STEVENS. Mr. Secretary, we have two-thirds of the wildlife refuges in my State already and we have half of the acreage of the Park Service. There is a proposal, as you know, from the gentleman's colleague from Arizona that he add 125 million acres to those withdrawals. And those proposals are meeting very fierce opposition up my way.

We are trying to find a way to balance this. And we would like to be involved in some way in helping to establish the urban parks or the parks near the population centers.

I want to make a suggestion to you as you have great credibility in the area of the environmental concerns. I think if we could explore those withdrawls proposed in my State and reduce them in size and permit the development of the resources that are there, and attach whatever you want to call it, a development tax or something of that sort, to take a portion of the Federal revenue from those areas that do have values for minerals, metal, oil, and gas and use the fund to acquire these lands in the south 48. Then perhaps the environmental community would understand what we are talking about.

Many of those areas are heavily mineralized. They are heavily valuable for oil and gas. And yet the proposal is to shut them up. Yet, at the same time there is no access to them. People are not going to enjoy them as parks, but the Gateway proposal, the Golden Gate proposal, the Cuyahoga, many others, I think, the Great Plains proposal all require heavy funding.

I imagine that they will approach billions of dollars. There is only one place to get that kind of revenue and that is from the development of our resources.

I think, perhaps, that we might work out some compromise that will meet both objectives. I would urge you to consider it because I think with your standing, as I say, I think that we respect it in the environmental community.

Perhaps if you came up with such a plan, it might find some acceptance and we might demonstrate what we are talking about by using Alaska's resources in a balanced fashion for the benefit of the whole country.

I would be very willing to work with you, of course, on that proposal if you were to bring it up.

Secretary ANDRUS. Thank you.

Senator STEVENS. Thank you.

Senator DECONCINI. Mr. Chairman, I have one other question.

Senator BYRD. All right.

Senator DECONCINI. The concern of parks and recreational areas is, of course, not only in the National Park Service, but from the standpoint of local communities in the West and particularly Arizona and other western States. The Bureau of Land Management has thousands upon thousands of acres of land, a substantial distance from metropolitan communities.

Would you consider—and I don't mean to pin you down—would you consider a policy of trading lands to enhance city and county parks by trading out some individual lands where the benefit would enhance the entire community even though the individual would acquire some BLM land in some other area for exchange for the communities acquiring certain parks within the metropolitan area?

Secretary ANDRUS. Mr. Chairman, and Senator, yes. We will consider a proposal. But those proposals have to be considered on an individual basis. We have the right now of trade of like values. The proposal that you use has been accomplished with the BLM in some areas.

Senator DECONCINI. You are not adverse to this? You would consider it on a case-by-case basis?

Secretary ANDRUS. Yes. On a case-by-case basis we would be happy to look at it and see what the like values are.

Senator DECONCINI. I would like to comment. I find that occurring and I really can't criticize prior administrations, but I feel sometimes the Bureau of Land Management has been very possessive on the quantity of acres. And, of course, when you look at a State like Arizona, you see the availability of trading some of those acres for a few very cherished acres in the metropolitan area, like Phoenix, for instance.

You find a great justification, in my opinion, based on the fact that the philosophy that you have expressed there as a Park Service on the national level, that that might be extended to the assistance of parks on the local levels when they are, indeed, for the entire community and not just for special interests.

Secretary ANDRUS. Mr. Chairman. I will have to respond to that.

We are into the area of like values and many times the net result to BLM or to any Federal land ownership is in terms of total acreage and sometimes the other way depending upon which way the trade is worked out, but it has to be done, I believe, by law. Don't hold me to that on a case-by-case basis because you have to have the impact statements and evaluations. But it has been done.

Senator DECONCINI. It has been done and I can't dispute whether it should be done by law, Mr. Secretary. But I am under the impression that you have the authority to make a determination that this is in the best interest of the Interior Department.

If your philosophy is to enhance and expand urban parks, I just hope that you would consider that as part of your expansion even though you might not control local parks.

Secretary ANDRUS. Yes. We would give that consideration and I would hope that no one would interpret that to mean that we would trade Federal land with land adjacent to it. We are talking about true park concept for people in metropolitan areas. We will be very happy to consider that proposal.

Senator DECONCINI. Thank you, Mr. Chairman.

DEPARTMENT OF ENERGY

Senator BYRD. Thank you, Mr. DeConcini.

Mr. Secretary, the committee is very much interested in the energy department proposal and in pending reorganization plans as they affect the Interior Department in its 1978 budget request.

Generally, what can we look for?

Secretary ANDRUS. Mr. Chairman, may I consult?

Senator BYRD. Yes, please.

Secretary ANDRUS. Mr. Chairman, the question was brought up when we talked about reorganization, but in the Bureau of Mines we are talking about 180 people in the fuels data collection and research areas and approximately $50 million.

Senator BYRD. I wasn't directing my question just to the Bureau of Mines. I am talking about your overall reorganization plans for the Interior Department and the impact that they have on this 1978 budget request.

Secretary ANDRUS. Mr. Chairman, the impact is not going to be that great. I can supply for the record the amount. I do not have it before me.

But the basic concept of the reorganization and the establishment of a Department of Energy would not remove all that many functions from the Department of the Interior.

I remind you that 2 years ago FEA and ERDA and some others were put together out of the pantry of the Department of the Interior. So the contribution has already been there.

But we can supply for the record for you the budgetary impact and it would be very easy to do. I just don't have it here with me.

[The information follows:]

Approximate impact of pending reorganization on Department of the Interior due to formation of Department of Energy

	1978 budget authority (in millions of dollars)	Full-time permanent positions
Alaska Power Administration	.1	
Bonneville Power Administration		3,113
Southeastern Power Administration	1.1	37
Southwestern Power Administration	13.0	171
Bureau of Reclamation	2.6	104
Emergency functions	.3	9
Advisory functions (NPC)	.1	2
Bureau of Mines	(47.7)	(178)
Fuels data	1.9	115
Coal mining research and development	39.9	19
Coal preparation and analysis	5.9	44
Total	64.9	3,614

REORGANIZATION OF INTERIOR

Senator BYRD. You referred to the new energy department. Specifically, if you can, what activities that are now managed by the Interior Department would be likely to shift under the administration's proposal?

Secretary ANDRUS. In response to this——

Senator BYRD. Would you delay your response, please? Now, go ahead.

Secretary ANDRUS. Mr. Chairman, basically we are talking about the marketing of energy which would be the Bonneville Power Administration, the Southwest Power and others, the marketing of the electrical energy from the Bureau of Reclamation projects, a portion of the Bureau of Mines in the fuels data collection areas—excuse me; let me check with the staff on that. Those are the major ones.

Then the only other function, Mr. Chairman, that comes to my mind right here is the portion of USGS with regard to information, preparation for leasing, but that hasn't been worked out. Frankly, it is like trying to unscramble eggs or take apart a cobweb.

The new department may want to establish its own expertise in this area. Then the concept is that the leasing provision would remain in the Department of Interior exactly as we know it today including the Pet Four provision in the Alaskan program. But the Department of Energy would have input into the economic conditions of the leasing.

Senator BYRD. The Department has a supplemental appropriation request pending before this committee that would increase its ocean mining activity. The Commerce Department also has a supplemental request in this same area.

In a reorganization or a streamlining of Government functions, where do you believe the overall responsibilities for ocean mining should lie?

Secretary ANDRUS. Mr. Chairman, it would be my opinion that it should rest with the Department of the Interior in leasing of other resources as we have it. If you are referring to NOAA and some of the others, it is my opinion that they should rest in Interior.

Senator BYRD. What about MESA? Efforts are being made to transfer it from the Interior to Labor. What are your thoughts?

Secretary ANDRUS. Mr. Chairman, I really don't have a strong feeling personally in regard to that because I am not that familiar yet in 30 days with it. The proposal has been before Congress several times at least and is surfacing now. I just don't have a strong feeling on that.

PROGRAMS TO BE ADDED TO INTERIOR

Senator BYRD. In the event of the consolidation of natural resource agencies and activities that are now scattered throughout the Government, what functions do you think ought to be brought together and what functions ought to be left out?

Secretary ANDRUS. Mr. Chairman, first of all, it would be my thinking that it is important that we have this reorganizational provision that the President has asked for, for the purposes of taking some of the natural resource agencies together and making other changes

within the structure to avoid the duplication that you have referred to in your example of ocean mining. That is just one example.

It would be my opinion that through the Department of Energy creation, the bill that we hope to have on the Hill by next week and that we have already discussed, those that should be taken from Interior and placed in there. It would be my personal feeling that NOAA and the U.S. Forest Service should come into the Department of Interior as natural resource ingredients.

REORGANIZATION OF SECRETARY'S OFFICE

Senator BYRD. In the area of reorganization, I was impressed with your recent move to streamline your own office by eliminating several of the secretarial field offices.

Do you anticipate more changes of this type that would result in employment savings and, hopefully, in cost savings?

Secretary ANDRUS. Mr. Chairman, let me speak to that and then point out in the public affairs area—I will do that first, if I might.

In the public affairs area we have streamlined an office, vacated some positions. I think we anticipate saving about $243,000 in that regard. That is one example. Those are projected savings, Mr. Chairman.

In the field offices, our savings—let me get a dollar figure—that would be roughly $500,000, Mr. Chairman, savings with the closure of those offices. If I may be candid, my decision was based on the fact that there was authorization for 11 field offices; 8 of them were manned. They were representative of the Secretary of the Interior. We are not talking about the BLM and the Bureau of Reclamation. But they were working agencies.

I felt if I did not close them, that it would happen that we would probably fill them with our own political appointees and never have the opportunity to close them. So that is why I moved as rapidly as I could to close five of them and save $500,000. But we will not fill all of the schedule C and above slots in the Department of Interior, but we will more fully utilize the technical expertise that is available in the dedicated civil servants who work for Interior, and not fill those.

But it is my intent, Mr. Chairman, not to come back and brag to you that we have saved this money so we can have it back. It will be to come back to you so we can say we have saved this money, please give it to us in an area where we can develop resources or create a new park.

Senator BYRD. Senator Stevens.

Senator STEVENS. We can only go back to our own experience. In my day we had what we called field committees with more or less a senior bureau representative in each area actually reporting to the Secretary or the secretarial assistant, and later it developed into these field committee offices being established as secretarial representatives.

I commend you for your concept of saving taxpayers' dollars, but I would urge you to take a long look at the possibility of reestablishing the field committees. You have the Seattle office, for instance, supervising the Alaska region, which is half of the Federal land in the country and probably half of your activities are in Alaska.

I think in the long range that you are going to find you will spend more money on transporting people from Seattle to Alaska than you would spend if you had some sort of an organizational structure that could report directly to your office in the event of the necessity to do so.

I am not arguing with the abolishment of the office as much as I feel that the function of someone reporting to your office directly in terms of the crisis areas so that these areas don't get hung up in the bureau levels of the Department. It is very important. I would hope you would take a look at this concept. It worked in New England and it worked in the Southwest.

We have a field committee in each general area where the existing bureau representative informs the committee and then the results of that committee action came from the secretarial office as well as the individual bureaus.

I would commend some realinement along that line, too.

Secretary ANDRUS. Senator, it is a good suggestion. We will look at it. I would hasten to point out, however, that we have not closed the Alaska office for the very reason that you point out. That is where the large charge for the future responsibilities are. We are trying to look at that from all aspects.

But I will not repeat. You made the point. But we are looking in that light right now.

Senator STEVENS. Good. Thank you very much.

FILLING OF TOP POSITIONS IN THE SECRETARY'S OFFICE

Senator BYRD. Mr. Secretary, we have just noted the nomination of James A. Joseph to the post of Undersecretary of the Interior. Do you have some assistant secretary posts, too, that are vacant?

What is your schedule for filling those positions?

Secretary ANDRUS. Mr. Chairman, to date, I am the only one who has been confirmed within the administration, and the appointees within the Department of the Interior, Mr. Joseph, his nomination has come to you, I believe, yesterday as Undersecretary.

Mr. Krulitz' nomination for Solicitor came to you yesterday. We have four assistant secretary's levels that hopefully will be before you—I wish tomorrow, but the paperwork with the IRS checks and FBI and everything else has slowed that down. I would say that our work is completed. We are waiting for the investigative reports, and then we can submit that to the President of the United States and let him make his decision.

We have decreased along the line of reorganization, as you asked, in two areas of assistant secretary levels. And, again, utilizing expertise within the Department in keeping one of those areas available should it become an Assistant Secretary for Indian Affairs.

Senator BYRD. Mr. Hollings, do you have any questions?

OCS PRODUCTION

Senator HOLLINGS. I apologize, but I had to hold the EDA hearings. I have that $4 billion job stimulus program that the administration has requested. It passed the House yesterday. We just completed our hearings around the corner.

Mr. Secretary, I want to commend you as a good breath of fresh air in the Department of Interior. I say that from the standpoint of 10 years working directly up here with tremendous frustration where we never did treat the public lands as public lands, and we never did really make the industry, the oil industry, actually toe the line, particularly in the energy crisis.

One thing that we know now, having been proved by the Alaska pipeline case, that any group can withhold a mammoth project of that size over a 4-year period as a result with many years of delay. Including our distinguished chairman here, Congress wants to try to include Governors, for example, on the takeoff as well as the crash landing with respect to offshore development.

We had to provide schools, water lines, sewer lines during the construction period and after it was over within the 3½-year to 4-year period to build that refinery; it has to be cared for on an impact basis. The Senator from Alaska worked out a formula on an impact basis and I did—let's say, I had quite a lot of time with the former Secretary who was running all over the country trying to sell 10 million acres on a revenue sharing basis, and I could see no reason if you are going to drill off of Santa Barbara, Calif., why you should send money to South Carolina.

On the contrary, there was some adverse impact over there, and they should have had that assistance. Now you see what has happened. They say they are going to stop. I don't know what they have done in Alaska. They may have temporarily asked for further studies, but in California and in the Canyon they have got injunctions.

I notice your comments on that line to try to iron that out. There never was a single case brought by Interior for the failure during the 5-year period to produce and it was just a transfer of title, in essence, of the people's property held in trust and administered by the Interior Department, just transferring that title to the production companies with no policy and no program and no auditing whatever.

So it is with that kind of feeling that I welcome you to the committee and welcome the things that you are trying to do. I promise that I will do everything in the world to help you in your administration.

CONGAREE SWAMP LAND ACQUISITION

One little matter, Mr. Chairman, you referred to yesterday and temporarily withheld approval of the Congaree Swamp reprograming. There is no use to go into all the details, but it was just a misunderstanding. We only obtained it last year at a time—really, we didn't obtain it. We went in that direction. The committee provided money on a crash basis. And at the time they had a contract for cutting. And we asked those who were cutting that particular swamp to withhold. They have had extensions for withholding and they have long since completed their contracts, sold them and made a profit.

Last week they came to them and said, we are only giving the amount that you paid for that, period. Otherwise, we will just take it. Bam. Condemnation. Which was a breach of faith.

On the other hand, we are not going to let any private developers and contractors hold up the Government either. I have talked to—

I didn't realize that we were going to have the pleasure of seeing you this morning. We have the amounts itemized with your Mr. Gary Catron, I believe, and I believe he seemed sympathetic and there is a difference in amount.

I don't see any reason why the committee can't approve that reprograming if we can get the parties together. If there are any questions or comments you would like to make, I would appreciate the opportunity to welcome you to the committee, and I am looking forward to working with you.

Secretary ANDRUS. Thank you very much, Senator.

Following our conversation of yesterday late in the afternoon and in the staff meeting this morning, I met with Mr. Catron and the Acting Assistant Secretary for Fish and Wildlife and Parks to give me the facts on this case quickly.

I think all of us have had examples in the past when you are very close to negotiations in that they go on for 2 or 3 years and the inflation factor alone overcomes the difference in question. So, I, too, hope we can resolve that within a short period of time so that the people in that area can start to enjoy what I understand is an absolutely beautiful area.

Senator HOLLINGS. Yes. Very, very much so.

HORIZONTAL DIVESTITURE

One final thing, Mr. Chairman, with respect to horizontal divestiture. You brought it right into focus. I never did believe in vertical divestiture, just break up companies and not know what was going to happen.

In remaining years to explore public lands, offshore and within the Government properties and the several States, there is no reason, as we have in the past 10 years, transfer 17 billion tons of coal to private oil companies in this country with no requirement for any kind of development at all.

One, in 1975 we transferred 1 billion tons of coal and mined zero tons. This is going to bring us right into the real competition. If I were president of Standard Oil of South Carolina, I would do the same things. I would make all of my profits from OPEC while I buy all the coal, the geothermal and everything else.

I don't blame the oil companies. I blame us. We met the enemy and it has been us up here, as Pogo says. We never set down any kind of policy with the expectation that they were supposed to develop and produce on these lands for the benefit of the public. That is how these resources are being claimed.

Thank you very much, Mr. Secretary. I am glad to hear what you have to say on that point.

Thank you, Mr. Chairman.

OPPOSITION TO HORIZONTAL DIVESTITURE

Senator BYRD. Mr. Secretary, I have to differ with my distinguished colleague from South Carolina on the matter of horizontal divestiture. I do it in a friendly spirit, but we in West Virginia are quite involved when it comes to horizontal divestiture.

A good many of our coal mines are operated by oil companies. It requires a tremendous amount of capital to open a new deep mine. If we are considering a mine that is going to produce 1 million tons of coal a year at a cost of say $30 per annual ton, this means $30 million. If it costs $90 per annual ton, it means $90 million.

If we are going to open a mine that is going to produce 2 million tons a year and it costs $20 per annual ton that is $40 million. Normally, it will cost from $75 to $90 million more to open a new deep mine.

A new mine can't be open in a day or a week or a month or a year or 2 years. It usually takes from 3 to 4 years to open a new deep mine and get it running, get the personnel to work the mine. It is not easy to amass this kind of capital.

I carry no grief for the oil companies, but as a Senator from the State of West Virginia, I cannot support this business of horizontal divestiture. I am opposed to it and for good reasons. I will not take the occasion to argue the point here, but in the spirit of friendliness I want to say to my colleague from South Carolina that I do not agree with your position in that regard.

LOAN GUARANTEES AVAILABILITY

Senator HOLLINGS. Mr. Chairman, let me just add one thing in the spirit of friendship. I have never assumed that the oil industry of America was going to provide all the financial capital. I thought coal producers would go to Wall Street, like every other industry, like Lockheed, like General Dynamics. What they need are loan guarantees generally for the public interest.

Then and there we would provide those types of loan guaranty programs. But I am ready to get up the capital if my distinguished chairman would sell me one of those mines out in West Virginia. I can get it up outside the oil industry in South Carolina in a flash if I can get my hands on one.

But there are not going to be any losses there. I know it is mammoth. I know it is large. But we can get up that kind of capital to develop that coal mine. We don't need the oil companies of America to meet the financial capabilities of this country.

Senator BYRD. We have not been able to amass that kind of capital up to this point. I think that the oil companies are to be at least complimented for having foreseen for a long time the day when the resource of oil would diminish and be ultimately depleted.

With this in mind, the oil companies—and, again I say I carry no grief for them, but I think they have tried to foresee that day and have tried to develop new energy sources to meet this country's energy needs. They have developed the kind of technology and, as I say, they have been able to amass the capital that is needed.

If the State of South Carolina can produce other ways of amassing that kind of capital and know-how and step in and take over without a breakdown in the output of these mining industries in my State and other coal producing States, then that is another question.

This is not a simple matter. It is not as easy as it may seem to be on the surface. I want to promise the Senator from South Carolina that I am going to be very much opposed to this proposal,

just as opposed to it as he is supportive of it, because when it comes to representing my own State, I have to look out for my people and my industries and my coal miners.

So I assure the Senator that I am very much opposed to this kind of divestiture. I intend to say it now and I will say it in the future in as emphatic terms as I can use.

CUTTING OF TREES IN CONGAREE SWAMP

Senator STEVENS. Mr. Chairman, I note that the Senator from North Dakota wants to comment here.

May I just make certain that I have understood our friend from South Carolina about the swamp. We do have the reprograming request pending before us.

It is our understanding now that the matter of the reprograming could go ahead and the negotiations over the value could continue. I am concerned as I have received a great many calls about the very magnificant trees in Congaree Swamp. I think that we have taken our action with regards to the redwoods and other areas down in Texas. I remember the Big Thicket area down there.

My main question to you is, do you have to have reprograming to stop the cutting of the trees? I understood that the cutting was going to go ahead today.

Secretary ANDRUS. Mr. Chairman, it is my understanding—I probably should defer to the Senator from South Carolina, who knows more about the timing of it because he and his colleagues in Congress are all trying to achieve this—but I don't understand that there is any cutting today, Senator.

Senator HOLLINGS. I don't think so. I think, Mr. Chairman, what prompted the cutting was the threat of condemnation. They have voluntarily on three occasions extended the moratorium on the cutting. I think the distinguished Senator from Alaska will concur with the Senator and his staff if they look this over on the weekend. Perhaps they could give a decision on what is a fair settlement at that time if the parties cannot agree and the Government is forced into condemnation. I think that both things will occur.

The Government will start with a condemnation and the cutting will start. They have a contract. They have a lawyer, too, I hope.

They have got some kind of sense that you can start with the condemnation, but you can't officiate the terms of the contract and the Constitution. And there you go. You will get the cutting on Monday if they start condemnation.

Secretary ANDRUS. Mr. Chairman, in response to Senator Stevens in this regard, it is my understanding as of late last night that some bureaucrats, whoever that happens to be, went in there several days ago and said to the landowners they were trying to work out the price. The agreement had been made to sell, and those bureaucrats said this is all we are going to offer you and if you don't like it we are going to start condemnation proceedings.

Well, I don't care whether you are in South Carolina or whether you are in Alaska or whether you are in West Virginia or whether you are in Idaho, when you try to stomp on people—and I am not saying that is what happened but the accusation was take it or leave

it, we are going to go through condemnation proceedings—people have a tendency not to take to that too kindly.

So the retaliation then was, "Well, I have a contract, I will cut those trees." And we had a very volatile situation yesterday morning.

I think that we are working toward a solution so that we can keep that harvest, but you can't point a finger at one side anymore than the other as being at fault. Somebody doing this and somebody doing that and lack of communication. First thing, you almost have a civil war between the groups.

MORATORIUM ON CUTTING

Senator STEVENS. I appreciate that, but I think last year we did act in a semi-emergency fashion in order to try to bring about the authorization to save that area, and, my good friend from South Carolina, I understand what he is doing is properly representing his constituents, I believe.

But I would like to be assured that the moratorium continues while this negotiation on increased price is under consideration. I hope that is not improper to ask for a delay subject to the chairman's approval on the reprograming until the negotiations are over. If we need to reprogram more money you can do it, but I don't want to see an unfair advantage on either side.

It seems to me we need the assurance that the cutting will not take place while this renegotiation is going on. I would like to know if we have that assurance.

Secretary ANDRUS. Mr. Chairman, as I left to come here this morning my staff was looking at this. Senator Stevens, I can respond to you given the time to return to the office and see where we are in this situation.

I could not give you that assurance now. The problem arose late yesterday. They are working on it this morning, but I think that we do have—please correct me if I am wrong—we do have the assurances that there will be no cutting at least through this time that we are trying to talk to them.

Senator STEVENS. That is all that is necessary. We would defer normally to the Senator from South Carolina and I think that we should, subject to the Chairman's approval, of course, but I do think that in this interim period we ought to have another extension on the moratorium.

Senator HOLLINGS. Once again, thank you, Mr. Chairman. In that we really implemented this moratorium on cutting on a voluntary basis from the time the Government came to look, find and see, there was a firm contract. So let's see where the Government is at this time as of this minute.

As of this minute, nothing has occurred and you start condemning and the next 5 minutes they start cutting. That is where we are. And he is asking to stop the cutting, which I am interested in, stopping the cutting.

I am asking at the same time for them to get together, not just threaten condemnation because the threat of condemnation is what really triggered the cutting.

At this very minute there is no cutting today because the parties are working, I think, with Mr. Catron. They assured me that as long as they can work something out and when they got to the point of disagreement then they are both going to go. One is going to court and the other is going to salvage what they can under their contract and that is exactly where we are.

Secretary ANDRUS. Mr. Chairman, I have almost the identical situation in the State of Mississippi where the threats of one side will eliminate the sandhill crane in total and there will no longer be any danger. What should we do? This is a very tender negotiation presently.

Senator Stevens, when I return to the office, when we complete the hearing here today I will give your office an update on where we are in this matter, as I will Senator Hollings.

Senator STEVENS. Thank you very much.

Senator BYRD. Yes, if you would supply me also with an update.

Senator STEVENS. He is the one who counts on this committee.

[The information follows:]

CONGAREE SWAMP NATIONAL MONUMENT REPROGRAMING

The attorney for the timber company which has threatened to resume cutting has been contacted and advised that the National Park Service would review its appraisal data and the company's counteroffer and that the National Park Service would continue negotiations as long as it refrained from cutting. The attorney was advised that it would be necessary to initiate condemnation action if the company resumed cutting. In return, the company has agreed to reffain from cutting until March 7, to allow time for this review and continued negotiations.

To assure that every effort is made to resolve this matter through negotiated settlement, the National Park Service has been directed to send its Chief Appraiser to its Southeast Regional Office to review this data in detail and to make sure that all compensable items are included in its offer to the company

STATUS OF REPROGRAMING

Senator BYRD. You wrote a letter to me on this subject.

Secretary ANDRUS. Yes, sir.

Senator BYRD. I hope those things can be worked out in this regard, but I must say that I will not be signing any reprograming until my friend from South Carolina who sits to my right on this subcommittee indicates that he is ready to approve such a letter of reprograming.

Whenever you can let us know something, we will be glad to hear it.

Senator Young.

GARRISON DIVERSION PROJECT

Senator YOUNG. Mr. Secretary, it is nice to have you appear before us. I am looking forward to working with you. I have a couple of questions with respect to the moratorium on the Garrison Diversion project.

First, let me say that this is a project we have been working on since statehood. This comes at a time when we are experiencing one of the worst drought periods we have ever had. The Red River has quit flowing entirely. The city of Fargo, our biggest city, has water supplied from a dam about 75 miles away.

The Bureau of Reclamation postponed calling for bids on the Lonetree Reservoir pending the request with the IJC. We are willing to buy up land. We can never satisfy the environmentalists, though.

Last year, the Audubon Society representative testified before the Public Works Committee that there was not a single Bureau of Reclamation or Corps of Engineers project in all the Upper Midwest States they were in favor of.

We can resolve our differences but the question I want to ask you is, there are several ongoing smaller contracts. I don't think any of them are very big. What will happen to them in the meantime?

Some of our contracts are two-thirds completed. Will those contracts have to be terminated? Some of the costs of termination might cost more than completing them.

Secretary ANDRUS. Mr. Chairman and Senator, I don't know of any projects on that list that are two-thirds complete. Certainly they are not in the Bureau of Reclamation.

I hesitate to speak that directly to the Corps of Engineers' projects, but many of the projects on that list are 1 percent complete. The Garrison Diversion project is about between 19 and 20 percent complete. But the existing contracts will continue out of the fiscal 1977 budget that have already been let.

We will not let any between now and April 15 when we complete the studies on the progress of any new projects. The project in your State, Senator, is somewhat unique on that list because it does entail a request by a foreign nation to look at the potential problems.

There was originally a contract to be let in April of 1977 on the Lonetree Reservoir. The International Joint Commission report is due in July. It was June, now it is July. And that Lonetree bidding was to be held up until then, but the project is being looked at and there is not to my knowledge any stoppage of existing contracts on any of the 19 ongoing projects that have already gone to bid.

But we are withholding any bid between now and April 15 for new projects.

Senator YOUNG. Well, that is understandable, but what I had reference to was some smaller contracts on the Garrison Diversion project which are one-half to two-thirds completed. I don't know how many there are. There are several, though.

I am concerned whether they can finish their jobs or whether their contracts will be terminated.

Secretary ANDRUS. You have a contractor who is presently working on one section of the McClusky Canal. It is my understanding that he is continuing to work. He is just about finishing up part of the contract. But, yes, he will be continuing.

But there will be no new letting of bids between now and April 15. Those who are presently working will continue.

Senator YOUNG. That answers my question. I hope you come up with a favorable report in April.

INCREASED COAL PRODUCTION

Senator BYRD. Mr. Secretary, we produce about 230 million tons of coal in this country annually. About 120 million tons are produced in West Virginia. We keep hearing that we need to produce 1 billion tons by 1985. That is going to be very difficult to do.

I have noted that we are going—there is a cut-back in coal mining technology work in the Bureau of Mines in this budget. This is a very essential part of the goal to increase coal production. We hear about the continuous coal mining machine. It is not really a continuous mining machine. It is continuous for perhaps 3 or 4 hours. But then it has to be stopped so that the coal can be moved from the face of the mine to the outside of the mine and so on.

So there remains to be a great deal of technology to be perfected if we are going to achieve this virtually impossible goal, as I see it, of producing 1 billion tons of coal a year by 1985.

Has this reduction come to your attention? And, if so, what is your reaction to it? What can we expect to be done about it as far as you are concerned?

MINING RESEARCH

Secretary ANDRUS. Mr. Chairman, with regard to our budget at this time, I think we have $55 million for the Bureau of Mines in the coal mine technology research area itself. The method that I think that you are referring to is what they call the long wall, one of the areas that is being used in Germany and England that is being investigated and studied.

We are looking at the needs for additional coal production. The President will have by, I believe it is April 20, his comprehensive energy policy where he will speak to the very question that you have asked.

But what are we doing? We are trying to facilitate the research and development in the areas that you speak of, plus being able to quickly implement this strip mining bill, H.R. 2 or S. 7 whichever, in a manner whereby we can identify and put up for those tracks as would make some of the coal in the west readily available, and at the same time, improve the eastern deep mine or the eastern mines—I should not be restrictive and say deep mines—to increase their production at the same time.

But the dollar amount is $2.9 million. That is in our budget for this purpose, plus the $10 million .

Mr. WILES. Mr. Chairman, the way that came out was there was $58 million last year in coal technology. That was decreased $2.9 million. That was moved over to the coal preparation. That $2.9 million will be used for coal preparation.

Senator BYRD. Why was it moved over to coal preparation from the coal mining technology? We know that there is a need for research in connection with liquifaction and gasification of coal and the production of low sulfur fuel and low sulfur content fuel and so on, but unless the coal is produced we still have fallen short of our goal of attempting to fulfill our energy needs, especially with that segment of the energy potential that coal promises to fulfill.

I can't understand why this reduction of coal mining technology.

Mr. WILES. The only way I can explain that, Mr. Chairman, is that the allowance attempted to hold the total amount of coal even, roughly $58 million, and the allowance moved $2.9 million to coal preparation and reduced coal technology. We kept it at the same level.

Senator BYRD. When you speak of coal preparation, what are you talking about?

Mr. WILES. The Bureau of Mines can answer that, Mr. Chairman. I really don't know.

Senator BYRD. All right. Senator Stevens, do you have anything?

ALASKA GAS PIPELINE

Senator STEVENS. Mr. Secretary, you have to make a recommendation to the President not later than July 1 on the transportation system for the Alaska gas pipeline. I am sure that you are familiar with it. I have had a connection with the Arctic Wildlife Range since it was created.

It was created, incidentally, at the request of the Fairbanks Women's Gardening Club. I don't know how many people believe that, but it is true. Ninety-eight million acres up there in the corner of our State.

One of the reasons, I think, among others, I lost an election once was because of my connection with that range. Some of our people didn't like it too well.

But one of the proposals will go through that range. I wonder if you are prepared to state whether the Interior Department intends to insist that there be a complete examination of all other alternatives before anything is approved to go through that range, such as the gas pipeline?

Secretary ANDRUS. We are prepared to say that we are looking at all three of them. But July 1 is the deadline for the recommendations to the President of the United States. He then has until September 1 with the option extending to the last of December before he makes that recommendation.

I don't know how indepth a look you are talking about with your question, but I am somewhat familiar with all three of those proposals. I have had the opportunity this month to spend a lot of time looking at them. We have made no decision, obviously. There are other questions involved before we make a recommendation to the President other than that that passes through the area that you are familiar with, too. That is, what kind of assurance can we get with a timing of a treaty with the Canadian Government.

I frankly don't know as of today, Senator. We are not leaning any way, but we are going to look at it.

Senator STEVENS. It would be my hope that there is an advocate for protection of the range that would come from your office, Mr. Secretary. The FPC trial judge indicated that one of the reasons why he felt the pipeline ought to go through the range is that it might automatically open the range to oil and gas leasing. That may have to come some day, but I think that we ought to make certain there is no other alternative before it comes.

In this total process we outlined a bill, the Alaska gas pipeline bill last year. I personally envisioned the Secretary of the Interior would be articulating the reasons for protection of the range unless there was no other alternative and it had to be in the national interest that we did do that.

I appreciate your position on the Canadian question. With that regard, we will be meeting, I am sure, on the question of 17 D–2 withdrawals which I mentioned earlier; some 125 million acres being proposed now.

I wonder just in terms of this budget here whether you have had an opportunity to review the requests and satisfy yourself that there is such sufficient money requested to complete the inventory of the resources that do exist or we suspect do exist in these lands before Congress acts upon them?

For several years, with the chairman's cooperation we have added money for the Bureau of Mines and the Geological Survey to inventory those lands to make certain we knew what was in them to the extent possible. Before actions taken by Congress in connection with your review of the D–2 proposals, could we ask you to make sure that the funds are there to complete the inventory to give Congress the facts as to the other resources before action is taken?

INVENTORY OF FEDERAL LANDS

Secretary ANDRUS. Mr. Chairman and Mr. Stevens, yes. That was one of the questions I asked when we had a briefing on this area—the sufficiency of the budget.

Verbally I was assured that, yes, Mr. Senator, we do have a net—however, because of the seasons and when you move around to the more northern regions of that State we have certain contracts and so forth.

Permit me to check with staff here before I give you a solid, affirmative answer that was given to me.

Mr. Chairman, staff confirms what I was told at the previous meetings within the Department, that we are told by our people—may I submit a letter for the record to you on that before I come down hard on this?

Senator STEVENS. I appreciate your cautiousness in that regard. You are dealing with a lot of land.

We put up the money, for instance, in one area last year. The Bureau of Mines made one of the most significant discoveries in the North American Continent for mineral content. It was within that area of the Gateways to the Arctic proposal for the national park.

I am not saying that Congress won't set aside such areas as national parks, anyway, but I think we ought to know what we are doing as we proceed.

[The information follows:]

The Bureau of Mines presently is spending about $350,000, or about one-half of its Juneau office budget, on the collection and evaluation of mineral information of the D–2 lands. The Bureau's ongoing in-house efforts are doing what can be done in the proposed additions to the Arctic National Wildlife Range, the proposed Yukon Flats Wildlife Refuge, the proposed Porcupine National Forest, and the proposed Beaver Creek, Birch Creek, and Fortymile Wild and Scenic River components.

As you know, the Bureau's three contract studies, funded in fiscal year 1975–76 by Congressional add-ons, will provide, we believe, good reconnaissance evaluations of the D–2 areas stretching along the Brooks Range, parts of the proposed Lake Clark National Park, and the proposed additions to Mt. McKinley National Park. As you indicate, these studies are not the in-depth studies that we would like to make, but they will provide a better insight into Alaska's overall potential.

One of the most important aspects of Bureau of Mines work, we believe, is the re-evaluation of important mineral potential zones across Alaska. By tying together the known mineral occurrences, past and present mineral activities and production, and the similarity of ore-host rock types across northwest Canada, Alaska, and eastern Siberia, we will better substantiate the important mineral potential of Alaska.

The Bureau's ongoing studies, in large part a collection and evaluation of all existing exploration data, much of it supplied by industry, has shown some interesting results. For instance, the investigation of the Kantishna area to the north of Mt. McKinley National Park suggests that this mining district is part of a much larger belt of copper-zinc-lead-silver mineralization occurring along the north flank of the Alaska Range that could be of national significance. To the west, we now recognize by outcrops and geologic inference that the Nenana coal field extends southwesterly toward the Kuskokwim and Yukon Rivers and very likely underlies the proposed Yukon-Kuskokwim National Forest. The Bureau has found indications of a potential lead-silver belt in the proposed additions to the proposed Arctic National Wildlife Refuge and the Porcupine National Forest that align with significant deposits found in Canada. Studies to date also indicate that a potential belt of low-grade tin mineralization crosses the proposed Birch Creek Wild and Scenic River area and there is considerable exploration interest in copper porphyry-type deposits in the proposed Fortymile National River area that also align with Canadian discoveries to the east. Finally, the work in progress in the proposed Lake Clark National Park substantiates a major copper belt, but more work needs to be done in the core area.

As you know, the search for mineral deposits is time consuming and highly expensive. We could spend any amount with good purpose. The idea now is to collect as much information as possible within the time and manpower constraints we must work under.

Funds for this effort are sufficient for the Geological Survey to complete the mineral assessments of these lands in time for Congressional action by December 1978. Some products resulting from these studies will be released in April 1977. More comprehensive summary assessments resulting from intensive office and laboratory studies in progress and field examinations planned for this coming summer field season are scheduled to be completed and made available to Congress by January 1978, approximately 11 months before the deadline for Congressional action required by the Alaska Native Claims Settlement Act.

ALASKA PETROLEUM RESERVE

Senator STEVENS. Now, let me go to the Alaskan Petroleum Reserve.

The committee notes in the budget detail significant duplication on the environmental work. We have the Navy finishing up the costly impact statement and the Bureau of Land Management, Office of the Secretary, Fish and Wildlife Service, Geological Survey and other agencies in the Department all discussing environmental studies in the form of Naval Petroleum Reserve Number Four. It is the national petroleum reserve.

Could we have for the record the total costs of the 1978 budget associated with environmental studies in the Alaskan reserve?

Have you started anything to coordinate this work to prevent duplication of effort among these various agencies that are working on the reserve now?

Secretary ANDRUS. Mr. Chairman, and Senator, we have just commenced the coordination effort which you speak of. I will supply for the record the total amount.

[The information follows:]

As specified by law, the planning effort involves seven Interior bureaus. It is carried out under Bureau of Land Management lead, and the BLM fiscal year 1978 budget includes the total funding for all agencies as follows:

Bureau of Land Management, $579,000; Bureau of Indian Affairs, $83,000; Fish and Wildlife Service, $1,019,000, Bureau of Outdoor Recreation, $638,000. National Park Service, $165,000; Bureau of Mines, $110,000; and Geological Survey, $661,000.

There is constant coordination between all of the ongoing studies in the NPRA. The Department of Navy and the Geological Survey are working together on the transition from Navy to Interior of the exploration program in the Reserve. Navy,

the Geological Survey NPRA EIS Team, and the 105(b) Development Study Team are observer members of the NPRA Land Use Study Task Force. The NPRA Task Force is kept up to date on the activities of the 105(b) Study and the EIS.

TIME FRAME FOR EXPLORATION OF ALASKA RESERVE

Secretary ANDRUS. I think our budget this year for development of a multiple land and resource use plan is $2.77 million. In 1977 it is $3,855,000; and in 1978 it is $2,755,000. I am sure that you are aware—I know that you are aware that we have lost the first year of that 3-year charter of getting up there and doing it. We are now facing a minimal impact for the investigation of this coming summer season.

We will be faced with trying to do it all in 1 year. I think that that is an impossible task, Senator.

Senator STEVENS. I would be more than pleased to cooperate with you to extend the time frame, if that is your feeling that we should do it, Mr. Secretary.

I had some question about the time frame originally. It was associated with the original Navy exploration that we had outlined by the Congress and it was congressionally initiated to start with.

Again, I think if you can give us a statement for the record as to what you think we ought to do, whether we should seek an extension, we would be happy to try.

[The information follows:]

At the present time an extension of the deadline to complete the 105(c) Study is not necessary. This is assuming that Congress will act quickly to approve the Administration's request for supplemental funding and manpower to conduct the Study. I am well aware of the importance of doing a thorough job of studying the resources of the Reserve. Contained within the Reserve are extensive marine mammal, caribou, anadromous fish and migratory bird populations. Fifteen percent of the entire world population of Pacific Black Brant are in the Reserve. Also within the Reserve are important historical and archeological sites, as well as vast mineral deposits that have important implications with regard to a national program of energy development. However, I believe that the level of funding and period of time will be adequate to do a thorough analysis and complete our report to Congress.

WATER DEVELOPMENT PLANS

Senator STEVENS. My last question is concerning the so-called North American Water Plan. It is called NOAWP. It has just been dusted off for me; that is the proposal to take Arctic water to California. Some California plants have inquired about the Alaskan attitude and I am trying to seek that out now because I don't think that we were ever asked before.

I wonder, in connection with this current drought, if such plans—even on a grandiose scale such as that, involving taking water by pipeline down the Outer Continental Shelf to California—I just wonder if you really are looking at any of those far-reaching plans for the future in connection with the review now of the water situation in the West.

Secretary ANDRUS. Mr. Chairman, and Senator, no, we are not. I think that I am familiar with the study that you are referring to. It was done about 1965 or 1966.

One of the proposals was to put the pipeline offshore in California. Another one was to come down through Canada, through Senator

Young's State and into the central area. Ten or 12 years ago the budget was staggering.

Senator STEVENS. $50 billion.

Secretary ANDRUS. That was 10 years ago. I don't know what the cost would be today. No, sir. In 1 month, no, sir, I have not.

If memory serves me, I read it 10 years ago. That is about all I can tell you.

Senator STEVENS. I am not sure that the day ever comes when you can put your feet up on your desk. I appreciate it if you would let me know if you need any money.

My point is, do you need any money to put together a staff to really look at some of these long-range water proposals? I think a lot of them are made and they go up on the shelf. They are not dusted off and nobody really looks at them or sees if there is any portion of them that has feasibility for the immediate future or mid-term or long-term.

I really think that we ought to have a group in your office that is using a crystal ball about some of these problems related to resource development including water resources. I feel that you would be well served to have a highly technical staff involved in that.

So if you can effect some savings somewhere else, we would be happy to assist you to use the money for that purpose.

ROLE OF OFFICE OF WATER RESEARCH AND TECHNOLOGY

Secretary ANDRUS. Mr. Chairman, I think in all fairness I should respond with the caveat attached in a contingent form. If we can save it someplace else, we will be happy to transfer it.

The Office of Water Research and Technology is the area that should be in the center. We are looking at the need for this. We need an overall water policy and that is one of the things that President Carter is talking about in some of these projects that are being held up right now.

What will the future water policy of America need to be with the agricultural crop lands demands? No, sir, we do not have it, but the Department of Interior through the Office of Water Research and Technology should have a better crystal ball than what we have.

I think that is what the President is talking about.

Senator STEVENS. In California this summer, they will be paying over $100 an acre-foot for water for agricultural purposes. Now, that is up 25 times in the 15 years since I left the Interior Department. I was astounded to hear that figure, but with due respect, Mr. Secretary, I heard yesterday the request for fiscal year 1978 for the Office of Water Research and Technology, OWRT. I asked that question, whether or not they had any money for that purpose and they said that they didn't.

So I would be very interested to see some concept where someone is looking at the long-range. And I think that that is the agency that should be doing it.

I appreciate your problem with the amount of time that you have been there to settle all these things down. But if we can help along that line, Mr. Chairman, I would like to see some money in that area, if at all possible.

Thank you very much, Mr. Chairman.

COST OF ENVIRONMENTAL PROTECTION

Senator BYRD. Mr. Secretary, there is, I think, justifiable concern with respect to the steadily increasing cost of environmental protection paperwork. Can you give us any idea as to the figures for this kind of effort in the 1978 budget?

Secretary ANDRUS. Mr. Chairman, I cannot. Let me check with staff.

Mr. WILES. We will have to supply it, Mr. Chairman.

Senator BYRD. All right. If you could supply us with that data, we would be very interested in having it for the record.

[The information follows:]

DEPARTMENT OF THE INTERIOR

Costs of Environmental Statement Preparation

(In millions of dollars)

Bureau/Office	1973	1974	1975	1976	Estimate 1977	Estimate 1978
Bureau of Land Management 1/	3.2	4.7	11.8	16.0	19.5	23.2
Bureau of Outdoor Recreation	.6	.9	1.0	1.0	1.0	1.2
Fish and Wildlife Service	.5	.6	.6	.6	.7	.5
National Park Service	2.0	2.2	2.6	2.5	2.1	2.5
Geological Survey	2.4	2.8	3.4	4.0	9.9	9.8
Bureau of Mines	.5	.5	.5	.5	.5	.5
Bureau of Indian Affairs	.7	1.9	2.3	3.1	3.7	4.0
Office of the Solicitor	.2	.2	.2	.2	.2	.2
Office of the Secretary	.5	.4	.6	.7	.8	1.0
Office of Territorial Affairs	--	.1	.1	.1	--	.3
Total	10.6	14.3	23.1	28.7	38.4	43.2

1/ Excludes OCS baseline and special studies and TAPS monitoring which are NEPA related but not within the context of paperwork.

CLOSING REMARKS

Secretary ANDRUS. Mr. Chairman, we will, but we will also footnote it as to the cost. For example, in Pet Four much of that money will not actually go into the drafting. It is there because you have to do the EIS. So we will supply and footnote it.

Senator BYRD. Fine. If you can identify these costs by agency over the past 5 years, the committee, I think would find it to be helpful. Senator Hollings, do you have anything?

Senator HOLLINGS. No, Mr. Chairman. Thank you very much.

Mr. WILES. Mr. Chairman, we will do that as best we possibly can.

Senator BYRD. All right. Senator Leahy.

Senator LEAHY. No, Mr. Chairman.

Senator BYRD. Senator Young.

Senator YOUNG. No, sir.

Senator BYRD. Senator Stevens.

Senator STEVENS. No questions.

Senator BYRD. Thank you, Mr. Andrus, for your very fine presentation. We realize, as you have indicated in the beginning, that this is new for you, but we know that you are a skillful and able experienced individual and you will get a handle on it quickly.

We appreciate your appearance here today and the appearance of your associates. Thank you very much.

Secretary ANDRUS. Thank you very much and your colleagues for the courtesy that you have extended all of us.

SUBCOMMITTEE RECESS

Senator BYRD. The subcommittee will stand in recess awaiting the call of the Chair.

[Whereupon, at 11:35 a.m., Friday, February 25, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

WEDNESDAY, MARCH 2, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. J. Bennett Johnston presiding.

Present: Senators Johnston, Huddleston, and Stevens.

JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA

STATEMENT OF DUNCAN L. READ, DIRECTOR OF COMMUNICATIONS AND ADMINISTRATION

ACCOMPANIED BY:

WALTER B. PARKER, STATE COCHAIRMAN

CARSON W. CULP, CHIEF, BRANCH OF BUDGET, BUREAU OF LAND MANAGEMENT

CELIA HUNTER, ACTING FEDERAL COCHAIRMAN

OPENING REMARKS

Senator JOHNSTON. The hearing will come to order.

This morning we are scheduled to hear several fiscal year 1977 supplemental requests and the regular fiscal year 1978 requests of the Joint Federal-State Land Use Planning Commission for Alaska. With the full schedule this morning we would ask that the various bureaus and agencies keep their summary statements brief and to the point. Witnesses are also asked to come forward promptly when their agencies are called.

We will begin with the Joint Federal-State Land Use Planning Commission for Alaska, and then move on to the supplemental requests of the Federal Energy Administration, the Office of the Secretary, the Forest Service, the Bureau of Mines, and the Mining Enforcement and Safety Administration in that order.

I know Senator Gravel is due here in a few minutes to introduce our friends from Alaska, but what we will do is just start with your testimony and when Senator Gravel comes, we will let you be properly introduced.

So if you would go ahead without your introduction at this time, we will come back to Senator Gravel.

Mr. READ. Mr. Chairman, my name is Duncan Read. I am Director of Communications and Administration for the Commission. With your permission I would like to read into the record our highlighted statement. It is very brief.

Senator JOHNSTON. Very well.

OPENING STATEMENT

Mr. READ. The Joint Federal-State Land Use Planning Commission was established in accordance with section 17 of the Alaska Native Claims Settlement Act, Public Law 92–203, and by act of the State of Alaska, AS 41.40.010.

The Commission is mandated to plan for the wisest and best use of Alaska's lands; to seek ways to avoid conflicts and increase coordination among Alaska Natives and Federal and State governments in the selection use, and management of lands; and to recommend changes in the land laws, policies, and programs in Alaska.

A temporary advisory body, the Commission is composed of 10 members and chaired by a Federal cochairman appointed by the President and a State cochairman appointed by the Governor of Alaska. The Governor appoints four other State Commissioners, and the Secretary of Interior names the remaining four Federal members. A small staff of planners, economists, lawyers, natural resource specialists, and scientists support the Commission.

By amendment to the act and corresponding State legislation, the Commission will terminate its activities in June of 1979. Funding for the Commission, as required by law, is provided equally by the Federal and State governments. The State of Alaska provides most of its matching share in cash, with a small portion contributed as in-kind expenses.

The major efforts of the Commission in the past year have been directed toward the preparation of findings and recommendations to Congress on the designation of new national interest withdrawals in Alaska. Section 17(d)(2) of the Alaska Native Claims Settlement Act directed the Secretary of Interior to withdraw lands for consideration as new national parks, refuges, forests, and wild and scenic rivers in Alaska.

Since the commencement of its activities in 1972, the Commission has compiled a statewide inventory of Alaska's natural resources, evaluated proposals for creation of new national interest withdrawals, solicited public comment on these proposals, analyzed alternative classification and management schemes, and developed recommendations.

Major issues emerged involving the taking of fish and game by Alaskans to meet their subsistence needs, access to resources for which there may be a national need, and the regulation of mineral exploration and development. Critical needs for coordination among Alaska's major landholders have been identified and means of coordination devised.

Within the next 2 months a comprehensive set of findings and recommendations will be furnished to Congress. The Commission anticipates that it will be asked to advice Congress throughout its deliberations on (d)(2) lands. The Alaska Native Claims Settlement Act specifies December 1978, as the date by which Congress must act on proposals for these (d)(2) lands.

The Commission has also been asked by the Governor of Alaska to provide advice on the selection, planning, management, and disposal of Alaska lands. Efforts to facilitate implementation of the Alaska Native Claims Settlement Act and to provide assistance to Alaska's new Native corporations continue.

Proposals for the reservation of easements across lands selected by Alaska Natives are reviewed by the Commission before title is transferred to the new private owners.

The Federal appropriation requested for fiscal year 1978 is $712,000, a decrease of $25,000 from last year's appropriation. A similar appropriation request is currently before the Alaska State Legislature.

I appreciate the opportunity to appear before the Committee.

STAFF INTRODUCTIONS

Here with me today is Mr. Parker, the State Chairman of the Commission. And to my right, Ms. Hunter, a Federal appointee to the Commission and acting in the absence of a Federal Cochairman at this time as acting Federal Cochairman of the Commission.

We will be pleased to answer your questions and provide more detailed information of the Commission's work in Alaska land resources.

Thank you.

SPACE

Senator JOHNSTON. Thank you very much.

Do you still have an agreement with Interior to provide you with space and assistance in Washington when Congress takes up the (d)(2) proposals?

Mr. READ. Yes, Mr. Chairman, we do. We have two offices in the Interior building here in Washington and we will be using those extensively during the next year or two in our work with Congress.

SUBMITTED QUESTIONS

Senator JOHNSTON. I have a number of questions here which I think would be well to submit to you in writing. For example, I would like a table showing your employment by grade and job title for fiscal year 1976, 1977, and 1978. I will submit that to you, together with a number of other questions. We will simply submit that to you and let you answer those at your leisure.

Thank you very much. We appreciate this panel. When Senator Gravel comes, which will be shortly, I will tell him that you did a very good job. Thank you.

Mr. READ. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Regional Profiles

Question: Last year you indicated that the two remaining Regional Profiles -- the Northwest and Yukon Volumes -- would be distributed by January of this year. Has this been accomplished?

Answer: Yes, all six profiles have been completed, and the last, Yukon, is presently being distributed. Efforts to compile and present the data displayed in the profiles on statewide maps in a seventh volume and to computerize the information are underway.

State Appropriation Request

Question: For the past two years, this Committee has found itself in the position of having to make last minute changes to your budget because the State had provided more than in the original report. Do you have any reading on the actual State appropriation for the coming year?

Answer: The Governor of Alaska has approved and submitted a budget request to the Alaska legislature of $732,000. Action on the request is anticipated in the next two months.

New Positions

Question: The budget requests two additional positions for research in the fields of energy and fish and wildlife. Does this represent a new thrust for the Commission or just additional personnel to assist in carrying out ongoing functions?

Answer: Three new positions have been added to the Commission's staff in the current fiscal year. Earlier when the Commission was scheduled to terminate in December, 1976, the personnel ceiling had been reduced to fourteen permanent full-time positions. With the extension of the Commission's lifetime to June, 1979, the ceiling was raised to 17 positions for FY 1977, a level still slightly lower than those of earlier years.

These positions were requested in the FY 78 Budget Estimates, but were approved by OMB for use in FY 77. The FY 78 Budget Justification was printed prior to this accelerated decision. Consequently, the FY 78 Budget Justifications show requested increases that have already been satisfied in the current year.

The new positions are a recreation planner, a fish and wildlife analyst, and an energy development analyst. Each represents a final thrust in the Commission's policy development work. The recreation planner will provide the Commission with findings and alternatives on the appropriate roles, jurisdictions, and interrelationships of Federal, State, local, and private recreational providers and resource managers for a statewide recreational system. Means of coordinating Federal and State policy development and management of Alaska's fish and wildlife resources will

be devised by the fish and wildlife analyst. The energy development analyst will identify energy and mineral resources and areas with high development potential and suggest the implications of development in such areas. Emphasis will be placed on the Alaska Arctic.

Question: Will you please provide for the record a table showing your employment by grade and job title for Fiscal Years 1976, 1977, and 1978?

Answer: See attached chart.

JOINT FEDERAL STATE
LAND USE PLANNING COMMISSION
for ALASKA

Permanent Full Time Staff

1976	
Grade	Job Title
V	Federal Co-Chairman
15	Counsel
15	Director, Technical Services
15	Director, Communications and Administration
14	Planning Analyst
14	Public Information Officer
14	Senior Economic Analyst
14	Public Policy Economist
13	Native Affairs Specialist
9	Staff Assistant (Secretary to Federal Co-Chairman)
8	Administrative Officer
7	Executive Secretary
5	Staff Secretary
5	Clerk-Receptionist

1977	
Grade	Job Title
V	Federal Co-Chairman
15	Counsel
15	Director, Technical Services
15	Director, Communications and Administration
14	Energy Development Analyst
14	Fish and Wildlife Analyst
14	Recreation Planner
14	Planning Analyst
14	Public Policy Economist
13	Native Affairs Specialist
14	Public Information Officer
8	Administrative Officer
9	Staff Assistant
8	Executive Secretary
5	Staff Secretary
5	Staff Secretary
5	Receptionist

1978	
Grade	Job Title
V	Federal Co-Chairman
15	Counsel
15	Director, Technical Services
15	Director, Communications and Administration
14	Energy Development Analyst
14	Fish and Wildlife Analyst
14	Recreation Planner
14	Planning Analyst
14	Public Policy Economist
13	Native Affairs Specialist
14	Public Information Officer
8	Administrative Officer
9	Staff Assistant
8	Executive Secretary
5	Staff Secretary
5	Staff Secretary
5	Receptionist

Travel

Question: Even with the additional positions you are requesting, the budget shows a $32,000 decrease in travel. Is this associated with a wind-up of the D-2 study?

Answer: Because extensive field research principally related to (d) (2) lands will be largely completed this fiscal year, the appropriations request for FY 1978 shows a decrease of $32,000 in the combined Federal-State budget.

Contractual Work

Question: When you testified before us last year, we were dealing with a phase out budget. At that time, you indicated that there would be a decrease in contractual work. What work, if any, do you plan to place under contract in fiscal 1978?

Answer: In the budget request for FY 1978, $70,000 has been allotted for contractual assistance. We anticipate needs to supplement staff analysis through small contracts in planning for northern Alaska and in assessing the statewide impact of economic development on private lands held by Native Corporations.

In-Kind Contributions

Question: The justification states that the State of Alaska's "in-kind" contributions are valued at $126,000 which is a substantial portion of their 50 percent match. Could you provide for the record a breakdown of the in-kind contributions and the value placed on each?

Answer: The State of Alaska pays the salaries and benefits of the Commission's State Co-Chairman and an easements planner, totalling $100,000. An office suite is also leased for the Commission by the State. The rent is $26,000.

Village Corporations

Question: You estimate fifteen major projects to assist village corporations with land planning and resource development. Have you identified the 15 villages?

Answer: The Commission estimates that it can provide assistance to fifteen village corporations through on-site projects with an interdisciplinary staff team. Assistance is provided upon the request of the Corporations, and villages to be served cannot be identified at this time. The request for Fiscal Year 1978 reflects prior year levels of assistance.

Space Cost

Question: Your standard level user charge is increasing by $8,000 while your other rent, communications and utilities show a decrease of $4,000. Will you be using more GSA space next year?

Answer: The current lease of office space expires in June 1977. A higher rental charge is anticipated when the lease is renewed. Monies have been allocated in this budget

request to cover the estimated increase. A decrease in other rents and utilities is shown, because past expenditures have been slightly lower than amounts allocated in prior year budgets.

Anticipated Pay Increase

Question: Does this Budget include an allowance for the pay cost increase next October?

Answer: Because of practical difficulties in securing both Federal and State supplementals for pay increases, the Commission includes monies in its budget requests to cover anticipated increases. A five percent increase in salaries and benefits next October totalling approximately $38,000 has been assumed in preparing the request for Fiscal Year 1978. No monies to cover raises in executive level salaries now under discussion have been incorporated, nor have monies to cover any salary increases in excess of 5%. Shortly after preparation of this budget request, the Civil Service Commission ruled that the cost of living allowance given to Federal employees in Alaska would increase from 22.5% to 25% of base salaries for most employees. Funds for this unanticipated change in benefits have not been incorporated in the FY 1978 budget request either.

Question: What would be the Federal share of such an increase?

Answer: The Federal share is approximately $19,000.

SUBCOMMITTEE RECESS

Senator JOHNSTON. Thank you. We will now recess this hearing subject to the call of the Chair.

[Whereupon, at 9:45 a.m., Wednesday, March 2, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

THURSDAY, MARCH 3, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:40 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senators Stevens and Bellmon.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

INDIAN EDUCATION

STATEMENT OF DR. WILLIAM F. PIERCE, ACTING EXECUTIVE DEPUTY COMMISSIONER OF EDUCATION

ACCOMPANIED BY:

DR. S. GABE PAXTON, JR., ACTING DEPUTY COMMISSIONER
LEROY ANTELL, DIRECTOR, DIVISION OF LOCAL EDUCATION AGENCY ASSISTANCE
LARRY LA MOURE, DIRECTOR, DIVISION OF SPECIAL PROJECTS
HERBERT JACOBSON, PLANNING OFFICER
WILLIAM FLOYD, EXECUTIVE OFFICER
CORA BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET
JOHN W. EVANS, ACTING DEPUTY COMMISSIONER FOR PLANNING

BUDGET ESTIMATE

Senator STEVENS. Good morning. I am sorry to keep you waiting.

We have the Office of Indian Education this morning. Their request totals slightly more than $45 million, which is an increase of $154,000 over appropriations to date. The justification has been printed in the record.

PREPARED STATEMENT AND BIOGRAPHICAL SKETCH

Dr. Pierce, I would like to welcome you before the committee. Would you introduce those who are with you and summarize your opening statement. Your full statement and your biographical sketch will be placed in the record.

[The statement and biographical sketch follow:]

STATEMENT OF WILLIAM F. PIERCE

Mr. Chairman and Members of the Committee:

I am happy to be here today to present to you our proposed fiscal year 1978 request for Indian Education. As you know, Congress passed the Indian Education Act of 1972 to help meet the special educational needs of Indian children and adults. In attempting to carry out the intent of this Act, the Office of Education funds a variety of educational programs, including supplementary services, experiments, innovations, and dissemination activities. These programs have diverse goals and address many educational needs. These include the low achievement level of Indian students in the basic skill areas of reading comprehension, verbal ability, and mathematics. In addition, programs are designed to raise the level of educational attainment of the Indian population by reducing dropout rates of Indian students and by increasing the number of adults attaining high school equivalency degrees. Furthermore, programs are designed to address specialized needs created by rural isolation, urban assimilation, cultural differences, and the attempt to maintain an Indian identity. Firally, in keeping with the Federal policy of Indian self-determination, we are promoting Indian parental and community participation in education programming and development.

In order that we may continue to pursue programs addressing these special educational needs we are requesting $45,087,000, an increase of $70,000 over the amount available in fiscal year 1977. This total includes $25,000,000 for grants to both local educational agencies (LEA's) and non-LEA's, $14,000,000 for Special projects for Indian children; $4,000,000 for Special projects for Indian adults; and $2,007,000 for Program administration, of which $100,000 is for the National Advisory Council on Indian Education.

The $25,000,000 requested for grants to LEA's and non-LEA's under Part A of the Act will be used to provide grants for supplementary services addressing the special educational needs of Indian children attending either public elementary and secondary schools or Indian-controlled schools. An estimated 1,200 grants will be awarded to local educational agencies. Approximately 311,000 students will be served with an average grant expenditure per child of $73. Ten percent of the amount available for LEA's is reserved for Indian schools. Awards averaging $87,413 will be made to an estimated 26 of these schools serving approximately 9,000 children.

Under Part A Indian children benefit through the support of a variety of programs ranging from basic remedial education in reading and mathematics to cultural enrichment projects. Teacher and teacher aide training also is supported.

Our request includes $14,080,000 for the innovative and capacity building activities funded under Part B of the Indian Education Act. At this level 114 grants averaging $114,737 will be awarded which will directly and indirectly benefit approximately 80,000 children. In addition, $1,000,000 will support 150 graduate and undergraduate fellowships for professional training in the fields of business, engineering, forestry, law, medicine, and related areas.

Essentially five types of programs are funded under Part B. First, there are planning, pilot, and demonstration projects which are designed to develop and test special approaches, practices and materials to meet special educational needs. A strong evaluation component is included in each project in order that successful practices can be identified and disseminated. Second, local needs are addressed through the support of educational services not otherwise available and through the funding of new educational methods and techniques. Third, projects which disseminate information and provide technical assistance to projects addressing the educational needs of Indian children are supported. Fourth in order to increase the numbers and quality of Indian education personnel a variety of training projects are funded, including stipends for students. Fifth, and finally, fellowships for graduate and professional

study in professions other than education, such as law, medicine, forestry, business and engineering, will be funded.

For special projects for Indian adults under Part C of the Act, we are requesting $4,000,000 to support an estimated 65 projects serving 12,500 adult Indians at an average award of $61,538. The main objective is the development and implementation of educational techniques effective in achieving literacy and high school equivalency.

Under program administration we are requesting $2,007,000 to support the salaries, travel, and other administrative expenses of the Office of Indian Education and the National Advisory Council on Indian Education, as well as planning and evaluation studies necessary for program support.

In carrying out the administration of the Indian Education Act the Office of Education will monitor project activities to assure compliance with the regulations and will provide technical assistance to grantees and Indian parents in order to improve project quality. All fiscal year 1976 LEA grantees have received both an information kit and an evaluation handbook developed by the Office of Education, and we will be evaluating grantee use of these materials. The intention is to assure that grantees conduct adequate annual project evaluations, and use the information gathered in these evaluations to improve project activities, including effective parent involvement.

In closing, I would like to take a moment to share with you some of the accomplishments made in addressing the special educational needs of Indians under the Indian Education Act. The 1976-77 school year represents the fourth year of program operations. Annual reports submitted by grantees indicate some important successes. For example, under Part A a sample of school districts having remedial reading programs for Indian students showed an average grade equivalency reading achievement gain of 1.4 years for each academic year. In mathematics programs designed for Indian children, students who were performing at levels significantly lower than grade level attained a grade equivalency achievement gain of over one year per academic year. Other projects report reductions in absenteeism and dropout rates. Finally, in moving toward the goal of increased Indian parent participation in educational programs provided to their children, we have evidence from project reports indicating that in over seventy-five percent of the Part A projects parents are active in identifying needs, determining what the project should do, structuring the budget, and participating in project implementation.

We are currently undertaking both a national needs assessment and an evaluation of local educational agency programs funded under Part A in order to assess more systematically the results of project activities. As the program continues, and when the results of those evaluations are in, we will have more information to present to the Committee on the effectiveness of the Indian Education Act programs.

We will be happy to answer any questions you may have.

Biographical Sketch

NAME : William F. Pierce

POSITION : Acting Executive Deputy Commissioner of Education

BIRTHPLACE AND DATE : Borger, Texas, July 30, 1922

EDUCATION :
Riverside City College, Riverside, California, 1956
Associate of Arts
University of California, 1958
Bachelor of Science
University of California, 1962
Master of Education
Michigan State University, 1967
Doctor of Philosophy

EXPERIENCE

Oct. 1976-Present : Acting Executive Deputy Commissioner

July-Oct. 1976 : Acting Commissioner of Education

Jan. 1973 to July 1976 : Deputy Commissioner for Occupational and Adult Education

1964-72 : Michigan State Department of Education:
Deputy Superintendent of Public Instruction
Director, Division of Vocational Education
Deputy Director, Division of Vocational Education
Chief of Special Programs, Division of Vocational Education
Consultant and Supervisor, Manpower Development and Training

1963-64 : Assistant Coordinator of Student Teachers, Michigan State University, College of Education

1962-63 : Part-time instructor and graduate assistant, Michigan State University, College of Education

1960-62 : Vocational Agriculture teacher, Petaluma Senior High School, Petaluma, California

1959-60 : Vocational Agriculture teacher, Holtville Union High School, Holtville, California

1958-59 : Vocational Agriculture teacher (Practice teaching), Modesto Senior High School, Modesto California

ASSOCIATION MEMBERSHIPS :
American Vocational Association
Michigan and National Council of Local Administrators of Vocational Education and Practical Arts
Michigan Occupational Education Association
National Association of State Directors of Vocational Education

INTRODUCTION OF ASSOCIATES

Dr. PIERCE. Thank you, Mr. Chairman.

I would like to introduce those with me this morning. Dr. Gabe Paxton who is the Acting Deputy Commissioner for Indian Education is on my left. Next to him is Leroy Antell, the Director of the Division of Local Educational Agency Assistance.

On my right is Larry LaMoure, the Director of the Division of Special Projects, Office of Indian Education; Mrs. Cora Beebe, the Director of the Division of Planning and Budgeting in the Office of Education, Dr. John Evans to her left, the Acting Deputy Commissioner of Planning, and Wilford J. Forbush, Deputy Assistant Secretary of the Budget of HEW.

Senator STEVENS. Who is the gentleman on the end?

Dr. PIERCE. That is Dr. John Evans.

Senator STEVENS. Thank you.

SUMMARY OF REQUEST

Dr. PIERCE. As the Chairman has indicated, this morning we would like to present to you the budget for the Office of Indian Education.

We are requesting $45,087,000, which is an increase of $70,000 over the amount available in fiscal year 1977. This includes a total breakdown of $25 million for grants to both local educational agencies and nonlocal educational agencies; $14 million for special projects for Indian children; $4 million for special projects for Indian adults; and $2.7 million for program administration of which $100,000 is for the National Advisory Council on Indian Education.

As you know, Mr. Chairman, the program is broken down into several parts. Each of those parts serves a different function. Part A is the entitlement program. Part B is the special projects for Indian children. Part C deals with programs for Indian adults.

I am sure that that is probably a sufficient summary. There are other details in our formal presentation that is in the record and we would be happy to answer any questions that you may have.

1977 SUPPLEMENTAL

Senator STEVENS. Thank you very much.

With regard to the 1977 budget, what are they doing over in the House? We understand that they are adding a considerable amount to part A, and $200,000 in part C. Have you any idea what they have done over there?

Dr. PIERCE. It is our understanding that they have added about $12,200,000 over in the House, Mr. Chairman. I simply cannot respond to that this morning. We have not received any instruction from the administration as to what our posture will be for the 1978 budget in that event.

The 1978 budget which we are presenting is essentially a current services budget based on the 1977 appropriation. I just really don't know what the administration's posture will be after the House and the Senate take their action on any supplemental.

Senator STEVENS. We would like to have your impression as to the ability to obligate the moneys they are talking about within fiscal year 1977.

Will you give us a statement to that effect?

Dr. PIERCE. Certainly.

[The information follows:]

ABILITY TO OBLIGATE SUPPLEMENTAL FUNDING

If Congress appropriates supplemental funding for fiscal year 1977 for Indian Education, the Office of Education will be able to obligate these funds along with the regular appropriation for fiscal year 1977. The Indian Education program is essentially forward funded, meaning that monies appropriated in one fiscal year are to be obligated in that year but are for grantee use in the following fiscal year. To date no appropriated fiscal year 1977 program funds have been obligated, and it is expected that obligations will occur between June 1, 1977, and September 1, 1977. Any supplemental funding appropriated by Congress for fiscal year 1977 will be obligated in that same period, along with the regular 1977 appropriation. These funds will be used by grantees primarily in fiscal year 1978, that is, the school year 1977–78.

OBLIGATION OF SUPPLEMENTAL FUNDING

Senator STEVENS. With regard to the $12 million in part A, the staff points out that we will have to take this up too fast and you might not be able to give us any formal response. What is your capability to spend money like that in the balance of 1977?

Dr. PIERCE. We need that money, Mr. Chairman.

Senator STEVENS. You need it?

Dr. PIERCE. Yes.

Senator STEVENS. What would you use it for?

Dr. PAXTON. The $12 million is to be used, if appropriated, for part A projects for entitlement funds to public schools. In addition, $200,000 would be used for part C for adult education.

Senator STEVENS. Part A is to public schools?

Dr. PAXTON. Yes.

Senator STEVENS. Is it remedial education?

Dr. PAXTON. Part A has to do with special education programs as identified by the local parent committees and school districts.

Senator STEVENS. Have you any unfunded applications now or is it a formula grant?

Dr. PAXTON. It is a formula grant.

Mrs. BEEBE. Mr. Chairman, the principal benefit in this $12 million increase will be to raise the pupil expenditure from $73 to approximately $110, enabling the smaller districts to mount more effective and efficient programs.

Senator STEVENS. Will the money go to smaller districts?

Mrs. BEEBE. Because this is an entitlement program, the money goes to all of the districts. What the increase will do in part is to raise the amount which smaller districts will receive.

Senator STEVENS. Can you get a breakdown of where the money will go?

Mrs. BEEBE. We can provide that for the record.

Senator STEVENS. Will you please? Thank you.

[The information follows:]

DETAIL OF LEA GRANTS

The information was provided to the committee in the form of estimated awards for each local education agency for fiscal year 1977, assuming a total appropriation for fiscal year 1977 for part A of $37,000,000. The length of this material prevents its inclusion in the record.

1978 REQUEST

Senator STEVENS. Now your 1978 request is for a no-increase budget.

The year before last we increased the funding, is that right? Then last year we tried to maintain the increase and we lost the money in conference. Now this year, again, we are back where we started, as I understand it.

Why are there no increases in your budget?

Dr. PIERCE. Well, Mr. Chairman, the budget came in very tight in light of competing demands on a limited Federal dollar and the fact that the total budget for education was exceeding $9 billion. It was decided on priority basis not to put more money in this program, although we in the Office of Education have felt for a long time that this program ought to be a higher priority program.

The Office of Education believes that there should be additional funds for this program, and we have been supported in the Department with that feeling. This year, however, when the decisions were made on priorities for the total budget, this program did not fare as well as we had hoped.

As in many education programs, it was decided that it would be a no increase budget for 1978.

FUNDING HISTORY

Senator STEVENS. What was your request to the Department?

Dr. PIERCE. $162 million.

Senator STEVENS. What areas were reduced by the Department?

Dr. PIERCE. It was a proportionate reduction. Our principal increase was requested in part A. That was $110 million. The Department was very supportive, and proposed $56 million for part A to the Office of Management and Budget.

I think that the administration is very supportive of the idea of bringing that $73 per pupil expenditure, which is extremely small and simply cannot do the job, up closer to the $300 per pupil level that we now have in the title I program.

Senator STEVENS. We don't have that request before us. What did the Department ask OMB for?

Dr. PIERCE. The original request from the Department to OMB was $106 million.

Senator STEVENS. What areas were reduced by OMB? Was it across the board?

Dr. PIERCE. Essentially it was across the board. The major reduction was in part A.

Senator STEVENS. What did the Department ask OMB for in part A?

Dr. PIERCE. $56 million.

Senator STEVENS. And you got $25 million?

Dr. PIERCE. Yes.

Senator STEVENS. What would be the annualized impact of $12 million that the House is talking about with respect to your 1978 budget? How much would it take to fund that same amount on an annual basis?

Would that be the amount? $12 million?

Mrs. BEEBE. Yes, approximately $12 million.

Senator STEVENS. What would it cost to fund at $300 per pupil?

Dr. PIERCE. We have estimated that it would cost approximately $110 million in part A.

Senator STEVENS. $110 million?

Dr. PIERCE. Yes, sir. That would bring us to that $300 figure.

Senator STEVENS. If we give you the $12 million, we will have $37 million, is that right?

Dr. PIERCE. Yes, sir.

PROGRAM EFFECTIVENESS

Senator STEVENS. Which of the three areas in your agency do you think is the most effective in delivering educational benefits to Indian children? You have three principal programs.

Dr. PIERCE. You mean A, B, or C?

Senator STEVENS. Yes.

Dr. PIERCE. I think, Mr. Chairman, we felt, as reflected in the amount of money we asked for, the greatest direct benefit to children comes from the part A program. However, part B is a special program. That is where you get your capacity building and the opportunity to look at innovative and new activities. I would not want to indicate to you that part B is not a very important part of the Indian Education Act. However, the immediate educational benefit to young children is certainly best offered through the part A program.

ADULT EDUCATION

Senator STEVENS. Where is adult education? Which is adult education?

Dr. PIERCE. That is in part C.

Senator STEVENS. How much of part C's money is allocated for adult education now? How much do you have in this budget for that?

Dr. PIERCE. $4 million.

Senator STEVENS. What was your level last year?

Dr. PIERCE. $4 million.

Senator STEVENS. And the year before?

Dr. PIERCE. $3 million.

Senator STEVENS. What is authorized?

Dr. PIERCE. $8 million.

Senator STEVENS. Do you have pending applications? Is that an application or a formula grant program?

Dr. PIERCE. That is an application program, Mr. Chairman.

Senator STEVENS. Do you have pending applications for adult education that are unfunded?

Dr. PIERCE. Yes, sir.

Senator STEVENS. What kind of programs are they for?

Dr. PIERCE. I will ask Mr. LaMoure to answer this question.

Mr. LAMOURE. Could you repeat the question?

Senator STEVENS. What kind of projects are you not able to fund at the $4 million level?

Mr. LAMOURE. Last year we were not able to fund approximately 130 projects.

Senator STEVENS. How many did you fund?

Mr. LAMOURE. Sixty-one.

Senator STEVENS. What did the 130 projects add up to?

Mr. LAMOURE. About $21 million.

Senator STEVENS. $21 million?

Mr. LAMOURE. Yes, sir.

Senator STEVENS. What is the total amount of applications in dollars that you received last year for adult education?

Mr. LAMOURE. About $25 million.

Senator STEVENS. This is money for public schools, and non-Indian schools for adult education projects?

Mr. LAMOURE. No. It is primarily for Indian organizations and Indian groups for the education of Indian adults leading toward the GED and some adult basic education courses.

Senator STEVENS. Are these basic education courses or cultural projects?

Mr. LAMOURE. This is primarily basic education, the basic skills: reading, writing, and math, consumer finance, and citizenship.

CULTURAL PROGRAMS

Senator STEVENS. Where is the cultural money in this?

Mr. LAMOURE. It is primarily in part B, rather than part C. However, there are cultural components within some part C projects.

Mrs. BEEBE. Mr. Chairman, we also do a considerable amount of cultural work with the part A grants. In fact, we have cultural projects under all three parts of this act, since the law requires that the programs be especially directed toward the needs of Indian children and adults.

Dr. PIERCE. Mr. Chairman, I would like to point out that part A has a heavy emphasis on culture as well. I would also like to point out, Mr. Chairman, that this adult education program, which you are questioning about right now is the kind of thing that could support a project with a satellite. That is kind of an interesting, exciting concept.

Senator STEVENS. Part C or A?

Dr. PIERCE. Part C.

Senator STEVENS. Up our way I think I must entirely support the cultural activities, but I have a feeling, as I said this morning, that adult education is slipping far beyond the range of the educational delivery system for the children and it is really holding back the children if they don't catch up with their adult education programs in the very rural areas.

Have you established any priorities with regard to the unfunded part C applications?

Mr. LAMOURE. We have established some priorities this year in terms of being able to teach survival skills in regard to adult education. Survival skills include consumer finance, understanding of law and citizenship, and things of this nature.

Senator STEVENS. How about being able to understand modern math?

Mr. LAMOURE. What we are doing there is to combine the math techniques with consumer finance, such as going to the store to purchase goods and services and calculating the per pound cost of coffee and unit pricing. We are teaching math through these techniques.

PRIORITIES UNDER PART C

Senator STEVENS. Have you any priority groupings? We have $8 million authorized. You would have to say we can never fund this group.

Now, what about the group you could fund if you had $8 million? Have you identified those?

Mr. LAMOURE. We don't have any priority in terms of it as a straight competitive program. The projects are read by field readers and they are judged on the basis of the proposals that are submitted. There are some factors to determine for funding and they include, for example, the degree of need, the soundness of the program being offered by the potential grantee, the past performance of the delivery system, and so on and so forth.

Dr. PIERCE. Under our $4 million request we have suggested that $1.5 million would be used to install and operate adult learning centers, and $750,000 of it would be used to plan supporting projects which are developing adult Indian education services in conjunction with other programs directed at meeting the health, manpower and social service needs of the Indian community, and $750,000 for special projects to test and demonstrate the effectiveness of programs with adult Indians.

So we do have that kind of priority category already established that we think will help to overcome the learning disabilities of adults. An $8 million appropriation would relatively double the funding within each category.

Senator STEVENS. You don't have any program that provides a similar formula grant to the non-Federal schools to encourage development of adult Indian education, is that right?

Dr. PIERCE. No, sir. We do have, of course, the adult basic education program in the Office of Education for which there are $77 million available. Those moneys do go to states and then to local schools for providing adult basic education and some portion of those funds are made available to Indian adults. That is kind of a large program. It covers many adults, not necessarily just Indian adults.

Senator STEVENS. That is not just an identifiable Indian program. That is an adult education program?

Dr. PIERCE. Yes. But it does provide service to adult Indians.

Senator STEVENS. Is that a formula grant?

Dr. PIERCE. It is a formula grant to the States and the States determine which schools get the money.

Senator STEVENS. I am of the opinion that this particular problem increases the burden in terms of the overall Indian education program. Adult education is extremely important and I would like to see some attention being given to that.

We would be pleased to work with you if you feel that you need a basic change in your authorization to get to it. Would you direct your attention to that and let me know what your conclusion is?

Dr. PIERCE. Yes, Mr. Chairman.

[The information follows:]

AUTHORIZATION LEVEL FOR PART C

The current authorization level for Part C—Special projects for Indian adults—of the Indian Education Act is $8 million. To date the maximum appropriation for this program has been $4 million, which was the amount appropriated for both fiscal year 1976 and fiscal year 1977. Given that appropriations have not reached the authorized level, the Office of Education sees no current reason to propose a revision in the authorization level of $8 million. However, we will be giving further consideration to this matter when the Indian Education Act expires at the end of fiscal year 1978. We will be happy to inform the Committee of future recommendations.

ADMINISTRATION

Senator STEVENS. With regard to part A, what have you done to increase the effectiveness of the administration of the entitlement program? We are told that there has been some criticism.

Dr. PIERCE. Yes, there has. I would ask Mr. Antell to address himself to that.

Senator STEVENS. Tell me about that criticism and what you have done.

Mr. ANTELL. One of the major criticisms initially was the identification of the Indian students. Heretofore, school administrators and communities have used any variety of methods for identifying the students, ranging from sight counts by teachers, self-identification by students, estimates and so forth.

It was pointed out to us, and we were aware of it as well, that these counts needed to be tightened up. We have therefore instituted a new procedure which requires parental signature stating that the student is an Indian according to the definition in the legislation. That statement is required by all grantees.

While it hasn't met with a great deal of enthusiasm by local school administrators, we believe that this procedure will solve one of the problems in program administration.

Interestingly enough, many people thought that this procedure was going to reduce the number of Indian children in all our programs, but there have been specific examples where the number of children have increased simply because there has been a more concentrated effort on the part of school districts to identify the children. So, the new procedure has ramifications both ways.

That has been our single most significant problem. If you would have specific suggestions regarding other problems that I might address, I could better answer the question.

I am not really sure what the question is concerned with.

Senator STEVENS. My memory of my State law is that you can't require a registration on the basis of race, color or creed. Now, what do you do about that? How do you determine the entitlements in view of that kind of a law?

Mr. ANTELL. The Johnson-O'Malley program has the same problem, where you can only serve Indian children under a much stricter definition than title IV. They must identify their children by race. They have been able to do it and we are experiencing success doing the same thing. There is no other way you can operate a program for Indian children other than to identify who those Indian children are.

Senator STEVENS. Your formula grants go just on the basis of population of Indian children without regard to the needy school district, is that right?

Mr. ANTELL. The legislation that we are operating under, tells us that we must multiply the number of Indian children times the State per pupil average expenditure of that State.

This procedure creates full entitlement. The full entitlement is reduced accordingly, depending upon the amount of money appropriated. Appropriations have ranged from roughly 7 to 10 percent of the full entitlement.

The answer to your question is yes, under an entitlement program the grants are computed by multiplying the number of Indian children times the State per pupil expenditure without regard to financial need.

ASSESSMENT STUDY

Senator STEVENS. This study that you mentioned, is it underway already? Are you going to have a study of the needs of Indian students completed in 1978? Is that under way now?

Dr. PIERCE. Yes, sir.

Senator STEVENS. Who is doing it?

Dr. PAXTON. The National Indian Education Association, Indianapolis, Minn. has the contract to perform the national needs assessment. They are already in phase 2.

Senator STEVENS. What was phase 1?

Dr. PAXTON. Phase 1 was the gathering of preliminary data, including a bibliography, and a literature search to see what had been done.

Phase 2 includes doing a cost analysis of the program. Phase 3 will involve data collection in the field, probably next fall.

Senator STEVENS. And you anticipate it being completed in fiscal 1978?

Dr. PAXTON. Yes.

Senator STEVENS. What will be the total cost of that?

Dr. PAXTON. At the present time we are not sure about 1978 because we have not negotiated that part. But we estimate around $400,000 for the total needs assessment.

Senator STEVENS. Is that the total cost?

Dr. PAXTON. Yes.

Senator STEVENS. And you are completing also a major evaluation of part A? Is that the same thing?

Dr. PAXTON. No, sir. That is a separate evaluation under the Office of Planning, Budgeting, and Evaluation. Dr. Evans can speak to that.

Dr. EVANS. I can speak to that, Mr. Chairman. That study is under a contract with the Communication Technology Corp. That also is in midstream, similar to the one that Dr. Paxton just described, and it will try to find out the effectiveness of the activity, the kind of objectives that have been chosen, and the extent to which these objectives have been achieved in the part A LEA projects.

Senator STEVENS. Is there any particular problem that led to that evaluation?

Dr. EVANS. Only the problem of wanting to find out more about it and determine more the effectiveness of these projects and of the part A portion of the legislation.

NON-LEA'S

Senator STEVENS. Your request for non-LEA's under part A remains unchanged, is that right?

Dr. PIERCE. It is 10 percent, by law.

Senator STEVENS. What do you estimate you will effectively use for this program in 1977 and in 1978 and how much of an increase will be needed to keep the part A program up to par?

Dr. PIERCE. Are you talking specifically about part A, Mr. Chairman?

Senator STEVENS. The non-LEA's under part A. Is there a limitation on that by law to 10 percent?

Mr. LAMOURE. Ten percent of the amount which LEA's receive.

Senator STEVENS. What do you need? What would be the 10-percent requirement?

Mr. LAMOURE. It is hard to determine. I can best answer the question this way. With the appropriation that was given to us last year for part A, the 10 percent set aside, we would only be able to continue to fund our continuation grants. We would not be able to make any new starts or fund any new projects.

That amount in the 1977 appropriation is $2,272,727.

Senator STEVENS. How do you determine what is a nonlocal educational—what is a non-LEA? What does that mean?

Mr. LAMOURE. These are primarily Indian controlled schools. Some of them are former BIA schools that were turned over to Indian corporations to run as basically the private Indian controlled tribal schools.

Senator STEVENS. There is one in New Mexico, for instance?

Mr. LAMOURE. There is one in New Mexico. Also eligible is any local school district which is less than 3 years old. Some of the school districts in Alaska are eligible for funding.

Senator STEVENS. Less than what?

Mr. LAMOURE. Less than 3 years old. If the school district is newly formed, and is less than 3 years old, it is eligible for funding under the non-LEA portion.

Senator STEVENS. As well as funding under the other?

Mr. LAMOURE. Yes. It is eligible under part B. It would be eligible under non-LEA. It is also eligible in part A. It is eligible under three areas.

Senator STEVENS. What is the requirement in the area as far as money is concerned? You just get 10 percent of the part A, but you must have some indication of what is the required level there. Do you deal with applications there, too?

Mr. LAMOURE. Yes, we do.

Senator STEVENS. What kind of applications do you have pending, for instance, that are not funded?

Dr. PIERCE. Mr. Chairman, there are 47 estimated applications in 1978.

Senator STEVENS. What do they total?

Dr. PIERCE. We estimate funding at about $87,000 a piece. That would multiply out to over $4 million. That would be the level of need at this moment.

Senator STEVENS. And your 10 percent would be 10 percent of $25 million right now?

Dr. PIERCE. Right. That is about $2.2 million.

Senator STEVENS. So it would have to be at least at the $40 million level to fund those?

Dr. PIERCE. Yes. That is correct. Those are really general figures, Mr. Chairman, based on prior funding experience.

MULTIPLE YEAR PROJECTS

Senator STEVENS. All right. Are any of those multiple year projects, by the way, that you are talking about? Did you say $87,000?

Dr. PIERCE. $87,000.

Senator STEVENS. Are any of those multiple year projects?

Dr. PIERCE. Twenty-two of them are.

Senator STEVENS. How do you handle those?

Mr. LAMOURE. The amount of money required to fund the 22 multi-year projects is estimated to be about $2.2 million.

Senator STEVENS. But you only fund them annually, don't you? You fund them for 2 years out of 1 year appropriations?

Mr. LAMOURE. No. When they file their application they request funding for 3 years and we fund them on a 1-year basis pending appropriation.

Senator STEVENS. Assume you get the money, then do you fund them for 2 years out of 1 year's appropriation?

Mr. LAMOURE. No. We fund them on a year by year basis depending on the appropriation.

Senator STEVENS. How do you determine the priority of the first year programs if you have made a commitment for 3-year programs? Is that a commitment for 3 years or an annual commitment subject to review?

Mr. LAMOURE. It is a 3-year commitment but subject to annual review depending on the progress that the school has made in conformance with its original application and the availability of appropriations.

Senator STEVENS. You indicate that a majority of awards under part B are for multiple year projects. And you have no increase in your budget. How much of the request this year will be for continuation of multiple year projects and how much will be available for new projects under part B?

Mr. LAMOURE. Approximately 60 projects will be continuations out of 114. The new projects will be in the range of about 54 projects or so.

FELLOWSHIPS

Senator STEVENS. You have $1 million earmarked for fellowships, for graduate, and professional training.

Mr. LAMOURE. We are requesting $1 million for a fellowship program.

Senator STEVENS. You have indicated that you have given priorities to individuals who indicate they will serve the Indian community. What kind of assurances do you have that these people will serve the Indian community if they go into this program?

Mr. LAMOURE. They must file a statement in their application, indicating that they have given some past service and intend upon

graduation to provide service. They try to give an indication of where they expect to provide this service, including letters of references from tribal organizations.

Senator STEVENS. Is there a commitment as there is in the Indian health area? Is there a commitment that makes the moneys repayable if they don't keep it?

Mr. LAMOURE. No, there isn't.

Senator STEVENS. Why not?

Mr. LAMOURE. We don't have any legal basis to require that under present law.

Senator STEVENS. Do you have any indication that there has not been a followthrough on that commitment? Have you made any study to see if they really are going to the Indian community?

Mr. LAMOURE. We are only in the first year of the program right now. These individuals have received fiscal year 1976 awards for study in the current 1976–77 school year.

Senator STEVENS. The first year of that in part B?

Mr. LAMOURE. Yes. This is the first year in operation for the fellowship program.

Senator STEVENS. Will you keep us informed as to how that goes through the years to see that those commitments are being kept?

Mr. LAMOURE. Yes, sir.

IMPACT OF INFLATION

Senator STEVENS. What effect does inflation have on this part B? If it is at a constant level, what does the inflationary spiral do to that program?

Mr. LAMOURE. Primarily, we are not able to fund as many projects as we were in the past. The record will indicate that our average awards have increased to cover inflation.

Senator STEVENS. Tell me what that record is. How does it show up?

Mr. LAMOURE. In 1975, with an appropriation of $12 million, we were able to fund 148 projects at an average cost of $81,081. In 1976, with an appropriation of $16 million, less $524,506 for fellowships, we were able to fund 132 projects at an average cost of $116,584.

Senator STEVENS. How long has this funding been low?

Mr. LAMOURE. The 1977 appropriation and the 1978 request are both $14,080,000, which is $1,920,000 below the 1976 appropriation of $16 million.

Senator STEVENS. Give me those figures again on part B.

Mr. LAMOURE. In 1976 the appropriation was $16 million. The 1977 appropriation was $14,080,000. Requested for 1978, is $14,080,000.

Senator STEVENS. What was for 1975? Or wasn't it there?

Dr. EVANS. 1975 was $12 million, Mr. Chairman.

Senator STEVENS. $12 million?

Dr. EVANS. Yes, sir.

Senator STEVENS. How long has part B been in effect?

Dr. EVANS. Since the beginning in 1973.

Senator STEVENS. Since 1973? What was the level of funding in 1973?

Dr. EVANS. $5 million.

Senator STEVENS. Was the authorization increased? It seems to me it was somewhere along the line.

Mr. LAMOURE. The 1974 amendments added $2 million for special teacher-training projects and up to 200 fellowships for study in professions other than education.

Senator STEVENS. What is the limit of authorization now in part B?

Mr. FLOYD. $35 million plus $2 million for teacher training, plus 200 fellowships which could range up to about $2 million.

Mr. Chairman, we have a chart which shows the inflation impact in constant dollars from 1973 to 1978 using the Monthly Labor Review Consumer Index Rates.

Senator STEVENS. I have seen those, but I don't think it will necessarily apply to the Indian educational community. In some places it is higher and some places it is lower. It seems to me that would be very conservative.

How much would you need to keep funding at the same level as you did in 1975 based upon inflationary impact?

Mr. FLOYD. Using a 1975 base of $42,055,000 for the entire Indian education program, we would need approximately $48 million in 1978 to cover inflationary impact, estimated to be about 5 percent per year.

Senator STEVENS. I am talking about part B now.

Dr. PIERCE. The $12 million in 1975 would be comparable to $9.8 million in 1973 dollars.

Senator STEVENS. That is what you had in 1975. What is that equivalent to now as far as your figures? Roughly $16 million, what is that equivalent to now?

Dr. EVANS. On part B the appropriation for 1975, as you indicated, was $12 million and, therefore, the answer to your question would be merely applying the inflationary increase to the $12-million figure which we can certainly do.

Senator STEVENS. I wasn't asking about the $16-million figure. I was looking at the wrong column. In 1976 you had $16 million.

Dr. EVANS. Right. Applying the inflationary factor to the 1975 level of $12 million, which we would have to do precisely, and supply for the record, it would be in the neighborhood of $14 million.

[The information follows:]

INFLATIONARY IMPACT

The fiscal year 1975 appropriation for Part B of the Indian Education Act was $12 million. To provide the same level of programmatic activity in fiscal year 1978 it is estimated that $13,800,000 would be required. This figure is derived by using a 5 percent inflation factor per year. It should also be pointed out that the 1976 appropriation for this activity was $16 million. In order to maintain this level of programmatic activity in fiscal year 1978, approximately $17,600,000 would be required, applying the same 5 percent inflation rates.

INFLATION FACTOR

Mrs. BEEBE. It is about $2 million because we were using a 5-percent inflation factor.

Senator STEVENS. My real question was, what is your inflation factor in Indian education? Have you ever studied that?

Mrs. BEEBE. Approximately 5 percent, but this is based on consumer price index reports and not an analysis of classroom activities.

Senator STEVENS. Per year?

Mrs. BEEBE. Per year.

PART C

Senator STEVENS. On part C, again it is unchanged, the same level of funding. What would be required to fund a program at the same level you did in 1976?

The House has added $200,000. Will that do it?

Mr. LAMOURE. They gave us $200,000 on a 5-percent inflation factor for 1 one year. You are still referring to the 1976 base. It would be an additional $200,000 or about $4.4 million for 1978.

Senator STEVENS. What will that accomplish? What will the House addition accomplish in order to keep up the program for 1977?

Mr. LAMOURE. It will enable us to fund about the same number of projects which is 61.

Senator STEVENS. Are those projects ongoing? Are they multiple-year projects?

Mr. LAMOURE. No. In part C we don't have any multiyear projects. We may start some this year if we receive applications requesting it.

EDUCATIONAL MODELS

Senator STEVENS. You are going to put $1 million into a program to develop and test educational models, is that right? Is that what you are saying? Commissioner, is that right?

Dr. PIERCE. I am sorry.

Senator STEVENS. On part C, is $1 million going to be used to develop and test educational models?

Dr. PIERCE. Yes, sir.

Senator STEVENS. Do you do this or is this a contract?

Dr. PIERCE. No. We would not do it. It would be contracted out to grantees.

Senator STEVENS. Have you done it yet?

Dr. PIERCE. No, sir. This was just our projection on how we would spend that $4 million requested for 1978.

Senator STEVENS. What have you done with the money in the past?

Mr. LAMOURE. The money has been basically used to fund adult basic education projects throughout the country using various types of teaching techniques. For example, in your own State, the Cook Inlet project uses cross-age teaching where we take the whole Indian family into the project, including some children who are still in schools as well as the parents and some of the older children who are dropouts.

We are trying to get Indian adults ready to take the State equivalency exam for high school diplomas.

Mrs. BEEBE. Mr. Chairman, maybe I can submit for the record a typical part C project which was with the Phoenix Indian Center.

A great number of the part C projects fund a center, sort of an organization which then provides and supplies training to Indian adults on basic literacy scales.

Senator STEVENS. All right. That is fine. We will be happy to have it.

[The information follows:]

EXEMPLARY PROJECTS—PART C

Title: Phoenix Indian Center.
Amount: $81,909.
Project Objectives: Increase number of literate Indian adults and GED graduates in the Phoenix area.
Indians Benefitting: There are 120–140 people enrolled in adult basic education at the eighth grade level and below. In addition, 20 adults are enrolled in courses designed to attain a graduate equivalency diploma.
Description: Center provides instruction in basic adult education and courses leading to GED's. Courses are given on flexible schedule designed to correspond to community needs, primarily in the evenings and during the week-end.
Impact: First, to date 90 percent of GED graduates have enrolled in college or trade school. Second, there are rising career expectations among both GED graduates and those attaining literacy.

EMPLOYMENT PILOT PROJECTS

Senator STEVENS. What is this $750,000 to support pilot projects for improving employability? Have you made any recent efforts in that area and have they been successful?

Mr. LAMOURE. No, this is our first request for these funds. In the past we have concentrated basically on the adult basic skill areas and the high school equivalency exam. The Indian community has requested and we have responded to them to try to provide courses designed to allow young Indian adults who have basically dropped out of the normal school process to obtain certain jobs. They range in the types of training.

Senator STEVENS. This is vocational education you are talking about?

Mr. LAMOURE. Yes. However, it is also teaching them the basic reading, writing, math and other subjects.

Dr. PIERCE. Mr. Chairman, since this plan was developed by the Office of Education, Congress has passed a new vocational education act which sets aside 1 percent of the total vocational education funds for Indian tribes and, if there is anything left over, for the BIA, for vocational education activities.

It is clear to us that we will have to coordinate this program and that new program very closely to see to it that there is no duplication of effort. If we do coordinate it well—and I assure you we will try to do that—then we will make the best use of the $750,000 attached to that new authority for vocational education law.

PERSONNEL

Senator STEVENS. Thank you. I hope that will work out.

Now, the staff informs me this justification lacks several schedules. Could you give us for the record the detail of permanent positions, a personnel summary and a program and financing schedule.

If you need any assistance in identifying what we want, the staff will be glad to talk to you about that.

Dr. PIERCE. Certainly.

[The information follows:]

PERSONNEL SUMMARY

	1976 actual	1977 estimate	1978 estimate
Total number of permanent positions	54	50	50
Full time equivalent of other positions	5	8	7
Average paid employment	52	58	57
Average GS grade	9.62	9.71	9.71
Average GS salary	$16,877	$18,126	$18,126
Average salary of ungraded positions	$37,800	$39,600	$39,600

Detail of permanent positions fiscal year 1978

Grade:	*Number of positions*
18	2
15	3
14	8
13	1
12	17
11	1
8	1
7	2
6	2
5	5
4	6
3	1
Total	[1]50

[1] Includes 46 positions for the Office of Indian Education and 4 positions for the National Advisory Council on Indian Education. The Advisory Council's positions are at the following GS levels: 18, 14, 7, and 6.

NATIONAL ADVISORY COUNCIL

Senator STEVENS. You have $100,000 to finance the National Advisory Council for Indian Education. Last year you requested $230,000 for this effort and it was reduced in conference to the $100,000 level.

Is that $100,000 sufficient?

Dr. PIERCE. For the Council? No, sir. It wasn't sufficient to let them do what Congress requests and authorizes them to do.

Senator STEVENS. In what way?

Dr. PIERCE. This Council, unlike many of our advisory councils, has a number of responsibilities that are unique. One of them, for example, is that they must review every application for a grant. They must also provide the Office of Education with a list of candidates for the position of Deputy Commissioner.

It just so happens that that position was open this year. The Council has spent a lot of money trying to interview and bring in people to interview and has recently submitted to the Office of Education three candidates for that position.

They simply don't have enough resources to carry out the legislative responsibilities as they see them at the $100,000 level.

Mrs. BEEBE. Mr. Chairman, I would like to point out that some of the schedules which you requested do appear in our justification.

Page 26 is the financing schedule. Page 27 is the schedule of permanent positions.

So that information would be found on pages 26 and 27.

Senator STEVENS. All right. You can get together with these people and make sure we have what we need.

Mrs. BEEBE. Surely. Certainly if there is additional information required, we will be happy to supply it.

COUNCIL MEMBERSHIP

Senator STEVENS. Is the Council an ongoing council?

Dr. PIERCE. Ongoing?

Senator STEVENS. Is it subject to change? How do you change it?

Dr. PIERCE. The membership rotates. There are 15 members on the Council and 5 new members a year are appointed to the Council.

Dr. PAXTON. This year, Mr. Chairman, we have a new Council that came in in October which has 10 new members and 5 carryovers.

Senator STEVENS. Could you give us a list of the members of the Council, please?

Dr. PAXTON. Surely.

Senator STEVENS. I understand there will be five appointed this year? And five every year? Five come on and five come off?

Dr. PAXTON. Yes. Approximately 9 months from now five new members will be appointed.

Senator STEVENS. Who is the chairman now?

Dr. PAXTON. Mr. Thomas Thompson of the State of Montana.

BIA COORDINATION

Senator STEVENS. Now, you have made mention of an effort to coordinate your activities with the BIA. How is that coming?

Dr. PIERCE. I think that is coming very well, Mr. Chairman. We work closely with the BIA. Many of our staff members have worked with the BIA. Dr. Demmert who was the Deputy Commissioner for this Bureau is now heading the Indian education programs in the BIA.

Some people suggest that we work too closely with the BIA. I don't think that that is true. There has been some concern about that simply from the standpoint that this program allows service to urban Indians, certainly much more than the BIA program does. Some of the urban Indian groups feel that we may be working too closely with the BIA. I think we can say with a great deal of assurance that we work very closely with the BIA.

Mrs. BEEBE. Mr. Tonemah has just given us a list of the committee members and a statement about their backgrounds which I would like to provide for you. He is the acting director for the committee.

Senator STEVENS. Thank you very much.

[The information follows:]

NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION

NACIE COUNCIL MEMBER PROFILES

JOE ABEYTA, Espanola, New Mexico. Superintendent, Albuquerque Indian School. Member, Santa Clara Pueblo tribal operation officer, Northern Pueblo's Chairman All Indian Pueblo Council Education Committee, doctoral candidate in Education Administration. Experience: Teacher, Administrator in the elementary and secondary levels; has wide experience on the local, state and national levels regarding Indian Education.

ELLEN A. ALLEN, Horton, Kansas. Cultural Curricula Developer, Powhatan Unified School, District #10. Enrolled Kickapoo of Kansas; BS degree in Elementary Education; has worked as a teacher aide and teacher with Indian children on and off the reservation; experience in successful proposal writing and program operation: JOM program administrator on several levels; utilized as consultant for Bilingual Education, Washington, D.C.; on Board of Regents, Haskell Indian Jr. College; participates in tribal educational programs; director of Title IV program in Powhattan, Kansas.

WILL D. ANTELL, Stillwater, Minnesota. Assistant Commissioner of Education, State of Minnesota. Member, White Earth Chippewa. D.Ed. Education Administration, University of Minnesota. Has had experience as a teacher, administrator, consultant, college faculty member, on the local, state, university, and national levels. Dr. Antell has extensive research and publication credits and has a wealth of knowledge concerning Indian Education and how it relates to the American educational system.

WESLEY BONITO, White River, Arizona. Director, Tribal Education Department, White Mountain Apache Tribe. Member, White Mountain Apache Tribe; Chairman, JOM Board; Member, Board of Regents, Haskell Indian Jr. College, Lawrence, Kansas; Inter-tribal School Board Member (Phoenix); Law and Order Committee member; Public School Board of Trustee (White River); National Youth Corps Officer; Athletic Director, White River.

LINDA BELARDE, Zuni, New Mexico. (but representing her native Alaska) Zuni Alternative Learning Program. Member, Tlingit Alaska Native; Master's in Special Education; teacher, counselor, administrator; experienced in proposal writing.

THEODORE GEORGE, Poulsbo, Washington. Regional Program Director, Office of Native American Programs, HEW. Mr. George has had extensive interest and participation in Indian Education for the past 15 years. He is a certified teacher with a Master's Degree. Mr. George has an extensive background and understanding of educational and social needs of the Indian of the northwestern United States. His participation on local, state, and national boards provides Mr. George a wealth of knowledge and expertise which is vital to the functions of the Council.

CALVIN ISAAC, Philadelphia, Mississippi. Tribal Chief-Administrator, Mississippi Band of Choctaws; BS and Master's in Education; doctoral candidate at Mississippi State University; has had extensive training in personnel management, government operations, curriculum development and administration. Elementary teacher, Public Health Service, Service Unit Director, administrator, Head Start, Title I; Tribal Chief. Membership on numerous professional organizations, advisory boards, boards of directors on local, state and national levels. Mr. Isaac's expertise in tribal affairs adds greatly to the Council's role.

PATRICIA MCGEE, Prescott Arizona, President, Yavapai-Prescott Tribe. Chairperson and tribal manager of the Yavapai-Prescott Indian Tribe. Activities: Secretary/Treasurer, Arizona Commission on Indian Affairs; Member, Arizona Commission on Indian Affairs; Board Member, Yavapai-Prescott Development Corporation; Member, National Tribal Chairman's Association; Member, Arizona Town Hall; Member, Western Federal Regional Council.

EARL OXEDINE, Raeford, North Carolina. Principal, Upchurch Jr. High School. Master's degree and graduate work beyond Master's. Has worked as a principal on elementary, jr. high school and high school levels. Mr. Oxendine extensive active memberships in Indian and education professional organizations brings to the Council a variety of expertise and practical knowledge of educational issues on the local, state, and national levels.

PAUL PLATERO, Albuqueruqe, New Mexico. Associate Director, Native American Materials Development Center. Member, Navajo Tribe;Master's degree from Massachussetts Institute of Technology (Linguistics) and a doctoral candidate in the final stages of dissertation. (Linguistics). Experience: Instructor at the Rough Rock Demonstration School; Adjunct professor, University of New Mexico, teaching Navajo language. Member, National Indian Education Association; President Navajo Linguistics Society; Dine Bi'Olta Association.

DONNA RHODES, Tulsa, Oklahoma. President, Indian Women Consultants, Inc. Co-founder Tulsa Indian Youth Council; Director of Title IV, Part B Program; Member, American Indian Teachers Board, Native American Coalition of Tulsa, Oklahoma Indian Education Association. Mrs. Rhodes has participated in providing technical assistance and dissemination of information on Title IV.

DAVID RISLING, Davis, California. Professor, University of California at Davis. Hoopa Tribe. Master's in Education; lecturer/coordinator, Native American Studies/Behavior Science Applied; Administrative Counselor, university/jr./secondary levels; principal founder D-Q University, an American Indian, Chicano Institute; consultant, Fourd Foundation; National Institute Mental Health; Los Angeles School District; USOE, Western Interstate Commission on Higher Education, National Indian Education Association; other educational and scientific organizations; Chairman, Board of Trustees D-Q University; Vice Chairman, Board of Directors, Native American Rights Fund; Vice Chairman, Board Equal Education Opportunity Commissioner for California; extensive publications on American Indian Education.

JAMES SAPPIER, Old Town, Maine. Passamaquoddy Tribal Coordinator, Office of Development. Extensive experience in tribal affairs; coordinates local tribal operations with state and federal agencies; has worked with a university, Department of Labor, federal regional council and was a consultant to the American Indian Policy Review Commission, Federal and Indian relations.

THOMAS THOMPSON, Heart Butte, Montana. Federal Programs Coordinator, School District #9, Browning, Montana. Master's degree in Education and has served as a consultant with various Indian educational programs within the state; currently a doctoral candidate, University of North Dakota; coordinated first Indian Education Conference in the Teacher Corps; has served as an advisor to organizations to improve Indian education.

MINERVA WHITE, Hogansburg, New York. Director of Native American Special Services, St. Lawrence University, Canton, New York. Counselor, St. Regis Reservation; administrator, Division of Education, Mohawk Tribal Council, Director, Library Project, Care Center Coordinator. Activities: Member, St. Regis Parent Committee; Salmon River School Board; New York State Iroquois Conference Board; fund raiser.

TRAVEL INCREASE

Senator STEVENS. You have a $50,000 increase in travel. Is any of that for the National Advisory Council on Indian Education?

Dr. PIERCE. No, it is not.

Senator STEVENS. You were reduced from $230,000 to $100,000 for the Advisory Council. Was any part of the reduction absorbed from other funds, taken up by other funds?

Dr. PIERCE. Other funds in the Office of Education, for example?

Senator STEVENS. Yes.

Dr. PIERCE. No. We cannot commingle funds from one appropriation to another. We looked very closely at that. We have to be very careful and we do not do that.

FIELDREADERS

Senator STEVENS. I will go into that in a minute.

What about an item for increased costs for fieldreaders? What is a fieldreader?

Dr. PIERCE. Mr. Chairman, we are very concerned that we use outside experts in all of the programs in the Office of Education. These people have expertise in particular areas. For example, some are trained researchers, and we bring them in, and pay them to assist us in evaluating all of our programs. The fieldreaders are the people who are brought in to evaluate the applications and to make recommendations to us regarding the quality of each application.

Senator STEVENS. How much have those costs gone up and why?

Dr. PIERCE. I am not sure that we can answer that at the moment.

Mr. FLOYD. We can estimate that they have gone up about 10 percent, for inflation. However, the bigger increase over previous years results from the method by which the Department has determined we have to have fieldreaders. In the past we have used two field-readers per application. Now we will use three.

That has increased the cost.

Senator STEVENS. Why do you have to have three rather than two?

Mr. FLOYD. It tends to eliminate some of the bias when you have three readings rather than two.

Senator STEVENS. Do you take the three readers from the same community or how do you get them?

Mr. FLOYD. We generally assign the fieldreaders by their specialty. We do not assign them to the community from which a proposal came. If they came from that same community, that is a conflict of interest.

Dr. PAXTON. At the present time, Mr. Chairman, we have asked for tribal leaders throughout the Nation to send in nominations for readers for part B.

For example, as of this week we have 1,000 nominations for field-readers from over the Nation. We are in the process of selecting 90 or 100 fieldreaders from that pool of 1,000 nominees.

Senator STEVENS. How many applications for fieldreaders would you get per year?

Dr. PAXTON. It varies from program to program

Mr. ANTELL. Each reader will read about 50 applications under part A.

Dr. PAXTON. Under part B they will read approximately 25 to 30.

Senator STEVENS. Then they are not full-time employees, right?

Dr. PAXTON. That is correct.

Dr. PIERCE. No, sir. They are brought in for that period of time. Their expenses are paid and they work very hard for us and very long hours for us to get that job done.

COMPENSATION FOR FIELDREADERS

Senator STEVENS. How do you compensate them? That is what I am trying to get to.

You have three people who are going to read the same application. Now how do you compensate them for that?

Dr. PIERCE. They are paid as consultants. They are paid the standard consultant fee, $100 per day.

Senator STEVENS. Do they come in here to do that?

Dr. PIERCE. Yes, sir.

Senator STEVENS. Is it necessary to bring them in here to do that?

Dr. PIERCE. We think it is, Mr. Chairman. After they have read them independently, then they meet jointly to discuss the pros and cons of an application. Where one reader might have interpreted something one way, another would interpret it another way.

We think that it makes for funding better proposals if they can at least discuss the applications and work with our staff as well in finishing out their work.

Senator STEVENS. How much does that take out of each part, part A and part B and part C? You don't do it in A, do you? You do it in B and C?

Dr. PIERCE. Bring in the readers?

Senator STEVENS. Yes.

Dr. PIERCE. We use readers in all three parts.

Senator STEVENS. How much does it cost for readers in these three categories?

Mr. FLOYD. It is roughly $27,000 for part A and the balance for B and C. We group those together.

Senator STEVENS. For a total of what?

Mr. FLOYD. Of $125,000, roughly. About $98,000 goes to read B and C, and $27,000 to read A.

Senator STEVENS. Does that include their transportation, too? Is that the total cost of readers?

Mr. FLOYD. Transportation, $100 per day as consultants, and per diem at $50 a day roughly.

Dr. PAXTON. Mr. Chairman, we have discussed an alternative plan to have the readers come in to a central place, such as Albuquerque, and go through a 1-day training session and then send them home to read the projects.

However, ultimately we feel for the ultimate good to Indian people it would be more efficient to bring them into Washington where we would have them altogether at one time. It is very important that we get the proposals read quickly so that we can get out the grant awards as soon as possible.

Senator STEVENS. Why do you have to have readers for part A? Isn't that the entitlement program?

Mr. ANTELL. Yes. It is possible to not utilize fieldreaders in part A, but the whole spirit of Indian education is Indian involvement and community involvement and these communities have long had a distrust of the bureaucracy.

We think that the participation of the Indian people in this exercise is most important. They provide a great deal of insight to the proposals concerning factors which do not appear on paper or in writing. We think that it is a very good effort so that the Indian community totally knows what we are doing and how we do it.

We need their expertise in this area.

Dr. EVANS. I think it is also important to point out, Mr. Chairman, that although it is an entitlement program there are certain requirements stated in the regulations that have to be met. The readership accomplishes the purpose of assuring that the applicant does, in fact, meet these requirements.

Dr. PIERCE. I would stress, too, that the importance of uniformity and the importance of training these people and bringing them in and providing them with a floor, a basis upon which all of them read these proposals so that they all look at a particular part of a proposal in the same way. They all react to it hopefully as uniformly as possible. That, I think, justifies in my mind, at least, bringing them here so the staff can spend some time with them.

Senator STEVENS. All right.

NATIONAL ADVISORY COUNCIL ON INDIAN EDUCATION

STATEMENT OF STUART TONEMAH, ACTING EXECUTIVE DIRECTOR

ACCOMPANIED BY:

JOE ABEYTA, MEMBER, NEW MEXICO
PAUL PLATERO, MEMBER, NEW MEXICO
CALVIN ISAAC, MEMBER, CHOCTAW, MISSISSIPPI

INTRODUCTION OF ASSOCIATES

Senator STEVENS. I understand that there are representatives of the Advisory Council here. Do any of you have viewpoints on any questions that we have given the Commissioner and his associates?

Mr. TONEMAH. I am Stuart Tonemah, Acting Executive Director for the Council. I would like to thank the committee for allowing us this time. Three members of our Council are here with me. Mr. Joe Abeyta, a Pueblo from New Mexico, Mr. Paul Platero, a Navajo from New Mexico, and Mr. Calvin Isaac, a Choctaw from Mississippi.

Senator STEVENS. Are those all the members who are here today?

Mr. TONEMAH. Yes. The National Advisory Council on Indian Education is in the process of gathering for a meeting to be held this weekend to decide on the position of Executive Director.

I have here a statement to submit for the record. I will not go through it completely. In essence, it states that our current fiscal budget for fiscal year 1977, which is $100,000, is inadequate and that a minimum operating budget of $260,000 is needed. Also included are some proposed changes for fiscal year 1978 which would increase our budget to $460,000.

COUNCIL'S ACTIVITIES

There are several things that you have asked concerning the Council and that Dr. Pierce has reacted to in terms of the responsibilities of the Council. I would add here that because of these two main responsibilities, the proposal review and conducting the search for nominees for the Deputy Commissioner of the Office of Indian Education, that our role as an advisory council is almost a line responsibility role as opposed to advisor.

The $100,000 budget figure that we have to operate on is grossly insufficient for us to conduct our business. In the spirit of Indian self-determination, the review of proposals is one of the most important functions that the Council has to perform, offering Indian people input on funding decisions.

Over this past year and possibly this year, we are going to have to ask the Office of Indian Education if they, through whatever resources are available, could help us financially to conduct this proposal review. For our own sake, we would rather not have to

ask for moneys to do this because in a sense this abrogates responsibilities as an independent organization to conduct an independent review. We become, in a sense, obligated to the Office of Indian Education.

What we would prefer to do is be able to conduct our review process in an independent fashion and prepare a slate and submit it to the Commissioner of Education for his consideration in determining which projects will be funded.

Senator STEVENS. Why couldn't one of these three readers on this be a member of the Council in each instance?

Mr. TONEMAH. It could be, but if we did this we would be again bound to follow the Office of Indian Education's review process and the Council feels that they would like to conduct their own independent review so as not to appear to be influenced by any of the Office of Indian Education's personnel or the fieldreading process.

Senator STEVENS. I can understand that. Then why doesn't the Department cut one out and let your people be one of the third reviewers?

Mr. TONEMAH. This would be a possibility, I am sure.

Senator STEVENS. I am getting the opinion that there is a redundancy in the review and a lot of money that we think that we are providing for Indian education is going to review of Indian education and not going directly to the program.

I would like to see the Department consider reducing that down to a review of two people and having the National Advisory Council provide a review at one level. But let me go to another thing, if I may.

PREPARED STATEMENT

We will print your statement completely in the record.

[The statement follows:]

STATEMENT OF STUART A. TONEMAH

Mr. Chairman and Members of the Subcommittee, I am pleased to have the opportunity to speak to you in support of the National Advisory Council on Indian Education's proposed budget and the Office of Indian Education's proposed budget for Fiscal Year 1978.

The National Advisory Council on Indian Education has played a key role in this development. The Council has held its full Council meetings (last year) in Indian populated areas to provide that needed liaison between the Indian people, Alaska Natives and the Office of Education, the Department of Health, Education and Welfare, Congress and the Administration on Educational issues.

The National Advisory Council on Indian Education is asking that the Committee consider this budget request for FY'78 of $460,000. These monies would be utilized to fulfill its seven statutory responsibilities which include:

1. submit to the Commissioner of the Office of Education a list of nominees for the position of Deputy Commissioner of Indian Education;
2. advise the Commissioner of Education with respect to the administration (including the development of regulations and of administrative practices and policies) of any program in which Indian children or adults participate from which they can benefit, including Title III of the Act of September 30, 1950 (P.L. 81-874) and Section 810, Title VIII of the Elementary and Secondary Education Act of 1965 (as added by Title IV of P.L. 92-318), and with respect to adequate funding thereof;
3. review applications for assistance under Title III of the Act of September 30, 1950 (P.L. 81-874), Section 810 of Title VIII of the Elementary and Secondary Education Act of 1965 and Section 314 of the Adult Education Act (as added by Title IV of P.L. 92-318), and make recommendations to the Commissioner with respect to their approval;
4. evaluate programs and projects carried out under any program of the Department of Health, Education and Welfare in which Indian Children or adults can participate or from which they can benefit, and disseminate the results of such evaluations;
5. provide technical assistance to local educational agencies and to Indian educational agencies, institutions, and organizations to assist them in improving the education of Indian children;
6. assist the Commissioner in developing criteria and regulations for the administration and evaluation of grants made under Section 303 (b) of the Act of September 30, 1950 (P.L. 81-874) as added by Title IV, Part A, of P.L. 92-318 and;
7. submit to the Congress not later than March 31 of each year a report on its activities, which shall include any recommendations it may deem necessary for the improvement of Federal education programs in which Indian children and adults participate, or from which they can benefit, which report shall include a statement of the Council's recommendations to the Commissioner with respect to the funding of such programs.

The attached addendum gives an outline of the expenses for the National Advisory Council on Indian Education in FY'76 plus the transition quarter. The National Advisory Council on Indian Education's FY'76 budget of $230,000 plus $57,500 for the transition quarter brought the total to $287,500 for the 15 month period. As is evidenced, the acutal expenses of the National Advisory Council on Indian Education was $292,716.84 and represents a $5,216.84 overage.

The National Advisory Council on Indian Education feels that the $430,000 funds level would allow it to expand its range of responsibilities to programs other than the Indian Education Act for example: vocational education, adult education, bilingual education, Right to Read, career education, teacher corps, women' programs, equal educational opportunities, post secondary education, occupational and handicapped programs, etc.

What the National Advisory Council on Indian Education would like to do is to aid these programs to ensure that American Indians and Alaska Natives are included as a regular part of the programs in which all Americans are eligible and not just on an incidental basis. The National Advisory Council on Indian Education's responsibility, in addition to those stated in our Charter, is to serve as an advocate for Indian education in many areas.

The Office of Indian Education's budget request of $45,087,000 only partially reflects the needs (in terms of dollars) of American Indians and Alaska Natives. This figure is substantially lower than the agency's request to the Department of $162,327,500 and still lower than the Department request to the Office of Management and Budget of $106,809,900. The National Advisory Council on Indian Education feels that for the Indian Education Act to continue to develop a FY'78 budget request of $106,809,900 is a realistic figure. There is little need here to present the extremes of the statistics that is evidence of the lack of educational services and the waste of human resources that are the scourge of American Indians and Alaska Natives. What I would like to

present is evidence quite to the contrary: evidence that reflects the wisdom of the United States Congress in passing the Indian Education Act which is indeed a start in alleviating the problems of Indian education and to aid in finding its place in the American educational system.

Four years ago, the number of American Indians and Alaska Natives serving on Parent Committees/School Boards/Boards of Education could at best only be described as infinitesimal. Today there are over 2300 Indian/Alaska Native Parent Committees which actively pursue an interest and assume a responsible role in their children's education in coordination with the existing educational systems. This participation is a milestone for Indian people and for their philosphy of Indian Self-Determination.

As you know, the intent of the Indian Education Act is to meet the special educational needs of Indian children and adults. The question arises: "Are the special educational needs of American Indians and Alaska Natives being met?"

The answer is an emphatic "yes" but with qualifications. Yes, in the sense, that for the first time Indian and Alaska Native people are actually meeting with school officials and discussing educational problems. Yes, to the extent that non-Indian school administrators, teachers, counselors and students are becoming aware of who are the American Indian and Alaska Native people. Yes, as evidenced by: the decline of the dropout rate of American Indian/Alasla Native students; by having curricular materials/programs relating to Indians in the schools; by the Indian students self-image improving and by the increase in the numbers of American Indian and Alaska Native teachers/administrators now in the schools.

The qualifications in the "yes" response is tempered by the fact that there have been some problems in the development of the Indian Education Act stemming from the unfamiliarity of the roles of the Indian Parent Committees, the school officials and their relationship to each other. Some of the Parent Committees are for the first time participating with the school districts in the planning and the implementation of programs designed to benefit their children. Forays into this little explored territory can create an atmosphere of distrust. But in the process of overcoming the problems of communication non-Indians are learning about Indian/Alaska Natives and Indians and Alaska Natives are learning about the school systems, teachers and administrators of these schools. This is a most positive interaction.

Another positive factor about this "new"participation is that the various tribes on a limited basis are placing some of their own resources into these educational endeavors, some more so than others. This is significant because education, for some Indian/Alaska Natives, takes a back seat to other basic human needs such as: food, housing and health.

The overall effect of the Indian Education Act has yet to be determined but the indications are that the effect is more positive than negative. The opportunities provided by the Indian Education Act have been reflected in change, positive change in Indian and Alaska Native attitudes toward education. Tribes and Indian organizations are developing innovative and experiential methods, programs, curricula to inculcate into the "traditional" American school system. Most of all Indian children and Alaska Natives because of the Indian Education Act are the direct beneficiaries of these programs. Incidental benefits derived are: the opportunities for increased communications between Indian and Alaska Natives with school officials; more awareness of American Indian/Alaska Natives with non-Indians; overall enhancement of the educational system by broadening its frame of reference to include American Indians and Alaska Natives.

Will the special educational needs of Indians and Alaska Natives ever be met? The solution is elusive. Indian people on the whole have participated in the American educational system only a short while and we are attempting to make up a difference of 200 years of a European educational prototype in only three years of a special directed funded programs. This is an almost impossible task.

The point is that for a number of Indian people, education, as is known in American is an evolutionary process rather than a revolutionary process. The money spent on the Indian Education Act to date is but a beginning. There have been problems in the development of the Indian Education Act but the intent is being realized, although gradually.

In conclusion, the National Advisory Council on Indian Education's title states that it has "advisory" responsibilities, but this to NACIE appears to be a misnomer. The National Advisory Council on Indian Education reviews applications for assistance under the Indian Education Act (no other Presidentially appointed Council on Education has this responsibility); searches for and provides the Commissioner of Education a list of nominees for the Deputy Commissioner of the Office of Indian Education; does evaluation and provides technical assistance to the grantees; advised the Commissioner of Education on criteria and regulations for administration and evaluation of grants. These responsibilities of the National Advisory Council on Indian Education are more of a line function rather than an advisory function. We as that you review these facts in your consideration of the National Adviosry Council on Indian Education's budget request. Thank you.

ADDENDUM II

NACIE BUDGET 1976

Council:	
Compensation	
Council Meetings Committee Meetings	$111,010.95
Travel & Conferences	
On-Site Visits	$28,404.44
Staff:	
Salaries Benefits Travel	$103,014.47
Annual Report:	
Printing	$12,448.58
Consultants	$26,595.43
Other Costs:	
Supplies, Materials, Photocopy, Taxi Claim, Etc.	$12,072.89
TOTAL	$292,716.84

Meetings were held in regional Indian populated areas to enable the Indian people of those areas to attend these meetings and have input through the NACIE to the Office of Indian Education.

The regional meeting format has proved to be an effective method to acquire information from many of the Indian communities. Other national Indian organizations over the years, have utilized this format for similar reasons resulting in a goodly amount of participation by the Indian communities has been augmented by on-site visitations to select Title IV projects providing technical assistance and serving as a liaison between the projects and the Office of Indian Education. The on-site visits have been coordinated with the Office of Indian Education and the NACIE offices to eliminate duplication and maximize the effort of communications between "the field" and Washington, D.C.

The annual report of NACIE is a compilation of recommendations collected over the year. The Council views the annual report as the most important link to those they are to advise; the Commissioner of Education; the Secretary of Health, Education and Welfare, Congress and the President. Although many of the recommendations are of a current nature, many of the issues addressed are of an ongoing nature and have yet to be resolved through education or by tribal people.

	OBJECT CLASS	FY'77 BUDGET	MINIMUM OPERATING BUDGET	PROPOSED CHANGE	PROPOSED BUDGET
11.00	PERSONNEL				
	Full Time	99,422	99,422	38,772	138,194
	Consultants (Council Members)	-0-	37,500	10,000	47,500
12.00	PERSONNEL BENEFITS	9,943	9,943	7,728	17,671
21.00	TRAVEL & PER DIEM (Council & Staff	-0-	75,883	52,000	127,883
24.00	PRINTING & REPRODUCTION	-0-	20,000	5,000	25,000
25.00	OTHER SERVICES Contractual (research & evaluation) Central Payroll Costs Conference Charges	500	14,252	80,000	94,252
26.00	SUPPLIES, MATERIALS & EQUIPMENT	-0-	3,000	6,500	9,500
	TOTALS	$100,000	$260,000	$218,000	$460,000
	Deficit	10,443			

The budgets outlined reflect; (1) the FY'77 Budget which would only cover personnel with a deficit of $10,443.00 and no programmatic actions unless funds were secured from other sources.

(2) The minimum operating budget for NACIE places the cost of $260,000. This includes personnel (4) salaries, staff and Council travel, Compensation, Printing and Reproduction, Other Services and Supplies.

(3) The proposed changes would allow 2 additional staff, and increases across the board for staff and Council. The increases would be utilized for more evaluations and technical assistance to the grantees, also, to conduct studies (for example, "How effective has the Indian Parent Committee Been in Improving Indian Education"). Dissemination of this type of information would also be an expense.

BUDGET OF THE COUNCIL

Senator STEVENS. I am happy to have you and members of the Council here. If you don't mind let me just ask you a couple of questions about what you have said.

The sum of $99,000 was for full-time personnel, is that correct?

Mr. TONEMAH. Yes.

Senator STEVENS. Do the councilmen have any money for travel?

Mr. TONEMAH. The Council has used money for travel, but we are operating as if we had $230,000. At $100,000 and full staff there would be no money for travel.

Senator STEVENS. What has the Council done since that reduction of $130,000?

Mr. TONEMAH. We are exploring alternative sources for funding.

Senator STEVENS. That is not my question. What have they actually done? Have they met?

Mr. TONEMAH. The Council has met.

Senator STEVENS. How do they meet?

Mr. TONEMAH. Well, the Council voted in a meeting in Raleigh, N.C., last year and reiterated in a meeting here in Washington D.C., that we would continue spending at the funding level that we had in 1976, which is $230,000.

Senator STEVENS. How did you get the money? It was reduced to $100,000. Where did you get the money?

Mr. TONEMAH. We are trying to get the money. We are spending in a deficit right now hoping that there might be a possibility of a supplemental appropriation for us this year.

Senator STEVENS. You have a different way of running the Government than I do. I can't spend in deficit. I can only spend the money that they give me. How can you spend into a deficit situation from an account level?

Where did you get the money for the travel?

Mr. TONEMAH. OK. We have quarterly allotments. We use those quarterly allotments for staff and a certain portion of it for travel. We have had three meeting this year.

Senator STEVENS. Wait a minute. It shows zero on your budget for travel. What I am asking is where did you get the money to hold the meeting? Did you absorb any part of this in the Office of Education?

Mr. TONEMAH. We have $100,000 for this year. We are drawing on that $100,000. We get quarterly payments of $25,000. We have asked for a reapportionment of that quarterly allotment from the first quarter to the third quarter to cover for the meetings.

Senator STEVENS. In other words—what rate are you spending at right now on a quarterly basis?

Mr. TONEMAH. In the first quarter it was $12,000 over the usual quarterly allotment.

Senator STEVENS. What are you spending now?

Mr. TONEMAH. We have not had a meeting as of yet in this quarter.

Senator STEVENS. You are in the second quarter now?

Mr. TONEMAH. Yes.

Senator STEVENS. How much will you spend in this quarter?

Mr. TONEMAH. I think that we will probably come pretty close to that same figure.

Senator STEVENS. The $37,000 level? So you are going to go out of business in the third quarter.

Mr. TONEMAH. That might be a possibility.

NEED FOR SUPPLEMENTAL REQUEST

Senator STEVENS. There isn't a supplemental request here is there?

Mr. TONEMAH. I was under the understanding that this was for fiscal year 1978. We have made our concerns known to the Senate in letters dated June 18, and June 20, 1976. The letters outline the impact of $130,000 reduction in the Council's budget.

Senator STEVENS. You sound like my son off in school. He is not going to get through the school year if he keeps spending money the way that he is spending it. Some way or other we have got to help you, but I don't know how to help you if I don't get a request or I don't know what level you need.

Mr. TONEMAH. A supplemental appropriation would help us out.

Senator STEVENS. Well, how much?

Mr. TONEMAH. I would think just at the rate of our former budget, plus, as you know, there is inflation. Our budget was cut by $130,000 and I think a 5-percent increase on top of that would help us through this year.

I have listed on the budget on the last page a minimum operating budget to the tune of $260,000. This will help us to operate minimally through the rest of the year.

Senator STEVENS. We have problems. Our colleagues in the House specifically cut you down to $100,000 but you are spending at the rate, as I figure it, of about $160,000 a year right now.

Mr. TONEMAH. We are hoping that the Senate will help us out in discussing this with the House people.

Senator STEVENS. Has there been any attempt to talk to OMB about getting a request or funding for this Council?

Dr. PIERCE. I don't think we have done that, Mr. Chairman.

Senator STEVENS. 1978 is funded at $100,000, is that right?

Dr. PIERCE. That is right.

Senator STEVENS. You indicate a need of $460,000.

Mr. TONEMAH. This is for some things we would like to do in two areas—technical assistance and onsite evaluations. Technical assistance we have done on a limited basis. We would like to expand this and to augment the efforts of the Office of Indian Education in onsite visitations.

As you know, their travel budget was cut by $72,000, and our budget was cut. If we could have $460,000 we will probably be able to help monitor these programs and provide technical assistance.

Senator STEVENS. I don't think we will look upon this in increasing your budget, but you have a problem across the way over there. I am hoping that your colleagues with the Council are going to make some visits on the other side.

Mr. TONEMAH. We are going to try to mend some fences there.

Dr. PIERCE. May I just make one observation? In our 1978 request for the Advisory Council we made a decision to ask for level funding

for all advisory councils. We therefore did not make a specific determination to hold this Council at that figure. We just held all councils at the same figure they had.

POTENTIAL OF COUNCIL

Senator STEVENS. I understand, and I am sure all of us understand the problem. But I wish you would explore the possibility of using some of this money that is going into these other services in making the Advisory Council a functional group of advisors with some of these programs.

It seems to me that some of that $127,000 that is going into this reader activity, if that could be channeled towards the Advisory Council they could give you their advice as to the program and probably increase the diversity of your advice.

You could let them have the equivalent money at one-third of that cost.

Mr. Tonemah, we understand you, but I don't know how we are going to get that money up to that level this year unless you go over there and do some work on the other side.

Dr. PIERCE. Mr. Chairman, the staff just reminds me that with the House having put in a specific amount of $100,000 for the Council, if we try to use any field reader funds for that we will be contradicting the House order mandated to us.

Senator STEVENS. I was just protecting myself by asking to see if you had. That is all. I understand that you cannot, and they understand that you cannot. But you are going to go out of business the way I see it by the end of July unless something is done.

STATUS OF COUNCIL

The Advisory Council members are not Government employees, are they?

Mr. TONEMAH. We are excepted Government employees.

Senator STEVENS. You are staff. I am talking about members of the Council.

Dr. PIERCE. They are Government employees when they are serving as members of the Council, Mr. Chairman.

Senator STEVENS. You mean on a consultant basis?

Dr. PIERCE. Yes, sir.

Senator STEVENS. This salary level of personnel, $9,422, that is all full time. There is no pay figured into that 1977 budget. As I see it, you have been paying the Council members when they went to one meeting, is that what you are saying?

Mr. TONEMAH. We are trying to on that $100,000.

I might add that the Council feels very strongly they want to continue at this level, and they have the responsibility of people who created the Council. The Commissioner is directed to fund the Council so that they can function.

Unfortunately, in working for the Council, if we do not get funds, I may not be working after July.

Senator STEVENS. I advise you to be careful of your employees and how you approach them in deciding who the members of the Council would be.

While we would be pleased to help you, I do not see that we can succeed unless you mend some fences, as you put it yourself, on the other side. I hope you do.

Is this the Council that Mr. Upicksoun was chairman of for a while?

Mr. TONEMAH. Yes. He was replaced on the Council by the representative of Alaska, Linda Belarde, from southeast Alaska, from the Aleut country.

Senator STEVENS. Very well. And good luck.

I appreciate your contribution.

Thank you, Commissioner.

Dr. PIERCE. Thank you, sir.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

Senator STEVENS. Senator DeConcini could not be here this morning. He has several written questions that we will give you and ask that you answer them for the record.

Dr. PIERCE. Certainly, sir. We will be happy to do so.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

INITIAL APPROPRIATION REQUEST

Question. What were the initial appropriations requests for Indian Education before they were submitted to O.M.B.? What are the differences, and are the final appropriations requests as approved by the O.M.B. enough to effectively operate your programs in FY 78? If not, could you please justify any additional funds needed.

Answer. The fiscal year 1978 USOE budget request to the Department was $162,327,500. This was broken down as follows:

$110,000,000 for Part A, $40,400,000 for Part B, $8,000,000 for Part C and $3,927,500; for program administration. In their budget deliberations, the Department reduced the request to OMB to $106,809,900, which included $56,000,000 for Part A, $39,500,000 for Part B, $8,000,000 for Part C and $3,309,900 for program administration. The President's budget requests $45,087,000, including $25,000,000 for Part A, $14,080,000 for Part B, $4,000,000 for part C, and $2,007,000 for program administration.

In estimating the need for funds in Part A, we have leaned heavily on our experience with compensatory education programs, such as Title I, of the Elementary and Secondary Education Act. In these programs, studies have shown that a minimum of $300 per child is necessary to develop and operate an effective program which will insure a significant educational gain. In estimating how much funding would be required for public school districts in Part A, we used the figure of 320,000 children (which represented our best estimate at the time of the budget preparation) and added an inflation factor to bring the per pupil expenditure to $312.

For Parts B and C, we developed our budget submissions to the Department based on full authorization levels and on the amount of funds requested in rejected proposals. In Fiscal Year 1976, there were approximately $24 million in unfunded proposals for Part B and about $21 million for Part C. We believe that the total amount of money in the funded and unfunded proposals represent our best estimate of the need for funding of educational programs in the Indian community. Consequently, we requested $40,400,000 for Part B and $8,000,000 for Part C in our DHEW budget submission.

Consistant with the level of funding contained in the Fiscal Year 1978 budget request to the DHEW, a program administration budget of $3,927,500 was included. This level would support 113 positions, permit travel necessary for effective monitoring, and allow the conducting of a number of studies for program support.

Question. When will the regulations for parts B and C be approved in Title IV? Will the present delay effect the FY 78 funding for B and C?

Answer. We expect that the regulations will be approved shortly. In the process of revising the regulations we anticipate making our Fiscal Year 1977 awards around August 1, 1977. The present delay will have no effect on the FY 1978 funding for Parts B and C.

Question. Do you think the appointment of a Deputy Commissioner would ease the current problem in administration?

Answer. As you know, since the resignation of the last Deputy Commissioner for Indian Education, Dr. Paxton has served capably in an Acting capacity. However, the role of any Acting Deputy Commissioner is limited in the degree to which he can establish new policy for a program which must deal with ever changing needs. Consequently, a permanent Deputy Commissioner would certainly allow more stable and long range policy considerations to be undertaken and established. These types of long range policy matters would certainly be expected to have an impact on program administration, and from that standpoint the answer to the question is yes.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Health Services Administration

Indian Health Service

STATEMENT OF DR. EMERY A. JOHNSON, INDIAN HEALTH SERVICE

ACCOMPANIED BY:

DR. JOSEPH N. EXENDINE, DEPUTY DIRECTOR
DR. LIONEL deMONTIGNY, DIRECTOR, DIVISION OF INDIAN COMMUNITY DEVELOPMENT
DR. JOHN TODD, DIRECTOR, DIVISION OF PROGRAM OPERATIONS
BILLY F. PEARSON, DIRECTOR, OFFICE OF ENVIRONMENTAL HEALTH
JACK V. CASEBOLT, DIRECTOR, OFFICE OF PROGRAM PLANNING
SOL ORDEN, CHIEF, FINANCIAL MANAGEMENT BRANCH
WILLIAM H. ASPDEN, JR., ASSOCIATE ADMINISTRATOR FOR MANAGEMENT, HEALTH SERVICES ADMINISTRATION
MICHAEL V. FLATTERY, CHIEF, BUDGET FORMULATION AND PRESENTATION BRANCH, HEALTH SERVICES ADMINISTRATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET JUSTIFICATION AND PREPARED STATEMENT

Senator Stevens. The budget request for Indian Health Services is slightly over $368 million, which is an increase of $30.6 million over appropriations to date, and the request for health facilities is $74.4 million, down by $13.7 million.

The justifications as submitted by the Carter administration amending the budget will be included in today's record. That would be for the health services only. The unrevised justification for health facilities is included in part 2 of the record.

Good morning, Dr. Johnson. Will you please introduce those who are with you. We will print your full statement in the record at this point, and you can proceed as you desire.

[The justification and statement follow:]

Justification

INDIAN HEALTH SERVICE

HIGHLIGHT STATEMENT

INTRODUCTION

The Indian Health Service is the primary Federal health resource for 577,000 Indians and Alaskan Native people. It provides a comprehensive program of preventive, curative, rehabilitative and environmental services. The goal of the Indian Health Service is to raise the health status of these Americans to the highest possible level. The mission of the Indian Health Service is to ensure the equity, availability and accessibility of a comprehensive high quality health care delivery system providing maximum involvement of American Indians and Alaska Natives in defining their health needs, setting of health priorities for their local areas, and managing and controlling their health program. The Indian Health Service also acts as the principal Federal health advocate for Indian people by assuring that they have knowledge of, and access to all Federal, State and local health programs to which they are entitled as American citizens. Concomitantly, it is the responsibility of the Indian Health Service to work with these programs so they also will be cognizant of the entitlements of Indian people as citizens.

The Indian Self-Determination and Education Assistance Act, (P.L. 93-638) has provided the Indian people with the unique opportunity to assume control of their own programs. This milestone in the field of Indian law recognizes the special and unique relationship with the Federal Government enjoyed by Indians and provides specific directives and mandates to the two Federal Indian agencies regarding Indian operation of Federal programs.

In addition to P.L. 93-638, the Congress passed, and the President signed, the Indian Health Care Improvement Act, P.L. 94-437. The purpose of this Act, signed on September 30, 1976, is to authorize financial resources to overcome the inadequacies in the existing Federal Indian health care program and invite the greatest possible participation of Indians and Alaska Natives in the direction and operation of their health programs. The Act proposes to augment the currently inadequate number of health professionals serving Indians and to remove the multiple barriers to the entrance of health professionals into the Service and private practice among Indians. Further it proposes to eliminate the backlog in Indian health care services and to meet the known unmet health needs of the Indian people. Currently, approximately 60-70% of the health needs of the Indian people are being met. It also provides authorization to renovate, upgrade and construct hospitals, health centers, health stations and to supply unmet needs for safe water and sanitary waste disposal facilities in existing and new Indian homes and communities. It will enable Indian people to fully exercise their rights as citizens to participate in such programs as Medicare and Medicaid. It will assist urban Indians to gain access to those community health resources available to them as citizens and to provide primary health care services where those services are inadequate or inaccessible.

This Act in conjunction with P.L. 93-638 opens a new era for Indian people. They are supportive of each other and together can establish for the Indian people equity in availability and quality of medical care.

The Indian Health Service program provides direct health services to Indians, Eskimos and Aleuts through 51 hospitals, 99 health centers (including 26 school health centers) and several hundred other health stations. These facilities are carefully located to conveniently provide

as complete a range of health services to Indian communities as is possible. This program also includes a preventive health component consisting of sanitation and dental care, public health nursing, health education and field medical programs, such as mental health, eye care, public health nutrition, and social services. This latter element brings health services directly to Indian homes and communities.

The purchase of medical care through contractual arrangements is an essential element of Indian Health Service programs. Contract care is used to supplement and complement other health care resources available to Indian people. Contractual agreements for health services are entered into with hospitals, private physicians and clinic groups, dentists and providers of ancillary health services. Contract care is utilized in situations where: no direct care facilities exist; direct care element is not capable of providing required emergency and/or specialty care; or direct care element has an overflow of medical care workload; and supplemental of alternate resources are needed in order to supplement and/or provide as comprehensive health care as possible to eligible Indian people. The use of the contractual mechanism is particularly important because of (1) the scattered geographic distribution of the Indian people and (2) the small size of many of the Indian hospitals which cannot provide specialized services on an economical basis.

Significant health advances have been made in recent years. However, severe physical and economic conditions in which the Indian people live, combined with a continuing backlog of unmet needs, results in health needs that far exceed that of the general population.

The latest available age adjusted mortality rates for diseases, as depicted, among Indians and Alaska Natives (1975) and for U. S. All Races (1975 provisional) show that the rates for Indians and Alaska Natives are considerably higher than the general population, except for heart disease, and bronchitis, emphysema and asthma.

	Ratio of Mortality Rates Indians to U.S. All Races
All causes of death	1.3
Infant deaths	1.1
Accidents	3.7
Influenza and Pneumonia	2.1
Cirrhosis of liver	4.1
Homicide	2.5
Diabetes	1.9
Suicide	2.1
Tuberculosis	7.6

Numerous episodes of illness requiring inpatient or outpatient care are due to infectious diseases and their after-effects. These diseases include gastroenteritis, dysentery, influenza, otitis media, conjunctivitis, pneumonia, and strep throat. With the increased longevity now occurring in the Indian population, medical problems such as heart disease and cancer which are associated with an older population group are now increasing. Older Indian people are becoming aware of and accepting more services provided by the Indian Health Service. This is best illustrated by the increased hospital utilization of the older age groups. There were 79,188 adult patients discharged from IHS and contract general hospitals in 1975 as compared to 56,878 patients in 1967, an increase of about 39 percent.

In 1978 the program will continue to provide ambulatory services at the 1977 level in hospital outpatient departments and field clinics as well as hospital inpatient care. The budget request does not provide for the total estimated cost of maintenance and repair of IHS facilities and the purchase of equipment (which are funded in 1978 at a lower level than 1977), funds available for contracts authorized by P.L. 93-638, the Indian Self-Determination Act, will be two-thirds less than in 1977. No additional funds will be available to implement Title II and Title V of P.L. 94-437, the Indian Health Care Improvement Act. However, the 1978 request includes $6,000,000 to implement Title I, Indian Health Manpower, of P.L. 94-437. The appropriation of these funds will require legislation restoring the required authority which was inadvertently rescinded by P.L. 94-484, Health Professions Educational Assistance Act of 1976. Also included in the 1978 request is $3,663,000 to fund 34 mature alcoholism projects currently funded by NIAAA. The 1978 request provides for staffing the outpatient department of the new hospital at Acomita, New Mexico through reprogramming. Staffing for the new inpatient area of Acomita, the new clinic at Ramah, New Mexico, and full utilization of the new hospital at Santa Fe, New Mexico, has been deferred.

HEALTH SERVICES ADMINISTRATION
INDIAN HEALTH SERVICES
(In thousands of dollars)

Appropriated, 1976 (adjusted)		$283,310
Total amount available		283,310
Appropriation, 1977	$337,422	
Proposed supplemental for 1977 pay increases	7,470	
Sub-total, available for appropriation	344,892	
Comparative transfers:		
To "Human Development"	- 25 1/	
From "Alcohol, Drug Abuse and Mental Health Administration"	+ 3,663	
1977 Base for 1978		348,530

Summary of Increases and Decreases, 1978

Net mandatory increases and program decreases are provided in the following activities:

	Base	Mandatory Increase	Program Increase	Program Decrease	Net Change
Patient Care:					
Hospital Care	$115,140	$ 7,494	$+6,000	$- 2,818	$+10,676
Contract Care	63,523	8,180	---	---	+ 8,180
Ambulatory Care	64,121	3,734	---	- 466	+ 3,268
Preventive Health:					
Sanitation	10,332	394	---	- 145	+ 249
Dental	11,217	469	---	- 270	+ 199
Public Health Nursing	5,549	241	---	- 19	+ 222
Health Education	2,434	150	---	- 6	+ 144
Field Medical Services	72,497	8,868	---	-12,264	- 3,396
Program Management	3,717	79	---	- 85	- 6
Total	348,530	+29,609	+6,000	-16,073	+19,536

Budget Estimate, 1978 ..... $368,066

1/ Office of Native American Programs.

Analysis of Activities

	1976 Amount Available	FY 1977 Total Appropriation	Pay Cost Supplemental Requirement	Pay Cost Supplemental Absorption	Pay Cost Supplemental Request	FY 1977 Amount Available
Patient Care	$156,839,785	$175,047,000	$3,869,000	$-228,000	$3,641,000	$178,688,000
Ambulatory Care	57,646,795	62,262,000	1,934,000	- 75,000	1,859,000	64,121,000
Preventive Health	65,266,108	96,559,000	1,957,000	-150,000	1,807,000	98,366,000
Program Management ...	3,442,874	3,554,000	167,000	- 4,000	163,000	3,717,000
Unobligated Balance Lapsing	114,438	---	---	---	---	---
Total	283,310,000	337,422,000	7,927,000	-457,000	7,470,000	344,892,000

Analysis by Activities

	Amount Available 1976	Amount Available 1977	Estimate 1978	Increase (+) Decrease (-)
Patient Care ...	$156,839,785	$178,663,000	$197,519,000	$+18,856,000
Ambulatory Care	57,646,795	64,121,000	67,389,000	+ 3,268,000
Preventive Health	65,266,108	102,029,000	99,447,000	- 2,582,000
Program Management ...	3,442,874	3,717,000	3,711,000	- 6,000
Sub-Total Obligations..	283,195,562	348,530,000	368,066,000	+19,536,000
Unobligated Balance Lapsing	114,438	---	---	---
Budget Authority	1/ 2/ 283,310,000	2/ 3/ 348,530,000	368,066,000	+19,536,000

1/ Excludes reimbursements as follows: FY 1976 - $1,871,339 (PC $1,723,632; PH $ 147,707); FY 1977 - $1,900,000 (PC $1,750,000; PH $150,000); FY 1978 - $1,900,000 (PC $1,750,000; PH $150,000).

2/ Reflects a 1977 comparative transfer $-61,000 to "Health Services" Appropriation and 1978 comparative transfer $-25,000* to "Human Development", and $+3,663,000 from "Alcohol, Drug Abuse and Mental Health Administration".

3/ Reflects proposed supplemental ($7,470,000) for 1977 Pay Act increases.

*Office of Native American Programs.

1. PATIENT CARE

(a) Hospital Care

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
4,084	$101,900,124	4,169	$115,140,000	4,145	$125,816,000	-24	$+10,676,000

Need for Increase

The requested increase consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 107,000
Full-year cost of 1977 wageboard increases	930,000
Restoration of 1977 pay act absorption	223,000
Within grade promotions	1,137,000
Increased cost of contractual services (including utilities)	1,824,000
Increased cost of supplies	990,000
Increased cost of maintenance and repair	664,000
Increased cost of transportation	395,000
Full-year cost of operation of newly constructed facilities: Claremore, Oklahoma hospital	696,000
Increased cost of Standard Level User Charge (SLUC)	292,000
Increased payments for HSA service and supply funds, Federal Telecommunication System, Bureau of Employee Compensation	458,000
Sub-total, mandatory increases	7,716,000

Program:

P.L. 94-437 - Title I (Indian Health Manpower)	6,000,000
Total increases	13,716,000

Decreases

Mandatory:

One less paid day	- 222,000

Program:

Equipment	- 1,000,000
Maintenance and repair	- 1,500,000
Management positions (24 positions)	- 318,000
Sub-total, program	- 2,818,000
Total decrease	- 3,040,000
Net increase	+ 10,676,000

PATIENT CARE SERVICES

Hospital Care

The provision of quality inpatient care services to the American Indians and Alaskan Natives remains a high priority of the Indian Health Service. The hospital care program provides a full range of inpatient hospital care and services to 577,000 American Indians and Alaska Natives through the operation of 51 hospitals ranging in size from 5 beds to 183 beds. Indian Health Service hospitals are experiencing a continued increase in the demand for services. During FY 1976 hospital admissions were 76,382 (excluding births). The projected number of hospital admissions for FY 1977 and 1978 are 77,300. The leading cause of hospitalization in Indian Health Service facilities is complications of pregnancy, childbirth

and puerperium, which corresponds with one of the Indian Health Service's highest priorities, the provision of maternal and child health services. Only 28 of the 51 Indian Health Service hospitals are accredited by the Joint Commission on Accreditation of Hospitals (JCAH). Emphasis will continue to be placed on attaining and maintaining the standards provided by the JCAH within available funds.

Expected workloads for the hospital program are as follows. The 1977 workload reflects a continuation of predicted long range trends whereas the 1978 estimate, by reflecting the same program level as 1977, does not reflect a higher demand in 1978 compared to 1977 as a result of population growth.

Indian Health Service Hospitals

	Workload Data 1/			
Workload Category	1976 Actual	1977 Estimate	1978 Estimate	Increase (+) Decrease (-)
Average Daily Patient Census (Excluding Newborns)	1,299	1,233	1,233	---
Total Admissions (Excluding Births)	76,382	77,300	77,300	---
Average Length of Stay (Days)..	6.2	5.8	5.8	---
Total Births-All Indian Health Hospitals	9,920	10,377	10,600	+223

1/ Hospital outpatient visits included under "Ambulatory Care" sub-activity.

Maintenance and Repair

An important element of the patient care program is the maintenance and repair of Indian Health Care facilities. The goal of the mainenance and repair program is to maintain all IHS facilities (hospitals, clinics, personnel quarters) at an acceptable level which will permit the elevation of the health care of the Indian people to the highest possible level. The objective of this program is, through proper staffing and funding, to bring the existing IHS facilities up to accepted national construction standards (UBC-NFPA) and JCAH) for the purpose of providing a safe patient care environment. This will be accomplished by elimination of (1) the large backlog of essential maintenance and repair (BEMAR) requirements which have contributed to the deteriorated conditions in IHS facilities, and (2) all unsafe patient care environments such as structural, functional, fire and safety deficiencies. IHS maintains over 5,500,000 square feet of space in 51 hospitals, 99 health centers, several hundred smaller clinics and over 1,700 units of personnel quarters.

The Office of Facilities Engineering and Property Management, DHEW, has conducted extensive surveys of the IHS's facilities and maintenance and repair needs over the past few years. These surveys have indicated gross deficiencies such as safety items; obsolete ventilation and electrical systems; antiquated lighting and plumbing fixtures; and need for correction and improvements to the communication, waste and water systems, and roofs. These deficiencies are the result of insufficient maintenance and repair resources both in funds and manpower over an extended period of time.

The FY 1977 maintenance and repair program was $7,008,000. Of this amount $4,906,000 was applied toward routine maintenance and repair projects and $2,102,000 applied towards BEMAR backlog.

The estimate of resources needed to make up the total backlog of essential maintenance and repairs (BEMAR) to IHS facilities by the start of FY 1978 will be $23,700,000. The overall physical condition of IHS facilities affects the quality of health care that can be delivered. Inadequate ventilation systems, isolation areas, traffic patterns, construction materials, fire and safety equipment, etc., constitute hazards that patients should not be required to tolerate. Because of the required decrease of funds available in 1978 compared to 1977, a minimal amount will be applied to the BEMAR backlog in 1978.

Otitis Media

Almost every year since 1961, the first year otitis media was recorded as a reportable disease by IHS, it has been the most prevalent disease affecting American Indians. From calendar year 1962 when the rate was 3,802 cases per 100,000 persons it increased to a peak of 12,290 per 100,000 persons in 1972. The most recent data (calendar year 1975) shows a rate of 10,784 per 100,000 persons. In 1971 Congress instituted the otitis media program by appropriating funds for Alaska. Other funds were made available through special funding by the Administration to provide programs for the remainder of the United States. Upon termination of this special funding in 1976, an additional $1,400,000 was appropriated to IHS for a total funding level of $3,500,000. This level of funding has enabled the IHS to begin establishing comprehensive programs for the control and remedying of otitis media in each of the IHS Areas. The orientation of the program is to attack the problem of otitis media in four major directions: (1) Establishment of preventive programs to attack those factors contributing to otitis media with particular emphasis on preventing the chronic stage of disease; (2) case finding and treatment of acute otitis media emphasizing the under two year old group; (3) treatment of chronic otitis media and correction of its' complications; (4) the institution of rehabilitative measures, particularly through the provision of hearing aids.

The four areas of emphasis were to be approached through the use of both professional medical personnel and para-medical personnel for such activities as case finding, parental and community education, treatment of disease and surgical remediation, establishing procedures for hearing aid referral, maintenance of the instruments once in use, etc.

Accomplishments to date largely are reportable from those Areas in which the program has been established longest and which were more adequately funded during the early years of the program. In Alaska, for example, the peak prevalance rate (based on the number of cases of known chronic otitis media divided by births for that year minus infant deaths for the following year) was 12 percent in 1960. As of May, 1976 the incidence of chronic otitis media has been reduced to 2.6 percent in those children born in 1970 who are now entering school. All Alaska Service Units except one are now at maintenance level for chronic otitis media. There have been no deaths in Alaska resulting from otitis meningitis for the past six years. Restorative surgery for chronic otitis media totals over 3,000 patients. The backlog of school children known requiring surgery will be eliminated by the end of FY 1977. Hearing aids are provided whenever required. Indian people who previously were deaf can now hear. In FY 1978 an estimated 1,836 surgical procedures, ear and related, will be provided which compares to 1,770 in FY 1976 and 2,040 in FY 1977.

While similarly intensive programs have not yet been undertaken in all other Areas of IHS, the availability of additional personnel and resources

will accelerate these programs. The total unmet need for otitis media is 34 positions and $1,600,000.

Laboratory Improvement

The laboratory improvement program represents a plan to completely upgrade the IHS Clinical Laboratory Program and to enable it to meet the standards set by the Clinical Laboratory Improvement Act of 1967. It will increase the support capabilities of laboratory services and their quality to all hospital and field health programs by correcting some of the recognized deficiencies. These include additional staffing, increased equipment and supplies, and training and upgrading of current laboratory workers. The model for implementing these objectives within the given constraints was essentially conceived as: (1) Adding emergency relief backup technologist who would not only add to available lab manpower but would enable training of incumbents to begin. This was with a minimum of one position added to each Area. (2) Each Area would recruit an Area Laboratory Coordinator with full-time devoted to laboratory improvement and training. (3) Training needs identified in each Area would on a continuing rotating basis participate in scheduled training conferences. (4) Equipment would be replaced on a continuing basis with uniform, up-to-date models. (5) Consultation of Area Coordinators, Chief of Laboratory Services, and outside consultants to continuously monitor and assist in keeping the program going, troubleshoot, train, etc. (6) Through participation in a CDC laboratory proficiency testing program, quality of laboratory tests would be monitored. (7) Through development of a laboratory workload reporting system, further program needs could be effectively recognized and planned for. With the additional resources provided through FY 1976, the laboratory staffing deficiency was reduced somewhat. Standards established by the College of American Pathologists suggest no more than 13,000 tests per technologist be done in an automated departmentalized laboratory if quality services are to be provided. Approximately 20,000 laboratory tests are currently being performed per IHS technician. Short-term training courses were provided for all laboratory personnel and new equipment is being purchased to replace obsolete and inoperable pieces on a continuing basis. The program level achieved in 1976 will be continued in 1977 and 1978. The total unmet need is $1,300,000 and 35 positions.

Nutrition and Dietetic

Also under hospital care is the nutrition and dietetic program which has responsibility for the total nutritional care of American Indians and Alaska Natives. Activities include both preventive and direct care nutrition services; operation and management of 51 Indian Health Service dietary departments; training and development of American Indians and Alaska Natives to encourage careers in nutrition and dietetics; consultation to tribal food programs with food service and nutrition education components; assumption of the advocacy role in improving the quantity and nutritional quality of the food supply and inservice education and training for other members of the Indian Health Service team.

There is increased knowledge and documentation of the significance of nutrition throughout the life cycle and the factors that are interwoven in the quality of health. Poor nutrition is a contributing or complicating factor in a variety of health conditions and illnesses. Poor nutrition contributes to the high morbidity rates of groups at nutritional risk including infants and preschool children, females in the childbearing years of 15-44, pregnant and lactating women, the elderly and the chronically ill. Lack of understanding of the relationship of food to health continues to be widespread.

The emphasis for FY 1977 is on the training of American Indians and Alaska Natives through the various courses of the Nutrition and Dietetics Training Program. Efforts are being made to obtain college credits for training courses as a step in the encouragement of Indian pursuit of careers in nutrition and dietetics. It is anticipated that the level of services provided in 1976 will continue in 1977 and 1978.

. There is currently an unmet need of $1,300,000 in dietetic/nutrition program.

Indian Health Care Improvement Act, P.L. 94-437 - Funding Requested to Implement Title I - Indian Health Manpower - $6,000,000

Title I of the P.L. 94-437 authorized the Secretary of Health, Education, and Welfare, acting through the Indian Health Service: to make grants to public or non-profit or tribal orgranizations for the recruitment of Indian persons having a potential for health professionals careers; to provide grants by Indian Health Service to Indians for up to two years of compensatory pre-professional education; to provide Indian Health Scholarships to be awarded to persons who will eventually provide services to Indians, with selection by IHS and priority for Indians; to entitle those receiving professional scholarship grants to employment in the Indian Health Service during the non-academic portions of the year without regard to employment ceilings; and to authorize appropriations for continuing educational allowances for health professional employees of the Indian Health Service.

	Funds Authorized by P.L. 94-437 for 1978	Funds Requested to be Appropriated in 1978
Health Professions Recruitment Program	$ 900,000	$ 900,000
Health Professions Preparatory Scholarship Program	800,000	800,000
Health Professions Scholarship Program	5,450,000	3,600,000
IHS Extern Programs	600,000	600,000
Continuing Education Allowances	100,000	100,000
Total	7,850,000	6,000,000

A description of each program follows:

Health Professions Recruitment Program - $900,000

Because of the isolated locations of the reservations, special efforts are required to identify and recruit Indian people. Special preparatory training, counseling and guidance modules must be developed to assist the applicants with their career decisions. Additionally, intensive publicizing of resources and programs must be initiated. Included in the special recruitment efforts will be techniques that are unique to the Indian people; "face to face" discussions, participation in pow-wows and meeting with Tribal Boards. It is estimated that during 1978 18,000 students will be contacted.

Health Professions Preparatory Scholarship Program - $800,000

The provision of special scholarships to cover the cost of preparatory training is based upon the recognized need for compensatory efforts to "fill-in" the educational gaps in the mathematical and science areas. Many Indian students have completed high school, a basic provision of this section, but need additional educational exposures to fully prepare

and qualify them for a professional health education. It is anticipated that 160 scholarships will be awarded during 1978.

Health Professions Scholarship Program - $3,600,000

The need for health scholarships for individuals (Indian and non-Indian) willing to utilize their skills in Indian health shortage areas can easily be demonstrated by noting the deficiency of trained health manpower currently providing services to the Indian people.

The 1978 request will provide approximately 360 scholarships. Individuals who are currently in a health professional school or are planning to enroll or who have been recipients of a preparatory scholarship will be eligible.

It is extremely important that this type of scholarship be available to the Indian Health Service. Other scholarship programs, public and private, have generally over-looked and by-passed the Indian candidate. As a result, shortages of trained Indian manpower have not only been created but maintained. This program will help to eliminate these manpower shortages.

IHS Extern Programs - $600,000

This section serves to enhance the benefits derived from the scholarships provided in section 104 by providing students opportunity to work in professional settings that are related to their academic studies. This enables the student to establish the critical link between academic and the real world of health care.

The importance of early exposure to the Service cannot be over emphasized. The students in the extern program would gain additional insight into the IHS, enhance their professional education and have an opportunity to earn additional money to help defray the expenses incurred while in school. Also, the money earned during this time would be of assistance to the Indian students who are usually older, and have more dependents.

The 1978 request provides for approximately 200 externs.

Continuing Education Allowances - $100,000

Although the Doctrine of Federal Supremacy provides that health care professionals employed in the IHS are not required to procure state licenses to perform their duties under federal aegis, in the de facto sense, they do. For example, if an IHS physician wanted to have a relationship with a teaching institution, or serve on a Professional Standards Review Organization (PSRO), he would need a license to practice medicine in that state.

The 1978 request would provide approximately 200 health professionals with opportunities for continuing education.

There is substantial evidence that health delivery systems are about to witness a groundswell in credential requirements in all health professions. Basically there are three types of on-going credential activities that this section would provide allowances for:

1. Basic or initial credentials
2. Advanced credentials
3. Maintenance of credentials

The major purpose of providing the continuing education allowances is to encourage Indian health professionals to join or continue in the Service.

(b) Contract Care

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
40	$ 54,939,661	40	$ 63,523,000	40	$ 71,703,000	--	$+ 8,180,000

Need for Increase

The requested increase consists of:

Increases

Mandatory:

Within grade promotions	$ 21,000
Increased cost of medical care under contract	8,058,000
Increased cost of transportation	99,000
Restoration of 1977 program reduction	5,000
Sub-total, mandatory increases	8,183,000

Decreases

Mandatory:

One less paid day	- 3,000
Total decrease	- 3,000
Net increase	8,180,000

Contract Care

The purchase of medical care through contractual arrangements is an essential element of Indian Health Service programs. Contract care is used to supplement and complement other health care resources available to Indian people. Through contract care, contractual agreements for health services are entered into with hospitals, private physicians and clinic groups, dentists and providers of ancillary health services. Contract care is utilized in situations where: (1) No direct care facilities exist; (2) the direct care element is not capable of providing required emergency and/or specialty care; or (3) the direct care element has an overflow of medical care workload and alternate resources are required to provide comprehensive care to the Indian people. Contracts with Professional Standards Review Organization are also being entered into to assure high quality health care and to contain costs. The use of the contractual mechanism is particularly important because of the scattered geographic distribution of the Indian people and the small size of most of the Indian hospitals, which precludes specialized services on an economical basis. The estimated average daily patient load of hospitalized patients in FY 1978 is the same as 1977. The FY 1977 identified unmet need in contract health services was $20,000,000. This backlog is primarily composed of surgical procedures such as ear surgery, abdominal hernia repairs, gall bladder and bile duct surgery and extraction of eye cataract. FY 1978 services will be restricted primarily to emergent and urgent care with very limited elective surgery.

	1976 Actual	1977 Estimate	1978 Estimate
Hospitalization:			
Average Daily Patient Load	437	427	427
Per Diem Rate	$155.68	$191.80	$219.61
Amount	$24,887,919	$29,893,000	$34,227,000
Patient and Escort Travel	2,425,581	2,572,000	2,726,000
Professional Field Supv.	1,107,807	1,174,000	1,200,000
Physicians Services	19,283,324	22,163,000	24,823,000
Dental Services	3,816,438	3,721,000	4,227,000
Other Services	3,418,592	4,000,000	4,500,000
Total	54,939,661	63,523,000	71,703,000

2. AMBULATORY CARE

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
2,407	$ 57,646,795	2,544	$ 64,121,000	2,544	$ 67,389,000	--	$+ 3,268,000

Need for increase

The requested increase consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 45,000
Full-year cost of 1977 wageboard increases	70,000
Restoration of 1977 pay act absorption	75,000
Within grade promotions	708,000
Increased cost of contractual services (including utilities)	809,000
Increased cost of supplies	739,000
Increased cost of transportation	339,000
Full-year cost of operation of newly constructed facilities:	
Pawhuska, Oklahoma clinic	616,000
Claremore, Oklahoma hospital	209,000
Lummi, Washington health center	383,000
Sub-total, mandatory increases	3,993,000

Decreases

Mandatory:

One less paid day	- 133,000
Non-recurring increase appropriated in 1977 for Ignacio, Colorado health clinic	- 126,000
Sub-total, mandatory decreases	- 259,000

Program:

Equipment	- 466,000
Total, decreases	- 725,000
Net increase	+3,268,000

Ambulatory Care

The Ambulatory Care program refers to the full range of outpatient health services provided which functions through a system of 51 hospital outpatient departments, 99 health centers (including 26 school health centers), and several hundred smaller health stations and satellite clinics. It provides medical care, preventive care, and medical support to the field health program, which extends health information and services to residents of the locale being served. Within the Indian Health Service comprehensive health program, the ambulatory care program is the vital entry point for the delivery of primary medical care and preventive services. Patients requiring more definitive or extensive care are admitted to hospitals and medical centers. Post-hospitalization follow-up care is provided by the ambulatory care program. The preventive aspect of ambulatory care includes a vast range of activities such as pre-natal care, maternal and child health services, well-child clinics, care of high risk mothers and babies and school health programs. The program also includes prevention and control of communicable diseases (including immunization, screening, follow-up of cases and contact e.g., tuberculosis, venereal diseases, and trachoma) and early detection and treatment of chronic conditions such as diabetes, arthritis, otitis media, orthopedic conditions and heart disease. The ambulatory care program is the vital link to improving the health of Indian and Alaska Native people. Advances made in the delivery of routine diagnostic, curative, and preventive services coupled with the increased acceptance by the Indians of the program have resulted in a substantial increase in the number of ambulatory services provided at the hospital and field clinics. The partnership has been evidence by joint planning and evaluation of health services, by Indian groups building and leasing health facilities to the Indian Health Service, and the assumption by Indians of the management of many aspects of their health programs. The provision of comprehensive community health services has not only become more complex, but it has also produced a significant change in the inpatient and outpatient workloads. A significant trend in the Indian Health program has been the increased utilization of ambulatory services. Increased emphasis on preventive rather than curative medicine has also been a factor resulting in substantial increases in the outpatient workload in the past few years. From FY 1955 through 1976, IHS outpatient visits increased six times, from 455,000 to 2,752,000. The 1978 outpatient visits are projected at the same level as the 1977 estimate of 2,757,000 although the growth of population would indicate a higher demand in 1978 as compared to 1977.

	1976 Actual	1977 Estimate	1978 Estimate
Outpatient visits	2,751,546	2,757,000	2,757,000

3. PREVENTIVE HEALTH

(a) Sanitation

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
484	$ 9,440,849	496	$10,332,000	496	$10,581,000	--	$+ 249,000

Need for Increase

The requested increase consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 8,000
Within grade promotions	146,000
Increased cost of contractual services (including utilities).	28,000
Increased cost of supplies	22,000
Increased cost of transportation (including transportation of things)	118,000
Full-year cost of operation of newly constructed facilities:	
Claremore, Oklahoma hospital	12,000
Pawhuska, Oklahoma clinic	40,000
Lummi, Washington health center	14,000
Restoration of 1977 pay act absorption	33,000
Sub-total, mandatory increases	421,000

Decreases

Mandatory:

One less paid day	- 27,000

Program:

Equipment	-145,000
Total decrease	-172,000
Net increase	+249,000

Sanitation

The physical environment of the American Indian and Alaska Native in most locations throughout the United States is characterized by severe climatic conditions, rough, often treacherous geographical setting, and extreme isolation. Survival under these conditions attests to the ingenuity, adaptability and self-determination of these people. This harsh environment, coupled with decades of economic deprivation and the resulting lack of basic environmental amenities, has contributed greatly to the exceptionally high incidence of disease, and premature deaths, particularly among infants. Since the passage of P.L. 86-121 in 1959, the Indian Health Service has been constructing sanitation facilities for Indian and Alaska Native homes and communities. Provision of sanitation facilities, together with the growing accomplishments of housing programs of other Federal agencies, has done much to improve the environment of these people. However, many families still lack basic facilities and are subject to the serious health hazards associated with such environmental deficiencies. Other environmental conditions which result from improper sanitation, including insect and wild rodent vectors, continue to result in sporadic epidemics on Indian reservations. To combat these and other environmentally-related problems, the staff of the environmental health program provides a wide range of environmental health services and engineering

and technical support in the implementation of sanitation facilities projects, including those undertaken in coordination with Federal and tribal housing agencies. A continuing program of consultations and services is made avilable to Indian and Alaska Native families and communities to assist them in implementing a comprehensive environmental health program. These consultations and services help the Indian and Alaska Natives to identify and correct environmental conditions which are detrimental to their health status, and to assure sustained improvement in the quality of their lives. While still encompassing the traditional environmental concerns of the past, the services presently provided include more recent environmental concepts, such as consultative and technical services in connection with existing tribal enterprises and planned economic and community development projects. Services of an occupational health and safety nature are also being expanded. An essential element of these services is the emphasis on community guidance of program activities. This will permit the integration of those activities into the total health, social, and economic structure of Indian and Alaska Native communities. In addition to the foregoing, the basic environmental health activities incorporate a consultative service to assure that a high level of environmental sanitation is maintained in Federal and other facilities serving Indians, particularly those of the Bureau of Indian Affairs and the Indian Health Service. In the provision of these basic sanitation services, the Indian and Alaska environmental health aides/technicians are key members of the staff who help bridge the gap of cultural differences to bring modern environmental health practices to Indian communities and groups. These aides/technicians are trained by the Indian Health Service in the basic elements of environmental health and they, in turn, impart this knowledge to their own people. A number of Indian Environmental Health technicians have been selected for long term training which will provide them with necessary knowledge and technical skills to qualify for professional sanitarian positions. A few have already achieved this status. The Service is also initiating a plan to train Tribal Health Workers to perform certain environmental health services under contractual arrangements with their Tribes.

The sanitation facilities construction activity complements the environmental health program by providing tangible support in those situations where the need for facilities exceeds the available resources of the Indian people. The Indian Health Service is authorized to provide this assistance under Public Law 86-121, the Indian Sanitation Facilities Construction Act. The activity employs a coordinated Tribal-Federal attack to correct gross deficiencies in individual sanitation facilities. Staffing to implement this work is supported under the Preventive Health program of this budget. In the construction activity, Indians participate in project planning and construction and, after being equipped and trained by the Indian Health Service, assume responsibility for the operation and maintenance of the completed facilities. In addition, Indian families, Tribes, housing authorities, and groups make contributions toward the project in the form of labor and materials to the extent deemed equitable and practicable. It is estimated that 178,000 basic and special environmental health services will be provided during 1978. This compares with a level of 178,000 services in 1976 and projection of 178,000 services in 1977. Projects will be initiated to serve 9,500 homes with sanitation facilities in FY 1978. Of these, 8,500 will be new or improved homes being constructed under Federal or Tribal housing programs, and 1,000 existing homes within or adjacent to housing project sites. This compares with a 1976 level of 10,675 (including transition quarter) homes and a 1977 level of 11,000 homes.

(b) Dental

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
515	$ 9,888,991	559	$11,217,000	559	$11,416,000	--	$+199,000

Need for Increase

The requested increase consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 11,000
Within grade promotions	99,000
Increased cost of contractual services (including utilities)	21,000
Increased cost of supplies	70,000
Increased cost of transportation (including transportation of things)	74,000
Operation of newly constructed facilities:	
Claremore, Oklahoma hospital	115,000
Ignacio, Colorado health clinic	9,000
Pawhuska, Oklahoma clinic	36,000
Lummi, Washington health center	34,000
Restoration of 1977 pay act absorption	27,000
Sub-total, mandatory increases	496,000

Decreases

Mandatory:

One less paid day	- 27,000

Program:

Equipment	-270,000
Total decrease	-297,000
Net increase	+199,000

Dental

Indian people consistently rank dental health very high among their health priorities. Oral conditions such as caries, periodontal disease, orthodontic problems and missing teeth are chronic. Frustration is common because the conditions are obvious, the means of prevention and correction known and where resources permit, the Indian Health Service organization is capable of effective and rapid response to the desires of each community. Among children, where services are concentrated, tooth mortality has steadily declined in relation to infected teeth. Orthodontic conditions have shown improvement among the young. There is still a large reservoir of corrective service needs among the young while adults remain without most oral health services. The Indian Health Service dental program has demonstrated a high order of efficiency and effectiveness. It is also a leader in the dental profession in areas of national concern such as quality evaluation, resource planning and the development of auxiliary personnel. In FY 1976, 41.2 percent of the total estimated need for dental services was provided for all age groups. Program emphasis is placed upon dental care to the young to achieve the greatest preventive result. Most adults receive only emergency services. Between 1975 and 1976 the number of people served increased 3.8 percent and the services provided increased 3.0 percent, all dental resources considered (in IHS facilities and under contract). The quality of dental care evaluation system continued to be used for all dental clinicians in the IHS. The

system provided opportunities for improving the quality of clinical work, record keeping, patient management, and community services. Basic preventive and corrective services will continue with emphasis on maintaining and expanding services among the young. A gradual shift from a school-controlled to a family-oriented program will continue. College students and young parents will receive primary attention among adults. There is increasing recognition of the need for individual responsibility in health practices and for program and community cooperation in health delivery system development. Increased attention will be given to the needs of special groups such as preschool children, young mothers, the homebound and the handicapped. The water fluoridation surveillance system will continue with dental and environmental health staff working together to monitor Indian community water systems which have fluoridation equipment installed. Systems not functioning properly will be identified and corrective action will be taken, with Indian community leaders, to ensure that water fluoridation systems are operated properly.

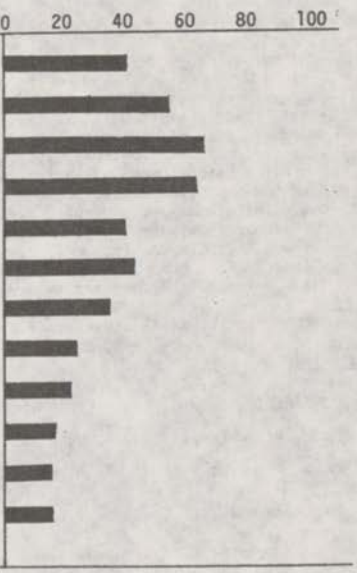
The following table and graph illustrate the proportion of needed dental services that the Indian Health Service was able to provide in FY 1976. The chart clearly points up the program emphasis placed upon dental care to the young to achieve the greatest preventive result. Most adults receive only emergency services.

Trends in Clinical Services

Persons Treated	1975 Actual	1976 Actual	1977 Estimate	1978 Estimate
Total dental program	205,980	213,878	215,000	220,000
Contract care	47,246	44,635	45,000	45,000
IHS facilities	158,734	169,243	170,000	175,000
Population	498,167	537,999	551,000	576,585
Percent served	41.3%	39.8%	39.0%	38.2%
Services Provided				
Total dental program	946,722	975,647	976,000	996,000
Contract care	200,891	176,938	176,000	176,000
IHS facilities	745,831	798,709	800,000	820,000
Services required	2,269,000	2,366,000	2,437,000	2,583,000
Percent provided	41.7%	41.2%	40.0%	38.6%

PERCENT OF DENTAL SERVICES REQUIRED THAT WERE PROVIDED
IN INDIAN HEALTH SERVICE IN FY 1976 BY AGE GROUP

Age Group of Patients	Services Required*	Services Provided Direct & Contract	Percent Provided
ALL AGES	2,366,470	975,647	41.2
Under 5	116,300	63,731	54.8
5-9	395,814	260,642	65.8
10-14	355,749	217,437	61.1
15-19	332,662	128,274	38.6
20-24	187,229	77,219	41.2
25-34	307,781	101,535	33.0
35-44	265,015	58,937	22.2
45-54	190,613	36,580	19.2
55-64	130,395	19,526	15.0
65-74	63,157	8,783	13.9
75+	21,755	2,983	13.7



* Estimated from rates per person applied to 55 percent of the American Indian and Alaska Native population.

(c) Public Health Nursing

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
290	$4,941,451	296	$5,549,000	296	$5,771,000	--	$+222,000

Need for Increase

The requested increase consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 9,000
Within grade promotions	70,000
Increased cost of contractual services (including utilities)	44,000
Increased cost of supplies	22,000
Increased cost of transportation (including transportation of things)	52,000
Operation of newly constructed facilities:	
Claremore, Oklahoma hospital	8,000
Pawhuska, Oklahoma clinic	20,000
Lummi, Washington health center	13,000
Restoration of 1977 pay act absorption	18,000
Sub-total, mandatory increases	256,000

Decreases

Mandatory:

One less paid day	- 15,000

Program:

Equipment	- 19,000
Total decrease	- 34,000
Net increase	+222,000

Public Health Nursing

Public health nursing is the integration of nursing practice and public health practice applied to the promotion and preservation of the health of the population. The nature of this practice is general and comprehensive, includes all ages and diagnostic groups, and is non-episodic and continuous. Public health nursing is directed to individuals in families and groups, and intrinsically relates to and contributes to the health of the total population. Therefore, the dominant responsibility of the public health nurse is to the population as a whole. In view of the scope of practice, the public health nurse incorporates into practice knowledge of the biological, psychological, and social sciences, as well as knowledge of clinical nursing, community and social organizations, and ecology. The primary focus of health nursing is on the prevention of illness and the promotion and maintenance of health. Therefore, public health nursing practice includes the provision of needed therapeutic services, counseling, education, direction, and advocacy activities. The public health nurse who is in constant contact with people in groups who seek and need health care has unique opportunities to identify discrete health problems, as well as potential health problems, and to evaluate current health status. The public health nurse is involved in the planning and coordination of community health programs and services. The public health nurse, therefore, has responsibility in general and comprehensive areas of health practice for:

a. Determining health needs of the individual, the family, and the community;

b. Assessing health status;

c. Implementing health planning;

d. Evaluating health practices;

e. Providing primary health care.

Program efforts will be concentrated on coordination of team effort both within the public health nursing group and with other health personnel, particularly the Community Health Representatives, maternal and child health aides, and other indigenous auxiliary workers.

1. Prevention of complications of pregnancy and improvement of the general health status of expectant mothers and their infants by getting them under care early in pregnancy, and through family planning education.

2. Further reduction of infant morbidity and mortality through early visits to newborns, and by giving highest priority to infants in high risk families.

3. Follow-up of communicable disease cases including contact investigation.

4. Strengthening of health teaching in homes, hospitals, clinics, schools, and the community, with the goal of preventing disease or reducing the ill effects of unavoidable disease; teaching a member of the family to give nursing care to the non-hospitalized sick and handicapped; development of habits conducive of health; and increasing the capability of families, groups, and communities to cope with health problems that arise and with problems of daily living.

5. Provision of counseling and guidance in health and family living to teenagers and young adults.

6. Prevention of infectious disease in infants and children by achieving and maintaining a high level of immunization.

7. Collaboration with other Indian Health Service staff and Native Americans to plan for coordinated and expanded services.

In FY 1978, it is estimated that public health nursing services will be provided to approximately 29,600 families as compared with 29,600 in 1977 and 29,100 in 1976. In FY 1976 there were 39,551 individuals provided services for 66,085 episodes of illness with 150,732 visits made. In addition, there were 5,583 group sessions in which 48,380 were contacted and 109,202 were counseled at the time of a clinic visit for health care. This constitutes 27 percent of Indian families estimated to be needing the services (90 percent of all families). In FY 1976 through home and office visits 4,370 patients were admitted for prenatal supervision; 5,010 received postnatal supervision; and 3,125 infants were monitored by the public health nurse. In 1978 the services rendered will be approximately the same as 1977. The following table reflects the actual workload for FY 1976 and estimates for FY 1977 and FY 1978.

	1976	1977	1978
Public Health Nursing Services	290,000	297,000	297,000
Number of families . . .	29,100	29,600	29,600

(d) Health Education

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
103	$2,137,491	106	$2,434,000	106	$2,578,000	--	$+144,000

Need for Increase

The requested increase consists of:

Increases	
Mandatory:	
Full-year cost of 1977 pay act	$ 3,000
Within grade promotions	40,000
Increased cost of contractual services (including utilities)	7,000
Increased cost of supplies	67,000
Increased cost of transportation (including transportation of things)	13,000
Operation of newly constructed facilities:	
Claremore, Oklahoma hospital	6,000
Lummi, Washington health center	13,000
Restoration of 1977 pay act	8,000
Sub-total, mandatory increases	157,000
Decreases	
Mandatory:	
One less paid day	- 7,000
Program:	
Equipment	- 6,000
Total decrease	- 13,000
Net increase	+144,000

Health Education

The Indian Health Service, Health Education Program, is concerned with the organized approach to all educational deficiencies related to specific disease as well as to those of health and safety hazards among the American Indian and Alaska Native. The health education program is designed to assist the Indians and Alaska Natives to assume greater individual, family, and community responsibility in health matters through involvement and participation in community and health related activities. Overall, the program attempts to increase Indian understanding of the nature of disease and how it can be reduced, to encourage a more discriminating use of existing health services, to develop Indian leadership in the assumption of responsibility for health matters, and to involve more completely other agencies that have potentials for contributing to improve the health of the Indian population. The optimum service to the Indian and Alaska Native population is to provide full-time educational activities in support of health programs and care in all of the Service Units of the Indian Health Service. At present 60 percent of

these Service Units have full-time staff which provide educational services. The activities of the health education program are directed toward making it possible for some 577,000 Indians and Alaska Natives to acquire knowledge and develop attitudes which will enable them to use their own responsibility in initiating action in health matters. In order to provide minimum Health Education Services to this population, the program would require an additional 118 positions. These additional positions would permit an increase in services to those communities not served at present and allow for the extension of professionally guided health education activities in present programs and proposed expended "emphasis" programs under P.L. 93-638 and P.L. 94-437. In FY 1978 emphasis will continue to be placed on efforts to achieve greater involvement of the Indians and Alaska Natives in their own health affairs in order to enhance:

1. the development of Indian leadership in the assumption of responsibility for health matters, and to involve more completely other agencies that have potentials for contributing to improving the health of Indian population;

2. community acceptance and use of health care services and preventive resources;

3. the development of decision-making skills among the Indians and Alaska Natives;

4. opportunities for use of educational potentials in health program planning operation;

5. coordination of activities to incorporate health instruction in the curriculum of schools - encourage the health instruction concept among teachers - tie in community education programs with school health projects to increase knowledge of wholesome living conditions.

The following table reflects the actual workload for FY 1976 and estimate for FY 1977 and FY 1978.

Health Education Services 1/	1976	1977	1978
Services to individuals	269,000	255,600	255,600
Percentage of Service Unit Coverage	60%	60%	60%

1/ Educational sessions which provide learning experience in a medical care (hospital, health center, clinic, etc.) or community (home, school, church etc.) setting in order to motivate people to act in applying knowledge about health practices to their way of life and increase the value the person places on health.

(e) Field Medical Services

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
449	$38,857,326	514	$72,497,000	514	$69,101,000	--	$-3,396,000

Need for Increase

The requested increase consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 15,000
Within grade promotions	136,000
Increased cost of contractual services (including utilities)	3,873,000
Increased cost of supplies	92,000
Increased cost of transportation (including transportation of things)	179,000
Full-year cost of 250 CHR's trained in 1977	3,192,000
Increased contractual level of 1,218 CHR's employed in 1977	1,061,000
Increased cost of 250 CHR's in training in FY 1978	108,000
Increased contractual level of 205 ANCHAT's employed in 1977	189,000
Restoration of 1977 pay act absorption	64,000
Sub-total, mandatory increases	8,909,000

Decreases

Mandatory:

One less paid day	- 23,000
Full-year cost of operation of newly constructed facilities: Non-recurring increase appropriated in FY 1977 for Ignacio, Colorado health center	- 18,000
Sub-total, mandatory decrease	- 41,000

Program:

Equipment	- 264,000
P.L. 93-638	-12,000,000
Sub-total, program	-12,264,000
Total decrease	-12,305,000
Net decrease	-3,396,000

Field Medical Services

The Field Medical Services program supports a range of preventive medical and public health services to Indian people. The field medical services program has developed a very close working relationship between the Indian people in the communities being served by the field medical teams. The major program emphasis are highlighted as follows:

Eye Care

The Eye Care Program is a concept that integrates ophthalmology, optometry, and ancillary support personnel such as optometric technicians into a unified effort of ocular disease prevention, detection and treatment; detection and correction of visual refractive errors by qualified professionals, prescribing and fitting of glasses and contact lenses; corrective eye surgery, cataract surgery and other related eye surgical procedures. These services are provided in a variety of settings ranging from mobile field clinics to hospitals. Conservation of visions and correction of

visual refraction errors are essential to the education, employment and full development of each American Indian and Alaskan Native. The Eye Care Program began with a specially funded Trachoma Control Program in FY 1967 and after five years of intensive case finding and follow-up treatment for trachoma, more emphasis began to be focused on the total eye care programs. Since the delivery of eye care within Indian Health Service was uneven, a plan was formulated that added optometrists, ophthalmologists, and support personnel to each area to increase the eye services available, to upgrade the quality of vision care services and to deliver those services on a community by community basis. Program accomplishments the past year include: (1) Refractions by staff -- 47,475; by contract -- 14,216; (2) Eyeglasses bought 33,589; (3) Other eye care provided such as eye surgery and medical treatment, etc. For example, the Phoenix Area reported 7,400 clinical visits, 1,695 field ophthalmology eye visits, 315 surgery cases, 53 outpatient photocoagulations, plus an average of over 13,300 trachoma field exams during the past two years, and treatment of the positive cases. The unmet need for eye care is 50 positions and $2,300,000.

Mental Health

Mental Health is a major component of the IHS Field Medical Services program. Centuries of conquest and exploitation left Native American communities severely damaged and only partially capable of coping with mental, social, and emotional problems. Alcohol abuse, suicide, family disorganization, violence, depression, apathy and dependence became problems which were far too common. In all IHS areas, programs are developing that have shown the possibility of overcoming the barriers of language, cultural difference, mutual misunderstanding and prejudice. Before the initiation of the Indian Health Service mental health program, Indian people in need of psychiatric care, were referred to psychiatrists and other professionals without much acquaintance with the realities of Indian life. The resulting encounters were often confusing and discouraging to both patient and physician. Two basic requirements for mental health work with Indian groups have become clear: A continuing effort to understand Indian life, ideas, and language; and the participation of Indian people in their programs. If these requirements are met it becomes possible to solve the difficult problems of serving an impoverished, scattered and often isolated population. The solutions to these problems necessarily vary from one reservation to another, but the basic requirements remain the same. The development of the mental health program to an adequate level is essential to raising the general health standards of the Indian people and to helping them to fulfill the potential worth of their society. During FY 1976 an estimated 57,244 outpatient visits to the IHS facilities for mental health problems occurred and there were 6,833 (Prov.) discharges for mental disorders (including contract). With the program increase in FY 1976 of $245,000 the Mental Health Program was able to maintain these essential mental health services and through the use of contract consultants reached an additional 3 percent of the Indian population thereby reaching a total of 70 percent of the 538,000 population served. Emphasis will continue on preventive services and to high risk groups such as Children and Youth. The unmet needs of the Mental Health Program are 170 positions and $7,700,000.

Alcoholism

Alcoholism is one of the most serious health problems facing the Indian people today. The adverse effects of alcoholism in the Indian population today are considerable, but valid information is scarce. Special surveys have documented that the prevalence of drinking is high in many communities, that drinking is primarily a social activity and that intoxication is the common but by no means inevitable outcome. It is estimated that a

majority of suicides, murders, accidental deaths and injuries are associated with excessive drinking as are many cases of infection, cirrhosis and malnutrition. The alcoholism death rate among Indians and Alaska Natives has increased each year between 1966 (30.3 per 100,000) and 1974 (52.8 per 100,000), for an overall increase of 74 percent. While the rate for the U.S. has also increased, the Indian and Alaska Native rate has ranged from 4.3 to 6.2 times as high as the U.S. All Races rate during these years. Approximately 59 percent of the alcoholism deaths among the Indian and Alaska Native population are the result of cirrhosis of the liver (with mention of alcoholism) another 39 percent are the result of alcoholism; and the remainder is due to alcoholic psychoses. Alcoholism in Indians has in general many underlying causes. It is a means of coping with feelings of anger, frustration or boredom, all of which are related to the position in which many Indians find themselves today. Inferiority feelings about their lack of education, meaningful employment, status, and economic autonomy which are characteristics of many Indian groups, are expressed in excessive drinking. Alcoholism, therefore, is a problem which deserves the best efforts of the Indian Health Service staff working in conjunction with other agencies or groups who are concerned, and especially with the Indian people themselves, who are more and more recognizing the urgency of the situation. The Indian Health Service, the National Institute of Alcohol Abuse and Alcoholism, and the Indian people have worked closely over the past few years in assisting in the planning and development of a variety of prevention and treatment programs for American Indians and Alaska Native population. Eight years ago the Office of Economic Opportunity began funding a number of alcoholism programs operated by tribes and other Indian groups. This was emphasized by the President's message of July 8, 1970, when monies from the National Institute of Mental Health to fund Indian alcohol projects were added. With the passage of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, the National Institute of Alcohol Abuse and Alcoholism was established to coordinate all Federal activities in the field, to administer all DHEW alcoholism programs and to develop project grants and contracts for the treatment of alcoholism. Indian Alcohol Programs were established as a priority emphasis in 1972. In June 1972, when the Office Economic Opportunity funds were no longer available, the support of these projects was assumed by the National Institute of Alcohol Abuse and Alcoholism. Indian Health Service's key role in Indian advocacy assured the continuation of these projects. Both the Institute and the Indian Health Service staff felt that continued long-term federal support for the American Indian projects was appropriate and necessary given the lack of other resources the American Indians could draw on. The funding plan is to allow National Institute of Alcohol Abuse and Alcoholism to support the projects for six years, at the end of which time they would be considered "matured" projects and subsequently transferred to Indian Health Service. Accordingly, the 1978 request includes $3,663,000 for 34 matured projects.

Community Development

The first community development projects were contracted in fiscal year 1973. At that time $632,000 went to 16 tribal contracts to organize health boards, provide training and outreach and other developmental activities to facilitate self-determination. In the ensuing years a wide cross section of clinic development programs, outreach programs, sanitation maintenance organizations, health authorities and other activities were carried out. The tribes have been highly successful in joint venture efforts with other tribal funds and resources into higher stages of development. The FY 1976 budget expanded the tribal community development projects to 82 in the amount of $2.3 million. Presently there are about 108 community development proposals pending funding in the amount of $7,020,000. The Indian Health Development activities require involvement

and utilization of a cross section of resources and support services. Tools being brought to bear are the Buy Indian Act, Indian Preference Act, Indian Self-Determination and Education Act, and the Indian Health Care Improvement Act.

Urban Indian Program

In 1972 the Congress appropriated funds to establish a pilot urban Indian Health project in Minneapolis. The primary objectives were to identify the health needs of the Indian residents and help them utilize existing health care resources. In subsequent years, funds were provided for a total of 32 projects. These 32 metropolitan sites are in various stages of development. All are providing outreach and referral services to Indian families and individuals that are in need of health care. Although none are providing hospitalization, 16 of the projects have installed outpatient clinics. These projects also involve nutrition programs, well baby clinics, programs for the aged, dentistry, and a full range of ambulatory care services. IHS funds are used in conjunction with local, state, private funds and other federal funds. It is estimated that the $3.2 million IHS investment in these projects has resulted in an additional $12 million of other health resources for Indians residing in these urban locations. It is conservatively estimated that unmet needs of urban Indian health projects approximate $15,000,000.

Community Health Representative and Community Health Aide

The Community Health Representative (CHR) program was first funded by Congress in FY 1969 when 167 positions were authorized. As of FY 1977 there are 1,718 funded CHR positions, which are currently being increased at the rate of 250 per year. The FY 1977 funding level is approximately $19 million. The CHR program is carried out entirely by Tribal organizations through contractual arrangements with the Indian Health Service. Distribution of positions to Tribal organizations is determined by criteria developed by the IHS, including population, and by Tribal requests. CHR's provide a broad range of health-related services to their communities; including health education, patient referral, health data collection, patient transportation, cross-cultural interpretations, liaison with health professionals, and more recently, direct intervention in disease processes. During FY 1977 CHR's provided approximately 1,000,000 patient services as a result of individual or group contacts. Recent activities in the evolution of the CHR program have included the development of tribal programs where CHR's have been used to identify symptoms and stages of various diseases, such as infant gastroenteritis and upper respiratory infections, and to channel the patients for appropriate treatment, based upon established criteria. Also, the CHR data reporting system has been improved and automated, with the result that tribal health organizations are better able to plan and direct CHR activities. For example, as a result of improved data, some tribes have shifted CHR programs to put greater emphasis on activities such as accident prevention and safety, services for the aged, environmental health programs, and improved home services for diabetics. Unmet needs for the CHR program, based upon Tribal requests and IHS criteria, would include an additional 752 positions, increased funding for specific and specialized training, improved salaries for CHR's with higher level skills and training, and increased funding for transportation to compensate for recent sharp increases in fuel and vehicle maintenance costs. The FY 1978 request will provide for additional 250 Community Health Representatives.

The Community Health Aide Program provides primary health care to Alaska Native people living in 171 remote villages. These villages have a population ranging from 25 to approximately 2,500, with the majority

being in the 100-300 range. In FY 1977, 205 Health Aide positions were funded at an approximate cost of $3,000,000.

Health Aides are selected by the villages and are trained to provide a broad range of primary health care services. Radio and telephone communications are maintained with the nearest Service Unit hospital for medical backup and patient supervision. As the sole health care provider in the village, the Community Health Aide is often faced with difficult situations. To the extent possible, consistent with the best interests of the patient, services are provided in the home villages. However, when necessary, patients are evacuated to IHS or referral hospitals. During FY 1977 Health Aides conducted approximately 200,000 patient encounters, many of which involved critical or lifesaving situations. The FY 1978 request will provide for the same level of Community Health Aides as FY 1977.

Indian Self-Determination and Education Assistance Act, P.L. 93-638 - Funding Request for 1978

The Indian Self-Determination and Education Assistance Act, P.L. 93-638 was signed into law January 4, 1975. Rules and Regulations to implement this law were published in the Federal Register on November 14, 1975. This Act directs the Secretary, HEW, upon the request of any Indian tribe, to contract with the tribal organization to carry out any or all of his functions, authorities and responsibilities under the Act of August 5, 1954 (68 Stat. 675, 42 U.S.C. 2001). The Secretary of HEW may, in accordance with regulations adopted pursuant to section 107 of this Act, make grants to any Indian tribe or tribal organization for (1) the development, construction, operation, provision, or maintenance of adequate health facilities or services including the training of personnel for such work, from funds appropriated to the Indian Health Service for Indian health services or Indian Health facilities; or (2) planning, training, evaluation or other activities designed to improve the capacity of a tribal organization to enter into a contract or contracts pursuant to section 103 of this Act.

Implementation of this law requires that new or expanded mechanisms will be initiated which were not a part of the Indian Health Service operation. Contracts are one of several mechanisms by which Indian tribes will exercise their right to plan, conduct, and administer for the benefit of Indians. Another mechanism afforded Indian tribes is the initial use of grants to plan the manner in which they wish the Indian Health Service to operate programs.

As of February 1977, various tribal groups have submitted over a hundred projects, of which 33 exceeding $4,000,000 have been currently reviewed and approved. These projects met the criteria of the Rules and Regulations as published in the Federal Register on November 14, 1975, for capacity building, operation and other development toward assisting tribes to man and manage their own health programs.

Funds of $6,500,000 are requested in 1978 (compared to $18,500,000 appropriated in 1977) for the following:

to respond to unsolicited requests from Indian tribes enabling them to formulate and manage their own health organizations including such costs as training of Indians in the field of health administration;

for feasibility studies of various community health programs to assist in determining the method, procedures, costs and capabilities of managing their health programs.

4. PROGRAM MANAGEMENT

Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
128	$3,442,874	128	$3,717,000	122	$3,711,000	-6	$-6,000

Need for Increase

The requested increases consists of:

Increases

Mandatory:

Full-year cost of 1977 pay act	$ 3,000
Restoration of 1977 pay act absorption	4,000
Within grade promotions	57,000
Increased cost of contractual services (including utilities).	21,000
Increased cost of supplies	4,000
Increased cost of transportation (including transportation of things)	1,000
Sub-total, mandatory increases	90,000

Decreases

Mandatory:

One less paid day	-11,000

Program:

Equipment	- 6,000
Management staff (6 positions)	-79,000
Sub-total, program	-85,000
Total decrease	-96,000
Net decrease	- 6,000

Program Management

The mission of the Indian Health Service is assuring a comprehensive health services delivery system for American Indians and Alaska Natives with sufficient options to provide for maximum tribal involvement in meeting their health needs. The Indian Health Service headquarters staff provides the necessary expertise to the Director in complementing and assuring that the field operation is:

1. Participating in or establishing goals, objectives, policies and priorities in pursuit of the IHS mission;

2. Delivering or assuring the delivery of high quality comprehensive health services through the IHS field structure of 51 hospitals, 99 health centers and several hundred clinics;

3. Coordinating the Indian Health Service activities and resources internally and externally with those of other governmental and non-governmental programs;

4. Developing and demonstrating alternative methods and techniques of health services management and delivery providing Indian tribes and other Indian community groups with optional ways of participating in the Indian health program; and

5. Developing individual and tribal capacities to participate in the operation commensurate with the means and modalities which they deem appropriate to their needs and circumstance.

The Headquarters staff is organized into four line Divisions (Operations, Program Formulation, Indian Community Development, and Resource Coordination) and three staff offices (Research and Development, Tribal Affairs and Program Support). This staff includes personnel who are specialists in the health professions (medicine, dentistry, nursing, sanitary engineers, etc.) and administrative professions (financial management, general services, personnel, etc.).

The 1978 estimate reflects a decrease of 30 management positions as part of an effort to eliminate potential overlapping in administrative functions within the Department. The reduction will affect resource levels in the Patient Care and the Program Management activities within the Indian Health Service. They will not in any appreciable degree adversely affect the actual delivery of direct health services to Indians.

ITEMIZATION OF ESTIMATE
Department of Health, Education, and Welfare
Health Services Administration
Activity Title: Indian Health Service

	Actual 1976	Amount Available 1977	Estimate 1978	Increase (+) Decrease (-)
Obligations	$283,109,562	$348,530,000	$368,066,000	$+19,536,000
Unobligated balance lapsing	114,438	---	---	---
Budget Authority	283,224,000	348,530,000	368,066,000	+19,536,000
Comparative transfer to "Human Development"	+ 25,000	+ 25,000	---	- 25,000
Comparative transfer to the "Health Services"	+ 61,000	---	---	---
Comparative transfer from "Alcohol, Drug Abuse and Mental Health Administration"	+ 3,663,000	- 3,663,000	---	+ 3,663,000
Proposed supplemental for 1977 Pay increases	---	- 7,470,000	---	+ 7,470,000
Appropriation	283,310,000	337,422,000	368,066,000	+30,644,000
11 Personnel compensation	111,480,754	128,841,000	132,685,000	+ 3,844,000
12 Personnel benefits	19,798,592	22,368,000	22,765,000	+ 397,000
21 Travel and transportation of persons	10,143,221	11,523,000	12,903,000	+ 1,380,000
22 Transportation of things	2,982,611	2,671,000	4,601,000	+ 1,930,000
Rent, Communications and Utilities: Standard Level Users Charges	1,954,000	3,184,000	3,476,000	+ 292,000
Other Rent, communications and utilities	9,345,940	10,151,000	10,804,000	+ 653,000
24 Printing and reproduction	656,494	806,000	1,149,000	+ 343,000
25 Other services	98,762,475	137,006,000	147,047,000	+10,041,000
26 Supplies and materials	21,139,099	24,564,000	27,385,000	+ 2,821,000
31 Equipment	6,585,702	4,031,000	1,391,000	- 2,640,000
32 Lands and structures	1,390,250	815,000	847,000	+ 32,000
41 Grant subsidies and Contributions	---	---	4,081,000	+ 4,081,000
42 Insurance, claims, and indemnities	24,638	---	---	---
Sub-total	284,263,776	345,960,000	369,134,000	+23,174,000
Deduct quarters & subsistence charges	- 1,068,214	- 1,068,000	- 1,068,000	---
Total Obligations	1/2/3/ 283,195,562	1/3/4/ 344,892,000	1/ 368,066,000	+23,174,000

1/ Excludes reimbursements as follows: 1976 - $1,871,339; 1977 - $1,900,000; 1978 - $1,900,000.
2/ Doesn't reflect a 1977 comparative transfer $-61,000 to "Health Services" Appropriation.
3/ Doesn't reflect 1978 comparative transfer to "Human Development" and a comparative from "Alcohol, Drug Abuse and Mental Health Administration."
4/ Reflects proposed supplemental for 1977 Pay increases.

Summary of Positions

Positions

Activity	1976 1/	1977 1/	1978 1/
Patient Care:			
Hospital care	4,084	4,169	4,145
Contract care	40	40	40
Total	4,124	4,209	4,185
Preventive Health:			
Sanitation	484	496	496
Dental	515	559	559
Public health nursing	290	296	296
Health education	103	106	106
Field medical services	449	514	514
Total	1,841	1,971	1,971
Ambulatory Care	2,407	2,544	2,544
Program Management	128	128	122
Total	8,500	8,852	8,822

1/ Excludes reimbursable positions as follows:
1976 - 54; 1977 - 54; 1978 - 54.

APPROPRIATION TITLE: Indian Health Services

	1976 Actual	1977 Estimate	1978 Estimate
		PERSONNEL SUMMARY	
Total number of permanent positions	8,500	8,852	8,822
Full-time equivalent of other positions	185	170	170
Average paid employment	8,156	8,420	8,434
Average GS grade	6.82	6.84	6.89
Average GS salary	$13,285	$13,847	$14,579
Average salary of ungraded positions	$12,837	$12,847	$12,847

STATEMENT OF DR. EMERY A. JOHNSON

Mr. Chairman and Members of the Committee:

The Department of Health, Education, and Welfare (HEW) is responsible for administering a variety of health programs including Medicaid and Medicare. These programs are made available to people in the general population who qualify for participation, including American Indians and Alaska Natives (hereinafter collectively called Indians). In addition to its responsibilities to the general public, which includes Indians, in the health field, the Department is responsible for providing special Federal health services to Indians. These special Federal Indian health services are based on treaties with Indian Nations, and on the laws which the Congress has passed pursuant to its authority to regulate commerce with the Indian Nations as specified, explicitly in the Constitution, and its other pertinent authorities.

In exercising its authorities, Congress, through passage of PL 83-568, "The Indian Health Transfer Act," directed that special Federal Indian health responsibilities should be transferred from the Department of the Interior to the Surgeon General of the Public Health Service. This Act was signed into law in 1954 and became effective on July 1, 1955. A later Presidential reorganization plan transferred these special responsibilities to the Secretary of HEW. The Indian Health Service (IHS) within the Health Services Administration (HSA) is the organization through which the Department carries out the special and unique Federal responsibilities in the field of Indian health.

The Department, through the Indian Health Service, in 1978 will be providing special Indian health care services to some 577,000 Indians living on or near Federal Indian reservations, in traditional Indian country in Oklahoma, and in hundreds of communities in Alaska. Also, in the past several years, Indian people living in some urban areas have benefitted from limited IHS program activities as directed by the Congress.

PROGRAM ACTIVITIES

The IHS goal is to elevate the health status of Indians and Alaska Natives to the highest level possible. The mission is two-part. The first part is to assure the availability of comprehensive health services in pursuit of the IHS goal. The second part is to provide opportunities for Indian management and operation of health programs carried out through the auspices of the IHS. All IHS program activities are aimed at assuring the comprehensive services or providing the management opportunities called for in the organization's mission.

Comprehensive Health Services

During its organizational lifetime of almost 22 years in HEW, the IHS has carried out the first part of its mission through developing and operating a health services delivery system designed to provide a broad-spectrum program of preventive, curative, rehabilitative and environmental services. This system integrates health services delivered directly through IHS facilities and staff on the one hand,

with those purchased by IHS through contractual arrangements on the other, taking into account other health resources to which the Indians have access. The system is managed through 88 local administrative units known as Service Units. The Service Units are grouped into larger cultural-demographic-geographic management jurisdictions which are administered by IHS Area and Program Offices.

Direct IHS Services comprise the majority of services provided through this system. They are delivered in, and in connection with a variety of IHS facilities, and by IHS staff. Currently, 51 hospitals, 99 health centers, including 26 school health centers, and over 300 health stations are involved in efforts to deliver direct IHS services.

Indian Health Service direct health care activities are carried out by some 9,000 staff, over half of whom are Indians. A full range of professional and support personnel are included, with strong emphasis on extending the capacities of the limited numbers of available professional workers through widespread use of assistants, aides, and technicians. Most of these people are Indians trained by the Indian Health Service.

Health services designed to supplement and compliment IHS direct services and services available through other resources, are provided by IHS through formal contracts. Last year such contracts were in effect with over 300 hospitals, almost 800 private physicians and clinic groups, over 300 dentists, and some 350 other providers of related health services. Additional contract health care services were provided by IHS through vendors with whom the organization had not negotiated formal contracts.

Contract care is used in circumstances wherein direct IHS facilities and staff are not available, are not able to provide required emergency and/or specialty care, or are excessively overloaded. It is used, also, in instances wherein supplementation of alternate resources such as Medicare is required to provide the most comprehensive care possible for Indian people. All of these circumstances are frequent due to the scattered distribution of Indian people, and to the fact that the small size of many of the Indian hospitals precludes specialized services normally found only in larger facilities.

The range of services provided through the comprehensive IHS health services program is illustrated by normal general medical and surgical services on both inpatient and outpatient bases; and special programs dealing with otitis media, mental health, trachoma, nutrition, dental health, maternal and child health, environmental health and other problems. All of these problems are present among the Indian population at rates and/or with complexities exceeding those for similar problems among the general population.

Progress

Substantial progress has been achieved in coping with the Indians' health problems, the circumstances underlying them, and in the IHS comprehensive health services delivery system. Illustratively, since 1955, there have been a number of improvements in the IHS physical plant. These improvements have been key to pursuit of the first part of the organization's mission. During this period, 17 hospitals, 19 health

centers, and 58 field stations were constructed, as new or replacement facilities, and opened for service prior to FY 1977. It is apparent that many facilities have been built; however, considered against a background of two decades, the numbers represent a slow pace of construction. As a result, a crisis of decay and obsolescence emerged. It was forced by the facility aging process, revolutionary changes in health services delivery methods, and increased needs for services. The crisis has led to a marked acceleration in the tempo of facilities construction in very recent years.

This April, for example, a replacement hospital at Claremore, Oklahoma, is scheduled to open. Another replacement hospital is under construction at Santa Fe, New Mexico; and, at Acomita in the same state, a new hospital is being built. Construction also has begun or will begin this Fiscal Year on hospitals at Bethel, Alaska, and Whiteriver, Arizona; Red Lake, Minnesota; Ada, Oklahoma; and Cherokee, North Carolina. In addition, a master plan study which is a prerequisite to modernization or facilities construction, is being undertaken at Sisseton, South Dakota; while such plans have been completed at Rosebud, South Dakota; Sacaton, Arizona; and at Browning, Montana. Also, design plans have been completed for replacing the hospitals at Winslow, Arizona and Harlem, Montana; and for modernizing and expanding the facility at Shiprock, New Mexico. Either under construction or in the final stages of planning, are health centers at Chemawa, Oregon; Lummi, Washington; Menominee, Wisconsin; and at Poplar and Lame Deer, Montana.

Sound facilities play a key role in the delivery of modern effective health care services. This is true for both inpatient and outpatient care. While the magnitude of need for high quality inpatient services is much higher than it was two decades ago, particularly among older people who are living longer, IHS continues to stress early detection and treatment, and thereby prevent unnecessary complications which may require hospitalization. One measure of the emphasis which IHS places on ambulatory care is the sharp increase in outpatient visits experienced in IHS and contract facilities. Such visits have increased from about 1,400,000 in 1963 to just over 3,000,000 in 1976. It is estimated that they will increase again in 1977. Also illustrative of the increased demands for care is the marked increase in dental services provided. They have increased from about 400,000 in 1963 to almost 976,000 in 1976 -- an increase of 145 percent.

At the time of the transfer of health functions to this Department it was recognized that a major factor contributing to the high incidence of certain diseases among Indians was related to their lack of safe water and adequate means of waste disposal. Early efforts to correct this situation were limited to the provision of technical assistance, health education and motivational activities. Because Indian tribes and families lacked the financial resources to acquire needed facilities, progress in improving the environment was minimal. To provide the necessary authority and funding to correct these environmental deficiencies, the Congress, in 1959, enacted the Indian Sanitation Facilities Act.

This Act enabled the Indian Health Service to undertake cooperate projects with Indian tribes, bands and groups, to construct and provide essential sanitation facilities, including water supplies and waste disposal facilities for Indian homes and communities. Through 1976, over 2,330 sanitation facilities assistance projects have been undertaken.

An important element in this effort to improve the environment of Indians has been a cooperative agreement entered into with the Indian housing programs of the Department of Housing and Urban Development and the Bureau of Indian Affairs. Under this agreement the Indian Health Service provides sanitation facilities and/or technical assistance leading thereto, for new and improved homes constructed through the housing agencies. The needs of existing homes within or adjacent to housing project sites are also served as part of this effort.

With the completion of all projects authorized through 1976, approximately 92,000 Indian homes will have been provided water, waste and/or other sanitation facilities, nearly half of which were new or improved housing units constructed by Federal or tribal housing programs. These physical improvements have enabled the technical and health educational approaches of the Service to be more effective in assisting Indians to live in a more sanitary home and community environment.

The impact of improving the circumstances effecting the health of the Indians as illustrated by better health care and sanitation facilities, and increased health services, has been remarkable. The infant death rate for Indians and Alaska Natives, for example, has been reduced by 71 percent since 1955. During the same period, the death rate from certain diseases of early infancy has dropped 70 percent. The death rate from influenza and pneumonia among Indians is down 63 percent, and the death rate from gastroenteric causes is down 88 percent.

Just as there has been significant progress in combating the causes of premature and unnecessary death, there also has been progress in preventing unnecessary illness and unnecessary complications of such illnesses. This is best illustrated by tuberculosis. This former scourge of the Indians struck 8 out of every 1,000 Indians in 1955. Today, the number is down to 1, representing a drop of 87 percent in the attack rate. Another excellent example is the marked improvement in otitis media as observed in six IHS Service Units in 1972 by the General Accounting Office and set forth in its 1973 report to the Congress. The report which was on "Progress and problems in providing health services to Indians," included a chapter entitled the "Need for a more comprehensive program for otitis media control." The IHS agreed with the need set forth in this chapter and, with special funding provided by the Congress, took definitive action on the matter. As a result, the prevalence of acute cases rose and that for chronic cases declined in the six Service Units. The explanation for both facts is straight forward: Intensified case finding identified people with the problem in whom it had not been detected before. This made early treatment possible, and decreased the chances of the problem becoming chronic.

It is clear from the illustrative examples of improved health status that our Nations' long-term investment in the health of American Indians and Alaska Natives has returned exactly

that which was intended. Perhaps the best overall indicator of progress is that these people are living longer. An Indian baby born today can be expected to achieve the age of 65.1, whereas the chances were that a baby born in 1950 would live to be only 60.0. This means that today's baby is far less likely to be robbed of the full life and opportunities which every American has a right to expect.

Remaining Health Services Delivery Problems

The health circumstances of the Indian people, in spite of the dramatic improvements achieved in the past two decades, continue to lag behind that of the general population. Evidence of the lag is revealed by statistics pertaining to selected causes of death among Indians. Illustratively, the Indian infant death rate is still 1.1 times higher than the infant death rate in the general population. Age adjusted death rates for accidents, and influenza and pneumonia are 3.7 and 2.1 times higher, respectively. The age adjusted death rate from cirrhosis of the liver is 4.1 times higher than the rate among Americans as a whole. Cirrhosis of the liver often is associated with alcoholism. The death rate for alcoholism, including cirrhosis of the liver with mention of alcoholism, rose 74 percent among Indians between 1966 and 1976 when it reached 52.8 per 100,000. Alcoholism, a widespread problem with severe physical consequences, together with an elevated suicide rate of 20.1 per 100,000 (1973-1975 average), and a homicide rate of 24.6, also reflect serious psychological and sociological problems among American Indians.

These are only a few illustrative examples of the many evidences of continuing, unfavorable health status among the Indian people compared to Americans as a whole. None of *them* are acceptable. All of them are traceable, in part, to the fact that only 60-70 percent of the Indians' personal and community health needs are being met. The problems of the existing, massive unmet health needs are known and each merits high priority for available program consideration.

There is a critical, interdependent relationship between preventive and curative health activities. Neither can be optimally effective without maximum effort from the other. The balance of maximum effort is imperative. Success is dependent on its being carried out on a sustained basis. The IHS doctors, nurses, health educators, sanitarians, nutritionists, social workers, pharmacists, dentists and other staff in the Service Units strive to do just that. They have been handicapped, however, by a chronic shortage of available professional and support staff. For example, the staff to patient ratio in Fiscal Year 1976 for IHS hospitals is 2.41, compared to the U. S. hospital average of 3.36. This one fact, alone, impacts on the essential balances within the total prevention-curative-rehabilitation health system. The shortage of trained health workers is particularly severe as it relates to the availability of Indian professional staff. The shortage of Indian people trained in various health disciplines has a direct bearing on health services effectiveness, insofar as Indian health workers are better equipped to serve Indian patients in an Indian cultural context. The cost of health discipline educations is simply prohibitive for most Indian individuals and families. We know of only about 50-60 American Indian medical doctors in the world today.

Further evidence of the inadequacy of the Indians' health circumstances is seen in the facilities through which IHS

direct services are delivered. In spite of the aforementioned construction activities of the past two decades, and the recent increase in the construction tempo, only 28, or slightly more than half of the Indian hospitals are accredited by the Joint Commission on Accreditation of Hospitals. Some will never be accredited in spite of whatever might be done to modernize and otherwise upgrade them. They are simply too old, too outmoded, too inefficient to permit delivery of the kind of care of which the dedicated IHS staff, even though overworked, is capable and desirous of providing.

Serving to still further depress the Indians' health circumstances is the drain placed on IHS resources because thousands of qualified Indian people have been unable to make use of their eligibility to use third party resources, notably Medicare and Medicaid. Such programs have not paid for the only health services feasibly accessible to otherwise qualified Indians, when and where they have needed them. The key to this exclusion is that such people have reasonable access only to IHS facilities. IHS facilities, however, traditionally have not been eligible to qualify for payment for services which they have delivered to Indians legally entitled to Medicare and Medicaid benefits.

Consequently, IHS resources have had to be substituted for resources to which Indians have been entitled, while such Indians, because of the fact that they could not reach Medicare or Medicaid-qualified, non-IHS facilities in far-away non-Indian communities, could not benefit from their entitlements on the same basis as other citizens with similar needs.

Somewhat related to the plight of those who cannot use such entitlements, is that of those who could, but don't. Many don't because they are unaware of their entitlements, or of how to exercise them. Some don't because they may be afraid they will jeopardize their Indian entitlements. These people are among the Indians who, for whatever reasons, have migrated to urban areas throughout the Nation. Because of lack of information, or because of misinformation or apparent fear, they feel that they must journey to a distant IHS facility, even though it may mean disrupting their family life or their jobs, in order to get care. They believe that the alternative is to go without needed health services and suffer the consequences thereof, as people without needed health services do offer.

The Indian Health Care Improvement Act (PL 94-437)

Clearly, full effective implementation of the first part of the IHS Mission, i.e., assuring the availability of comprehensive health services, has been constrained by the above circumstances. The Congress, recognizing the constraint and finding it inacceptable, resolved to eliminate the circumstances causing it within a 7 year period, by passing Public Law 94-437, the Indian Health Care Improvement Act of 1976. The Act authorizes training in various health fields stressing Indian participation; increases in health services required to eliminate backlogs; improved facilities; reimbursement to Indian Health Service facilities for services delivered to Medicare and Medicaid qualified Indians; improved urban Indian access to health services; and other needed benefits and actions and resources. Thus, the authorizations in this Act would have the effect of facilitating full implementation of the first part of the IHS Mission. Also, however, it would play an historically crucial role in full implementation of the second part of that mission, i.e.,

providing opportunities for the Indians to manage IHS programs.

Indian Participation in Program Management

The second part of the IHS Mission is carried out primarily through assisting Indian tribes and other Indian organizations to prepare for, and to assume, when, if, and to such extents as they wish, management of IHS program components traditionally administered directly by the IHS on behalf of, and in consultation with such groups.

Progress

During the past decade the tribes have developed institutions for purposes of consulting with, and providing guidance to IHS. These are health boards, which are typically established by, derive their authorities from, and are responsible to, the official leadership bodies of their groups. They provide a mechanism for tribal initiative in establishing their health priorities, policies and management modalities and bringing these to program operations. At the Service Unit level, community health boards work directly with the Service Unit IHS staff regarding such matters. Each local health board selects its representation to the Area-level board. Each Area board works directly with the IHS Area staff on all matters pertinent to Area level policies, programs and operations. Each Area health board, in turn, selects its representation to the National Indian Health Board. This board and the National Tribal Chairmen's Association, work directly with IHS at the national level of the IHS program.

Indian initiative and desire to control their programs are responsible for creation of these boards. They are instruments of their tribal governments and intertribal groups, and provide an excellent focus for Indian-IHS relationships in the conduct of health programs.

Tribal determination to provide advice and counsel to IHS on program matters has grown steadily. More recent is the growth in tribal desires to actually plan, organize, and operate health programs themselves. The magnitude of this growth is seen in the extent to which IHS funds, through contracts, are being managed by the Indians carrying out IHS responsibilities.

In 1968, almost none of the IHS budget was being so managed. In 1977, about $60,000,000 was being managed in this way. These funds are placed with tribes, tribal organizations, intertribal organizations, and Indian businesses and individuals for a wide range of services which otherwise would have to be delivered directly by non-tribally controlled institutions and persons.

The services which Indian groups are providing under contracts in some cases are supportive in nature such as the maintenance and repair of inplace water supplies facilities. In other cases they are more complex such as providing health education, outreach and related services carried out through scores of Community Health Representatives and other contracts under which the tribes hire and supervise their own staffs. In still other cases, they are very complex. Illustrative is the actual operation of clinics such as the one of the Puyallup Tribe; and the sophisticated health services delivery systems such as the ones operated by the California Rural Indian Health Board and the United Southeastern Tribes.

With the exception of Community Health Representative activities, it will probably be some time before these examples will be overwhelmingly characteristic of health operations among Indians. Nevertheless, there are hundreds of examples today whereas almost none existed a decade ago. They illustrate the cutting edge of the tribes' drive toward self-determination and represent models for other tribes to observe and evaluate.

Encouraged by these models of tribal success in health program management, an increasing number of Indian groups have become interested in developing new community health institutions, or in strengthening those which already exist, in order to assume control of parts or all of the IHS health services delivery systems serving their tribes. Within its limited authorities and resources, IHS has provided some technical assistance and funds for these purposes, albeit far short of meeting demands for help. At this time, IHS has 85 contracts to assist Indian groups at 100 sites to develop or strengthen health program management capacities in areas traditionally served by IHS. Also, it has 18 contracts with Indian groups in some 30 urban sites to assist them to similar ends.

Problems of Indian Participation

The demand for tribal control of IHS program continues to grow. The ability of IHS to be responsive to such demands, however, has been very limited. Among the principal limiting constraints have been the lack of adequate contracting authority, the absence of grant authority, difficulties in assigning technical staff to the tribes; and inadequate resources. These shortcomings have been particularly telling as they relate to assisting tribes to develop viable organizations capable of carrying out health program responsibilities. The cost of starting up such an organization is too great for most tribes to undertake with their limited resources. They simply cannot afford to fund the training, planning, organizing and other management steps which are prerequisite to having in-place health organizations capable of contracting to administer ongoing health programs.

There have been other critical impediments to Indian realization of their self-determination aspirations. Among these have been too few Indian people trained in the health professions and health support fields to permit Indian staffing of programs they might wish to manage. Also, the existing IHS staffing patterns and facilities which the tribes would assume control of from the IHS have been marginal and are responsible, in part, for massive, unmet health needs. The IHS has been able to operate them successfully only because of the economies of scale and other advantages enjoyed by a Federal program. Tribal management, bereft of such advantages, probably would be guaranteed failure if they opted to run them as they are.

The Indian Self-Determination Act (PL 93-638)

The authorities to potentially remove, or otherwise resolve contracting, grant, personnel assignments and other key constraints which have circumscribed implementation of the second part of the IHS Mission, were contained in another landmark action by the Congress, i.e., Public Law 93-638, the Indian Self-Determination and Education Assistance Act of 1975. That Act provided authorization needed for IHS

contracting and grant activities, including authority for IHS to fund tribal health institution start-up costs; personnel assignments; and presented other needed new methods for facilitating the aim of Indian self-determination in the health field, i.e., Indian control of the health program. The Act, however, did not authorize steps required to resolve the problems which insufficient numbers of trained health workers, a massive backlog of unmet health needs, and inadequate services and facilities would present for tribes wishing to operate IHS programs and institutions. Authorizations to deal with these problems were addressed by PL 94-437, the Indian Health Care Improvement Act. Therefore, while PL 93-638 authorizes ways to overcome serious contracts, grant, personnel assignment and other administrative shortcomings in the IHS-operated program, PL 94-437 authorizes program improvements imperative to posturing ongoing Indian health programs so that the tribes would have reasonable chances of succeeding in their operation, when and if they choose to manage their programs. Thus, PL 94-437 authorizes actions which are companion to, and necessary for full realization of the purposes of PL 93-638.

PROGRAM RESPONSE TO NEW AUTHORITIES

The authorizations of PL 93-638 and PL 94-437 clearly delineate Congressional intent and commitment to enabling Indian self-determination, and to eliminating, on a planned, incremental basis, within a specified period of time, the causes of long-standing unmet Indian health needs. In response to passage of the Acts, the IHS, as the principal health organization through which the authorities in the acts would be carried out, has taken steps to prepare itself for implementing the authorities as the Administration and the Congress direct through their subsequent actions.

Numerous local, area, and national meetings have been held with Indians pursuant to the development and publication of regulations according to prescriptions and deadlines established in each of the Acts. This was a valuable investment which paid excellent dividends in the process which lead to publishing PL 93-638 regulations in late 1975. PL 94-437 Regulations are being developed at this time. To date, IHS has had about 110 meetings with Indians in nearly 50 locations throughout the Nation regarding PL 94-437 activities including regulations. Some 4,300 people have attended, representing about 800,000 Indian and Alaska Native people.

Substantial efforts have been made, also, to train those IHS employees who will be responsible for carrying out the manifold IHS roles which will be required to implement the Acts. Similarly, steps have been taken to strengthen the IHS capacity to be administratively responsive to the demands of the tribes and tribal organizations qualified to participate in the Acts' potential benefits obtainable through contracts, grants, and staff assignments. Also, and perhaps most important, the IHS has continued the process of adjusting its view of itself to accommodate the major changes which these Acts could bring about in Federal-Indian relationships as affected by the concept and practice of self-determination by the Indians.

Years ago, the exercise of program management initiative and control in Indian affairs was reserved for, and exercised by the Government. Throughout its 22 year history, however, IHS has actively involved Indians in program management and control, with increasing success, particularly in the past five to ten years. The transition of initiative and control from the government to the tribes, then, is a natural process for, and one which will be readily accommodated by the Indian Health Service and its staff. Also, because of these long-term efforts, Indian people are accustomed to growing participation in IHS program management and control.

The IHS efforts to posture itself to be responsive to the extent that Congress directs implementation of PL 93-638 and PL 94-437, will, in no way, impede or divert the IHS focus on its regular program dimensions. Quite to the contrary, IHS proposes to continue its efforts to manage its regular resources, and any which Congress may choose to apply to implementation of authorities contained in the above Acts, so as to maximize their total effectiveness in pursuit of the IHS mission.

FISCAL YEAR 1978 REQUEST

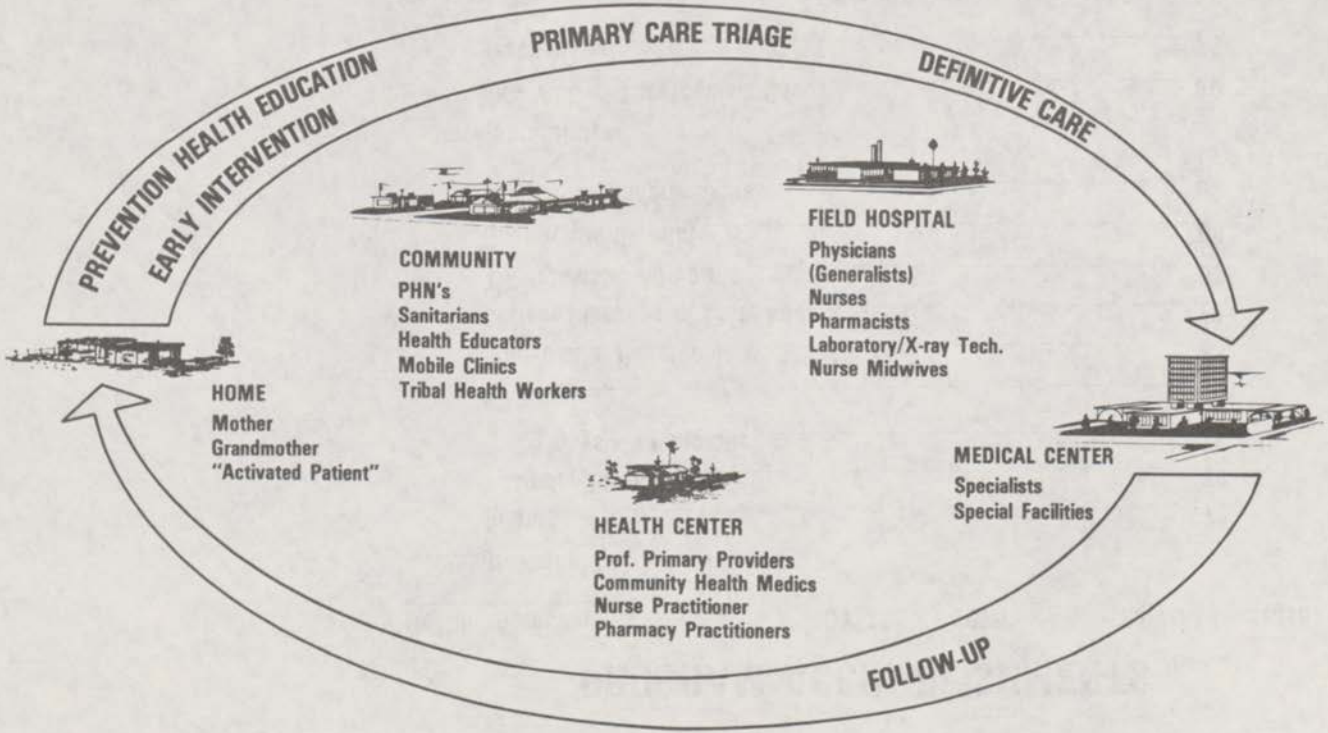
The 1978 amended request for Indian Health Services of $368,066,000 includes (a) an increase of $6,000,000 to implement Title I (Training) of P.L. 94-437, (b) an increase of $3,663,000 under Title II (Services) to fund 34 mature alcoholism projects formerly funded by NIAAA and (c) $12,000,000 for mandatory cost increases. A decrease in 1978 of $16,073,000 in program level is reflected to fund additional 1978 mandatories. This decrease includes (a) $12,000,000 to implement the Indian Self-Determination Act, P.L. 93-638, (b) $1,500,000 for Maintenance and Repair, (c) $2,176,000 for equipment and (d) $397,000 for 30 less management and program direction positions. The 1978 request does not provide staffing of funds to open the new clinic at Ramah, New Mexico and the inpatient areas of the new hospital at Acomita, New Mexico. No additional staffing is provided for the new replacement hospital at Santa Fe, New Mexico.

The Indian Health Facilities request for 1978 of $74,425,000 includes (a) $50,240,000 for Sanitation Facilities (9,500 homes), (b) $3,210,000 for equipping the new hospitals at Acomita and Santa Fe, New Mexico; (c) $850,000 for sewage system at Mt. Edgecumbe, Alaska and (d) $20,125,000 for phased construction of replacement hospitals at Cherokee, North Carolina; Ada, Oklahoma; Bethel, Alaska; Red Lake, Minnesota; and Whiteriver, Arizona.

Relative to the amended Indian Health Service request, I and the Office of the Secretary, HEW, are still concerned that the amended budget does not fully restore the amount needed ($16,073,000) to maintain the current level of Indian Health Service activities. We will continue to work with the Office of Management and Budget to see if a further adjustment in the 1978 budget can be made.

TRAJECTORY OF INDIAN HEALTH CARE

NORMAL DEVELOPMENT ⇌ CONTAINMENT ⇌ REPAIR



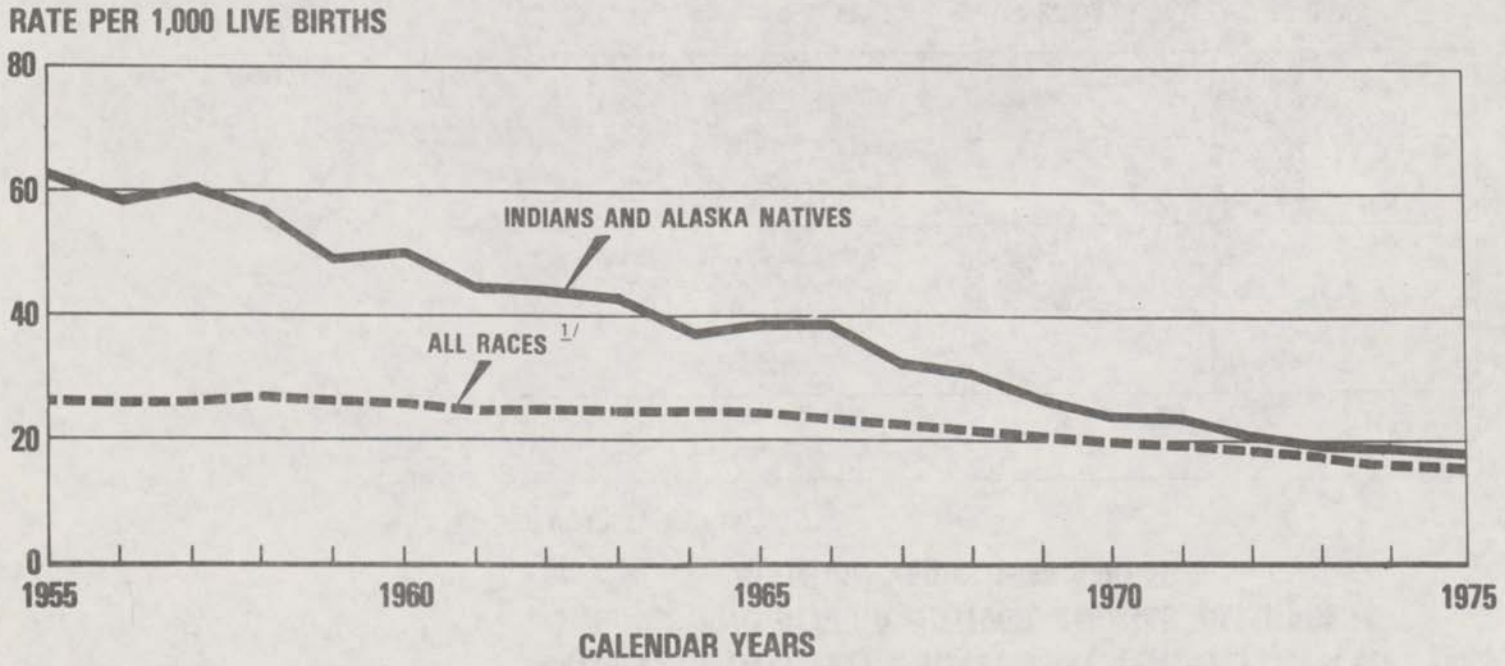
PROGRAM ACCOMPLISHMENTS

Health Improvements	CY 1955 - 1975	Percent Decrease
Death Rates		
Infants		71
Under 28 days		59
28 days - 11 months		78
Maternal		81
Influenza & Pneumonia		63
Certain Diseases of Early Infancy		70
Tuberculosis, All Forms		86
Gastroenteritis, etc.		88
Congenital Malformations		52
Incidence Rates		
New Active Tuberculosis Cases		60
Trachoma		75

Increased Use of Services	FY 1955 - 1976	Percent Increase
Hospital Admissions		112
Outpatient Visits		567
Dental Services		442

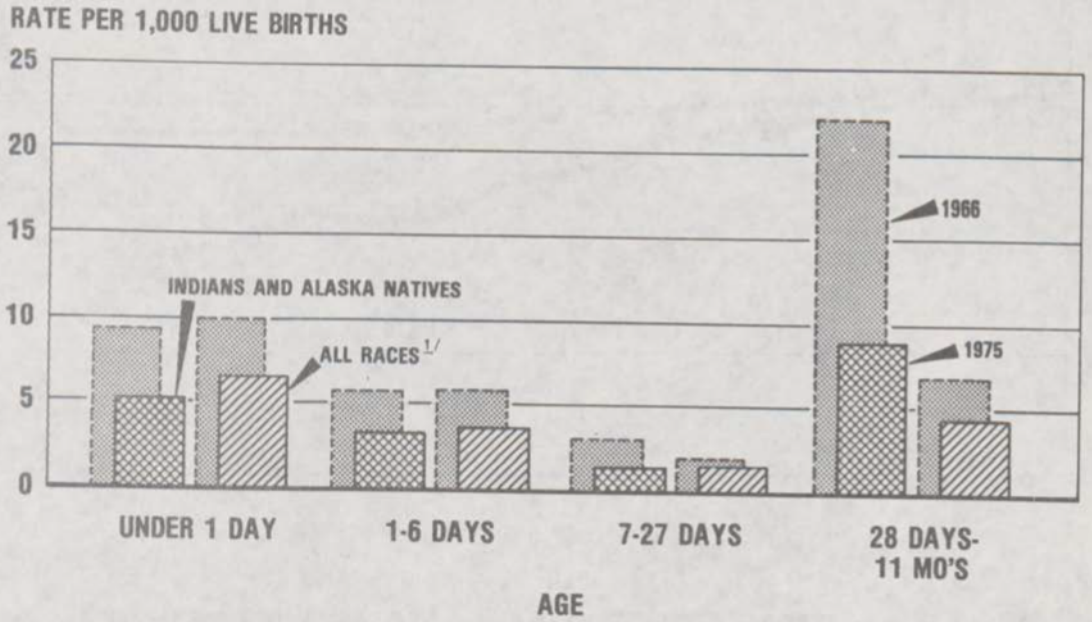
INFANT MORTALITY RATES

INDIANS AND ALASKA NATIVES, AND U.S. ALL RACES



1/ 1975 RATE IS PROVISIONAL, MONTHLY VITAL STATISTICS REPORTS, NCHS, VOL. 24, NO. 13, 1976

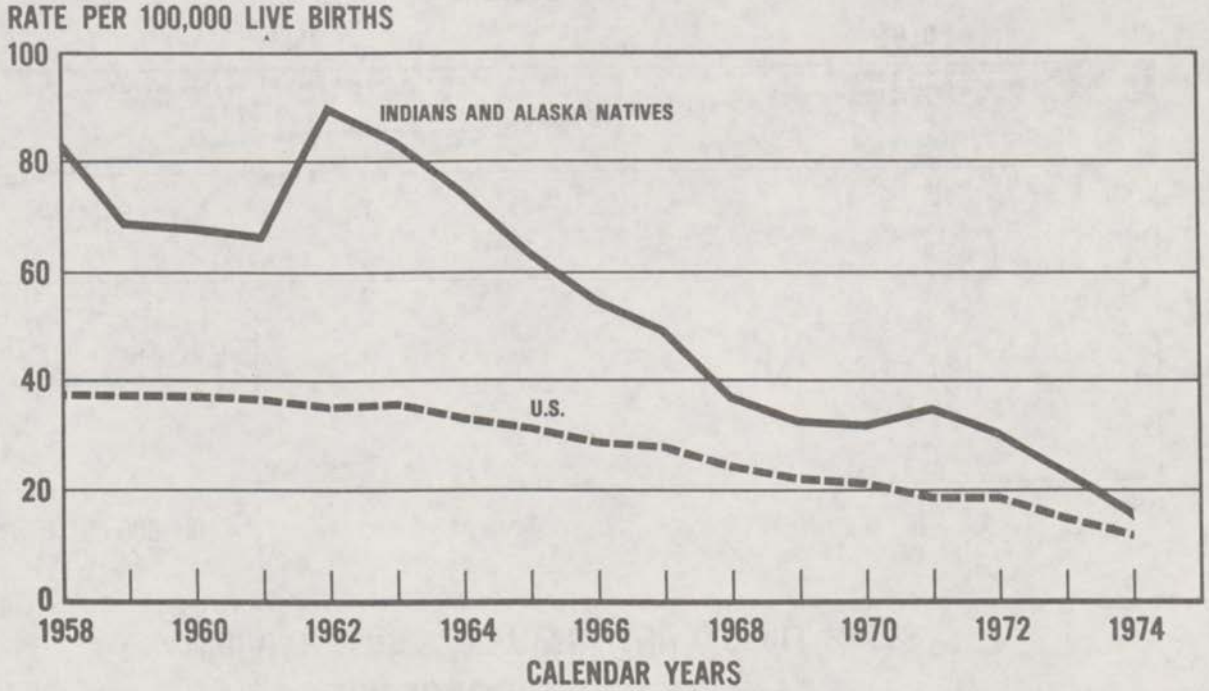
INFANT MORTALITY RATES BY AGE AT DEATH
INDIANS AND ALASKA NATIVES, AND U.S. ALL RACES
CALENDAR YEARS 1966 AND 1975



1/ ALL RACES RATES ARE ESTIMATED EXCEPT 28 DAYS - 11 MONTHS WHICH IS PROVISIONAL. MONTHLY VITAL STATISTICS REPORT, NCHS, VOL. 24 NO. 13 1976.

MATERNAL DEATH RATES

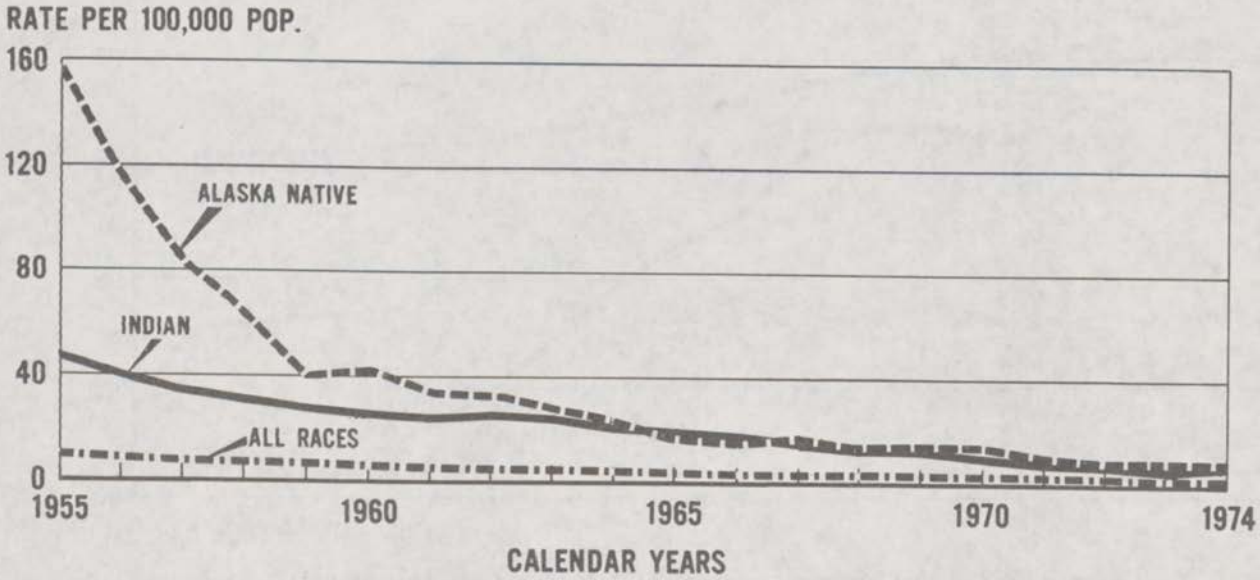
INDIANS AND ALASKA NATIVES COMPARED TO U.S.



INDIAN AND ALASKA NATIVE RATES ARE BASED ON 3-YEAR MOVING AVERAGE CENTERED AT YEAR SPECIFIED (E.G. 1974 AVERAGE = DEATHS IN 1973-1975). U.S. ALL RACES RATES ARE SINGLE YEAR.

TUBERCULOSIS DEATH RATES

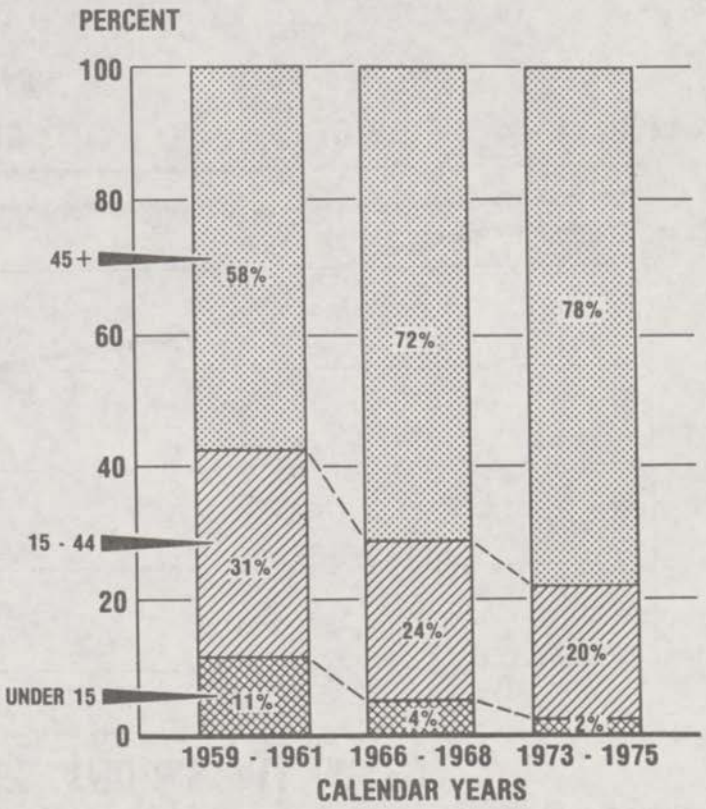
INDIANS, ALASKA NATIVES, AND U.S. ALL RACES



INDIAN AND ALASKA NATIVE RATES ARE BASED ON 3-YEAR MOVING AVERAGE, CENTERED AT YEAR SPECIFIED (E.G. 1974 AVERAGE = DEATHS IN 1973-1975). U.S. ALL RACES RATES ARE SINGLE YEAR.

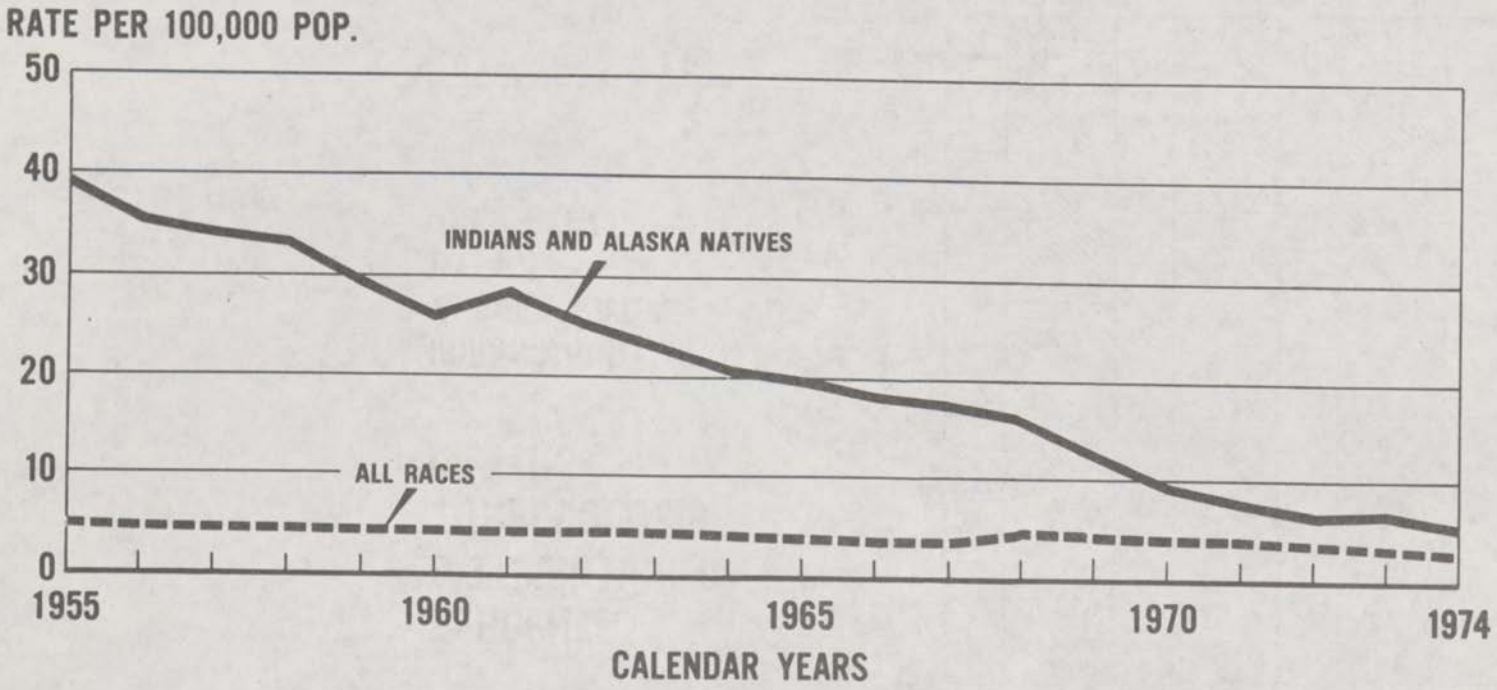
PERCENT DISTRIBUTION OF TUBERCULOSIS DEATHS

INDIANS AND ALASKA NATIVES BY AGE, 1959 - 1975



GASTROENTERIC DEATH RATES

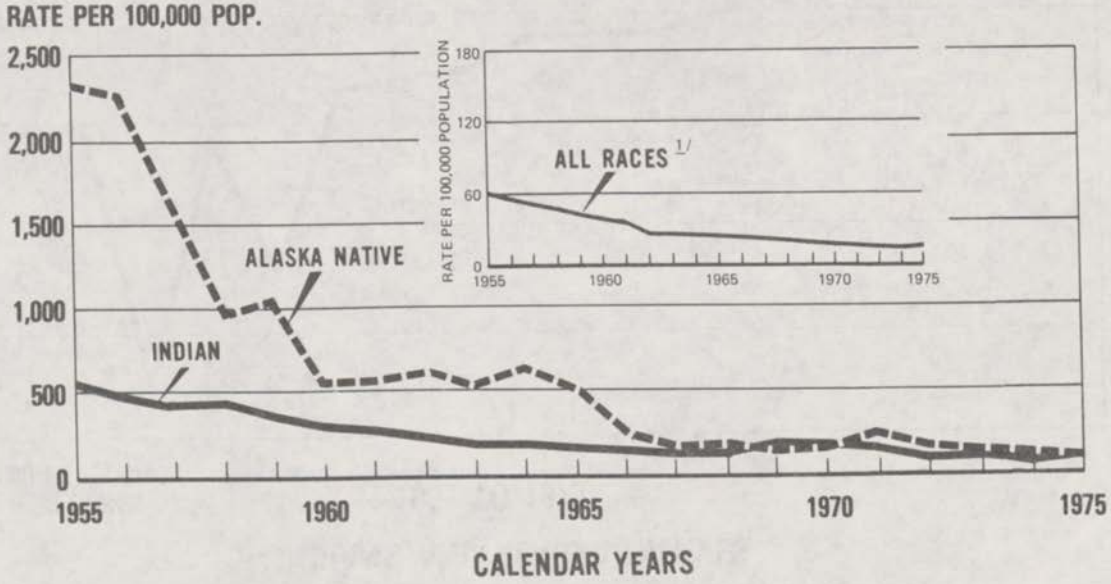
INDIANS AND ALASKA NATIVES, AND U.S. ALL RACES



INDIAN AND ALASKA NATIVE RATES ARE BASED ON 3-YEAR MOVING AVERAGE CENTERED AT YEAR SPECIFIED (E.G. 1974 AVERAGE = DEATHS IN 1973-1975).

U.S. ALL RACES RATES ARE SINGLE YEAR.

INCIDENCE RATES FOR TUBERCULOSIS
INDIAN, ALASKA NATIVE, AND U.S. ALL RACES

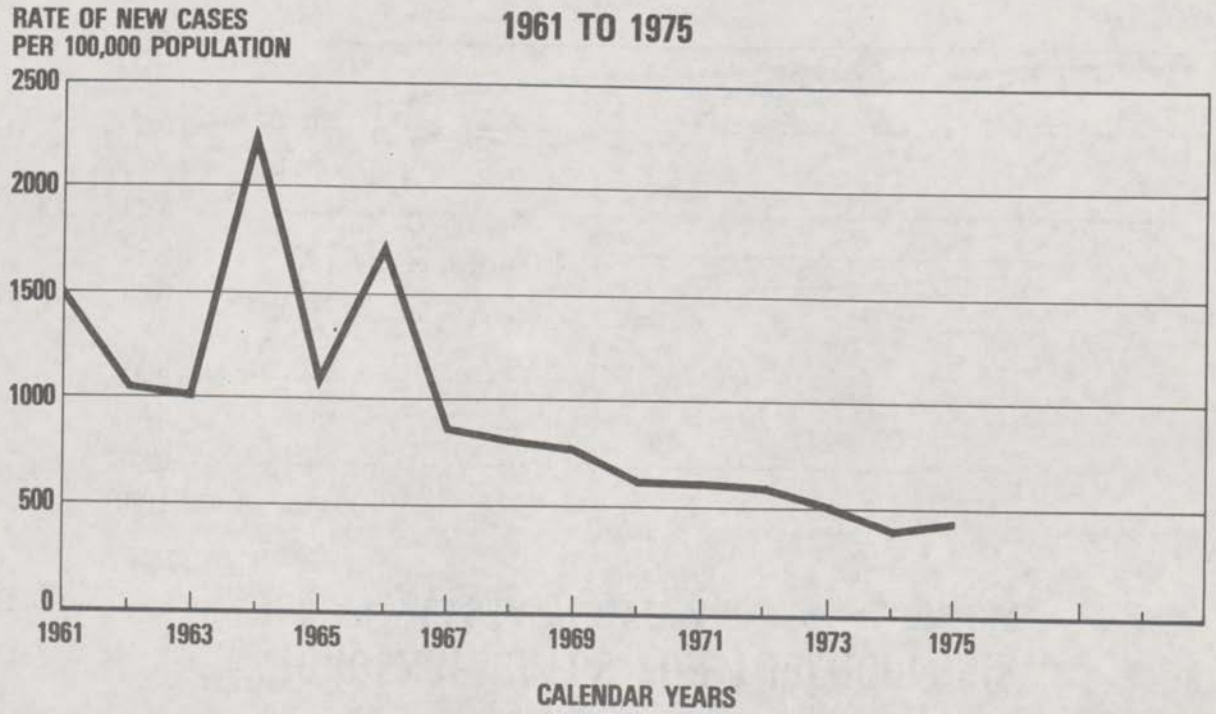


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INCIDENCE RATES FOR TRACHOMA

INDIANS AND ALASKA NATIVES

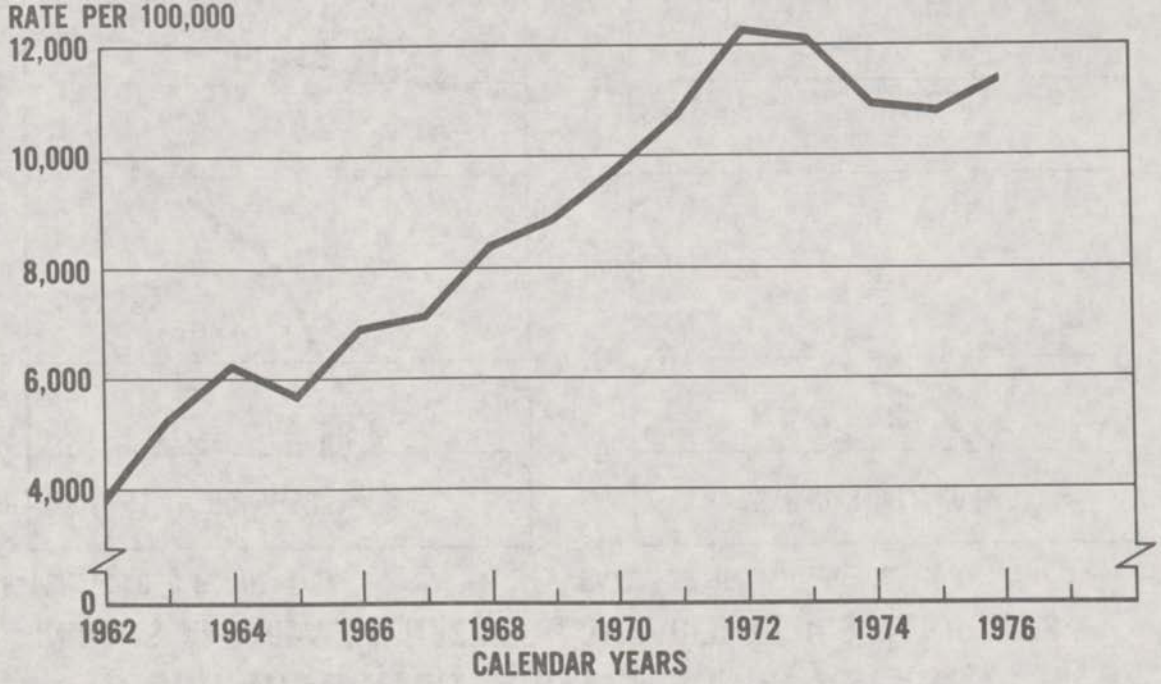
1961 TO 1975



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INCIDENCE RATES[1/] FOR OTITIS MEDIA

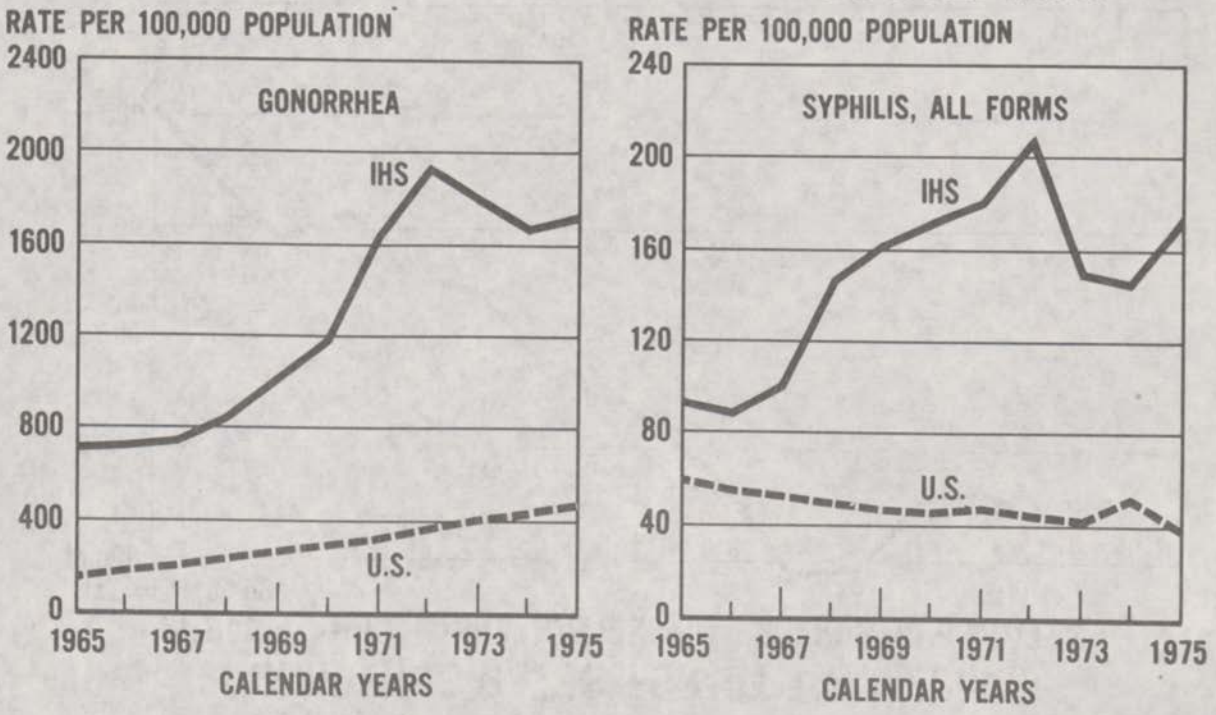
INDIANS AND ALASKA NATIVES IN RESERVATION STATES



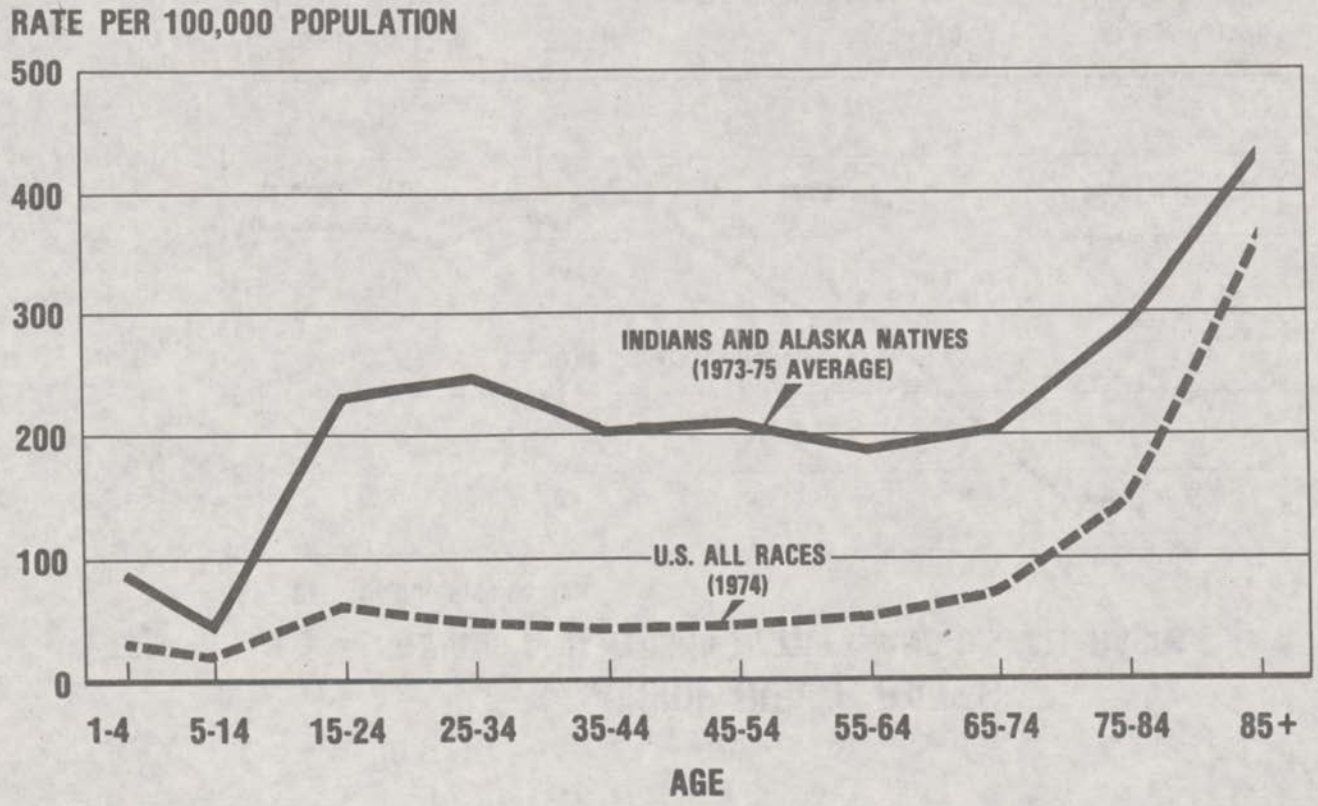
1/ 1976 RATE IS PROVISIONAL

INCIDENCE RATES FOR VENEREAL DISEASES

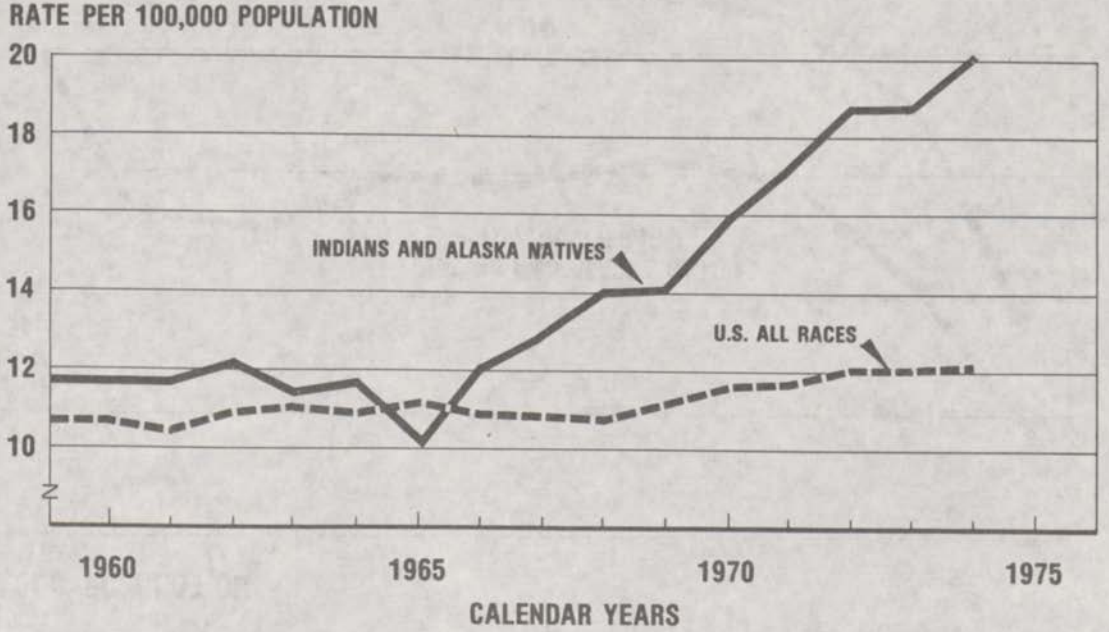
INDIANS AND ALASKA NATIVES COMPARED TO U.S. ALL RACES



AGE SPECIFIC ACCIDENT DEATH RATES
INDIANS AND ALASKA NATIVES, AND U.S ALL RACES



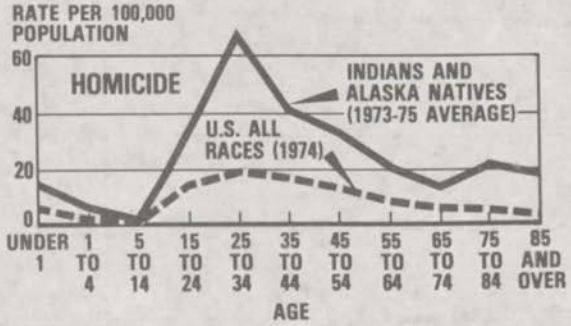
SUICIDE DEATH RATES
INDIANS AND ALASKA NATIVES, AND U.S. ALL RACES

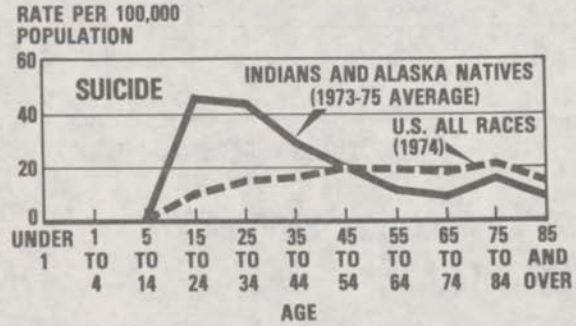


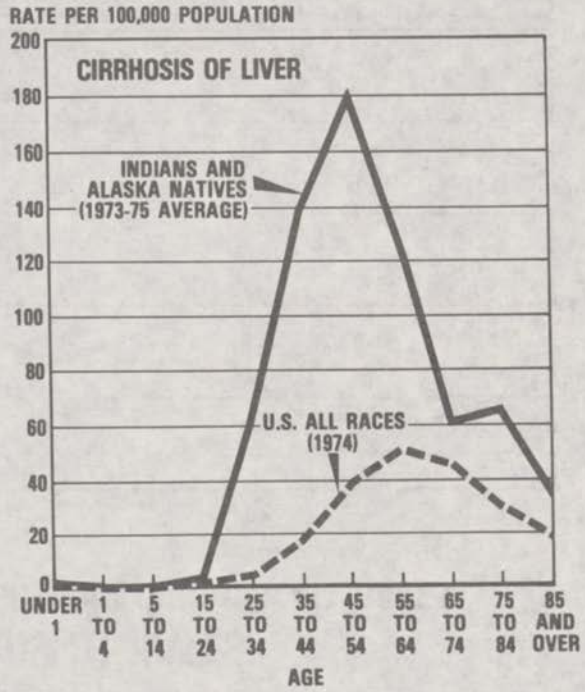
INDIAN AND ALASKA NATIVE RATES ARE BASED ON 3-YEAR MOVING AVERAGE CENTERED AT YEAR SPECIFIED (E.G. 1974 AVERAGE = DEATHS IN 1973-1975). U.S. ALL RACES RATES ARE SINGLE YEAR.

AGE SPECIFIC HOMICIDE, SUICIDE, AND CIRRHOSIS OF LIVER DEATH RATE

INDIANS AND ALASKA NATIVES, AND U.S. ALL RACES

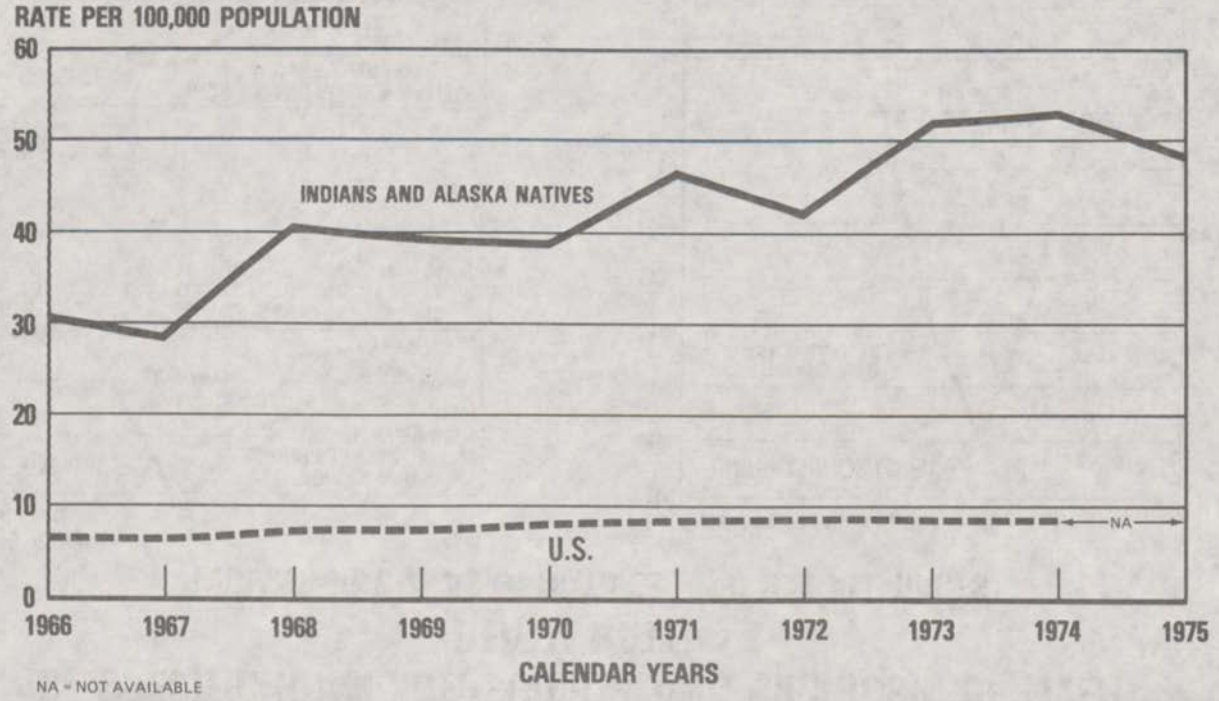




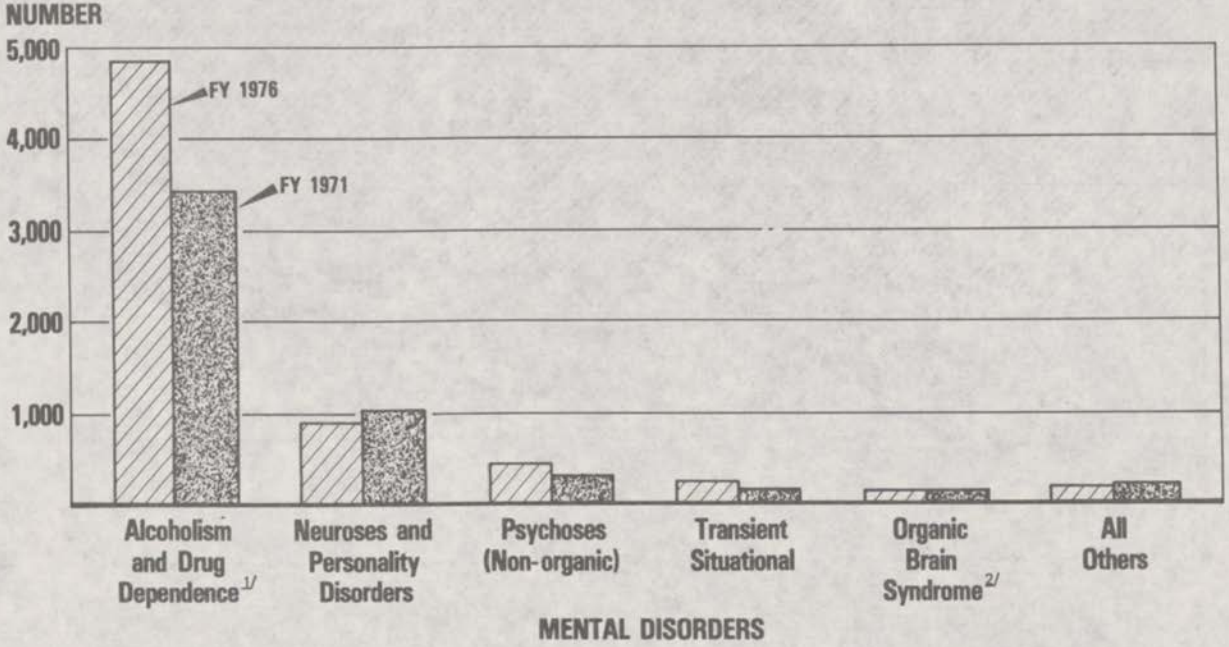


ALCOHOLISM DEATH RATES

INDIANS AND ALASKA NATIVES COMPARED TO U.S. ALL RACES



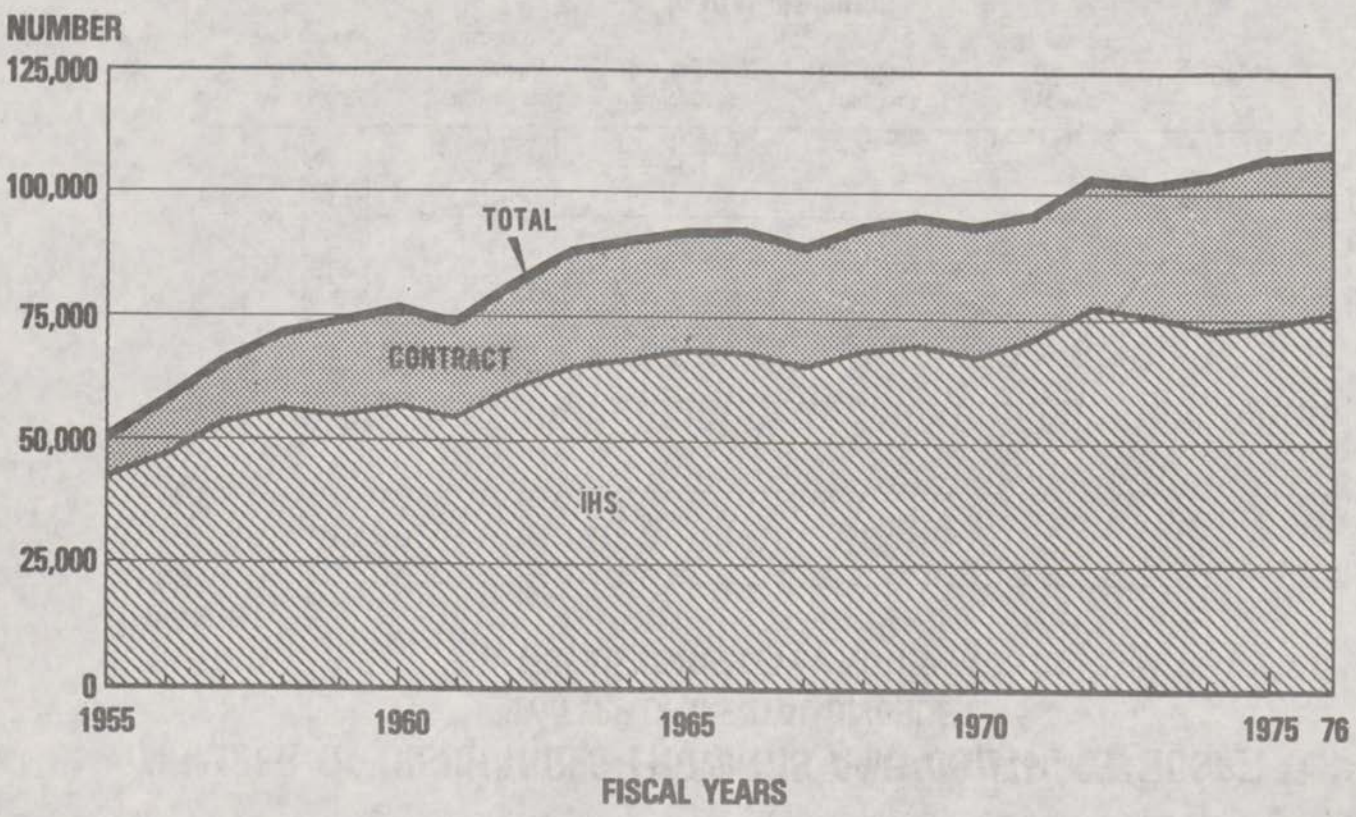
NUMBER OF DISCHARGES FROM IHS AND CONTRACT HOSPITALS
BY TYPE OF MENTAL DISORDER
FISCAL YEARS 1971 AND 1976



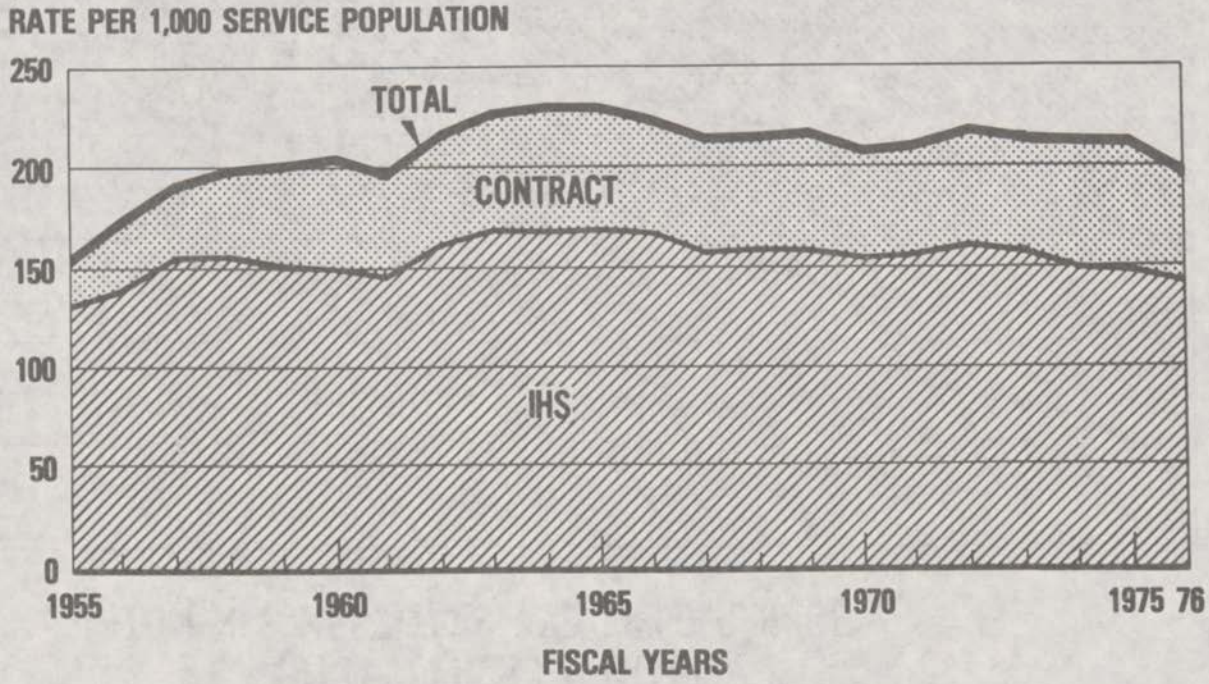
1/ INCLUDES ALCOHOL PSYCHOSIS. INCLUDES 45 AND 44 DRUG DEPENDENCE DISCHARGES IN FISCAL YEARS 1976 AND 1971 RESPECTIVELY

2/ EXCLUDES ALCOHOL PSYCHOSIS.

NUMBER OF INDIAN AND ALASKA NATIVE ADMISSIONS
TO I H S AND CONTRACT HOSPITALS

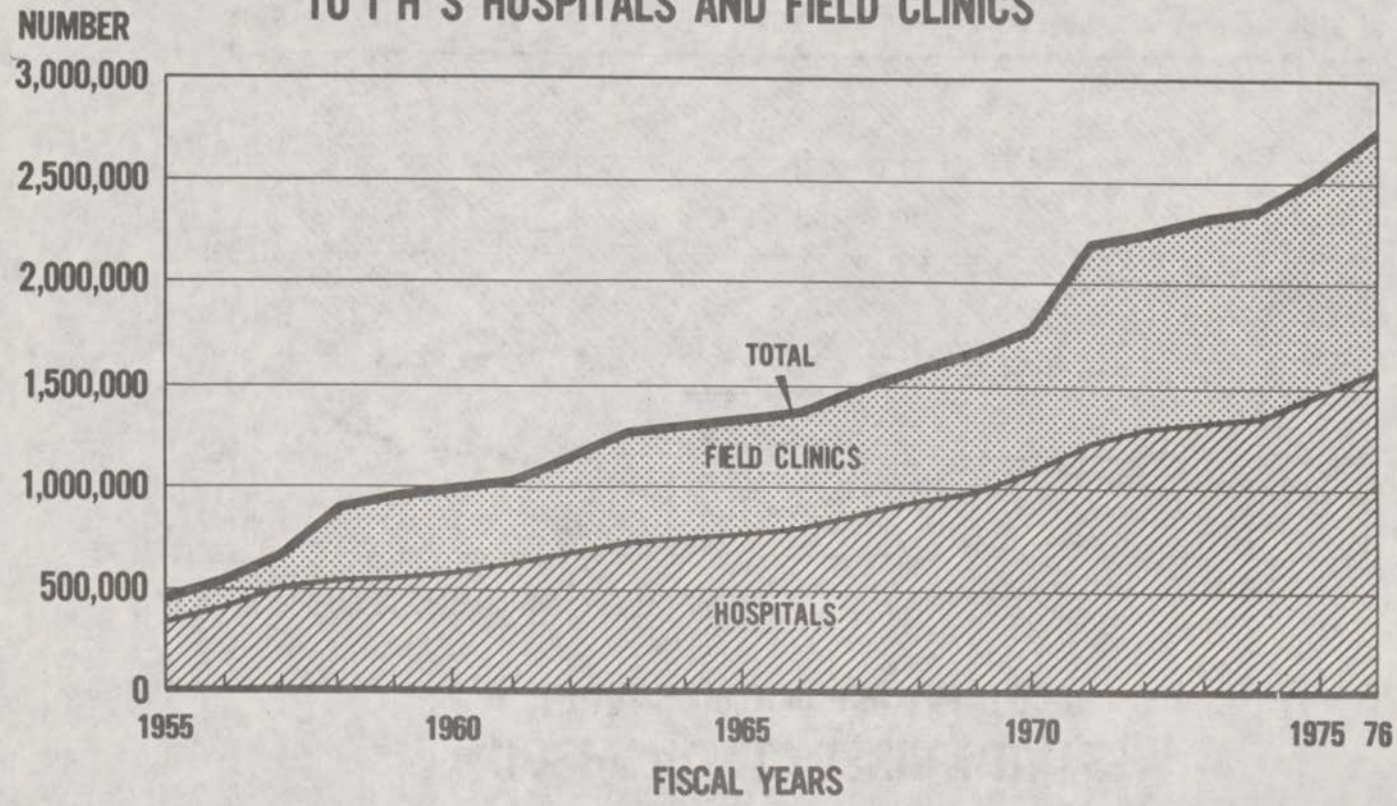


HOSPITAL ADMISSION RATES
INDIANS AND ALASKA NATIVES

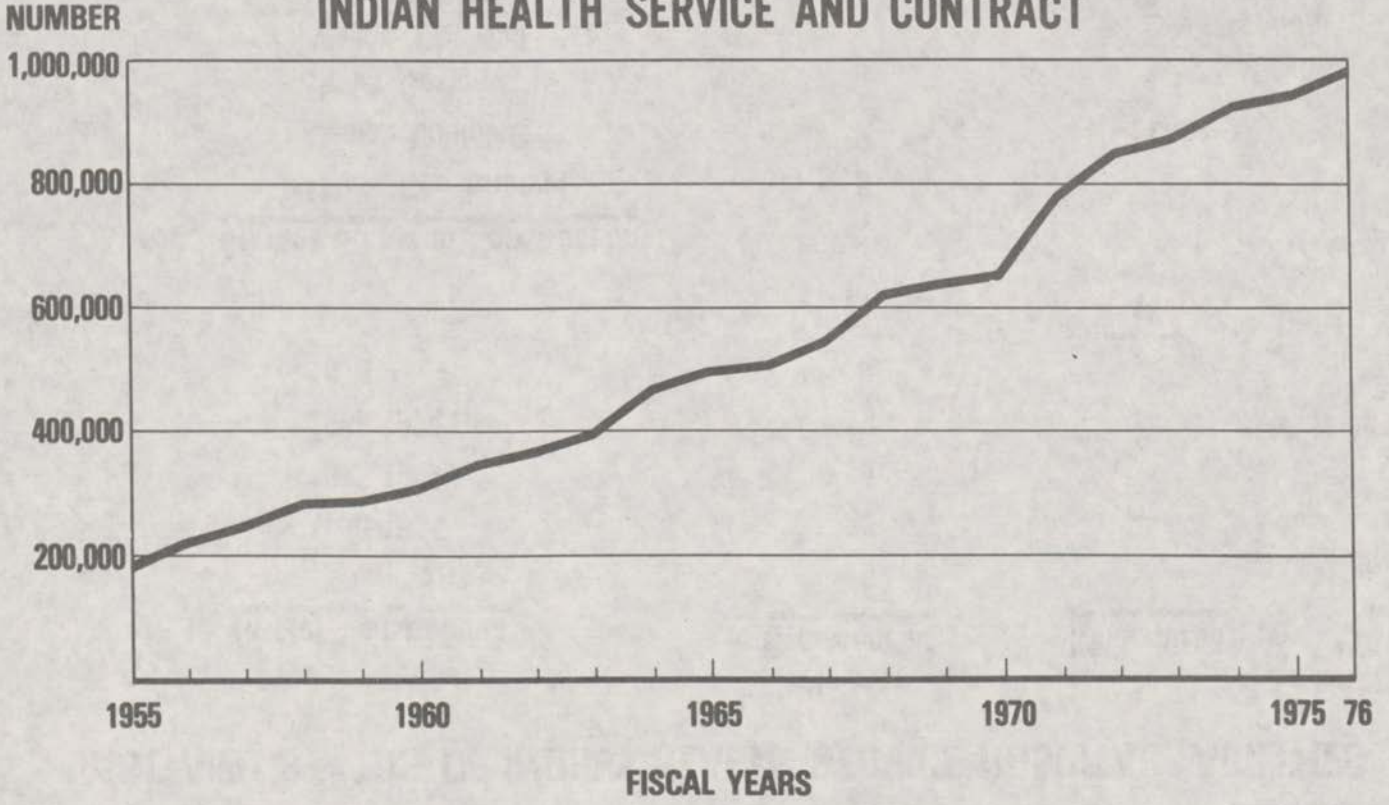


NUMBER OF INDIAN AND ALASKA NATIVE OUTPATIENT VISITS

TO I H S HOSPITALS AND FIELD CLINICS



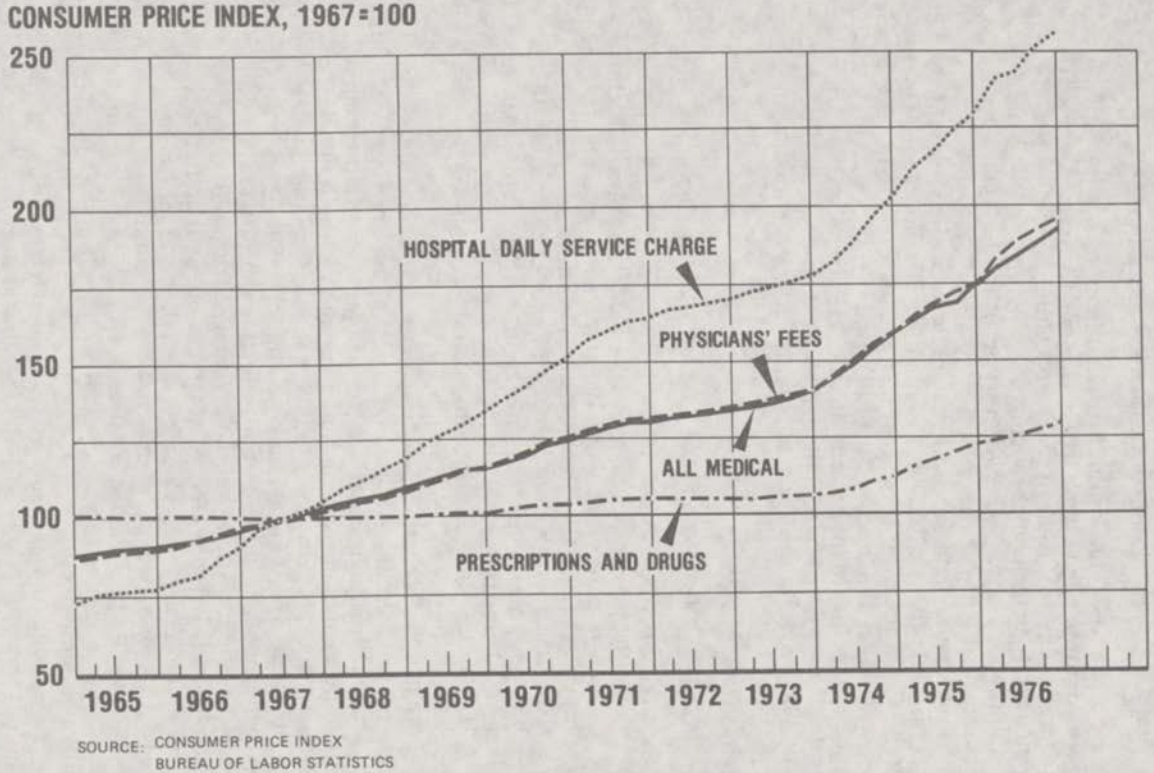
DENTAL SERVICES PROVIDED
INDIAN HEALTH SERVICE AND CONTRACT



AGE AND STATUS OF INDIAN HEALTH SERVICE HOSPITAL FACILITIES

Year of Construction	New or Replacement	Modernized
Before 1930	6	–
1930-1944	24	–
1945-1959	4	1
1960-1974	13	14
1975 +	4	–
Total	51	15
Current Status of Construction		
Under Construction	5	–
Design Completed	2	1
Under Design	3	–
Master Plan Complete or Underway	2	2
Total	12	3

MEDICAL CARE COST



SOURCE: CONSUMER PRICE INDEX
BUREAU OF LABOR STATISTICS

INTRODUCTION OF ASSOCIATES

Dr. JOHNSON. Thank you, Mr. Chairman.

On my immediate right is Dr. Joseph Exendine, who is the Deputy Director. On his right is Mr. Sol Orden, who is the Chief of the Financial Management Branch.

On my far right is Mr. Wilford Forbush, who is the Deputy Assistant Secretary of HEW for Budget.

On my immediate left is Dr. Lionel deMontigny, who is the Director of the Division of Indian Community Development. On his left is Mr. Billy Pearson, who is Chief of the Office of Environmental Health.

Next down the line is Mr. Bill Aspden, who is the Associate Administrator for Management in the Health Services Administration. And after him is Mike Flattery, who is Chief of the Budget Formulation and Presentation Branch, Health Services Administration.

Senator STEVENS. Mr. Casebolt is not here?

Dr. JOHNSON. He is back there.

THRUST OF THE INDIAN HEALTH PROGRAM

Senator STEVENS. Thank you.

Dr. JOHNSON. Mr. Chairman, I would like to proceed this morning in a somewhat different way. We have submitted for the record the opening statement. We have also submitted a series of charts that we have discussed over a number of years, as you recall, that depict for you graphically improvements in health status that have taken place, the increases in workload and services that are being provided by the Service, and continue to identify certain health problems that we will get into as we go through the questions.

Rather than go through that chart series this morning, I would like to just discuss what I see as the two fundamental thrusts of the Indian health program at the moment, and then summarize the budget for you and make a final comment on the budget.

Really the two issues as we see them in the Indian health program at this time are, No. 1, the delivery of health services. The intent, we believe, of the legislation transferring the program to Public Health, and the support that we have received through Congress over the years has clearly directed us to the concept that Indian communities require and deserve high quality, competent health service.

To that end, we have organized a program and will continue to work with the professional staff and with the communities and increasingly with tribal organizations to deliver this kind of service to the Indian community.

The second major issue as we see it has to do with the concept of development of the tribal mechanisms for health programs. This has been an important part of the Indian Health Service program going back many, many years.

Our belief is that many health programs are community programs that require community participation which cannot be added from outside.

INDIAN HEALTH LEGISLATION

Now to highlight these two directions that we are going, the Congress has in fact within the last couple of years passed two pieces of landmark legislation. Each addresses these Indian concerns.

First is Public Law 93–638, the Indian Self-Determination Act. That act gave us for the first time clear authority and some tools that we could use to accelerate the opportunities for tribal governments and Indian organizations to actually manage, plan, operate, and evaluate health programs.

One of the deficiencies that we identify within that act was that it is very, very difficult for a tribe to take over and manage a program which is not adequately funded. As we well know, we struggle constantly to attempt to maintain the level of quality, and the quantity of services that are required.

We cannot expect the tribal government, for example, to take over a facility that does not meet the national fire safety codes, a hospital that is not adequately staffed and cannot be accredited. That is, in our judgment, an exercise in futility. It simply would be a mechanism for dumping the Federal Government's responsibility on the back of the tribe.

We feel that that is quite inconsistent with the intent of Congress. And in response to that, Congress this last year passed Public Law 94–437, the Indian Health Care Improvement Act, which for the first time really defines in law the entitlement of Indian people to a range of health services.

Prior to that time the health program was based on a few sentences in the Snyder Act. The Secretary would normally spend such funds as Congress from time to time may appropriate for the relief of distress and suffering and conservation of health and for hiring physicians, which was not a very clear definition of the Indian health program.

Over the years we have attempted to develop, working closely with the Congress and within the administration and Indian communities a concept of what the nature and scope of the Federal responsibility in health care ought to be.

It seems to me that the Indian Health Care Improvement Act really defines that. It identifies for you that health care is a right for Indian people based on the Constitution, treaties, and various laws. It defines the comprehensiveness of this program, outlining a number of program activities that are to be carried out. It defines the concept of quality. The quality of health care for Indian people should be no less, and it certainly should be equal to that of the rest of the country.

We discussed this concept a number of times with the committee. Then it identified within the law some time frames within which this all was to take place.

So we feel in the Indian Health Service that we have been given clear direction from the Congress as to what they expect us to do.

Those, then are the major efforts that we have made during this year. To recapitulate: First, to continue to develop and maintain a health service delivery system, as comprehensive in scope and as high in quality as possible. Second, to develop mechanisms to assist tribal governments and Indian organizations to operate and manage whichever parts of health programs they so choose.

The budget then that we have before you, summarizes the amounts of money requested. I will only add that we and, the office of the Secretary, are concerned that the budget that has been presented to you understates the amount of money required to maintain the

program level in 1978 that we had in 1977. I am sure Mr. Forbush would be willing to comment on that.

The Department is continuing to work with the Office of Management and Budget to see if we could find some way to further adjust the 1978 budget request.

ACCESSIBILITY OF CARE TO INDIANS

Senator STEVENS. Senator Bellmon?

Senator BELLMON. Dr. Johnson, you stated that your interpretation of your responsibility is to make Indian health care no less in quality than that received by the balance of the population. Is this right?

Dr. JOHNSON. That is correct.

Senator BELLMON. Do you feel that definition of that responsibility means making the health care available in a convenient way to the Indian population?

My point is that in Oklahoma we very frequently have situations where Indians who may live in the town where there is a medical facility or hospital are required under our law, under our arrangement, to travel maybe 100 miles to an Indian hospital because of the contract funds being exhausted.

It seems to me we are coming short of the objective that you just expressed. Do you agree?

Dr. JOHNSON. I would certainly agree with you, Senator Bellmon. I believe that one of the elements of quality relates to accessibility. Certainly if you have to travel long distances, that is not accessible.

Also the concept of acceptability is important. There are instances where people will pass facilities to go to other facilities because one is more acceptable to them.

Clearly your statement about the requirements we have based on the inadequate levels of funding is absolutely correct.

Senator BELLMON. Are you correcting the situation in the budget for 1978?

Dr. JOHNSON. The fiscal year 1978 budget, Senator Bellmon, provides for the same level of service in 1978 as we were allowed in 1977.

Senator BELLMON. Could you say the same inadequate level of service, is that what you are saying?

Dr. JOHNSON. Yes. I think we have repeatedly documented the fact that we are meeting only a portion of the identified contract health services needed.

In addition to that, we have serious problems with the escalation of costs of medical care. We have discussed this a number of times with the committee. The cost of medical care has accelerated far beyond the average cost of other items that have to be bought in the economy.

Our funding level has not, in fact, maintained the pace with this escalation of the cost of private medical care.

I should point out that the Administration has embarked on a major effort to put a brake on the escalating costs of medical care. Obviously, their main concern is Medicare and Medicaid where the greatest impact on the federal budget lies.

We are hopeful that by the Department's efforts to control the escalating costs that are occurring throughout the country that we will gain—through our own efforts in addition to theirs—some ability to hold our costs down and perhaps at least cut our losses in contract medical care during 1977 and 1978. But those are projections, not predictions. That is all I can give you.

HISTORY OF 1978 BUDGET REQUEST

Senator STEVENS. Let me pursue that a little bit. The new Administration—did you seek additional funding to make up this shortfall?

Dr. JOHNSON. Yes, Sir, we did, approximately $4,000,000.

Senator STEVENS. What did you ask the Department for in review of the 1978 budget?

Dr. JOHNSON. The total that we had asked for Dr. Exendine would have to give you the exact figures, the budget that you have before you now is about $368 million. I believe we asked for $388 million.

Dr. EXENDINE. The original submission was for $388,839,000—I am sorry, $408,839,000.

Senator STEVENS. That was from the Department?

Dr. EXENDINE. That was our original submission.

Senator STEVENS. What did the Department ask OMB for?

Mr. ORDEN. The $408,839,000 was the IHS request.

Mr. FORBUSH. Mr. Chairman, the process of amending the Ford budget did not work that way. There was so little time to do it that the new group began to work on the budget before the inauguration. They used as their starting point the current services budget that was published by OMB last November.

Senator STEVENS. Just to make sure everybody understands there is nothing political about this, these are questions that Senator Byrd would have asked if he were here and would want to get them in the record.

What was the IHS request at the transitional level of the Ford budget?

Mr. FORBUSH. That process did not occur.

Senator STEVENS. What was the first level that occurred at the departmental level?

Mr. FORBUSH. Yes. We put down some numbers for the new group to look at, and we suggested that they restore the reduction in the Ford budget back to the current level of services as a first priority.

Senator STEVENS. And what happened?

Mr. FORBUSH. That was accepted.

Senator STEVENS. At the departmental level?

Mr. FORBUSH. Yes, and it was also accepted by OMB, and it is shown in this budget. Unfortunately we discovered fairly late in the process that the current services budget did not really cover the full built-in costs. And therefore, the budget that you have before you is deficient.

Senator STEVENS. Is there a budget amendment pending in OMB now for this?

Mr. FORBUSH. We are working on one now.

Senator STEVENS. When can we expect one?

Mr. FORBUSH. I would hope within the next three or four weeks. We will know definitely before you mark up your bill.

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Senator STEVENS. Do you have any idea what level that is? There is an omission in here somewhere.

Mr. FORBUSH. It is $16 million deficient.

Senator BELLMON. $16 million deficient in contract?

Mr. FORBUSH. No, throughout the entire Indian Health Service budget. The contracts are just a part of it.

STAFFING OF NEW FACILITIES

Senator STEVENS. It is my understanding it does not include the staffing of new facilities, is that right?

Mr. FORBUSH. It does not.

Senator STEVENS. The justification states that you plan to staff the outpatient department of Acomita hospital through reprogramming. Where are you going to get the money?

Dr. JOHNSON. There are about five personnel who now serve in an old house that serves as a clinic on the Acoma reservation. We will have to distribute some other positions from other facilities.

We do feel that with the new facilities, at least the outpatient element should be open.

Senator STEVENS. I am told there are no funds here for staffing the inpatient department of Acomita, the new clinic at Ramah, or the Santa Fe hospital.

Dr. JOHNSON. That is essentially correct.

Senator STEVENS. Are they going to be vacant?

Dr. JOHNSON. We will operate Ramah in a sense as a transient itinerary clinic. We will have staff from the Zuni hospital go out there.

Senator STEVENS. What we want you to do is to give us a statement of the funding you will require. Are we talking about 1978?

Dr. JOHNSON. Yes, that is correct.

Senator STEVENS. So this would be finished in 1977?

Dr. JOHNSON. No, they will be finished in 1978.

Senator STEVENS. Is there a budget amendment pending for the staff?

Mr. FORBUSH. No, there is not, Mr. Chairman. I would have to add that we did ask for that as part of the amendment process, but it was turned down.

Senator STEVENS. Will you give us that too?

[The information follows:]

The breakdown of funding and staffing required for fiscal year 1978 and not included in the Presidents budget (revised) follows:

Facility	Funding	Personnel
Acomita, N. Mex	$1,705,000	101
Ramah, N. Mex	355,000	17
Santa Fe, N. Mex	1,875,000	111
Total	3,935,000	229

STAFFING OF CLAREMORE HOSPITAL

Senator BELLMON. Mr. Chairman, could I inquire whether there are funds in the budget for staffing at the hospital at Claremore, Oklahoma?

Dr. JOHNSON. Yes. The staffing and operating costs for Claremore are in the budget.

Senator STEVENS. Senator, do you have some other questions?

Senator BELLMON. I would like to ask some other questions.

Senator STEVENS. Go ahead. We have a long series of questions here for Dr. Johnson.

OKEMAH HOSPITAL

Senator BELLMON. Thank you.

Dr. Johnson, are you aware of the potential for the Creek Indian Tribe taking over and occupying the Okemah, Okla., hospital as presently proposed?

Dr. Johnson. Yes, sir, I am familiar with that. We had a visit from the Creek authorities and we discussed it with them. In addition, our staff in Oklahoma City has evaluated the situation.

Senator BELLMON. I have a series of questions, but basically would the operation of this hospital by the Creeks meet an existing medical need for Indian citizens in that area?

Dr. JOHNSON. Not only, Senator Bellmon, the Indian citizens in that area, that you pointed out earlier, have to go some 100 miles or so to an Indian Health Service facility, but also the non-Indian residents of that county and some surrounding counties, half a dozen or so communities as I understand it, without easy access to hospitals. So we want it not only for the Indians, but for the non-Indian community as well.

Senator BELLMON. So the possibility here is that if proper action were taken the hospital could be open and run by the Creek Indians to serve the total population of the area?

Dr. JOHNSON. We certainly believe that is possible.

Senator BELLMON. My question is, are funds available or do you have the authority to undertake such an operation?

Dr. JOHNSON. I will answer your last question first. We certainly have the authority, and I think the ability to assist the Creeks in this enterprise.

Funding of course comes back to the issue we had earlier on contract medical care. The additional cost to us if we were to make the Okemah hospital available on a routine basis to the Indian population would be roughly a million dollars for the remainder of this fiscal year.

As we pointed out earlier, we are not even able to maintain our 1976 level of contract care during 1977. To expand in a sense into this new activity at the expense of other services—contract services provided to other Indians—I think would be inappropriate.

ADDITIONAL FUNDING REQUIRED FOR OKEMAH

Senator BELLMON. You are saying then that in order to get the Okemah hospital open under management of the Creeks, we would need to supply about $1 million additional for contract medical health care?

Dr. JOHNSON. That would be approximately the amount required, Senator Bellmon.

Mr. ORDEN. In 1977.

Senator BELLMON. In fiscal 1977.

Mr. ORDEN. It would be more in 1978.

Senator BELLMON. So we would have to put that in the supplemental?

Mr. ORDEN. That would be correct. The hospital is now closed.

Dr. JOHNSON. It has been closed since the first week in February. I think the concern of the Creeks as well as the entire community is the longer it stays closed, the more problems it is going to be to ever get it open again.

We think it would be wise to open it relatively soon rather than wait for another fiscal year.

Senator BELLMON. We would need then $1 million for the balance of fiscal 1977. How much for fiscal 1978?

Dr. JOHNSON. The figure for fiscal 1978 would be $1.7 million. I will provide details for the record.

[The information follows:]

The Okfuskee County Memorial Hospital (39 beds) began operation in 1951 with the major physical plant being constructed in 1971. It has provision for medical, surgical, OB and intensive care. Also, it has emergency and outpatient facilities.

Due to the lack of Indian Health Service inpatient and emergency facilities within the Creek Nation in Oklahoma and with the closing of the Okfuskee Memorial Hospital in Okemah, Oklahoma the Indian people in this area as well as the non-Indian population are currently facing a most serious medical crisis.

The Creek Nation, the Okfuskee County Commissioners, and the Okfuskee Memorial Hospital Board of Trustees, have tentatively established an agreement towards the acquisition of the facility (30,476 square feet) by the Creek Nation.

The Creek Nation is requesting from Indian Health Service contract funds in the amount of $1,737,000 annually to provide emergency and inpatient services to an estimated Indian population of 7,196. Funds to serve the non-Indian population (11,000) will be through reimbursements from Blue Cross, Medicare/Medicaid, and individual and third party payments. Indian Health Service supports this proposal.

For FY 1977 the requested contract amount required to implement the requested health programs will be $1,013,000.

USE OF FUNDS

Senator BELLMON. Would these funds need to be earmarked if this sort of an addition is made for contract care? Would you automatically use the funds in this way, or would we designate how they should be used?

Dr. JOHNSON. I think it would be appropriate for the committee to define this as a special project.

Mr. FORBUSH. It could be done in the committee report.

Senator BELLMON. For the record, fairly briefly explain the situation and the objective that you would have in your view if these funds were provided.

Senator STEVENS. How much are you talking about?

Senator BELLMON. $1 million for fiscal 1977 and $1.7 million for fiscal 1978. This is a unique situation.

Dr. JOHNSON. We certainly will.

This is, Senator Stevens, something like the Nome project for a community hospital that is being taken over by a native group and will be supported to a large degree because of the population by Indian Health Service contract health care funds.

The difference here is the Okemah hospital is a relatively new hospital. I believe it is only five or six years old, whereas the one in Alaska is an ancient hospital that has to be replaced.

But the concept Senator Bellmon is talking about is essentially the same one that we have been pursuing.

Senator STEVENS. What is the population concentration there?

Dr. JOHNSON. Between 7,000 and 8,000 Indian population in the immediate vicinity. And I think the non-Indian population is as large. The ratio is a little bit different, considerably different than the native/non-native ratio in Nome.

Senator STEVENS. And that requires a supplemental?

Dr. JOHNSON. It would if it were to be implemented this fiscal year, yes.

Senator STEVENS. Do you have a contract there?

Dr. JOHNSON. No. The hospital is closed now.

Senator STEVENS. It is closed? Who operated it before, the community?

Dr. JOHNSON. It was run by the community. The county commissioners had an independent hospital board. It was county owned.

USE OF OKEMAH AS A COMMUNITY HOSPITAL

Senator STEVENS. Is there any chance there for a sharing arrangement such as in Fairbanks?

Dr. JOHNSON. It would be a shared facility in this sense. It will be shared in the same way that Nome will be shared by both the natives and the non-native community.

There is, for example, an outpatient wing on this hospital. The intention is for the Creek Nation to have staff and deliver their care.

We may very well have to detail our professional staff to the tribe in the same way we, for example, have detailed our physicians to the Norton Sound Health Corporation in Nome.

Senator STEVENS. That has been a very workable arrangement, Senator. I hope that it does not go into a total Indian hospital because I think one of the factors that is keeping the Nome hospital from splitting up has been the sharing thing.

Dr. JOHNSON. I certainly agree with you, Senator Stevens. I think it is clearly the intent of the Creek Nation to have that as a total community hospital. All of the projections they have made, for example, in terms of the cost of operating and the reimbursements that they expect to get clearly identify a major contribution of revenue is going to come from the non-Indian population.

Senator STEVENS. Where is that located?

Senator BELLMON. It is probably 100 miles south and slightly west of Tulsa, perhaps 120 miles east of Oklahoma City.

Dr. Johnson, the thing that attracts me to the possibility of Okemah is the situation where a medical facility will serve the total population rather than continuing this process we have had of segregated systems for Indians only. In a situation where you have some community such as Talihina, you have an Indian facility that will not serve the white population.

It seems to me if we can make the Okemah system work, it might spread very rapidly to other communities as well. The thing I would hate to see is for the Creeks to take over Okemah, and for a lack of staffing, I am talking about competent staffing, or a lack of resources have the project fail. I want to be sure when they get

into this that Indian Health Service has the people and money to do it right.

You are telling us if we will give you $1.7 million in fiscal 1978, you can provide the people and give the Creeks the resources they are going to need to do a good job at this facility?

Dr. JOHNSON. Our hope, Senator Bellmon, of course, is that they would hire essentially all the staff. But we are quite aware that they may in fact have certain problems with some of the very professional staff. Somehow or other a way must be found to do it, and I think we can do it.

To comment on Talihina, however, we need to make clear that Indian Health Service hospitals can always serve any person in an emergency, but we are prohibited by law to serve what we call non-beneficiaries except in these emergency situations.

NEED FOR NEW LEGISLATION

Senator STEVENS. Yes, but you can make the contracts like you have in Fairbanks or in Nome for shared facilities.

Dr. JOHNSON. Yes. The other alternative, Senator, is for legislation to provide an option for the tribe. Remember Senator Bible had raised this a number of times with Owyhee at the request actually of the Tribal Council. They wanted to have authority to use these facilities for non-Indians on a routine basis. There were a relatively small number that were in that community.

We had to point out to them, as to Senator Bellmon's request about Talihina, that we do not have the legal authority to enter into that kind of a shared arrangement.

Senator STEVENS. Under the Indian Self-Determination Act don't they have the authority to make that decision?

Dr. JOHNSON. They would have the authority to take over the hospital themselves.

Senator STEVENS. And make it available to non-Indians if they wanted to.

Dr. JOHNSON. Then they could share. But as long as they want us to operate it, our problem is the lack of authority.

Senator STEVENS. Senator, I would be more than happy to work with you to work out your problems. You have one, and I have 170.

Senator BELLMON. We have one at the moment, but we potentially have many more also.

Dr. Johnson, before we go on, you say you are prohibited by law from serving non-Indians except under emergency conditions. Now, if you have such a law, how is the Okemah situation going to work?

Dr. JOHNSON. That would be owned and operated by the Indian Nation, not by the Indian Health Service. It would not be a Federal facility.

TALIHINA HOSPITAL

Senator BELLMON. Maybe we should give Talihina to the Chickasaws.

Dr. JOHNSON. We should give Talihina to the Chocktaws.

Senator BELLMON. Then they could solve this problem. Is there any way we could change the law, or is there some reason——

Senator STEVENS. You don't have to give it to them, just contract to them to run it.

Dr. JOHNSON. I think they would want some things done to Talihina before they would grant the request.

Senator STEVENS. I wouldn't want it either.

STAFFING FOR OKEMAH

Senator BELLMON. We will get into that a little bit later off the record.

If this arrangement is worked out, will we still need Ada?

Dr. JOHNSON. Yes.

Senator STEVENS. How far away is the nearest Public Service hospital from Okemah?

Dr. JOHNSON. About 100 miles.

Senator STEVENS. What is the staff there?

Dr. JOHNSON. It is the new Claremore hospital. It will be opened around May.

Senator STEVENS. Could it be worked as in Nome with rotating specialists?

Dr. JOHNSON. It may have to. This is something that has just come up in the last two or three weeks. Obviously there are many detailed kinds of questions that we have not had a chance to look at. But I feel confident in the ability of the Creek Nation and our own staff, given some adequate financial resources, to work this kind of thing out.

I think it is possible, Senator Stevens. I guess that is the point. We tend to be optimists and we do these things whenever we can.

AMENDMENT FOR TREATMENT OF NON-INDIANS

Senator STEVENS. Just draft me a bill to have an amendment to basic law to permit service to non-Indian patients on the basis of specific findings of lack of facilities, with the justification built into it that situations such as these and up our way.

We could increase your financial base and you could permit non-Indian Health Service doctors. We could increase some of your revenues in some of those places.

Dr. JOHNSON. We would be very glad to, Senator Stevens, with the one provision that I think is very important. That is, the decision to permit this has to be reserved to the tribe.

Senator STEVENS. I agree.

Dr. JOHNSON. It cannot be a Federal fiat that says they will be open. But if the tribes have an opportunity to make that decision, then in their own time I think they will make whatever decisions appear appropriate.

I will be glad to submit that for you.

INDIANS TREATED IN OTHER FEDERAL HOSPITALS

Senator STEVENS. We ought to have the other side of the coin too. I know some military hospitals that exist which don't give access to Indian patients and they have to travel a long way past them in order to get assistance.

Senator BELLMON. The same thing is true with veterans hospitals. I don't know why we can't have a provision where any citizen entitled to care in a Federal facility can't use whichever Federal facility is most convenient.

Will the legislation you were talking about, Senator Stevens, include that possibility?

Dr. JOHNSON. It could.

Senator STEVENS. We already crossed that bridge in Mount Evanston, New York.

Dr. JOHNSON. We treat veterans in Alaska, too.

Senator STEVENS. I am talking about non-Indian veterans.

Dr. JOHNSON. I do not believe we do that.

Senator STEVENS. I don't know why you don't. They have to go to Seattle.

All right. I really believe that we ought to examine this. Costs are becoming so fantastic. I think we ought to include this in our request too.

Senator BELLMON. I would like it, Senator. I would like to have a copy of whatever proposal you come up with because this is a matter of concern.

Could I ask a couple more things?

Senator STEVENS. Surely.

ADA HOSPITAL

Senator BELLMON. On the Ada Indian hospital, how much is in the fiscal year 1978 budget to get construction underway?

Dr. JOHNSON. We have the 1977 budget. We have——

Senator BELLMON. The 1978 budget.

Dr. JOHNSON. In the 1978 budget we have $3,200,000.

Senator BELLMON. Is this the upper limits of your capability, or could you use more?

Dr. JOHNSON. I believe that we could probably use more. Dr. Exendine probably has more.

Dr. EXENDINE. We could use $7.1 million more, including equipment.

Senator BELLMON. $7.1 million?

Dr. EXENDINE. In 1978.

Senator BELLMON. What would be the net effect of this? Would this get the hospital open a year earlier? What is the acceleration that we get?

Dr. EXENDINE. It actually would allow us to speed the construction 5 to 6 months.

Dr. JOHNSON. That is what we would figure, 5 to 6 months.

Senator BELLMON. Okay. How much is in the fiscal 1977 budget for Ada?

Dr. JOHNSON. Fiscal 1977? It was $4.5 million.

Senator BELLMON. Has construction begun?

Dr. JOHNSON. No. The planning is about completed. They expect early in the summer construction season to be breaking ground.

Senator BELLMON. So in the next, say the first 15 months after construction begins, you would have available, as things now stand, $3.2 from the 1978 budget and $4.5 from the 1977 budget?

Dr. JOHNSON. That is correct.

Senator BELLMON. That is $7.7 million, and you could use in addition another $7.1 million. Is that right?

Dr. JOHNSON. The $3.2 million in 1978 could become $10.3 million. That would be the maximum that we feel could be utilized in 1978 under our concept of phased construction.

Senator BELLMON. Thank you, Mr. Chairman, those are all the questions I have.

ALASKA PROGRAM

Senator STEVENS. I have a series of questions concerning Alaska, and I will ask you to answer them for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ALASKA CARE

Question. The State of Alaska is now required by law to provide education to all students in proximity to their homes instead of sending them to boarding schools. The boarding schools and regional schools often served as a center of IHS care for these students. What do you estimate to be the increased costs to serve these students in their villages rather than central schools and is there any provision for this in the 1978 budget?

Answer. Most of the Alaska Native children affected by this State law are from small villages, where health aides provide primary care and therefore this additional direct care cost will be minimal. However, greater contract care costs will be incurred if specialty care is provided closer to these villages. Based on present demand and utilization of services by the school age population, it is estimated that an unmet need of $200,000 will be incurred. This amount which includes the cost of air transportation to contract facilities is not reflected in the 1978 budget request.

Question. The Fairbanks hospital is expanding and it is almost doubling the clinic space available to the Indian Health Service. An additional $180,000 is estimated to pay for the new lease and space. Is there a provision in the budget for this item?

Answer. The Indian Health Service 1978 budget request does not contain funds for the expanded clinic program located in Fairbanks.

Question. Tanana Chiefs Conference has provided us with the personnel needs associated with the increased space in Fairbanks. For the record, would you please comment on the need for these positions, whether they can be funded from existing resources, and if not, what additional funds would be required?

Answer. The additional space that is being provided will allow Indian Health Service to expand its health programs and to overcome some of the unmet health needs of the Alaska Natives of this area. Additional funds will be required for this purpose. In addition to the costs associated with the lease, there is a need to expand the existing staff from 27 to 40 and funds to purchase additional medical equipment and supplies. The full year cost for this additional space, staff and leasing costs is $492,000. The 1978 costs based on three-fourths of a year is $424,000 which includes the necessary equipment funds and $135,000 for the lease costs.

RESPIRATORY PROBLEMS IN TANANA, ALASKA

Question. Could preventive services be provided to less the frequency of these illnesses.

Answer. Additional preventive services could be provided if increased funds were made available. The extent to which this would

depend on the specific disease entity, since the natural history of the disease will govern the choice of preventive medical activities. Since the majority of these respiratory infections are viral, unless a specific vaccine is available, as in the case of influenza, then there is very little that can be done in the traditional sense of preventive medicine. By continuing a strong health education program, provision of adequate sanitation facilities, and reduction of overcrowding by providing more single family dwellings and the assurance of nutritionally adequate diets will reduce the incidence of viral type infections over a period of time.

ALASKA SERVICE UNITS HEALTH PRIORITIES

Question. At this time, I would like to submit for the record the top three priorities of each of the service units in Alaska. All of these represent needs not currently being met by the Indian Health Service. I would appreciate your reviewing these items to determine if the cost estimates are accurate and what additional personnel would be required for each of the programs.

Answer. The top three priorities of each of the service units in Alaska have been reviewed. The following table shows the updated cost figures and the additional personnel required for each of the program packages.

Program Package	Revised Cost	Additional Personnel Required
Anchorage-Mental Health	$404,740	2
Anchorage-Personnel Needs in Support of Inpatients	1,032,854	62
Anchorage-Communications	underdetermined at this time	0
Barrow-Adequate Water Source Distribution, and Solid Waste Disposal System for Barrow	20,713,720	0
Barrow-Increased Dental Care, To Include Adults	308,259	2
Barrow-Adequate Clerical Support In All Departments	27,295	2
Bethel-A New Comprehensive Health Facility	36,625,000	0
Bethel-Additional Staffing	863,380	47
Bethel-Additional Mobile Units For Staff Housing	1,770,000	0
Kanakanak-New Replacement of The PHS Alaska Native Hospital	13,800,000	0
Kanakanak-Provide Radio Communication Capability for 11 Community Health Aides	80,476	0
Kanakanak-Staffing Needs	266,217	12
Kotzebue-Care For The Elderly	93,061	7
Kotzebue-Consumer Involvement (Decentralize the Planning Function and Maximize Consumer Involvement in the Health Planning Process)	0	0

Program Package	Revised Cost	Additional Personnel Required
Kotzebue-Additional Staff	340,622	20
Mt. Edgecumbe-Expand Dental Services	149,678	1
Mt. Edgecumbe-Provide Rehabilitation Services	1,000,000	15
Mt. Edgecumbe-Increase Southeast Alaska Regional Health Corporation Funding for Consumer Advice	20,060	0
Tanana-Expansion of Space and Services For The PHS Aaska Native Health Center, Fairbanks	588,194	14
Tanana-Provide Eleven Community Health Aides in Ten Communities	118,349	11
Tanana-Improve Water and/or Waste Disposal System at Fourteen Villages	6,020,379	6

SANITATION FACILITIES IN ALASKA

Question. How does the water/sewer service in Alaska villages compare with that available to Native Americans in the "lower 48"?

Answer. Approximately 250 Alaska Native villages are considered to be eligible for services. Of these, approximately 131 villages have received some assistance from the Indian Health Service for sanitation facilities. In spite of the services already provided, Alaska's current unmet needs still include almost 8,000 units of existing housing needing first or upgraded services which represents approximately seventy (70%) of the number of eligible homes in Alaska. Comparable figures for the "lower 48" would be approximately 41,000 units needing first service or upgrading which represents approximately forty (40%) of the number of eligible homes in the "lower 48."

Question. You are not substantially increasing your program in Alaska for sanitation facilities. In fact, considering inflation it is probably a decrease in 1978. Do you plan to start a "catch-up" program in Alaska at some point?

Answer. Neither the present budget or the 1978 request provide for a "catch-up" program. Appropriations for the past two years and the current request for Fiscal Year 1978 have been limited to the funding of projects to render sanitation facilities assistance to new and improved homes being constructed by Federal and tribal housing program for Indians. Therefore, the amounts made available for Alaska are dependent upon the number and location of actual housing unit starts within that state.

Funding to levels described in P.L. 94-437 offer the potential "catch-up" program by initiating a seven-year schedule to fund all defined unmet needs in sanitation facilities construction. The seven-year program would include $11 million to be allocated for sanitation facilities to serve existing homes in Alaska in the first year in addition to the estimated $15,763,000 in sanitation facilities proposed for construction in the FY 1978 budget to serve the new and renovated housing.

Question. Six million dollars has been spent on the water-sewer system in Barrow. What is the status of this system?

Answer. The Barrow, Alaska water supply project (project is not funded for sewerage facilities) is 80% complete. This project provides a surface water source, intake structure, transmission line, storage tank, treatment facilities and a provision for a watering point. The dam is complete except for minor finish work, road grading, guardrail and application of the surface impermeable blanket and rip-rap. The intake structure, storage tank, transmission line, and water treatment building have all been completed. The water treatment equipment has been purchased and will be installed in the treatment building during the summer of 1977. Dredging will continue until adequate impermeable material is obtained for the final impermeable blanket. The present schedule calls for the new facilities to begin providing water to Barrow in August 1977. Full operation is scheduled for November 1977.

EXTENDED CARE FACILITIES IN ALASKA

Question. There is an acute shortage of extended care facilities in Alaska. Has the Indian Health Service reviewed the possibility of turning a portion of the Mt. Edgecumbe Hospital into specific care units for alcholism, mental health care and extended care?

Answer. Yes, this possibility has been reviewed by the Indian Health Service. A cost estimate to renovate an existing ward and provide rehabilitation services for alcoholism and extended care at Mt. Edgecumbe Hospital is $1,000,000. A pilot prject has been initiated to provide experience to both involved Native groups and service unit staff in determining manpower and facilities requirements for providing optimal chronic care to Southeast Alaska Natives. This project will be implemented upon appropriation of these funds.

Question. What is the status of negotiations between Sitka and Mt. Edgecumbe regarding provision of health care to the entire community?

Answer. Upon request from the City of Sitka to utilize Mt. Edgecumbe for the provision of care to the entire community, the Indian Health Service referred the Sitka City representative to the Native community to discuss this point.

RESPIRATORY PROBLEMS

Senator STEVENS. Let me ask you something that really bothers me. I have looked over the statistics that were provided for the Tanana service unit, and respiratory problems accounted for one-third of the field medical programs. They were first in incidence and second in cost of outpatient visits to that area.

Have you done anything to find out what is causing that rapid increase in the population of respiratory problems?

Dr. JOHNSON. Senator Stevens, the major cause of respiratory illness, of course, is viral, it is not bacterial. What we do know about viruses of course is monumental, but what we don't know is what is important. And that is, how to either prevent or cure them.

Senator STEVENS. But why such an imbalance in terms of the population, the Native Indian population? There are fantastic numbers there as compared to the population as a whole.

Dr. JOHNSON. There are several factors that relate to that. Most respiratory illnesses are initiated through transmission, and when you are living in a closed environment, as for example a home in the Arctic, you spend your time in the home. The home is tightly sealed to keep in the heat, and the home is relatively small. You don't have single bedrooms for everybody in the home. People are living very closely together. So the potential for transmission is greatly accelerated under those environmental and living conditions. That is one.

Now the other thing of course that you get in the village, and the same is true in the general population as well, kids are the great collectors of virus and transmitters of virus. The biggest transmission mechanisms we have here is the public school system. Kids go there and if anything is going around they are going to pick it up at school and bring it home to their younger brothers and sisters.

The child population in Alaska is high. We have a much higher percentage of children in the Indian and Alaska Native communities that we do have in general. And these are additive factors that really promote the transmission of respiratory illnesses.

We have found, for example, in otitis media——

Senator STEVENS. I was going to mention otitis media. You people have done a great job with attacking that problem.

I would like to find out what can be done from an environmental point of view in reducing the growth of respiratory problems as far as people in the interior of Alaska are concerned. For instance, this is a very simple matter. I have been told if we had humidifiers in some of these places that it would help.

It seems to me it is a matter of education that if you have a stove of a kind, and most of those units, even the public housing units have a continuous burning heat stove, a pan of water on that all the time achieves the same results.

The problem seems to me a matter of education and to find out really where this exposure is coming to these viruses. If it is in school, perhaps we ought to do something with the school authorities. But that is a fantastic rate of increase. I think we should do something before that gets out of hand.

And most of these people have come pretty long distances into that area. So the cost of that is tremendous and the loss of those parents in those homes and villages in the wintertime can be a difficult thing.

I would urge you to take a look at it and see if there is any particular funding study program that might be worked out.

Dr. JOHNSON. We will certainly do that, Senator Stevens.

MANDATORY INCREASES

Senator STEVENS. In comparing your original submission to Congress with the revised budget submitted by President Carter, we note substantial differences in the amounts listed as mandatory increases on page 5. For instance, the revised budget shows only an $8.1 million mandatory increase for contract care while the original budget figure was $10.7 million. What happened to that $2.5 million?

Dr. JOHNSON. The revised budget reflects rates of inflation on the contract care program that is lower than the rates reflected in the original request resulting in a reduction of $2.5 million in the mandatory increase for this program. This was done to reflect the Administration's goal to reduce the very high rates of inflation on health care that has prevailed in the past years.

FUNDING OF INDIAN HEALTH CARE IMPROVEMENT ACT

Senator STEVENS. How much did you request in 1978 to implement Public Law 94–437?

Dr. JOHNSON. The original Indian Health Service request, $408,839,000 and 9,693 positions for services and $178,369,000 for facilities represents full implementation of the first year of Public Law 94–437. For Title I—Training $7,850,000, for Title II—Services $14,025,000, for Title III—Facilities $178,369,000 and for Title V—Urban $5,000,000.

The 1978 revised President's request includes $6,000,000 for Title I, $3,663,000 for Title II and $24,185,000 for Title III. Full implementation would require an additional $20,765,000 in the activities budget and $103,944,000 in the facilities budget over the revised President's budget request. An additional $20,008,000 and 259 positions would also be required under the activities request to continue the 1977 level of services and to staff three new facilities at Ramah, Santa Fe and Acomita.

Senator STEVENS. Please tell the committee whether all of these funds could be obligated in 1978.

Dr. JOHNSON. They can.

Senator STEVENS. What will the $5,000,000 for Urban projects be used for?

Dr. JOHNSON. These funds would be used to contract with urban Indian organizations to provide assistance for establishing and administering referral programs to make urban Indians knowledgeable of available urban health services.

HOSPITAL ADMISSIONS

Senator STEVENS. Both budgets that we have show the same average daily census for hospital care. The first justification stated that this

level would necessitate restricting hospital admissions. Is that right, with the revised budget?

Dr. JOHNSON. That is correct, Senator Stevens.

Senator STEVENS. Why?

Dr. JOHNSON. The revised budget also provides—let's make an assumption that the shortfall and the built-ins that Mr. Forbush was talking about will be corrected.

Senator STEVENS. We assume that, yes.

Dr. JOHNSON. If that were taken care of, we would be funded to provide the same level of services next year as this year. We have squeezed about as much extra work out of the program as I think we can do. And we are faced, as you know, with problems—the staff can only do so much.

Right now we have actual wards in our facilities closed for lack of staff. We have taken the position, and I believe it is the correct one to take, if you are concerned about the ability to provide safe care, then we need to restrict the care that we are providing. I think it is doing no service to the community to fill up the hospital when you do not have an adequate nursing staff, for example, to provide the proper care.

HOSPITAL DEFICIENCIES

Senator STEVENS. Give us a list of hospitals that have wards closed and the additions to the staff that will be needed to reopen them.

[The information follows:]

REDUCTIONS IN IHS HOSPITAL OPERATING BEDS AND ADDITIONAL STAFF REQUIRED TO OPEN BEDS

Hospital	Reduction in operating beds	Additional staff required
Alaska ANMC	93	249
Navajo:		
Crownpoint	10	27
Ft. Defiance	24	64
Gallup Medical Center	26	71
Winslow	20	54
Subtotal	80	216
Oklahoma:		
Talihina	14	37
Tahlequah	9	24
Pawnee	18	47
Lawton	8	20
Clinton	12	34
Subtotal	61	162
Sells	10	27
Phoenix PIMC	18	47
Total	262	701

POPULATION GROWTH DEMANDS

Mr. ORDEN. We also have the concept of the population growth creating more demand above the continuing level from 1977 to 1978. We are not meeting this demand of population growth.

Senator STEVENS. I noticed that in the Fairbanks facility, as a matter of fact. Some of the questions get to the problem of extending the contracts. People are being turned away.

Dr. JOHNSON. That is right.

HOSPITAL CARE

Senator STEVENS. What happens to people who are denied admission to an IHS hospital?

Dr. JOHNSON. Emergency and urgent cases are admitted and non-emergent or elective surgery cases are deferred. This, of course, adds to the deferred surgery backlog. This often results in loss of productivity and more serious health problems.

Senator STEVENS. How does the average length of stay in IHS hospitals compare with other hospitals?

Dr. JOHNSON. Senator Stevens, the average length of stay in IHS hospitals is approximately 1.5 days shorter. In 1976 it was 6.2 for IHS compared to 7.7 for other hospitals.

CONTRACT CARE

Senator STEVENS. Your figures indicate approximately a 20-percent increase in hospital costs. What is the national average?

Dr. JOHNSON. The Consumer Price Index for national data on price increases reflects 11.5. However, it should be kept in mind that the Consumer Price Index is heavily weighted by urban areas experience and not the less costly rural and isolated areas in which Indians and Alaska Natives primarily reside.

Senator STEVENS. What is the Indian health service doing specifically to combat these excessive cost increases?

Dr. JOHNSON. Wherever possible, the Indian health program uses its own less costly facilities. The Indian Health Service also negotiates, where feasible, contracts with health care providers for the most favorable rates. Additionally, contracts with professional standard review organizations are being developed to assure the highest quality of care at the lowest cost. The Indian Health Service is also working closely with the Department on this problem.

Senator STEVENS. Does anyone have any good explanation for the exorbitant inflation rate in medical care?

Dr. JOHNSON. The factors affecting medical care inflation are numerous and complex. Some of the factors we believe account for greater inflation in our contract health service program are the rural and isolated areas in which eligible Indians and Alaska natives live and the fact that much of the care provided with contract health service funds is by way of referrals from the Indian Health Service facilities for speciality care. A portion of the higher costs, of course, can be attributed to the more sophisticated and therefore expensive health delivery procedures.

ACCREDITED HOSPITALS

Senator STEVENS. Only half of your facilities meet the accreditation standards, I am told. And your budget proposes a $1.5 million decrease in maintenance and repair. You say a minimal amount will be applied toward reducing the backlog of essential maintenance and repair which amounts to over $18 million. What is this minimal amount, and where are you going to get it?

Dr. JOHNSON. The budget before you now provides for $6.2 million. This is routine maintenance——

Senator STEVENS. Is that the minimal amount you were talking about?

Dr. JOHNSON. No, that is the total amount that is available for maintenance and repair. Our routine maintenance is going to run about $5.4 million. So we have about $800,000 roughly to be used for other purposes.

Now we have made a decision that the first priority for any excess—I should not call it excess, that we have over routine maintenance should apply first to fire and safety deficiencies. So we will spend $800,000 for correction of fire and safety deficiencies in some of our facilities. Very little, if anything, is going to be available for the backlog of essential maintenance and repair.

MEDICAID AND MEDICARE REIMBURSEMENTS

Senator STEVENS. Your appendix to the budget states that Medicaid and Medicare reimbursements will be used to upgrade those hospitals which are not currently accredited.

We question whether that was the intent of the law. Our feeling was that the hospitals which provided the service would get the funds for their own facilities requirements.

Let's just take an example. All of the Indian Health Service hospitals in Alaska are accredited, aren't they?

Dr. JOHNSON. That is correct.

Senator STEVENS. So if the Congress agrees to this proposal the Medicare and Medicaid payments made in Alaska would go to hospitals in the south "48", is that right?

Dr. JOHNSON. That would be my interpretation.

Senator STEVENS. Isn't that self defeating? How are you going to keep up the hospitals in Alaska if you take the money you get under Medicare and Medicaid and send it somewhere else? Why don't you face the problem directly with those not accredited?

Dr. JOHNSON. Mr. Chairman, I do not know the basis on which that decision was made. I think that if you review the bill reports, particularly the Senate bill, the concept was clearly the one that you expressed. The money was to be returned to the facility that generated the revenue and used to upgrade its standards. The language that was put in the House, we interpretate as not restricting it to the unaccredited facilities. Any hospital that has been accredited, if it has joint commission accreditation, also has four or five pages of deficiencies. You never get a hospital accredited that doesn't have some deficiencies. Many of those deficiencies, in fact, cost money.

We have just done a survey of our facilities which were accredited, and we found some $26 million worth of deficiencies in the accredited hospitals.

BACKLOG OF MAINTENANCE AND REPAIR

Senator STEVENS. That is what I am going to ask you for next, a list of the backlog of essential maintenance and repair requirements by hospital and the amount that would be estimated to be needed to correct this. Can you give us that list?

Dr. JOHNSON. Surely. But you see the concept here is not just the physical plant—the bricks and mortar—that are part and parcel of accreditation. It is also the staff and other things that they do.

I think to limit it to just bricks and mortar, as you point out, is self defeating.

[The information follows:]

Backlog of Essential Maintenance and Repair Requirements for Indian Health Service Hospitals by Area and Hospital, As of October, 1976

Area & Hospital			Estimated Cost
Aberdeen Area			
Belcourt	Indian Hospital,	N.D.	$ 129,484
Eagle Butte	" "	S.D.	121,260
Fort Yates	" "	N.D.	141,952
Pine Ridge	" "	S.D.	995,454
Rapid City	" "	S.D.	562,162
Rosebud	" "	S.D.	928,204
Sisseton	" "	S.D.	123,611
Wagner	" "	S.D.	214,597
Winnebago	" "	Nebr.	617,630
		Total	$3,834,354
Bemidji Sub-Area			
Cass Lake	Indian Hospital,	Minnesota	$177,235
Red Lake	" "		-0- 1/
		Total	$177,235
Alaska Area			
Mt. Edgecumbe	Alaska Native Hospital		$3,023,000
Anchorage	Medical Center		704,000
Barrow	Alaska Native Hospital		740,000
Bethel	" "	"	-0- 1/
Kanakanak	" "	"	649,000
Kotzebue	" "	"	217,000
Tanana	" "	"	663,000
St. Paul	" "	"	123,000
St. George	" "	"	122,000
		Total	$6,241,000

1/ Construction of replacement hospital under way.

1/ Construction of replacement hospital under way.

Area & Hospital	Estimated Cost
Oklahoma City Area	
Talihina Indian Hospital, Oklahoma	$ 316,745
Tahlequah " " "	670,311
Pawnee " " "	322,491
Lawton " " "	339,437
Clinton " " "	153,851
Claremore " " "	-0- 1/
Total	$1,802,835

1/ New hospital opened in 1977.

Office of Research and Development	
Sells Indian Hospital, Arizona	$460,800

Navajo Area

Crownpoint Indian Hospital, N.M.	$ 469,119
Fort Defiance " " , Ariz.	1,143,000
Gallup Indian Medical Center, N.M.	4,323,441
Shiprock Indian Hospital, N.M. 1/	364,000
Tuba City " " Ariz.	269,300
Winslow " " Ariz. 2/	-0-
Total	$6,568,860

1/ Hospital scheduled for major modernization pending funding

2/ Hospital in need of replacement; has not recently been surveyed for BEMAR deficiencies.

Albuquerque Area

Albuquerque Indian Hospital, N.M.	$ 969,488
Mescalero " " , N.M.	44,377
Santa Fe " " , N.M. 1/	-0-
Zuni " " , N.M. 2/	-0-
Total	$1,013,865

1/ Construction of replacement hospital under way.
2/ New hospital opened in 1976.

Area & Hospital				Estimated Cost
Phoenix Area				
Phoenix	Indian Medical Center,		Ariz.	$ 793,000
Sacaton	" Hospital,		Ariz.	-0-
San Carlos	" " ,		Ariz.	894,200
Parker	" " ,		Ariz.	1,108,100
Ft. Yuma	" " ,		Ariz. 1/	-0-
Owyhee	" " ,		Nevada 2/	-0-
Keams Canyon	" " ,		Ariz.	398,800
Whiteriver	" " ,		Ariz. 3/	-0-
Schurz	" "		Nevada	-0-
		Total		$3,194,100

1/ Needs replacement, no recent survey made
2/ New hospital opened in 1976.
3/ Hospital scheduled for replacement.

United Southeastern Tribes				
Cherokee	Indian Hospital,	N.C.	1/	$ -0-
Philadelphia	" " ,	Miss.	2/	-0-
		Total		$ -0-

1/ Hospital scheduled for replacement; no recent BEMAR survey made.
2/ New hospital opened in 1976.

Billings Area				
Blackfeet	Indian Hospital,	Browning,	Mont.	$290,749
Fort Belknap	" " ,	Harlem,	" 1/	-0-
Crow	" " ,	Crow Agency,	"	115,922
			Total	$406,671

1/ Hospital scheduled for replacement.

Backlog of Essential Maintenance and Repair
Requirements for Indian Health Service Hospitals by Area and Hospital,
as of October, 1976

Summary -- All Areas

Area	Estimate Cost
Aberdeen	$ 3,834,354
Bemidji	177,235
Alaska	6,241,000
Oklahoma City	1,802,835
Office of Research & Development	460,800
Navajo	6,568,860
Albuquerque	1,013,865
Phoenix	3,194,100
United Southeastern Tribes	-0-
Billings	406,671
Total	$23,699,720

OTITIS MEDIA

Senator STEVENS. The Indian Health Service developed an excellent record in combating otitis media in Alaska. Your justification indicates an unmet need in this area of $1.6 million and 34 positions nationally. With this level of support, do you feel that the same success could be anticipated in the rest of the country as has been achieved in Alaska?

Dr. JOHNSON. Yes, Senator, I do. We have learned more about otitis media since this special emphasis program began and feel more confident that we know what is needed in terms of resources, and which program approaches are more effective. Our Alaskan experience is successful, and we are confident that we can achieve comparable rates of reduction in the lower 48 if necessary resources were made available.

HEALTH CARE IMPROVEMENT ACT

Senator STEVENS. In the budget you are requesting $6 million to implement Title I of the Indian Health Care Improvement Act. The justification states that legislation will be necessary to allow you to obligate these funds.

Is it really necessary, and where is the legislation?

Dr. JOHNSON. Section 104 of the Indian Health Care Improvement Act was attached to Section 225 of the Public Health Service Act. The rest of Title I, the other sections of Title I are still in place. They were not affected, but Section 225 was repealed in the new Health Manpower Act that was passed subsequent to the passage of the Indian Health Care Improvement Act. That was an error. It was an error that the Indian health scholarship program was repealed. It was not intended.

The information I have is that Representative Rogers has included in a bill that he introduced in the last few days restoration of that authority attached to the appropriate part of the Health Manpower Bill.

So, Senator Stevens, the health professional recruitment program, the preparatory scholarship program, and the continuing education do not require any additional legislation.

Senator STEVENS. Is this a new program, or are you saying the authorization is for the existing program?

Dr. JOHNSON. This will be a brand new program. The Indian Health Service has never had the authority to deal with health manpower in this way.

Senator STEVENS. Do you need it in view of all the scholarships we are putting in BIA, for instance?

Dr. JOHNSON. The Bureau does not fund health professional scholarships to any degree.

Senator STEVENS. Why don't we earmark some of the money that is going into the HEW bill? That is a whopping amount.

Dr. JOHNSON. The determination of the committees when Congress passed the Indian Health Care bill was that the funds could not be earmarked through other bills, and that you did need a separate section in order to deal with this program.

There was considerable discussion, particularly by the House. Representative Rogers' committee concluded finally that this additional money was in fact necessary.

1978 REQUEST FOR HOSPITAL CONSTRUCTION

Senator STEVENS. Dr. Johnson, the request for hospital construction funds is $11.6 million less than fiscal 1977 for a total of $24.1 million. The projected request for 1979 totals some $40 million—$16 million increase over funds requested for the coming year. Why are there such wide fluctuations in this account?

Dr. JOHNSON. In order to continue projects underway, the amount requested in 1978 is the minimal amount required to continue the next phase of construction. The 1979 construction and equipment requirements reflect this minimal phasing.

Senator STEVENS. The 1978 request for hospital construction would complete five facilities and leave five remaining, is that right? Ada, Cherokee, Bethel, Red Lake, and Whiteriver will not be completed?

Dr. JOHNSON. That is correct.

Senator STEVENS. But the others will be?

Dr. JOHNSON. Acomita and Santa Fe will both be completed during the fiscal year of 1978.

Senator STEVENS. But you have not initiated any new projects.

Dr. JOHNSON. No, there will be no new projects initiated during 1978. There will be only the completion of two and continuing phased funding of the program.

Senator STEVENS. My memory is that you had a list of projects that were set up by priority based on need with dollar signs attached to them.

Dr. JOHNSON. Yes, we did.

Senator STEVENS. What would you say if we print it right here in the record?

Dr. JOHNSON. Be glad to.

Senator STEVENS. And we will discuss them with you.

[The information follows:]

Hospital IHS Sequential Funding Requirements
(In Thousands of Constant 1978 Dollars)

Hospitals:		Appropriated To Date	Proposed 1978 Budget Amendment P.L. 94-437	1979 First Year	1980 Second Year	1981 Third Year	Total Project Cost	Estimated 1/ FY Staff Required	Estimated Add'l Staff Required	Estimated Add'l Staff Dollars 2/
Acomita, N.M.	(Equip.)	$ 7,340	$ 1,110				$ 8,450			
Santa Fe, N.M.	(Equip.)	10,170 (P-C)	2,100				12,270			
1. Whiteriver, Ariz.	(Repl.)	7,177 (P-C)	11,100				18,277	1979/80	133	$ 2,530
2. Bethel, Alaska	(Repl.)	10.100 (P-C)	13,000	$ 8,525	$ 5,000		36,625	1980	132	2,500
3. Redlake, Minn.	(Repl.)	3,450 (P-C)	3,800	2,000			9,250	1980	163	3,097
4. Cherokee, N.C.	(Repl.)	3,100 (P-C)	6,400	2,700			12,200	1979	116	2,204
5. Ada, Okla.	(New)	5,300 (P-C)	4,800	5,500			15,600	1981	275	5,225
6. Winslow, Ariz.	(Repl.)	475 (P)	6,975	10,425			17,875	1981	115	2,190
7. Shiprock, N.M.	(Mod.)	392 (P)	7,900	9,100	6,000	$7,900	31,292	1981	415	7,885
8. Harlem, Mont.	(Repl.)	88 (P)	3,000	4,000			7,088	1980	36	684
9. Sacaton, Ariz.	(Repl.)	60 (P)	2,400	6,000	6,000	3,200	17,660	1982	157	2,983
10. Rosebud, S.D.	(Repl.)	28 (MP)	700 (P)	7,000	6,000	5,600	19,328	1982	119	2,261
11. Browning, Mont.	(Mod.)	19 (MP)	440 (P)	4,400	4,000	1,000	9,859	1981	78	1,482
12. Sisseton, S.D.	(Mod.)	50 (MP)	400 (P)	3,000	3,000		6,450	1981	66	1,245
13. Tahlequah, Okla.	(Repl.)		550 (P)	4,400	3,000	10,050	18,000	1981	101	1,919
14. Pawnee, Okla.	(Repl.)		400 (P)	4,000	4,000	2,000	10,400	1981	90	1,710
15. Pine Ridge, S.D.	(Mod.)		60 (MP)	600	3,000	6,600	10,260	1981	115	2,185
16. Chinle, Ariz.	(New)			650	3,500	23,850	28,000	1982	332	6,308
17. Crownpoint, N.M.	(Repl.)			500	3,000	14,600	18,100	1982	166	3,154
18. Parker, Ariz.	(Repl.)			50	500	10,050	10,600	1982	123	2,337
19. Schurz, Nev.	(Repl.)			50	350	10,100	10,500	1982	107	2,033
20. Clinton, Okla.	(Mod.)			50	350	4,650	5,050	1982	112	2,128
21. Bird Springs, Ariz.	(New)			50	400	9,610	10,060	1982	115	2,185
22. Eagle Butte, S.D.	(Mod.)			50	400	4,600	5,050	1982	105	1,995
23. Crow, Mont.	(Mod.)			50	400	4,600	5,050	1982	120	2,280
24. Anchorage, Alaska	(Repl.)			156	442	55,902	56,500	1983	225	4,275
25. Ft. Defiance, Ariz.	(Mod.)				50	9,950	10,000	1983	103	1,957
26. Ft. Yuma, Ariz.	(Repl.)				350	6,150	6,500	1983	79	1,500
Mt. Edgecumbe, Al.	(Alts.)		2,045							
Total Hospitals			67,180 3/	73,256 3/	49,742 3/					

CODES
P - Planning
C - Construction
E - Equipment II & III
MP - Master Plan

1/ Assumes "next Funding Phase Required" is implemented
2/ Does not include operating cost
3/ Represents amounts contained in P.L. 94-437 for hospitals.

Clinic IHS Sequential Funding Requirements
(In Thousands of Constant 1978 Dollars)

Outpatient Care Facilities	Appropriated To Date	Proposed 1978 Budget Amendment P.L. 94-437	1979 First Year	1980 Second Year	1981 Third Year	Total Project Cost	Estimated 1/ FY Staff Required	Estimated Add'l Staff Required	Estimated Add'l Staff Dollars 2/
1. Lawrence, Kansas (Repl. SHC)		$1,400 (P-C-E)				$1,400	1979	25	$475
2. Chemawa, Oregon (Repl. SHC)	$100	2,270 (C-E)				2,370	1979	22	418
3. Inscription House, Ariz. (New Ctr.)		2,000 (P-C-E)				2,000	1979	79	1,500
4. Tsaile, Ariz. (New Center)		290 (P)	$2,075			2,365	1980	23	437
5. Cibicue, Ariz. (Repl. Center)		750 (P-C-E)				750	1979	19	361
6. California Health Facilities		250 (MP)				250	*	*	*
7. Wolf Point, Mont. (Repl. Center)			1,500			1,500	1980	26	494
8. Ft. Yukon, Alaska (New Center)			1,710			1,710	1980	8	152
9. Red Rock, Ariz. (Repl. Center)			670			670	1980	18	361
10. St. Mary's, Alaska (New Center)			100	$1,210		1,310	1981	25	475
11. Nevada Health Delivery System			171	2,510	$619	3,300	1982	71	1,350
a. Reno-Sparks, Nev. (New Center)									
b. Stewart, Nev. (Repl. SHC)									
c. Fallon, Nev. (New Center)									
d. Nixon, Nev. (New Station)									
		6,960 3/	6,226 3/	3,720 3/					

CODE: P - Planning
C - Construction
E - Equipment II & III
MP - Master Plan

1/ Assumes "next construction phase" funds
2/ Does not include operating costs
3/ Represents amounts contained in P.L. 94-437

* To be determined pending disclosure of Master Plan Study.

Quarters IHS Sequential Funding Requirements
(In Thousands of Constant 1978 Dollars)

Personnel Quarters	Proposed 1978 Budget Amendment P.L. 94-437	1979 First Year	1980 Second Year	1981 Third Year	Total Project Cost
1. Tohatchi, N.M. - 13 units	$520 (P-C-E)				$520
2. Cibicue, Ariz. - 8 units	367 (P-C-E)				367
3. Inscription House, Ariz.- 29 units	35 (P)	$1,450			1,485
4. Redlake, Minn. - 66 units	50 (P)	3,329			3,379
5. Whiteriver, Ariz. - 81 units	75 (P)	4,072			4,147
6. Tsaile, Ariz. - 19 units	30 (P)	943			973
7. Bethel, Alaska - 129 units	165 (P)	9,000	$3,890		13,055
8. Harlem, Mont. - 15 units		918			918
9. Ft. Yukon, Alaska - 9 units		1,091			1,091
10. Wolf Point, Mont. - 8 units		410			410
11. Red Rock, Ariz. - 10 units		512			512
12. Sisseton, S.D. - 106 units			75	$5,352	5,427
13. Browning, Mont. - 32 units			35	1,667	1,702
14. Shiprock, N.M. - 427 units			116	21,746	21,862
Total	1,242 1/	21,725 1/	4,116 1/		

1/ Represents amounts contained in P.L. 94-437.

CODE: P - Planning
C - Construction
E - Equipment

JOB OPPORTUNITY PROGRAM

Senator STEVENS. Are any of the projects not going to be completed within the funding you have? Do you have any deficiencies of projects that were scheduled for completion?

Dr. JOHNSON. The projects we currently have under construction are coming in within the amounts that were estimated.

Senator STEVENS. I know there has been some discussion that this new job opportunity program including some Indian Health Service construction projects, and the purpose of that bill is to put people to work within a very short time frame.

Would you identify in that list I just asked you for any projects that are far enough along that they could be initiated in this construction season in 1977?

Dr. JOHNSON. Yes, we would be glad to do that.

Senator STEVENS. And provide us as you list those projects an estimated startup time. If they got the money, where would they phase in, in terms of the contract time or the startup time in terms of dealing with the employment problem.

Dr. JOHNSON. We would be glad to, Senator Stevens.

We would also include environmental health programs within that.

Senator STEVENS. Yes.

FUNDING OF BETHEL HOSPITAL

Let me get parochial in my last couple of minutes here. The HEW conducted a site visit to the Bethel project last year. We were told then that the desirable funding level would be $12.5 million for 1978, and yet only half of that is requested.

Is that still right that the desirable level of funding is $12.5 million, and if the funding is at $6 million how much delay will we have and what will be the cost to the Government of this delay. Do you want to answer that for the record?

Dr. JOHNSON. Yes, we would be glad to.

[The information follows:]

The FY 1978 funding level for the Bethel project will delay the completion of this project by approximately 8 months. $12.5 million will be required in lieu of the $6.6 million contained in the 1978 President's Budget to avoid this delay.

ADA HOSPITAL

Senator STEVENS. The construction effort at Ada, Okla., is also being slowed. When do you now anticipate that this facility will be completed?

Dr. JOHNSON. Yes, the construction at Ada, Okla., is commensurate with minimal phase of funding for the project. As contained in the fiscal year 1978 budget, Ada is a three-phase construction funded project. This will extend the scheduled completion date of August 15, 1979 by 6 to 8 months.

FUNDING OF OTHER HOSPITAL PROJECTS

Senator STEVENS. With regard to the construction projects, as we get into this, it would seem to me that one of the things we ought to do if we get money out of the Job Opportunity Program is to

put it first in the ongoing projects. That is where you get the immediate employment.

Dr. JOHNSON. Yes.

Senator STEVENS. Be sure to provide me with a statement on that so that when Senator Metcalf and I get into that question, we can deal with the ongoing projects first.

Dr. JOHNSON. We will be glad to.

[The information follows:]

Project	Type of project	1978 President's budget (thousands)	Job opportunity program in 1977		Funds required subsequent to 1977
			Amount (thousands)	Man-years	
1. Whiteriver, Ariz	Replaced hospital	$3,500	$11,100	166	
2. Bethel, Alaska	do	6,625	13,000	195	$13,525
3. Redlake, Minn	do	3,800	3,800	57	2,000
4. Cherokee, N.C	do	3,000	6,400	96	2,700
5. Ada, Okla	New hospital	3,200	4,800	72	5,500
Total		20,125	39,100	586	23,725

PROJECTS TO SERVE EXISTING INDIAN HOMES

FOR $46,148,000 PUBLIC WORKS PROJECT LIST

Projects by State

STATE	No. of Projects	Project Start 90 Days	180 Days	360 Days	Dollars	Project Start 90 Days	180 Days	360 Days	Man Years	Project Start 90 Days	180 Days	360 Days
Alaska	17	11	1	5	11,320	5,550	2,100	3,670	340	167	63	110
Arizona	27	8	6	13	9,608	3,733	2,517	3,358	289	112	76	101
California	7	2	3	2	858	468	305	85	26	14	9	3
Calorado	2	1	1		168	92	76		5	3	2	
Kansas	2		2		250		250		8		8	
Minnesota	4	4			320	320			10	10		
Mississippi	1	1			63	63			2	2		
Montana	5	1	4		1,397	652	745		42	20	22	
Nebraska	2	2			340	340			10	10		
New Mexico	32	13	5	14	7,666	2,331	1,455	3,880	230	70	44	116
Nevada	2	1	1		116	76	40		3	2	1	
North Dakota	1	1			350	350			11	11		
North Carolina	1			1	500			500	15			15
Oklahoma	28	2	13	13	7,305	2,000	2,855	2,450	220	60	86	74
South Dakota	4	4			4,380	4,380			135	135		
Utah	4	2	2		364	200	164		11	6	5	
Washington	1	1			426	426			13	13		
Wisconsin	4	3	1		655	355	300		20	11	9	
Wyoming	2		2		62		62		2		2	
TOTAL	146	57	41	48	46,148	21,336	10,869	13,943	1392	646	327	419

Distribution of Dollars and Man Year
Requirement by State for Sanitation Facilities

State	New and Improved Housing $ Dollars X 1,000	New and Improved Housing Man-Years	Existing Housing $ Dollars X 1,000	Existing Housing Man-Years	Total $ Dollars X 1,000	Total Man-Years
Alaska	18,092	545	11,320	340	29,412	885
Arizona	11,114	336	9,608	289	20,722	625
California	1,592	48	858	26	2,450	74
Colorado	110	3	168	5	278	8
Florida	440	13	-0-	-0-	440	13
Idaho	110	3	-0-	-0-	110	3
Iowa	44	1	-0-	-0-	44	1
Kansas	1,244	37	250	8	1,494	45
Louisiana	275	8	-0-	-0-	275	8
Michigan	363	11	-0-	-0-	363	11
Minnesota	550	17	320	10	870	27
Mississippi	226	7	63	2	289	9
Montana	1,640	49	1,397	42	3,037	91
Nebraska	209	6	340	10	549	16
Nevada	880	27	116	3	996	30
New Mexico	5,125	155	7,666	230	12,791	385
North Carolina	880	27	500	15	1,380	42
North Dakota	1,625	49	350	11	1,975	60
Oklahoma	6,240	188	7,305	220	13,545	408
Oregon	880	27	-0-	-0-	880	27
South Dakota	5,665	171	4,380	135	10,045	306
Utah	407	12	364	11	771	23
Washington	1,528	46	426	13	1,954	59
Wisconsin	374	11	655	20	1,029	31
Wyoming	374	11	62	2	436	13
TOTAL	59,987*	1,808	46,148	1,392	106,135	3,200

* FY-78 IHS Budget indicates $50,240,000 of this amount.

FUNDING LEVELS

Senator STEVENS. I think you can actually accelerate that if you wanted to. Could you do that on the four?

Dr. JOHNSON. Yes.

Senator STEVENS. Let us know what level of funding you think you could handle and what the employment indications would be to increase employment out of that program.

SUBMITTED QUESTIONS

Senators DeConcini and Abourezk could not be here today. They have a series of questions that they would like to submit also. Would you please respond to those along with the remaining committee questions.

Dr. JOHNSON. I would be glad to.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

COST INCREASES

Question. We touched briefly on contract care earlier. The revised budget provides for less of an inflation increase than has actually been the case. Will this result in fewer persons being served by contract care in 1978 as compared with 1977?

Answer. Yes. If inflation proves to be at the rate originally projected, a reduction of almost $6.5 million in services will result. This will require a reduction of hospitalization in 1978. If cost control measures initiated by the Department and the Indian Health Service are effective, there will be no reduction in services.

Question. Direct care is not increasing and contract care is being reduced, yet as I understand the Indian population is growing faster than any other segment of our population. Where does this trend lead us?

Answer. Based upon past experience, our projections indicate that direct care admissions are increasing and should create a higher demand than that reflected in 1978 budget. This trend will in turn place a greater demand on the contract health care program which currently cannot cope with the existing backlog of need.

Question. Ambulatory care shows a static level of visits for 1978 compared with 1977. In view of the ever increasing demand we have experienced over the past several years is this a realistic level?

Answer. No. Based on past experience and service demand the number of outpatient visiits in 1978 should be higher than that reflected in the budget. This trend will in turn place an additional strain on our already overworked staff and facilities and increase the current backlog of unmet need.

SELF-DETERMINATION

Question. The budget reflects a decrease of $12 million for self-determination grants. Do you require separate line item appropriations to contract with Indian tribes?

Answer. No. Under the provision of P.L. 93-638 the entire Indian Health Service budget is available for contracting with Indian tribes.

Question. Apart from the self-determination funds available in fiscal 1977, what percentage of other program money do you intend to contract out?

Answer. The tribal contracts, excluding self-determination funds, currently approximates 12 percent of the total availability for FY 1977. Additional contracting with tribes is contingent upon the tribes desire to contract with Indian Health Service.

Question. We will be under considerable pressure to increase the budget request for self-determination. If we put additional funds in this program they will not be available to upgrade the care available to those tribes choosing not to contract. Is that correct?

Answer. No. The funding for self-determination in 1978 will be available to all tribes for use in carrying out feasibility studies, evaluation studies, planning program, and training tribal members toward Indian management of Indian Health Service programs.

Question. Self-determination is clearly not a termination program. We are concerned, however, that tribes who do not contract are not penalized by our putting a disproportionate share of additional money into 638. In your opinion, what is the best way we can ensure an equitable distribution of Indian health care funds?

Answer. The distribution of Indian health funds would be most equitably distributed by fully funding P.L. 94-437.

SANITATION FACILITIES

Question. The budget request for sanitation facilities shows that 1,500 fewer homes will be served in fiscal 1978. Is this due to a decline in Indian housing construction?

Answer. No. It is anticipated that the level of Indian housing activities requiring sanitation facilities assistance from the Service will be 11,000 homes served, or the same as in 1977--6,000 DHUD units, 2,500 BIA-HIP units; 1,000 units constructed under tribal and other housing programs; and 1,500 other units within or adjacent to the housing project sites. However, the current budget request does not provide for 1,000 of the anticipated BIA-HIP units and also reflects a decrease of 500 units of the existing homes within or adjacent to housing project sites. From both public health and engineering feasibility aspects, existing homes within or adjacent to new and improved homes should be served concurrently with new and improved housing units.

Question. In the past two years, $1.5 million has been made available for special sanitation facility projects. What has been accomplished with these funds?

Answer. Special project funds are used to correct emergency problems which occur from severe drought conditions, floods, failure of well casings and pumping equipment, fires and other unforeseen conditions. They are also used for the construction of facilities, for tribal ceremonial areas, tribal community buildings and for engineering investigations when technical information is needed before solutions to environmental problems can be recommended or planned.

During FY 1976, 30 special projects were undertaken, over 80 per cent of which were of an emergency nature.

Question. Why are there no funds requested in fiscal 1978?

Answer. Both the IHS preliminary request and submissions to the Office of Management and Budget for fiscal 1978 included $1,487,000 and $747,000 respectively for Special Projects. The OMB allowance for 1978 did not include any funds for Special Projects.

Question. Is your sanitation program keeping pace with new housing construction of the BIA and HUD?

Answer. Yes. There are, however, some isolated cases where the completion of sanitation facilities has been delayed due to contractual or other problems.

Question. Do all Indian areas under your jurisdiction currently have a safe and sanitary water supply?

Answer. No. Approximately 27,000 Indian homes require sanitation facilities that have not yet received service by the program and almost 22,000 Indian homes need upgrading of their existing on-site facilities. All of these unmet needs are considered to be without a safe and sanitary water supply. In addition, approximately 24,000 homes are served by sanitation facilities which need capital improvements in water and/or waste disposal facilities.

INDIAN HEALTH CARE IMPROVEMENT ACT

Question. It does not appear that any construction funds have been requested to implement the Indian Health Care Improvement Act. Did you originally ask for money for this authorization, and if so, how much?

Answer. Construction funds of $24,185,000 are included in the 1978 President's Budget (revised) to implement the Indian Health Care Improvement Act. The Indian Health Service originally requested a total of $178,369,000 to implement the first year of the Act.

DENTAL CARE

Question. Page 25 of your justification shows that we are actually decreasing the level of dental care both in terms of need and in terms of people served when compared with 1975. How much money did you originally request from the Department for this program in fiscal 1978?

Answer. The amount originally requested for contract dental care is $4,367,000 and $13,019,000 for IHS direct operations compared to $4,227,000 and $11,416,000 respectively included in the 1978 President's Budget.

Question. Would you please provide for the record a statement as to how dental care relates to overall health care of the Indian people?

Answer. The requested statement follows: relationship of dental care to the overall Indian health program. Oral health care is a component of overall health care. Its primary concern is the development of the Indian people as individuals. General social development is promoted by good health. It is hindered by conditions such as chronic dental infections, which can spread to other important areas of the head and neck and are a general drain on the body, weakening resistance to acute conditions, limiting normal psychological and physical development, and regarding learning ability. Psychological development is enhanced when health conditions promote self-confidence and self-reliance. When dental disease exists and/or missing teeth are not replaced, the individual is insecure and inhibited.

Indian people consistently rank dental health very high among their health priorities. Some health conditions, such as high blood pressure or diabetes, often go undetected and undiagnosed because the person is unaware of their existence. However, Indian people are very much aware of their oral health needs. They recognize that oral conditions such as caries, periodontal disease, orthodontic problems and missing teeth are chronic, and unlike many medical conditions, will not improve without treatment. The conditions are obvious, the means of prevention known and, where resources permit, the Indian Health Service organization is capable of effective and rapid response to the desires of each community. This combination of circumstances only increases the frustration felt by Indian people, because

the dental program does not have enough resources (manpower, money, materials) to provide for their dental needs.

Among children, where dental care resources are concentrated, much progress has been made. However, adults remain without most oral health services. General medical care is provided to many adults, but the lack of routine dental visits prevents early detection of unsuspected medical conditions, which are commonly detected by the dentist during periodic inquiry and examination. These undetected conditions may progress to an acute and more damaging stage before coming to the attention of a physician. Thus, individual development is inhibited by lack of dental care and the problems which result from this shortcoming.

The ability of the Indian Health Service program to improve health is dependent on the actions of individual Indian people, as members of hospital and clinic staffs and in community health activities, such as environmental health and health education. Because dental health and personality development are such significant factors influencing individual action, the improvement of dental health care is essential to upgrading the overall health of the individual and his community. Currently, there is an unmet need of 343 positions, $3.6 million and $4.6 million in contract health care.

MENTAL HEALTH

Question. In fiscal 1976 Congress directed the National Institute of Mental Health to undertake a study of the mental care available to Native Americans and problems particular to them. Has there been any coordination between IHS and National Institute of Mental Health?

Answer. The Indian Health Service has worked closely with National Institute of Mental Health on many problems over the years and will continue through joint efforts to improve the mental health of the Indian people.

Question. The justification states that there is an unmet need in the area of mental health of almost $8 million. Would you consider this to be a high priority area?

Answer. Yes. The Indian Health Service has begun to solve the problems of providing good mental health services to Native Americans. However, mental health services will be unavailable to many Indian people until sufficient funds have been made available to provide for the full development of Indian Health Service mental health activities in all areas.

ALCOHOLISM

Question. We are pleased that the revised budget follows up on this committee's recommendation of last year that only the "matured" Indian alcoholism projects be transferred from NIAAA to IHS. Is the $3.6 million sufficient to continue the ongoing 34 projects?

Answer. Yes.

Question. Would you please provide for the record a list of those projects which will be transferred to IHS in 1978?

Answer. The information requested follows:

Alcoholism Projects Proposed for Transfer from NIAAA to IHS in FY 1978

Grant No.	Location	Commitment
AA 00508	Sisseton, S.D.	$117,349
AA 00510	Salem, Oregon	128,791
AA 00513	Miami, Florida	41,300
AA 00515	Peach Springs, Ariz.	77,702
AA 0518	Superior, Wis.	41,500
AA 00525	Sacramento, Cal.	119,432
AA 00527	Albuquerque, N.M.	148,041
AA 00530	Baltimore, Md.	46,125
AA 00533	Seattle, Wash.	30,335
AA 00534	Salt Lake City, Utah	93,760
AA 00535	Tok, Alaska	114,900
AA 00536	Tulsa, Oklahoma	112,736
AA 0537	Seattle, Wash.	178,985
AA 00539	Dallas, Texas	111,052
AA 00540	Tahlequah, Oklahoma	131,400
AA 00543	Bessie, Oklahoma	66,700
AA 0544	Detroit, Michigan	60,000
AA 0547	Portland, Oregon	123,018
AA 00553	Eagle Butte, S.D.	131,875
AA 00555	Laguna, N.M.	72,000
AA 00556	Sioux City, Iowa	85,026
AA 00557	Flagstaff, Arizona	55,000
AA 00558	Fairfax, Oklahoma	115,000
AA 00559	Sheridan, Wyoming	233,021
AA 0563	Tama, Iowa	41,000
AA 0564	San Francisco, Cal.	103,000
AA 05572	Zuni, N.M.	65,000
AA 00573	Rapid City, S.D.	50,000
AA 00575	Bernalillo, N.M.	93,562
AA 00576	Miami, Oklahoma	125,000
AA 00578	Mescalero, N.M.	90,000
AA 00580	Rosebud, S.D.	104,000
AA 00582	Hollywood, Fla.	92,216
AA 00584	Denver, Colorado	154,000
	Total Commitments	$3,352,826
	Indirect Cost Estimate (15%)	+502,923
	Estimate of unexpended balances(5%)	-192,787
	Total (34 projects)	$3,662,962

Question. Are you requesting additional staff to handle the expended alcoholism program?

Answer. The 1978 President's Budget does not include any new positions for the transfer of 34 mature projects to the Indian Health Service. It is estimated that 10 new positions are needed to effectively administer this program.

COMMUNITY DEVELOPMENT

Question. Has there been any increase in the tribal community development since FY 1976?

Answer. There has been no increase in the funding of tribal community devleopment, but the original funding has been utilized as start-up funding by many different groups. When a group is able to sustain itself the initial funding is withdrawn and conveyed to another group to use for start-up funding.

Question. Of the 108 proposals which are currently pending, how many of these actually would merit funding if additional money were available?

Answer. Substantially all of them.

FUTURE FUNDING NEEDS

Question. For the five hospitals which will require additional funds after fiscal 1978, would you please tell us how much you originally requested for this year from the Department and OMB?

Answer.

	Request to Department	Department's Request to OMB
Cherokee, N.C. Replacement Hospital	$8,200,000	$3,000,000
Ada, Oklahoma New Hospital	13,400,000	3,200,000
Bethel, Alaska Replacement Hospital	17,200,000	6,625,000
Red Lake, Minnesota Replacement Hospital	8,000,000	3,800,000
Whiteriver, Arizona Repalcement Hospital	15,200,000	3,500,000

WINSLOW

Question. Have you been able to repair the damage to the Winslow facility?

Answer. No major structural damage has been corrected. However, cosmetic repair has been effected by repairing the damaged stack, parapet walls have been lowered and recapped, concrete has been poured around foundation walls to retard deterioration. Wall cracks have been filled and refilled because of continuing deterioration.

Question. Do you recommend a new facility there?

Answer. Yes, a new facility is recommended. Since planning has been completed, construction could be initiated upon funding of this project.

CHEMAWA

Question. We note that no construction funds are requested for a replacement clinic at Chemawa. Did you originally submit a request for this project, and if so, for what amounts?

Answer. Yes.

	Request to Department	Departmental Request to OMB
Chemawa, Oregon Replace school health center	$2,440,000	$2,000,000

Planning funds in the amount of $100,000 were appropriated in 1974 for this project.

Question. Has the planning for Chemawa been completed?

Answer. Yes. An architect/engineer contract for design was awarded and the design is now complete. Construction can begin upon availability of funds.

HASKELL

Question. At Haskell Junior College, your clinic is being razed for a Bureau of Indian Affairs athletic facility. No funds are requested for this project either. How do you propose to provide health services to these standards?

Answer. The Indian Health Service has been cognizant of the Haskell situation for some time. Funding has been requested in the past as well as this fiscal year in order to relocate to a new health center prior to the Bureau of Indian Affair's initiating

construction on the existing clinic site. Our discussions of the Haskell situation have generally suggested that there are few, if any, realistic and inexpensive options available to Indian Health Service under the circumstances. Some of the options that are being considered include discontinuing the full scope of services and programs currently provided; attempting to provide emergency services only with existing and limited contract health service funds; discontinuing some training programs temporarily and providing basic clinic operations in portable buildings or trailers.

All options available are being considered and the decision to select one of the options will depend upon the availability of resources, Bureau of Indian Affairs construction scheduling factors, and the amount of time given to Indian Health Service for vacating the existing clinic if that becomes necessary prior to construction of the athletic facility and before Indian Health Service has the replacement Haskell Health Center constructed.

OTHER FACILITIES

Question. Would you please tell us about a proposal to convert the facility at Fort MacArthur, California, into an outpatient clinic?

Answer. IHS initiated a study of the federally recognized Indian tribes and the American Indian urban population in Southern California to identify, evaluate, and determine the desirability and feasibility of alternate uses of the Fort MacAthur Army Hospital Facility, which was recently declared surplus.

The conclusion of the study substantiated the need for additional health care services and proposed the Fort MacArthur facility be converted to a comprehensive ambulatory health care facility for the Indian population of this area. IHS concurs in this proposal and recommends implementation of this health program, if funds become available for that purpose.

First year funds of $240,000 are required for 15 staff and operations. An additional $150,000 for planning the remodeling of the facility is also required in the first year.

Although final requirements will depend on the study recommendations, preliminary estimate for the second year would require an additional 15 staff and an additional $598,000 for operations, and $800,000 for construction. For the third year an additional 30 staff, an additional $838,000 for for operations and $700,000 for construction would be required. The fourth year would be $800,000 for final construction plus equipment and an additional amount of $592,000 which includes the additional staff for a total of 88.

Question. Design funds were provided in 1968 for a hospital in the Chinle service area. What is the current status of that project?

Answer. The planning funds for this project were reprogrammed in for the purpose of completing the construction of other high priority projects with the understanding that the plans developed for the Tuba City Hospital project could be site adapted to the Chinle Hospital project. This reprogramming proposal was approved by Congress.

Question. Do you have other projects for which we have provided design or planning funds that are now in limbo?

Answer. Yes, design plans are complete for the modernization and expansion projects at Shiprock, New Mexico; the replacement facilities at Winslow, Arizona and Harlem, Montana. In addition, Master Planning Studies are complete and recommend replacement health facilities for the Sacaton, Arizona and Rosebud, South Dakota projects; and for a modernization and expansion project at Browning, Montana; a Master Planning Study is under development at this time for the Sisseton, South Dakota Indian health facility. Also, planning has been completed for the new school health center at Chemawa, Oregon.

Question. We have provided $1.5 million for the Lummi Health Center. Is that facility now completed?

Answer. No. The new health facility is not completed at this time. This project is one of the first construction projects to be designed under a P.L. 93-638 Indian Self-Determination Act contract with the Lummi Tribe of Washington.

TRAVEL REDUCTIONS

Question. Your 1977 pay act supplemental of $7.4 million reflects an absorbtion of $457,000. What programs are being reduced and will it effect the delivery of health care?

Answer. Since 95 percent of the budgeted for travel is for health delivery, this decrease of $457,000 will meritably reduce patient care travel. Administrative travel, representing 5 percent of the total travel funds, were previously reduced in half by Congressional action.

The reduction of the $457,000 will be applied as follows:

Hospital care	$223,000
Contract care	5,000
Ambulatory care	75,000
Sanitation	33,000
Dental	27,000
Public Health Nursing	18,000
Health Education	8,000
Field Medical Services	64,000
Program Management	4,000
Total	$457,000

POSITIONS

Question. In light of the increased funds and positions to implement 638, please explain the cutback of 30 positions in 1978 and $397,000 in administration. What will be the effect of this cutback?

Answer. This cutback was mandated by higher echelons. The effect will limit the implementation of 93-638 for which 50 additional positions were provided in the 1977 appropriation.

Question. We have consistently recommended that no artificial position ceilings by imposed by the Administration. Are you having any problems in this area?

Answer. The Indian Health Service currently has no problems regarding position ceilings.

Question. Were it not for position ceilings, within the funds you have had available the last several years, could you have hired additional Native Americans on the reservations or in the villages?

Answer. Basically, the funding provided in previous appropriations is commensurate with the number of positions provided in each appropriation. However, in some instances it would be more advantageous to hire staff rather than contract for services. This alternate is not feasible because of the finite number of positions authorized by each appropriation.

OBJECT CLASSIFICATION

Question. You have nearly $13 million budgeted for travel, which is up about 11 percent over 1977. How much of the total is for patient and escort travel?

Answer. Approximately 95 percent is for health delivery purposes.

Question. You show $4 million as a new amount in 1978 under the grants, subsidies and contributions line. What is involved in that?

Answer. The budget includes a request of $6 million for implementation of Title I of P.L. 94-437, Indian Health Manpower. The $4 million represents an estimate of the amount of funds that would be utilized for grants in implementing this Title of P.L. 94-437.

BUDGET PRESENTATION

Question. Although specifically requested by staff, we still do not have activity tables in the justification. Please furnish those for the record, with copies to the staff.

These tables should be carried at the beginning of each budget activity and should breakdown subactivity and program amounts.

Answer. The information requested follows.

1. PATIENT CARE

(a) Hospital Care

	Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Maintenance and repair	--	$ 6,192,000	--	$ 7,008,000	--	$ 6,172,000	--	$- 836,000
Otitis media	66	3,525,000	66	3,565,000	66	3,615,000	--	+ 50,000
Laboratory improvement	8	607,000	8	681,000	8	715,000	--	+ 34,000
Title I - P.L. 94-437 (Indian Health Manpower) ...	--	---	--	---	--	6,000,000	--	+ 6,000,000
Other inpatient care	4,010	91,576,124	4,095	103,886,000	4,071	109,314,000	-24	+ 5,428,000
Total	4,084	101,900,124	4,169	115,140,000	4,145	125,816,000	-24	+10,676,000

(e) Field Medical Services

	Actual Obligations 1976		Amount Available 1977		Estimate 1978		Increase (+) Decrease (-)	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Eye care	17	$ 610,000	17	$ 640,000	17	$ 672,000	--	$+ 32,000
Mental health	223	4,037,000	223	4,138,000	223	4,241,000	--	+ 103,000
Community development	--	2,393,000	--	2,704,000	--	2,974,000	--	+ 270,000
Urban Indian	--	2,902,000	--	3,280,000	--	3,608,000	--	+ 328,000
Community Health Representative & Community Health Aide	13	18,831,000	13	22,972,000	13	27,522,000	--	+4,550,000
P.L. 93-638 - Indian Self-Determination	--	---	50	18,500,000	50	6,500,000	--	-12,000,000
Alcoholism	--	3,663,000 1/	--	3,663,000 1/	--	3,663,000 1/	--	---
Other field medical services	196	10,084,326	211	16,600,000	211	19,921,000	--	+3,321,000
Total	449	42,520,326	514	72,497,000	514	69,101,000	--	-3,396,000

1/ Represents a comparative transfer in 1978.

QUESTIONS SUBMITTED BY SENATOR DENNIS DECONCINI

Question. I would like to know what your initial appropriation requests for Indian Health Services facilities were before they were submitted to the OMB.

Answer. Our initial request for FY 1978 was for 9,693 positions and $408,839,000 for services and $178,369,000 for facilities.

Question. What is the difference, and is the final request as approved by the Administration enough to effectively meet the critical health needs of the Indian people of the country? If not, could you please outline additional funds needed?

Answer. The initial request for services of $408,839,000 is $40,773,000 more than the revised request of $368,000,000. This $40,773,000 includes a shortfall of $1,850,000 for Title I-Training ($6,000,000 contained in revised budget); $10,362,000 for Title II-Services (Carter Budget contains $3,663,000 for 34 matured alcoholism projects); $3,935,000 for 229 positions for new facilities at Ramah, Santa Fe and Acomita all in New Mexico; $16,073,000 to continue the 1977 program level; and $3,553,000 for 187 sanitation facilities construction positions to fully implement the P.L. 94-437 program level of sanitation facilities in Title III. For facilities the initial request of $178,369,000 is $103,944,000 greater than the $74,425,000 in the revised budget

The Health Care Improvement Act reflects a reasonable and practical plan of addressing the unmet health needs of American Indians and Alaska Natives. Our initial request was based on the first year's authorization as exhibited in the aforementioned Act.

Question. There is at this time an urgent need for a full-service hospital in the Chinle area of Arizona. It is my understanding that funds for planning such a hospital have been authorized. Why are there no funds for planning included in the present budget?

Answer. The planning funds for this project were reprogrammed for the purpose of completing the construction phase for other high priority projects with this understanding that the plans developed for the Tuba City Hospital project could be site adapted to the Chinle Hospital project. The reprogramming proposal was approved by Congress.

The Chinle project is considered a high priority project by both Indian Health Service and the Navajo Nation. We are prepared to move forward with the development of this project as soon as funds become available for that purpose.

QUESTIONS SUBMITTED BY SENATOR JAMES ABOUREZK

Question. Would IHS inform this Committee of its medical education experience, specifically IHS manpower development?

Answer. The IHS experience in medical education has been largely limited to INMED originally funded by the Office of Economic Opportunity and subsequently transferred to the Bureau of Community Health Services and is currently administered by the Indian Health Service under the auspices of the Bureau of Community Health Services.

Question. How long has this program been operational?

Answer. Four years.

Question. Can this program be assessed or appraised as a successful one?

Answer. Yes.

Question. By what criteria is this success measured?

Answer. This program includes 22 reservations in 5 states and is integrated into the state educational system in the respect that educational preparation for Indian is comparable to that of state institutions. In 1976 the grade point average of INMED students was 3.4 on a 4.0 scale. This compares to national average of 3.0.

Question. Will IHS provide continuation of funding of this successful program from Title I of the Indian Health Care Improvement Act?

Answer. The IHS will consider this worthwhile project for funding under Section 102 of Title I along with any other projects submitted.

Question. Does this program represent the entire Native American population?

Answer. No. It is a regional program, however, the INMED all Indian advisory board has by resolution established a policy to recruit Native Americans throughout the United States for medical school.

Question. Can the INMED program model be utilized by other Areas within IHS?

Answer. Yes.

Question. This Committee approved a $250,000 appropriation for the Indian Into Medicine Program at the University of North Dakota School of Medicine during the fiscal year 1977. It was expected that when the special appropriation was made to this program, Senate assistance had been made available for one year until an appropriation source of funding was made to INMED.

Is IHS, within their program planning, set to provide this successful program with continuation funding?

Answer. Yes, the IHS is planning to fund this program provided appropriations are made available.

SUBCOMMITTEE RECESS

Senator STEVENS. I thank you for your courtesy.

We will recess until Tuesday, March 8, at 9:30 when we will hear the Bureau of Mines.

Thank you.

[Whereupon, at 11:52 a.m., Thursday, March 3, the subcommittee was recessed, to reconvene at 9:30 a.m. Tuesday, March 8.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

TUESDAY, MARCH 8, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Dennis DeConcini presiding.

Present: Senators DeConcini and Young.

DEPARTMENT OF THE INTERIOR

BUREAU OF MINES

STATEMENT OF DR. JOHN D. MORGAN, ACTING DIRECTOR

ACCOMPANIED BY:

DR. THOMAS A. HENRIE, CHIEF SCIENTIST
DR. JOSEPH J. YANCIK, ASSISTANT DIRECTOR, MINING
RALPH C. KIRBY, ASSISTANT DIRECTOR, METTALURGY
ALFRED WEISS, ASSISTANT DIRECTOR, PROGRAM DEVELOPMENT AND EVALUATION
WILLIAM D. OYLER, CHIEF, DIVISION OF BUDGET
FRANCIS M. WILES, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY

BUDGET REQUEST AND PREPARED STATEMENT

Senator DECONCINI [presiding]. Good morning, gentlemen. It is a pleasure to be here with you this morning.

This is the time scheduled for the hearing of the fiscal 1978 budget estimates of the Bureau of Mines. They total $160.5 million which is $3.9 million below appropriations to date for fiscal 1977.

The justification has been included in part 1 of the hearing record.

Dr. Morgan, we are very happy to have you here. If you would like to introduce the others with you at the table for my benefit and for the benefit of the reporter, I would appreciate it. Your statement will be printed in the record. If you will proceed after your introductions to highlight that for the committee, I will be most appreciative.

[The statement follows:]

STATEMENT OF DR. JOHN D. MORGAN, JR.

Mr. Chairman:

Thank you for this opportunity to discuss the programs of the Bureau of Mines and to present our budget request for Fiscal Year 1978.

The Bureau of Mines has served as the principal mineral science and technology arm of the Federal Government since its establishment in 1910. Bureau developed technology has helped to assure an abundance of minerals and materials in the past. The Bureau's mission seeks to ensure the continued viability of the domestic minerals and materials economy and the maintenance of an adequate minerals base, so that the Nation's economic, social, strategic, and environmental needs can be better served.

Let me briefly review the basis for the Bureau of Mines strategy in carrying out its mission.

The Bureau of Mines Strategy

The U.S. Government faces unprecedented obstacles and uncertainties in its efforts to help assure the domestic economy an adequate supply of minerals at reasonable costs. These stem from the increasingly complex and unsettled nature of issues surrounding the whole subject of minerals and fuels acquisition and utilization, exacerbated by the critical energy situation. Although our energy problems have been well publicized, those involving other minerals are not as widely or as well known. In addition to investigations undertaken by the Department of the Interior, recent major studies and analyses by the National Commission on Materials Policy, the National Commission on Supplies and Shortages, the National Academies of Science and Engineering, and the National Science Foundation, to name a few, have indicated that a minerals availability problem has emerged that is not only national, but international in scope. Drawing upon these studies in addition to its own work, the Bureau of Mines continually undertakes comprehensive assessments of the overall minerals, metals, materials and fuels situation as the foundation for its program strategy.

In developing our budget for Fiscal Year 1978, we have emphasized those programs promising maximum returns on the Government's investment. Moreover, we are stressing efforts which promise significant near-term benefits, address critical minerals availability considerations, and involve areas where the Bureau has demonstrated capabilities.

The strategic approaches of the Bureau of Mines range from scientific research on minerals and materials properties to large-scale demonstrations of innovative mining and metallurgical technology to the analysis and dissemination of minerals supply/demand information. These activities are performed by a cadre of highly-trained and experienced mining, minerals, and materials, scientists, engineers and economists.

The overall strategy proposed for Fiscal Year 1978 by the Bureau of Mines addresses three basic themes or problems that continue to adversely impact upon the domestic minerals economy. These are: (1) domestic minerals availability, (2) worker health and safety and environmental protection; and (3) improving our national energy posture.

Budget Request

The Fiscal Year 1978 budget request for Mines and Minerals totals $160,529,000, a decrease of $5,968,000 from FY 1977. The decrease generally reflects substantial non-recurring costs last year to relocate the College Park Metallurgy Research Center and for pilot plant construction for the Anthracite Conversion Demonstration Plant. Additional reductions for Advancing Coal Mining Technology and Advancing Oil Shale Mining Technology are somewhat offset by increases for Information Collection and Dissemination systems, Wilderness and Public Land Assessments, Coal Preparation Research, and

Metallurgy Research to develop technology for the utilization of critically important low-grade domestic ores.

Metallurgy Research--$25,579,000

The Bureau's strongly mission oriented program of metallurgy research has provided and continues to provide credibility to Government's concern for assuring the Nation an adequate supply of minerals and metals. The research program addresses technological constraints that restrict production from domestic resources. In the past, the program has made major contributions to blast furnace technology for the production of iron, to the metallurgy of lightweight titanium for the aerospace industry, and to the extractive and physical metallurgy of zirconium for critical applications in nuclear reactors. These historic examples of accomplishment are well known and well documented.

More recent accomplishments are not as well known. Major increases in the Nation's iron ore reserves are the result of technology for processing non-magnetic taconite ores. A research breakthrough in gold metallurgy has made it possible to treat the carbonaceous gold deposits of Nevada. Processes developed for urban refuse are approaching commercial reality. Sophisticated technology for scrubbing sulfur dioxide from stack gases will help reduce industrial air pollution.

Improved recovery, better efficiency, and lower costs in mineral processing continue to be goals of the metallurgy research program. However, research must now give full attention to the environment. Arrows drawn on the metallurgical flowsheet can no longer just merely point to the stack, to discharge, or to tailings. The total mineral processing system must be considered. All emissions, effluents, and solid wastes must be accounted for in an environmentally acceptable manner. The best method is to provide control within the processing system. In addition, the heat or energy balance has become critical. The way natural gas, oil, and even metallurgical coke are used in the minerals industry must be carefully examined. Technology must be developed to eliminate energy waste, and to substitute non-premium and abundant fuels such as coal for natural gas and oil.

The proposed program for FY 1978 will continue research for recovering minerals and metals from domestic resources, using low-grade coal to replace premium fuels, reducing pollution, improving recycling technology, and utilizing abundant resources instead of scarce imported minerals. While laboratory scale operations can be conducted at relatively modest funding levels, development of new technologies to the point where they can be demonstrated to be commercially feasible often requires a significant investment of resources. Among the programs to be expanded in FY 1978 are research, development and demonstration of technology for the extraction and processing of four critical minerals--chromium, platinum, nickel and cobalt.

Aluminum is one of the most widely used metals with a broad range of industrial applications, yet the Nation is highly dependent on imports of bauxite to supply domestic alumina and aluminum needs. Mini-plants have been funded in previous years to demonstrate the raw material/process technology for recovering alumina from abundant domestic clays and other non-bauxitic resources. Several technologies should be available for evaluation and comparison by early FY 1978.

The existing metallurgy iron ore program will continue in 1978, refining the development and demonstration of technology for processing low-grade iron ores. In cooperation with industry and ERDA, research and development work will continue to substitute lignite and coal for natural gas which is now used to process iron ore into blast furnace feed.

The Bureau's technology for controlling sulfur-dioxide emissions from industrial processes continued to progress this year. The pilot plant operation of the citrate process was successfully completed with removal

efficiencies ranging from 95 to 99 percent. Fiscal Year 1978 plans call for completing construction and initial operation of a demonstration research facility to permit evaluation of the citrate process as a low-cost and effective method of removing sulfur dioxide from powerplant flue gases.

The domestic demand for materials continues to place a serious drain on our minerals and metals resource base and increases the need to develop longer-lasting, higher-performance materials. Bureau research is directed to improving the chemical and mechanical properties of alloys, ceramics, and composite materials.

Another means of alleviating mineral shortage lies in recycling. Among the promising resource recovery activities conducted is a method for upgrading the mixed metal-nonmetal conglomerate of electronics scrap into rich fractions of copper, ferrous metals, and precious metals for recycling.

These are just a few of the projects conducted by the Bureau's Metallurgy Research team.

Mining Research--$105,405,000

The Bureau of Mines Mining Research activity is focused on the development of improved technology for the extraction of minerals and for the disposal of related waste products with a minimum of environmental degradation and with maximum protection of worker health and safety. The problems addressed by Mining Research include those of helping to meet technologic needs in light of foreseeable marked increases in demand for coal, metals and minerals, current and future environmental constraints, the outlook for more adverse natural conditions to be overcome in future mining, and related health and safety problems.

In response to these problems, the coal mining research program is oriented to the following goals: to advance mining technology by improvement of present surface and underground mining practices and automation of the most promising present-day systems; to develop and demonstrate new mining systems that promise substantially improved production, productivity, and safety; to develop the necessary technology to reduce safety and health-related hazards in mines to a minimum and to provide adequate protection to the miners; to develop and demonstrate solutions for major environmental problems associated with mining and mineral processing; and to develop and demonstrate improved or new coal beneficiation technology which will permit maximum and efficient utilization of the Nation's vast reserves of coal to meet our energy needs.

The Bureau's long-term commitment to mine health and safety will continue in FY 1978. In both coal and metal mine health and safety, the Bureau pursues short-range health and safety improvements that can be quickly transferred to the mine and also more enduring, long-term health and safety benefits obtained from research and development aimed at designing the hazards out of the mining system, thus minimizing the threat of accidents due to human error. Among the safety efforts underway are projects to prevent falls of mine faces, ribs and roofs, to predict hazardous geologic conditions and imminent falls, and to provide improved support installation equipment. Efforts are also being devoted to reduce industrial hazards, safer electrical, communications, lighting and haulage equipment. Work is also underway to eliminate mine fires and explosions by developing gas and fire detection equipment and systems for suppressing fires in their early stages.

The Bureau is also working to reduce health hazards of noise, dust, radiation, and toxic gas in mining. A major recent development has been a technique for degasifying coalbeds prior to mining, which not only reduces hazards in mining the coal, but recovers pipeline quality methane gas in advance of the mining operations. Continued efforts in health and safety research can be expected to produce substantial dividends, not only in terms of human well being, but improved efficiency and economies effected by reducing lost time accidents and costs of repairing damages caused by mining accidents.

The success of the Nation's drive for an improved energy supply posture depends upon ample supplies of clean fuels at acceptable economic, environmental, and social costs. In support of this national effort, the Bureau's Mining Research activity has responded with a major technological effort in improving the extraction of coal--our most abundant and most readily available energy resource for at least the near- and mid-term. Moreover, the mining of oil shale and the beneficiation of coal are important Bureau efforts aimed at increasing national energy self-sufficiency.

For FY 1978, the Bureau's major energy related priority is its coal preparation research program which would be substantially expanded to permit early attainment of the projected benefits from much greater direct firing of coal in the Nation's boilers and furnaces and from increased, environmentally safe use of abundant domestic high-sulfur coals. A major barrier to increased coal use is the high sulfur content. Processes to remove the pyritic sulfur and reduce the ash constituents increase the water content of the coal. Bureau programs will be accelerated to develop and demonstrate coal cleaning technology and improved dewatering processes.

Advanced mining technology will be the major field of concern at the new Mining Research Center located at Carbondale, Illinois. The center, purchased in late 1976, will allow the Bureau to improve the efficiency of its mining research by consolidating at Carbondale some projects now scattered among other Bureau research centers. Close proximity to the many bituminous coal mines and mineral operations in the surrounding states, offers ample opportunity for cooperative research and on-site demonstrations.

Research to advance metal and nonmetal mining technology will continue to focus on the development and demonstration of improved practical equipment and methods for extracting minerals, the continued evaluation and testing of explosives, blasting agents, etc. Examples of recent activities include the demonstration of improved cutting devices, blasthole bits and critical frontend components of continuous spiral drill and blast tunnelling equipment.

Mining research projects continue to produce major benefits. For example, one of the key elements in the Bureau's mine development research program is shaft sinking. If increased coal production is to be realized, new mines will have to be opened, and established mines expanded. Mine expansion is time-consuming and costly. A major factor in this expenditure of time and money is shaft and entry development. The design of a Blind Shaft Borer has been completed. The project was undertaken to accelerate shaft construction through mechanization. The objective is to provide a system that will construct a 24-foot diameter shaft at a rate of 25 feet/day. The conventional method utilized today averages approximately 60 feet per month.

Mined Land Demonstration--$4,138,000

The Bureau's Mined Land Demonstration activity deals with the resolution of environmental problems associated with past mining and mineral processing activities.

Demonstration projects and studies conducted principally in the anthracite region of northeastern Pennsylvania provides an important testing ground. The area is a microcosm of the diverse environmental problems common to all coal-producing areas, including subsidence of underground mines, abandoned and unrestored strip mines, uncontrolled underground fires, and others. Consequently, the area serves as an ideal laboratory for developing mined land control and protection technology that holds promise for permanent solutions to environmental problems.

Some specific projects planned for FY 1978 include the evaluation of methods for the disposal of spent mine processing refuse and the recovery and use of anthracite coal from mine refuse banks.

Data Collection and Analysis--$17,174,000

The Bureau of Mines is the principal Government source for mineral information needed by business and Government. Such information, made available on a timely basis, is increasingly essential in the formulation of administrative and policy decisions by Government and industry. The Bureau's Data Collection and Dissemination activities are devoted to meeting this need. Recognizing the need to maintain the quality of the data, and improve the timeliness in its delivery to the ultimate users, the Bureau has been moving increasingly toward automated data systems. The automated Minerals Availability System (MAS) and Fuels Availability System (FAS) are steps in this direction, and efforts are constantly underway to improve the utility of these systems. Efforts are also underway to improve the delivery time of the Bureau's comprehensive annual minerals publications.

In FY 1978 the Data Collection and Analysis activity will be expanded to focus greater attention on providing mineral policy, investment, supply and demand information on a more timely basis, to more end users, and in greater detail particularly on those critical commodities for which the United States is largely dependent on foreign sources of supply. The Automated Minerals Information System that was begun in FY 1977 as a pilot project to gather, merge and automate basic mineral information will be extended to cover two additional commodities (chromium and platinum). Domestic and foreign deposit evaluation for the 18 critical minerals will also be accelerated under the Minerals Availability System (MAS) for completion by the mid-1980's. Continued improvements have been made to enhance the Fuels Availability System (FAS). This is part of a growing awareness of the need to share energy data with other government agencies as well as with the private sector.

The dissemination of specific kinds of information on a regular and current basis continues to be an important function of the Bureau. Each year Bureau professionals author some 115 publications with a distribution of nearly 250,000 copies. The Bicentennial edition of Minerals Facts and Problems resulting in a 1,366 page volume was expanded to respond to increasing national concern over adequacy of minerals, materials, and fuel supplies.

The new edition contains more definitive information on United States and world reserves and resources of all major minerals, current and future smelting capacities for nonferrous metals, current and future production capacities for all other major minerals, recycling diagrams, forecasts and projections of domestic and world requirements for all mineral commodities to 1985 and 2000.

The conduct of mineral problem studies and assessments is basic in formulating mineral policy. In this regard, the analysis of mineral data collected through the various information systems has been given increasing emphasis by the Bureau. An increase of funds in FY 1978 will be used to conduct studies related to ocean mining of minerals that will contribute toward the early development of these resources while minimizing the disruption of onshore mineral supplies. Other analytical studies are planned for mineral supply access, transportation needs, mineral tax laws, mineral industry financial position, etc.

Mineral Land Assessments--$5,403,000

Regional mineral assessments are made on potential wilderness and other public lands. These assessments serve as invaluable inputs for land use planning and decisions. Assistance in resolving environmental and engineering problems associated with maintaining adequate supplies of minerals is provided through technical and economic information and analysis. These are accomplished through investigations, study projects, review of formal and informal environmental impact statements, and serving on inter-agency committees and land use planning groups. A national core repository is maintained, and various public and private individuals and groups are provided advice, consultation, and technical assistance.

Within the Mineral Lands Assessment activity, a substantial increase is budgeted for wilderness and public lands assessment. The increase will be used to provide the major Federal land management agencies with mineral information that is basic to making single or multi-use designations. This will insure that future restrictions on mineral exploration and development will be made only after a balanced and informed consideration of the benefits and costs of such restrictions.

Of special concern in the assessment of publicly owned lands are the 40.6 million acres of public land identified for inclusion in the National Wilderness Preservation System. Some 16.8 million acres of the total have been evaluated for their mineral value (through September 1976). Under the Wilderness Act, Congress called for the Bureau and the Geological Survey to evaluate the lands prior to 1983 and to recommend which acres with high mineral potential should be excluded from the Wilderness System.

Program Administration--$2,830,000

This activity provides funds for: Executive direction and administrative services for the Bureau of Mines; initiating an Employee Workplace Health and Safety Program, which is to upgrade Bureau-owned and maintained facilities in order to comply with Occupational Safety and Health Administration standards and administrative directives; and reimbursement to the Department of Labor for employee compensation payments.

The Bureau is requesting funds in FY 1978 to initiate a program to correct the more severe safety and health deficiencies in all its laboratories. Protecting Bureau employees from accidental injury or job-related illness is a continuing concern of Bureau management. Many of the Bureau's research activities involve possible hazardous operations, such as working with toxic, corrosive, or flammable chemicals, explosives, hot metal, or radiation sources. Prudent management has continually emphasized maintenance of conditions and work procedures which reduce these risks to a minimum. Passage of Federal Occupational Safety and Health legislation and the issuance of Executive Order 11807 has prompted increased emphasis on these health and safety questions. Most Bureau research facilities were constructed and equipped long before the enactment of the most recent standards, and all experience some conditions which are not fully in compliance with the stringent standards.

Helium Fund

The Bureau continues to conduct a helium conservation and storage program pursuant to P.L. 86-777 (Helium amendments of 1960). We have terminated contracts originally entered into for the purchase of helium under permanent budget authority provided by P.L. 87-122. Litigation ensued which is still active. Since there is no current requirement, we have again proposed rescission of the permanent contract authority of $47.5 million for FY 1977. We favor this approach in light of all current considerations including the outstanding litigations.

Mr. Chairman, this concludes my statement. I will do my best now to answer any questions that you or other members of the Subcommittee may have.

BUREAU OF MINES

ALIGNMENT OF FUNCTIONS

MINERAL AND MATERIALS RESEARCH AND DEVELOPMENT

- MINING RESEARCH
  - HEALTH AND SAFETY
  - NEW TECHNOLOGY
  - ENVIRONMENTAL
- METALLURGY RESEARCH
- HELIUM

MINERAL AND MATERIALS SUPPLY/DEMAND ANALYSIS

- DATA COLLECTION AND ANALYSIS
- ENGINEERING AND ENVIRONMENTAL INVESTIGATIONS
- WILDERNESS AND LAND ASSESSMENTS
- STATE LIASON PROGRAM

ADMINISTRATION

EXHIBIT 1

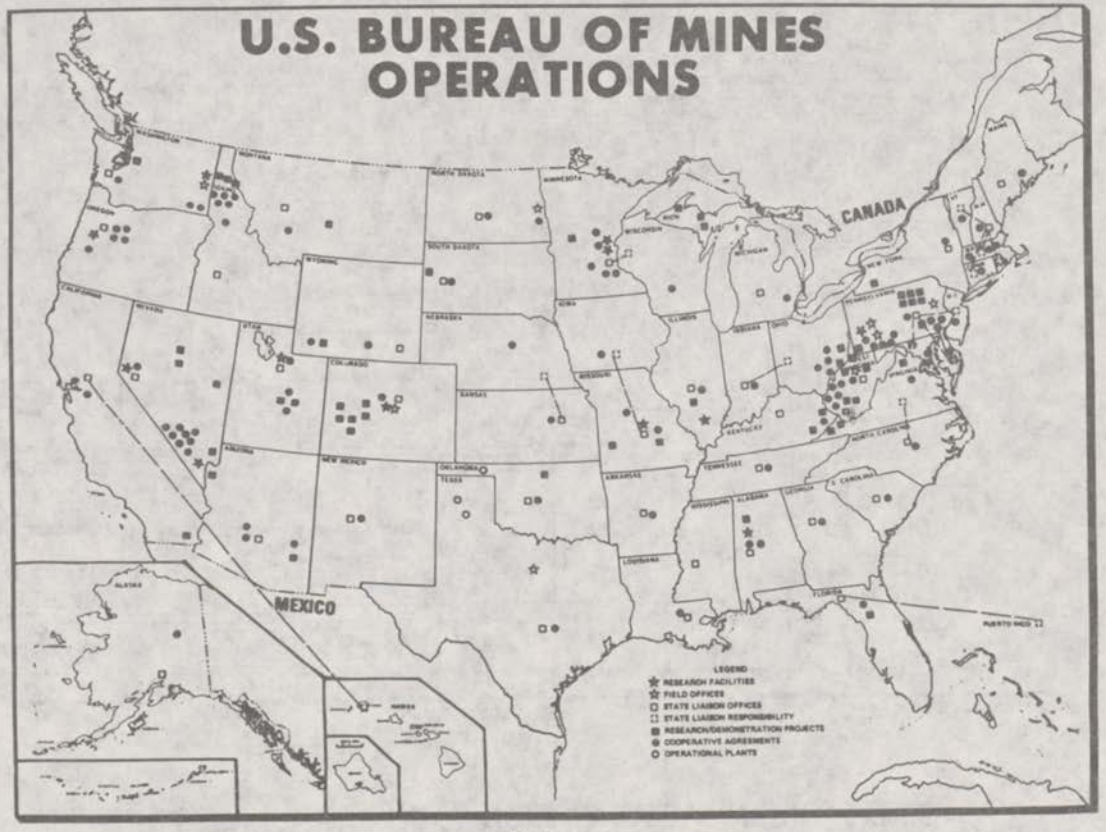

U.S. BUREAU OF MINES
OPERATIONS
CANADA
MEXICO
LEGEND
RESEARCH FACILITIES
FIELD OFFICES
STATE LIAISON OFFICES
STATE LIAISON RESPONSIBILITY
RESEARCH/DEMONSTRATION PROJECTS
COOPERATIVE AGREEMENTS
OPERATIONAL PLANTS

EXHIBIT 2

THE BUREAU OF MINES ROLE IN THE MINERAL CYCLE

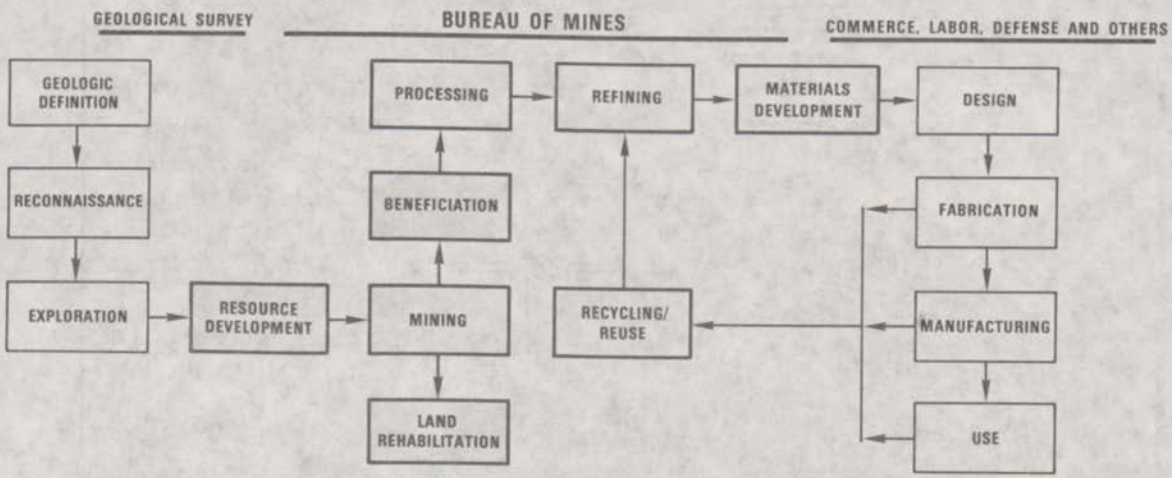


EXHIBIT 3

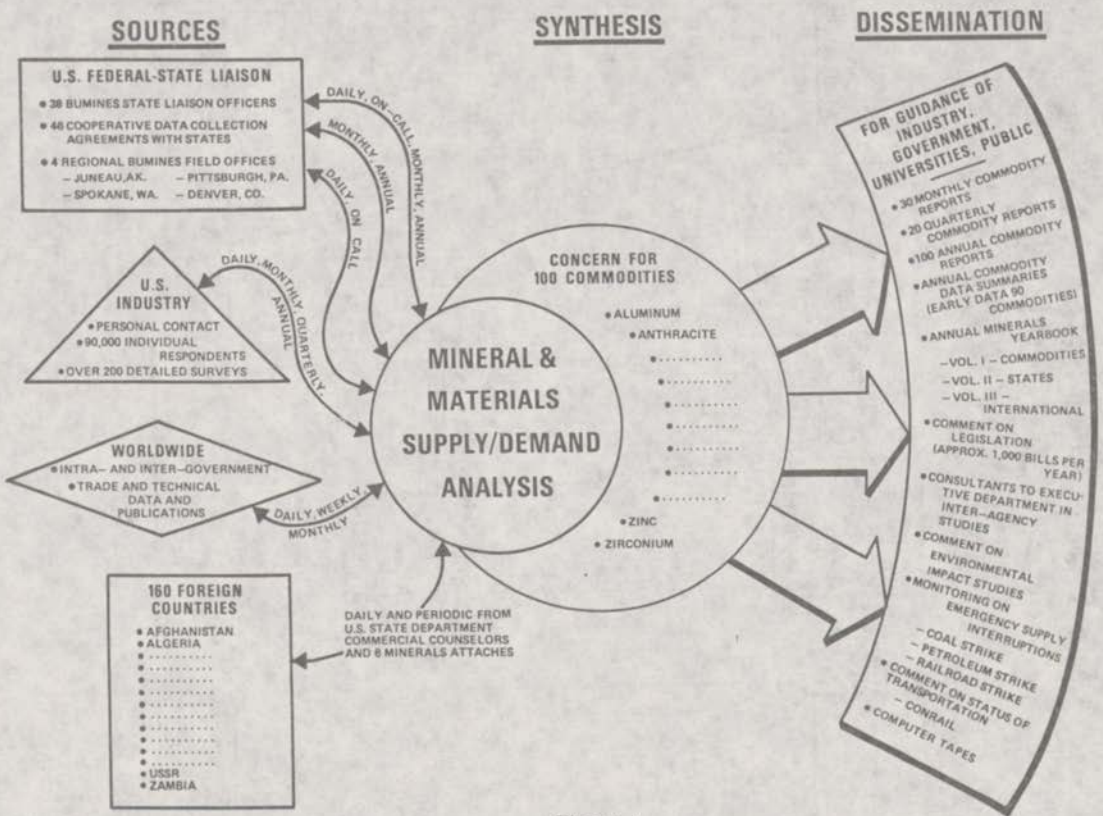
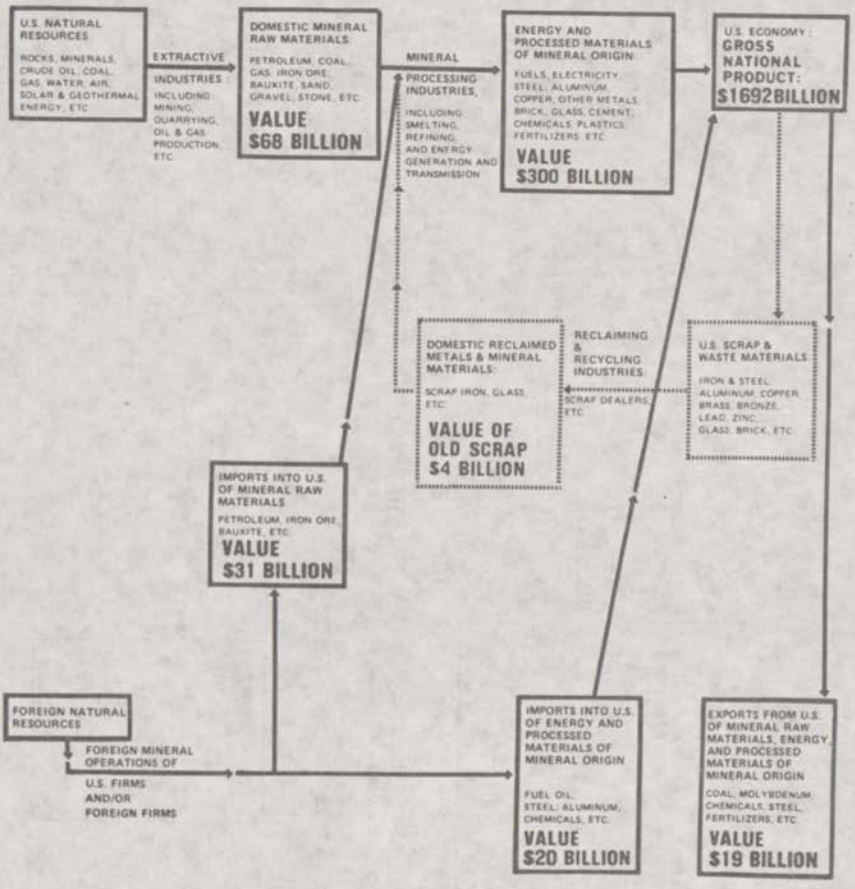

SOURCES
SYNTHESIS
DISSEMINATION
U.S. FEDERAL-STATE LIAISON
• 38 BUMINES STATE LIAISON OFFICERS
• 46 COOPERATIVE DATA COLLECTION AGREEMENTS WITH STATES
• 4 REGIONAL BUMINES FIELD OFFICES
– JUNEAU,AK. – PITTSBURGH, PA.
– SPOKANE, WA. – DENVER, CO.
DAILY, ON–CALL, MONTHLY, ANNUAL
MONTHLY, ANNUAL
DAILY ON CALL
U.S. INDUSTRY
• PERSONAL CONTACT
• 90,000 INDIVIDUAL RESPONDENTS
• OVER 200 DETAILED SURVEYS
DAILY, MONTHLY, QUARTERLY, ANNUAL
WORLDWIDE
• INTRA– AND INTER–GOVERNMENT
• TRADE AND TECHNICAL DATA AND PUBLICATIONS
DAILY, WEEKLY, MONTHLY
160 FOREIGN COUNTRIES
• AFGHANISTAN
• ALGERIA
• USSR
• ZAMBIA
DAILY AND PERIODIC FROM U.S. STATE DEPARTMENT COMMERCIAL COUNSELORS AND 8 MINERALS ATTACHES
MINERAL & MATERIALS SUPPLY/DEMAND ANALYSIS
CONCERN FOR 100 COMMODITIES
• ALUMINUM
• ANTHRACITE
• ZINC
• ZIRCONIUM
FOR GUIDANCE OF INDUSTRY, GOVERNMENT, UNIVERSITIES, PUBLIC
• 30 MONTHLY COMMODITY REPORTS
• 20 QUARTERLY COMMODITY REPORTS
• 100 ANNUAL COMMODITY REPORTS
• ANNUAL COMMODITY DATA SUMMARIES (EARLY DATA 90 COMMODITIES)
• ANNUAL MINERALS YEARBOOK
– VOL. I – COMMODITIES
– VOL. II – STATES
– VOL. III – INTERNATIONAL
• COMMENT ON LEGISLATION (APPROX. 1,000 BILLS PER YEAR)
• CONSULTANTS TO EXECUTIVE DEPARTMENT IN INTER–AGENCY STUDIES
• COMMENT ON ENVIRONMENTAL IMPACT STUDIES
• MONITORING ON EMERGENCY SUPPLY INTERRUPTIONS
– COAL STRIKE
– PETROLEUM STRIKE
– RAILROAD STRIKE
• COMMENT ON STATUS OF TRANSPORTATION
– CONRAIL
• COMPUTER TAPES

EXHIBIT 4

THE ROLE OF MINERALS IN THE U.S. ECONOMY

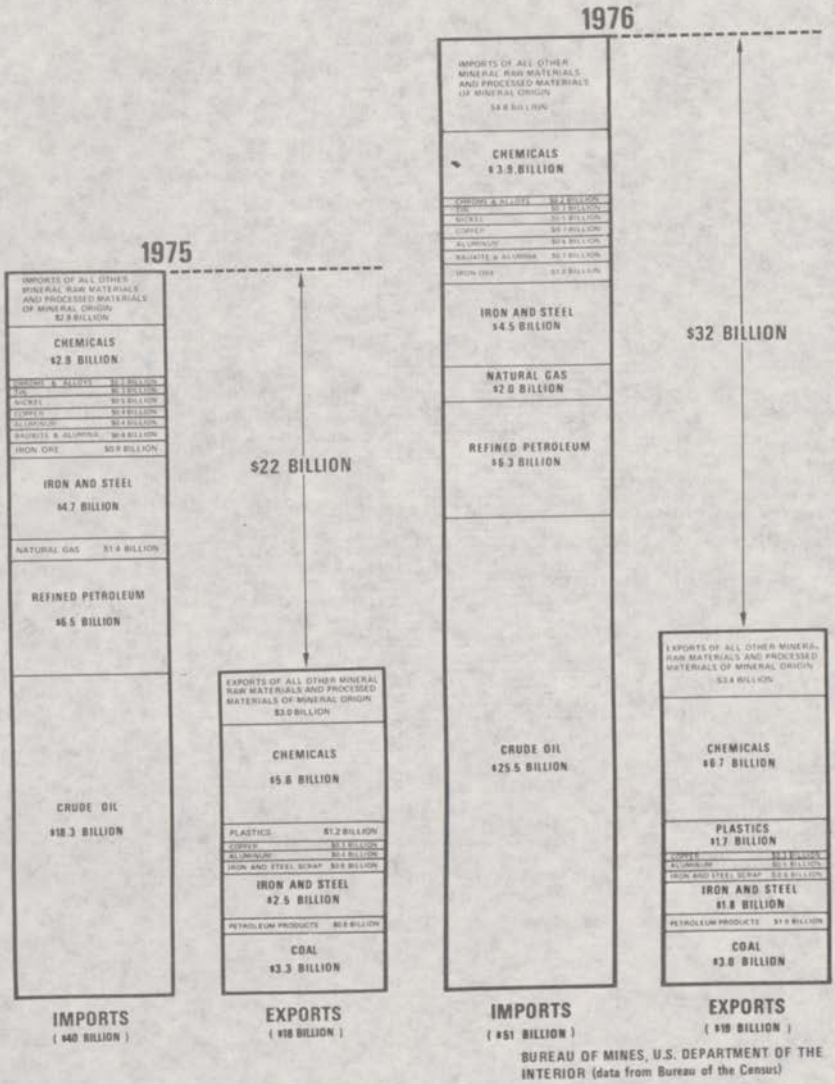
(ESTIMATED VALUES FOR 1976)



BUREAU OF MINES, U.S. DEPARTMENT OF THE INTERIOR (Based in part on U.S. Department of Commerce data)

EXHIBIT 5

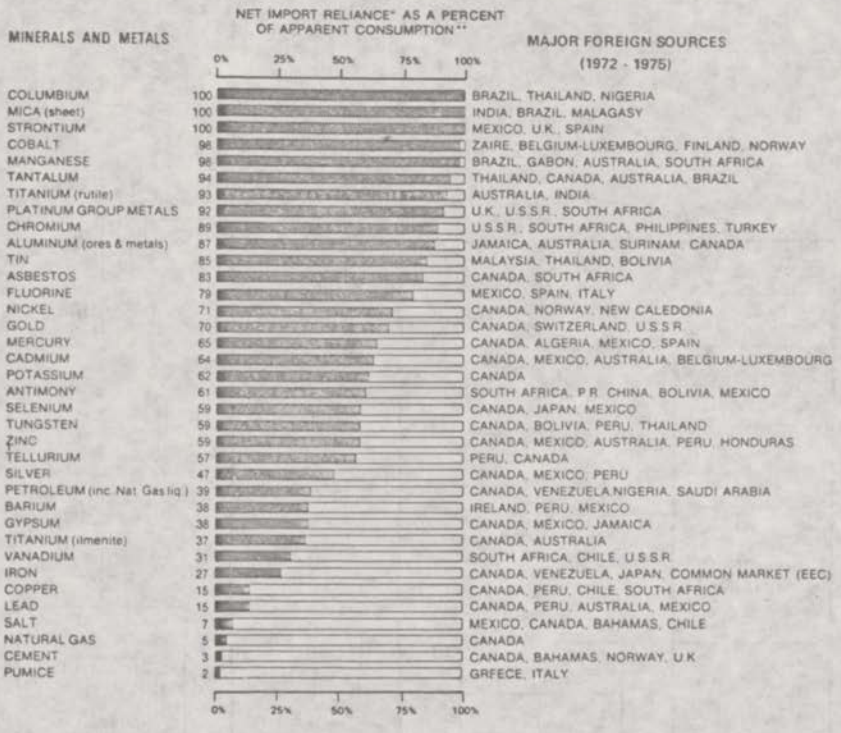
U.S. IMPORTS AND EXPORTS OF RAW AND PROCESSED MINERALS



BUREAU OF MINES, U.S. DEPARTMENT OF THE INTERIOR (data from Bureau of the Census)

EXHIBIT 6

NET IMPORT RELIANCE OF SELECTED MINERALS AND METALS AS A PERCENT OF CONSUMPTION IN 1976



* NET IMPORT RELIANCE = IMPORTS-EXPORTS + ADJUSTMENTS FOR GOV'T AND INDUSTRY STOCK CHANGES (EXCEPT FOR PETROLEUM AND NATURAL GAS).

** APPARENT CONSUMPTION = U.S. PRIMARY + SECONDARY PRODUCTION + NET IMPORT RELIANCE

BUREAU OF MINES, U.S. DEPARTMENT OF THE INTERIOR (import-export data from Bureau of the Census)

EXHIBIT 7

MINERAL PROBLEMS
1976 AND BEYOND

PRELIMINARY DATA, SEPTEMBER 1976
BUREAU OF MINES

Major problems from the national viewpoint

Moderate problems from the national viewpoint

Minor or more localized problems

a World resource inadequacy, next 4 decades
b US high-grade resource inadequacy, next 4 decades
c US low-grade resource inadequacy, next 4 decades
d US reserve inadequacy, next 4 decades
e US foreign exchange drain
f US vulnerability to foreign disruptions
g Mineral industry health and safety problems
h Mineral industry manpower problems
i Significant energy use
j Inadequate recycling
k Significant environmental impacts on air
l Significant environmental impacts on water
m Significant environmental impacts on land
n Heavy load on US transport system
o Lack of access to mineral lands
p Lack of incentive to explore or develop domestic resources
q Exploration methods inadequacy
r US productive capacity inadequacy (mine or well)
s US productive capacity inadequacy (smelter or processing plant)
t Inadequate substitutes
u Inadequate recovery from current extraction and processing
v Inadequate recovery of byproducts and coproducts

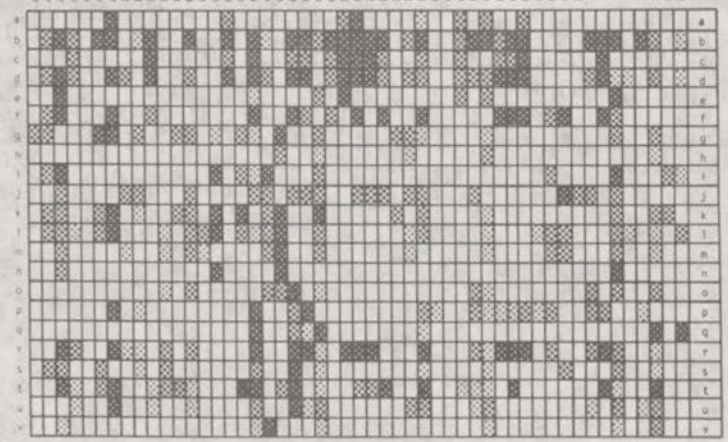


EXHIBIT 8A

83-107 O - 77 - pt. 3 --- 40

MINERAL PROBLEMS
1976 AND BEYOND

PRELIMINARY DATA, SEPTEMBER 1976
BUREAU OF MINES

Major problems from the national viewpoint

Moderate problems from the national viewpoint

Minor or more localized problems

a World resource inadequacy, next 4 decades
b US high-grade resource inadequacy, next 4 decades
c US low-grade resource inadequacy, next 4 decades
d US reserve inadequacy, next 4 decades
e US foreign exchange drain
f US vulnerability to foreign disruptions
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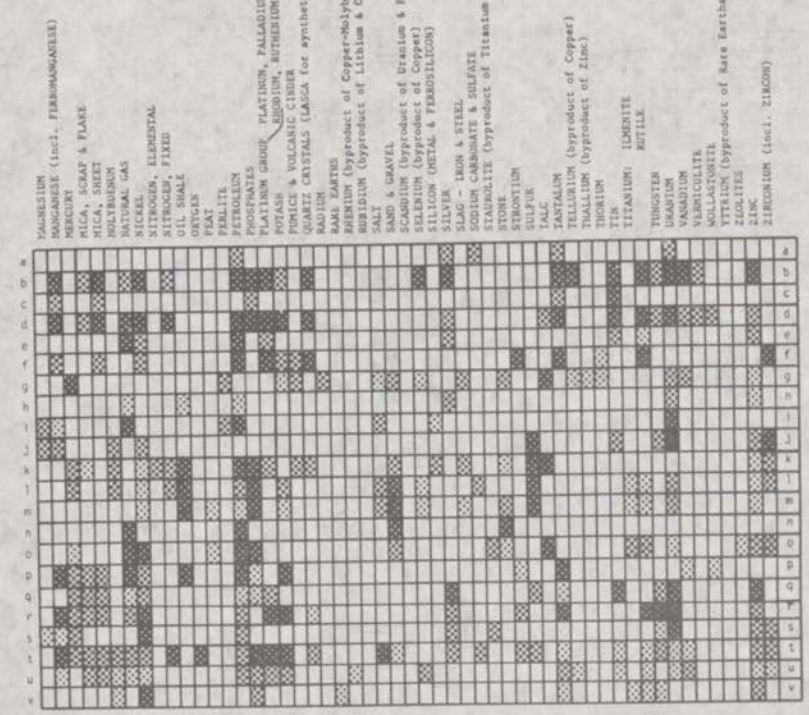


EXHIBIT 8B

BITUMINOUS COAL AND LIGNITE
UNDERGROUND AND SURFACE MINING TRENDS

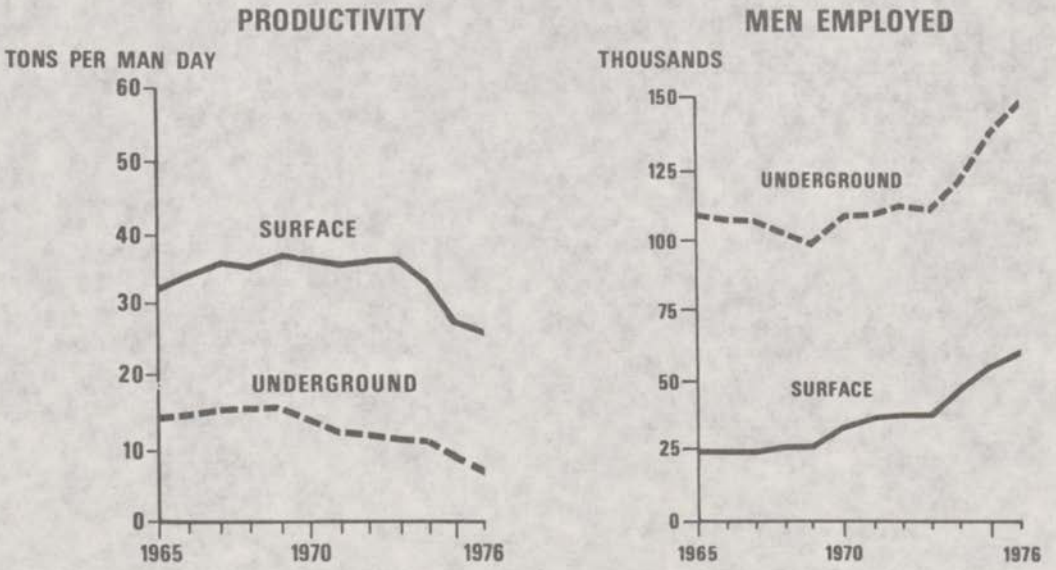


EXHIBIT 9

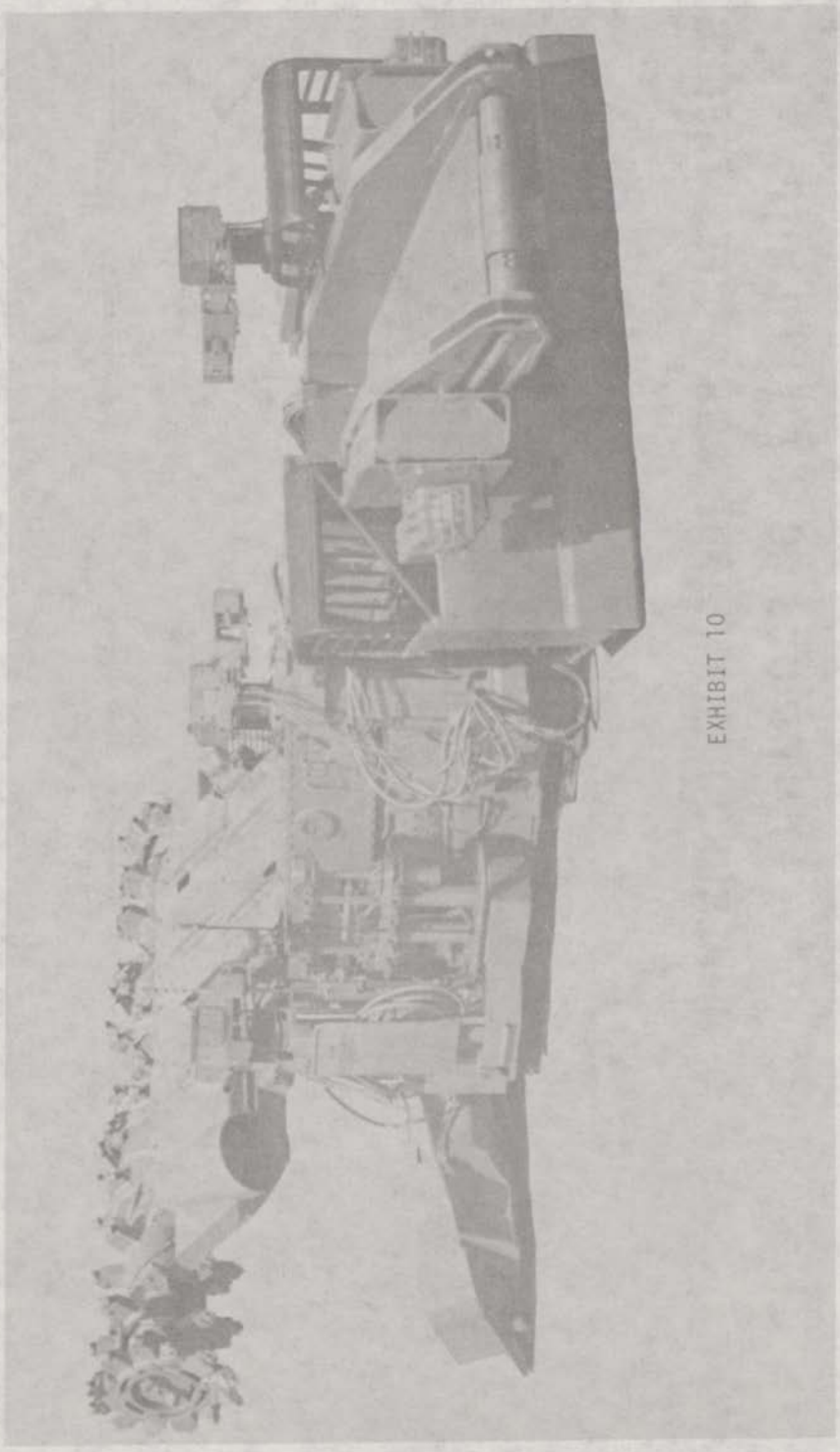


EXHIBIT 10

high-pressure mine refuse slurry injection

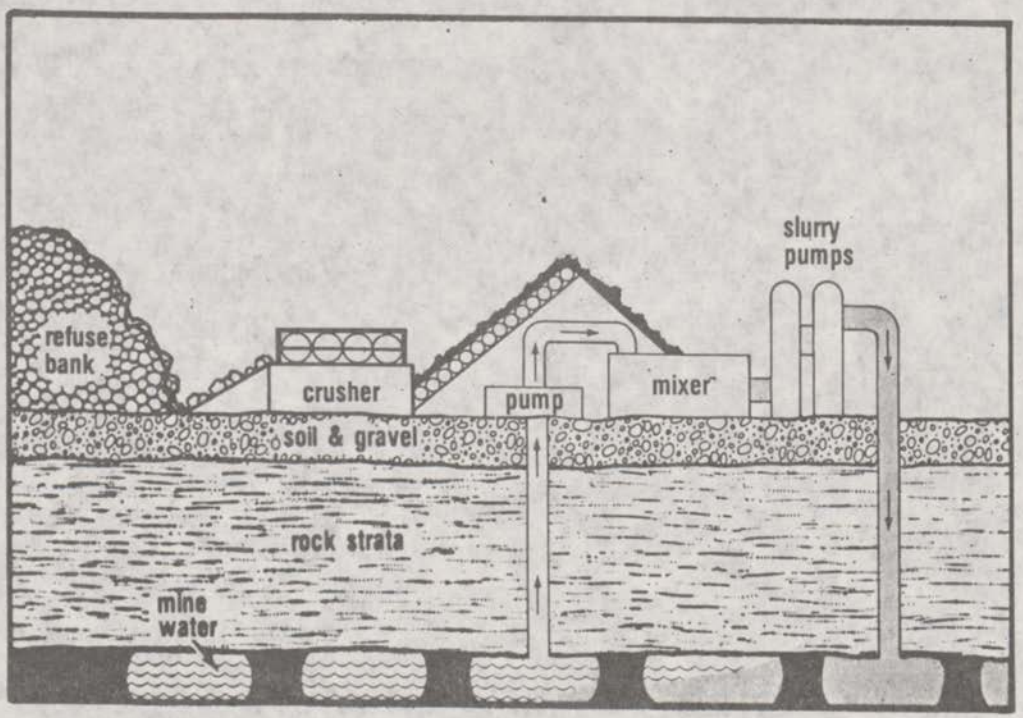


EXHIBIT 11

MATERIAL	FORMULA	%Al	$\%Al_2O_3$	TONS / TON Al
ALUMINA	Al_2O_3	53	100	2
BAUXITE		25	47	4
Boehmite	$Al_2O_3 \cdot H_2O$			
Diaspore	$Al_2O_3 \cdot H_2O$			
Gibbsite	$Al_2O_3 \cdot 3H_2O$			
CLAY		20	38	5
Kaolinite	$Al_2O_3 \cdot 2SiO_2 \cdot 2H_2O$			
SHALE	Impure Clay	15	28	7
ANORTHOSITE		14	27	7
Albite	$Na_2O \cdot Al_2O_3 \cdot 6SiO_2$			
Anorthite	$CaO \cdot Al_2O_3 \cdot 2SiO_2$			
ALUNITE	$K_2SO_4 \cdot Al_2(SO_4)_3 \cdot 2Al_2O_3 \cdot 6H_2O$	20	37	5
DAWSONITE	$Na_3Al(CO_3)_3 \cdot 2Al(OH)_3$	19	35	5

EXHIBIT 12

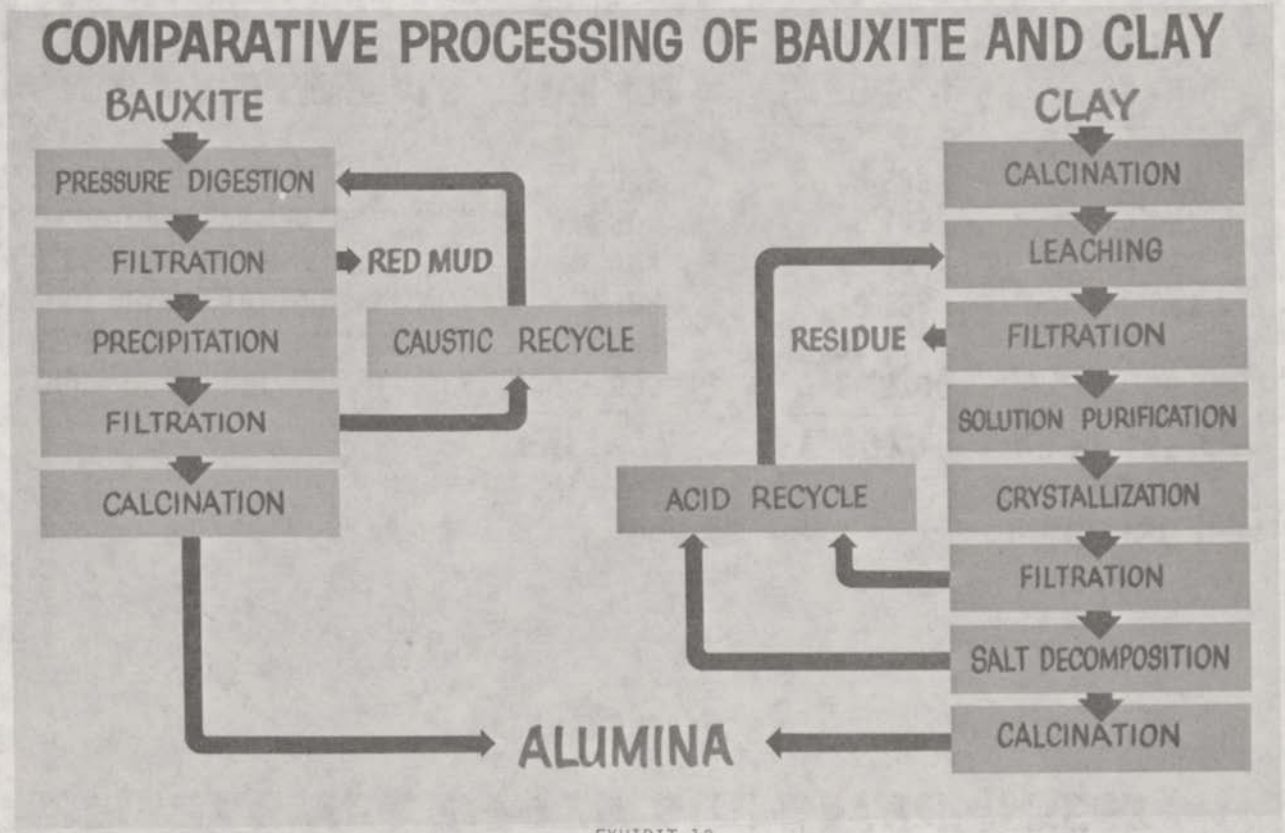

COMPARATIVE PROCESSING OF BAUXITE AND CLAY
BAUXITE
PRESSURE DIGESTION
FILTRATION
RED MUD
PRECIPITATION
CAUSTIC RECYCLE
FILTRATION
CALCINATION
CLAY
CALCINATION
LEACHING
RESIDUE
FILTRATION
SOLUTION PURIFICATION
ACID RECYCLE
CRYSTALLIZATION
FILTRATION
SALT DECOMPOSITION
CALCINATION
ALUMINA

EXHIBIT 13

FISCAL YEAR 1978 BUDGET REQUEST
(Thousands)

	FY 1977	FY 1978	INCREASE (+) OR DECREASE (−)
METALLURGY RESEARCH	$ 26,535	$ 25,579	−$ 956
MINING RESEARCH	107,881	105,405	− 2,476
MINED LAND DEMONSTRATIONS	10,109	4,138	− 5,971
DATA COLLECTION AND ANALYSIS	16,121	17,174	+ 1,053
MINERAL LAND ASSESSMENTS	4,306	5,403	+ 1,097
PROGRAM ADMINISTRATION	1,545	2,830	+ 1,285
TOTAL, MINES AND MINERALS	**$166,497**	**$160,529**	**−$5,968**

EXHIBIT 14

FISCAL YEAR 1978 BUDGET INCREASES AND DECREASES

	FY 1978 CHANGE (THOUSANDS)
PROGRAM INCREASES	
METALLURGY RESEARCH—CRITICAL MINERALS	+ $3,133
COAL PREPARATION RESEARCH	+ 2,900
DATA COLLECTION AND ANALYSIS	
CRITICAL MINERALS	+ 768
OCEAN MINING STUDIES	+ 300
MINERAL LAND ASSESSMENTS	+ 1,097
EMPLOYEE WORKPLACE HEALTH AND SAFETY	+ 1,000
EMPLOYEE COMPENSATION FUND PAYMENTS	+ 285
SUBTOTAL	+ 9,463
PROGRAM DECREASES	
ALUMINA PILOT PLANT STUDIES	− 500
REDIRECTION OF TOXIC MATERIALS RESEARCH	− 820
COLLEGE PARK METALLURGY RESEARCH CENTER	− 2,800
COAL MINE HEALTH AND SAFETY RESEARCH	− 179
ADVANCING COAL MINING TECHNOLOGY	− 2,835
ADVANCING OIL SHALE MINING TECHNOLOGY	− 2,442
ANTHRACITE MINED LAND DEMONSTRATIONS	− 1,971
ANTHRACITE CONVERSION DEMONSTRATION PLANT	− 3,000
BITUMINOUS MINED LAND DEMONSTRATIONS	− 1,000
ENERGY MODEL DEVELOPMENT	− 100
SUBTOTAL	−15,647
SPACE INCREASES	+ 216
NET DECREASE	−$5,968

EXHIBIT 15

OPENING REMARKS

Dr. MORGAN. Thank you very much, sir.

I have here on my right Mr. Oyler, who is our budget officer. And next on the right is Dr. Joseph Yancik, who is the Assistant Director, in charge of mining. On my immediate left is Dr. Thomas Henrie, who is our Chief Scientist for the Bureau of Mines, and next to him is Mr. Ralph Kirby, who is our Assistant Director, in charge of metallurgy.

So all of our major programs are represented here this morning.

Senator DECONCINI. Thank you.

Dr. MORGAN. We have a few charts, sir, which will summarize our statement and I understand copies of the charts in small size have been made available to the committee.

Would you like me to briefly run through the charts?

Senator DECONCINI. Please proceed.

FUNCTIONS OF BUREAU

Dr. MORGAN. Sir, as shown in exhibit 1, the work of the Bureau of Mines is divided into two areas. Supply and demand analysis brings together information from all over the world. The Bureau of Mines has been organized since 1910 and in 1935 they transferred to the Bureau all the activities of the Minerals Division of the Bureau of Foreign and Domestic Commerce of the Commerce Department concerned with domestic and foreign data.

So, therefore, we are responsible for the worldwide data that is collected by the U.S. Government.

The other main area of the Bureau of Mines is research and development where mining is largest in terms of dollars and personnel followed by metallurgy. We also administer the Government's helium program which has been in effect ever since World War I as a result of the use of helium in lighter-than-air craft.

Senator YOUNG. May I ask a question, Mr. Chairman?

Senator DECONCINI. Certainly.

HELIUM OPERATIONS

Senator YOUNG. We are continuing to build up the helium supply, aren't we? Do we have any uses for it at all?

Dr. MORGAN. Sir, at the present time we have about 39 billion cubic feet of helium in the underground storage program. We have stopped purchasing helium from private contractors, but we are continuing to store helium for private industry in our reservoir—helium that they extract and set aside so that it is not wasted.

Senator YOUNG. The problem goes back to an old law directing that we keep on procuring it.

Dr. MORGAN. The original law, sir, was enacted shortly after World War I. Then we go to the Helium Act Amendments in 1960 which set up the present helium purchase program.

Senator YOUNG. What are the uses for it now?

Dr. MORGAN. At the present time, sir, one use would be, of course, in lighter-than-air craft, such as blimps for Navy reconnaissance, balloons, and what not.

Another, perhaps more important use, is in inert atmospheres for welding high temperature materials to exclude oxygen from the welds. Oxygen tends to embrittle some metals when they are welded.

Another use is in spacecraft, where it is used to pressurize and to purge the fuel tanks in spacecraft because it is inert.

Another use is for mixtures of oxygen and helium for deep sea diving or by divers in submarines.

So there are a variety of very important defense and defense-related uses for helium.

Senator YOUNG. If you are finding some uses for it now, I am glad, but we are accumulating much more than we are using, aren't we?

Dr. MORGAN. Yes, sir.

Senator YOUNG. We have been for years.

Dr. MORGAN. At the present time, in round numbers, U.S. use is a little less than 1 billion cubic feet per year and we have in round numbers 39 billion cubic feet down in the ground. So the current rate of use would be about 40 years supply.

Senator YOUNG. It has been with us for a long time.

Senator DECONCINI. Who is the main consumer? Can you identify—is it private industry or the defense industry?

Dr. MORGAN. It is largely the defense-related industry. Yes, sir. We have a study showing that about 60 percent goes to defense and defense-related industry.

Senator DECONCINI. Senator, do you have any further questions?

Senator YOUNG. No.

Senator DECONCINI. Go ahead, Mr. Morgan.

OPERATIONS OF BUREAU

Dr. MORGAN. Sir, as shown in exhibit 2, our operations embrace every one of the 50 States. For information purposes our State liason officers are stationed in the State capitals of virtually every State. Where we have small States, as in New England, one man covers several States.

But in larger States, one man covers a single State and he is in contact with the State bureau of mines and the State geological survey or, as in Texas, the Railroad Commission that handles certain mineral matters.

We have eight metallurgy research centers which are stationed around the country from College Park, Md., in the east to Albany, Oreg. in the west, Tuscaloosa, Ala., in the south and Twin Cities, Minn., in the north with four others in between. We have five major mining stations which run from Pittsburgh in the east to Spokane in the west and include Denver and Twin Cities and Carbondale, Ill.

We have four major mineral supply stations running from Pittsburgh to Denver to Spokane and one in Juneau, Alaska, because of the special responsibilities that the Department has in Alaska.

Our total strength is of the order of 2,800 full-time employees. The budget this year, in round numbers, is a little less than $170 million.

In the cycle by which minerals are processed, as shown in exhibit 3, we work very closely with the U.S. Geological Survey because they are concerned with geological mapping, topographic mapping, helping to find deposits, explorations, and so forth. That is the province of the Geological Survey.

Once the deposits are found, how the material is developed, mined, beneficiated, processed, smelted, and refined, turned into materials, recycling of materials, and how the land that is disturbed by mining, is rehabilitated is the function and the mission of the Bureau of Mines.

Then we work very closely with users of mineral materials. For example, the Commerce Department on the uses of aluminum, copper, steel, and others. We work with the Federal Preparedness Agency. There are the 93 strategic materials being stockpiled. Seventy-nine are metals and minerals, so we are back and forth with the Federal Preparedness Agency every day on questions dealing therewith.

We work with the Defense Department on miliary requirements and with the State Department on foreign areas, international commodity questions and so on. So we have relationships with both raw materials and with finished prducts and uses.

MINERAL INFORMATION FLOW

Exhibit 4 shows the flow of information into the Bureau of Mines, coming from the State liason officers and from State governments. We have cooperative arrangements with 45 of the 50 states, whereby we collect the information and transmit it to the State governments to avoid duplication in collection of data from industry.

Our field officers make special studies—90,000 firms send in very detailed questionnaires voluntarily to the Bureau of Mines. Many of them are monthly, some quarterly and all annually, and then 4 or 5 weeks later we put out reports which Government and industry use for the guidance of their operations. That is why they cooperate with us.

We are in touch with governments of many major mining countries abroad. In addition, all of the State Department missions have commercial attaches and in more important mineral areas, they have mineral attaches.

The Bureau of Mines, together with the Geological Survey, is now helping to train for the State Department a series of resource attaches who will be in foreign countries reporting back what is going on there. All of this information then flows into the Bureau of Mines and we put out a whole variety of reports.

If you would like, sir, I can leave for your information samples of a whole variety of different reports that we put out.

MINERALS IN THE ECONOMY

Some of this information, then, is used for Government, some for industry, and some for the guidance of our research program. We look at the flow of minerals in all of its aspects. We have to consider the raw materials which annually are worth about $68 billion in the economy, and also the processed materials in the form of metals, fertilizers, energy generation, and what not, which then fit into the

gross national product, and the value added by manufacturing in these industries is about a four- or five-fold multiplier, as shown in exhibit 5.

And the Bureau of Mines and the Secretary of Interior are charged with watching out not just for what comes out of holes in the ground, but the product as it flows through the economy.

The mining, mineral, metal and mineral reclamation industries are specifically identified in the Mining and Minerals Policy Act of 1970. We also look at the imports of the materials and in exhibit 5 it shows that last year we produced about $68 billion worth of material domestically from our own mines, and $31 billion was also imported. Then at the manufactured stage where we had some $300 billion worth of domestic production, another $20 billion was imported.

We keep track also of the exports of these materials and the recycling. We look at them not only in terms of their total dollar value, but the value and importance of individual commodities.

Exhibit 6 shows what has happened here, sir, in the last year. In 1975 the import deficit for minerals was $22 billion largely attributed to crude oil and petroleum, but steel and a number of other materials were also significant imports.

This year the deficit in minerals is $32 billion. This is not the total U.S. deficit. The total deficit is smaller because there are exports of agricultural commodities, manufactured articles and so on.

But, nevertheless, there is a total U.S. deficit running somewhat over $1 billion a month now. Therefore, our work is directed to either reduce the imports or to expand the exports. A number of minerals are exported: coal, chemicals, plastics made of petroleum, iron, steel, copper, aluminum, and so forth.

One way or the other, we have to pay for what we use so we look at the dollar impacts of trade.

DEGREE OF MINERALS IMPORTATION

Another aspect that we must consider is our strategic vulnerability because some materials, while they may have only a relatively small dollar value in the overall balance of trade are extremely critical in heavy industry for peace time and for defense.

Therefore, we consider the situation of 100 different mineral materials and exhibit 7 indicates the degree of importation for such materials as columbium, strontium, and so on, and mica and many others. In fact, if we had to abbreviate the mission of the Bureau of Mines in very simplistic terms, what we are trying to do in exhibit 6 is to push the imports down and raise the exports.

What we are trying to do in exhibit 7 is to push the degree of importation backward, either by finding new domestic sources, developing lower grade sources, substitutes, recycling materials, or finding alternate materials or ways of doing it.

Senator YOUNG. Mr. Chairman.

Senator DECONCINI. Yes, sir.

TITANIUM SITUATION

Senator YOUNG. One metal you didn't mention is the titanium. We are using more and more of it. We import that, almost all of it, don't we?

Dr. MORGAN. Sir, much of the titanium metal, per se, is made in this country. There are some imports from the U.S.S.R. and Japan, but you are absolutely right, that the raw material for titanium, which is rutile, comes largely from imported sources and in that Australia is a significant factor.

Exhibit 7 shows that 93 percent of our rutile is imported, with Australia being the major source. Yes, sir.

COMMENDATION OF DEPARTMENT

Senator YOUNG. I would like to take this opportunity to commend you for the great job you have been doing over the years. I have never heard any complaints yet about your Department. You provide a valuable service.

Dr. MORGAN. Thank you, sir. That is a good word. We will be happy to carry that back to the Department.

OVERALL MINERALS SITUATION

Briefly, looking at our overall situation what has happened in the past 25 years, back in 1950 the United States produced half of the major materials in the world. Today, despite growth, we only produce about one-quarter of the major materials in the world.

Therefore, 25 years ago we had relatively easy access to raw materials and relatively easy terms for selling our manufactured articles, but today we have far greater competition in the world for raw materials and we also find it more difficult to sell manufactured articles abroad.

The situation, however, can be managed and we look at 100 different commodities as summarized in exhibits 8a and 8b. From this sort of analysis our research program is guided.

EXAMPLES OF RESEARCH PROGRAM

If I might just give you a very brief rundown on some of the aspects of our research program. Mining is, dollarwise, our biggest activity. The 1978 budget is over $105 million out of $161 million. In mining we do some work that is pure research, some which is testing and demonstrations, and some which is more in the nature of public works.

The Bureau of Mines is engaged in putting out mine fires and wasteland fires. Such work is specifically provided for by the Mine Fire Control Act of 1954.

Such fires are a cause of air pollution from the fumes, danger from the fire, and waste the resource. We are not only putting out but also developing better ways of detecting fires.

LONGWALL MINING SYSTEM

In our underground mining, we are particularly interested in increasing productivity and health and safety at the same time. In Europe for a number of years they have used the long wall mining system. Only 1 or 2 percent of coal produced in this country is done by the long wall mining system. Therefore, we have worked with European and American manufacturers of machinery. We have brought in giant pieces of machinery into this country.

A longwall takes out a slice of coal that may run 500 feet long. It may be 8 to 10 feet high and the slice will be about 18 or 24 inches at a time. The man who is working is under a system of giant steel jacks with steel members protecting him from the overhead. Not only will this be more efficient coal extraction, but the workers will be safer, and will get a controlled break whereby the surface is lowered down gently, eliminating the problem of irregular subsidence, such as is found with the room and pillar system. Also by compressing the waste, in an otherwise open area, the possibilities of mine fires or dangerous gases are minimized.

We have two demonstration longwalls in this country. Where are they, Dr. Yancik?

Dr. YANCIK. We have two demonstrations. One in southern Illinois with the Old Ben Corp. and the other at Kaiser Steel's York Canyon Mine in New Mexico.

Senator DECONCINI. Are there any American coal companies using this process?

Dr. MORGAN. Some coal is being produced as a consequence of our efforts——

Senator DECONCINI. In this country?

Dr. MORGAN. Yes, sir. But it is a very new method and one that is not widely used.

Senator DECONCINI. What is the cost of one of those? Do you have an estimation?

Dr. YANCIK. A typical face installation of these new supports would be about $3 million.

COAL MINING PRODUCTIVITY

Dr. MORGAN. Exhibit 9 shows what has happened in coal mining over recent years. We find that underground coal mining productivity as measured by tons per man-day has declined. Why has it declined?

Well, it would be simplistic to say that it was wholly due to the 1969 Coal Mine Health and Safety Act, but that act is among the factors. They need more men and they have to be more careful. But we have safer mines, so that is a legitimate cost.

Another reason is that some of the more easily worked coal seams have been worked and they are going to deeper seams. And in some mines they are getting further from the shafts, so for all these reasons we have to have more productivity.

Interestingly, even surface mine productivity has declined in recent years, which is a little harder to understand. But, again, it is probably a combination of more vigorous enforcement of health and safety and the need for environmental restoration.

So instead of just digging it up and leaving the spoil, they now do more to restore the surface and control the water and so forth. Consequently productivity declines.

In any event, then, we have to do more work to increase coal mine productivity. At the same time the number of men employed has gone up. Therefore, more work is needed in training, and we need health and safety devices, and so on for these newer men who are coming into the mining activity.

CONTINUOUS MINING MACHINE

Exhibit 10 shows a typical piece of machinery that the Bureau of Mines is developing. It is a very large sized continuous miner. Big revolving teeth rip down the coal continuously. Big gathering arms rake it up and put it on a conveyor belt. Notice the blue safety cabs for two operators. These cabs have been designed by the Bureau of Mines in case of a fall of the roof so the miner is protected. Also up front on the machine are automated roof bolters. As the machine is advancing, they drill up into the overhead, and install roof bolts which hold the immediate roof from coming down on the miner.

At the same time, up by the cutter head special devices are spraying fluids on the coal to abate the dust. We also have methane detectors there. Should there be a sudden inrush of methane from the new coal face, that would shut down the machinery and warn the miner.

So you can see to develop a piece of machinery like this involves millions of dollars. We put it in the mine and actually show that it works.

Senator YOUNG. Mr. Chairman, may I ask a question?

Senator DECONCINI. Certainly.

Senator YOUNG. Is that piece of machinery in production now as designed by you?

Dr. MORGAN. The continuous miner is in production now, but this modified one is just coming into production. Dr. Yancik will comment further.

Dr. YANCIK. That particular model was the first one that was built. It was field tested for approximately 14 months. Following the examination of the results of the field test, we built a second generation miner which just came out of the shop and will be sent to the field in about 2 months.

Senator YOUNG. About what does it cost? Just roughly.

Dr. YANCIK. That particular model there costs about $2 million, the prototype. The total cost of the second generation miner, which includes the research cost, would be double that.

Senator YOUNG. That is a very complicated machine. Who makes it?

Dr. YANCIK. There are five major equipment manufacturers in this country that make continuous miners, but the basic machine which consists of the rotating head, the conveyor, and some simple cab arrangement. There are no continuous miners that are being built today that are automated or contain the remote roof bolting capability.

A typical stripped down or commercial version of the continuous miner today will cost you about a half a million dollars to three-quarters of a million dollars, depending on the size.

Senator YOUNG. What company makes them?

Dr. YANCIK. Joy Manufacturing Co. is the major producer. Others are Ingersol-Rand, the National Mine Service, Jeffrey and Goodman.

Senator YOUNG. With all the strip mining in my area, that is causing a lot of trouble.

Dr. YANCIK. Yes, sir. Those are all used for underground operations.

TOTAL MINING SYSTEM

Senator DECONCINI. Dr. Morgan, what do you use to supplement that machine to get the coal out from underground?

Dr. MORGAN. You can load it onto a shuttle car which is a low mobile vehicle with four wheels and an internal conveyor belt. It will back up to the loader, pick up a load of coal, then move on and dump it onto another conveyor belt which goes to the surface or into mine cars. As soon as one moves away, another shuttle car comes into place.

Senator DECONCINI. Are they compatible? Can they handle the quantity?

Dr. MORGAN. Yes, sir. But it requires an engineered system to do this. That is what we are really involved in in our mining research. It is not just the piece of machinery, not just the thing to hang onto a man to make him a little safer, but the design of a complete system that has health and safety and productivity inherently designed into it.

Senator DECONCINI. Are these in use in private industry now?

Dr. YANCIK. Yes, sir. They are. The system that Dr. Morgan was describing is a room and pillar type system. It produces approximately 75 percent of the coal that is mined underground. The need to improve the total system can be seen if you look at just that one statistic.

The commercial system would have a reliability factor, depending on the location and the type of strata from 20 to 30 percent, so that even in the best operation, 60 percent of your productivity potential or your capital investment is lying idle for one reason or another.

In addition, for that type of equipment, in the past the primary effort was to produce coal. Until recently, little attention was paid to providing for the health and safety of the miner. So as a consequence when you attempt to retrofit health and safety into equipment such as that, you have certain limitations.

Our program is geared to looking at what we can do in the very near term and what we can do to design out hazards from the system.

Senator DECONCINI. Senator Young.

Senator YOUNG. Thank you. I have no further questions.

Senator DECONCINI. Go ahead, Dr. Morgan.

HEALTH AND SAFETY RESEARCH

Dr. MORGAN. Another example, more in the health and safety area is a system we have devised to detect and abate mine fires in the mine. It consists of an ionization detector to detect little particles of smoke, such as they now use in houses and garages—but ours has to be much more rugged for continuous duty in mine atmospheres. An ionization detector would detect any particles that would be in the air from a fire.

Carbon monoxide detectors are also part of the system. Any fire in a confined space would put out a certain amount of carbon monoxide, which is colorless, odorless, and tasteless yet highly poisonous and indicative of fires.

We have also developed a fusible long wire which melts at 165 degrees, very similar to the fusible plugs that they use in sprinkler

systems. But here the whole wire is stretched through the mine and rigged to warning devices on the surface which would sound if the device was triggered by the ionization, the carbon monoxide or the heat.

Now, once the device is triggered not only does it give warning on the surface station, but it activates doors which would close automatically to isolate the fire and keep the air from it. It would also activate a sprinkler system in the shaft which would inundate the fire with water to put it out.

So this system has been developed, and this is an illustration where our work is transferable from coal mining to metal and nonmetal mining because the problem of fires is not one peculiar to either type of mining. In metal mining, particularly underground mining, there is a good bit of wood and a danger of spontaneous combustion.

LAND RECLAMATION PROJECTS

So this, which is commercially available now, could be used. Exhibit 11 illustrates our work in controlling subsidence. In our budget there are subsidence projects where we are reclaiming refuse which is dangerous on the surface because it is combustible and it might, depending on where it is placed, be hazardous, such as that Aberfan slide they had in Wales a number of years ago that buried part of a whole town and a school. And the rain dripping on this waste leaches out material that could contaminate the water.

We are reclaiming the refuse, taking out what is useful, crushing it to a specified size, mixing it in a special mixer we designed and pumping it back into the mine workings, bringing it right up to the surface of the rock roof and stabilizing the strata to reduce the possibility of subsidance.

For example near Scranton, Pa., we took a desolate, mined out surface area and as a demonstration site which we do in a number of areas, we made it into a nice park.

Senator DECONCINI. How big an area was that, Dr. Morgan?

Dr. MORGAN. How many acres was that, do you know?

Dr. YANCIK. The total area that was reclaimed is approximately 100 acres. Some of it was a natural setting and some of it was a park that was built in conjunction with Pennsylvania State.

Senator DECONCINI. What did that cost from the standpoint of reclaiming?

Dr. YANCIK. The total cost was in the neighborhood of $1 million.

Senator DECONCINI. Thank you.

TACONITE PROCESSING RESEARCH

Dr. MORGAN. Having discussed mining at some lenth, we should also look briefly at metallurgy, an area of long-standing successful work in the Bureau of Mines.

Back in the 1950's there was concern in this country that we were going to run out of iron ore because at that time the iron ores were so-called direct shipping ores. The ores were blasted and mined and crushed and put in railroad cars and shipped directly to the blast furnaces. There were large resources of lower grade material in the Great Lakes area known as taconites and these

taconites had iron in them, about 20, 25 percent in a magnetic mineral.

But it required that the ore be crushed to a very fine size and the iron be picked out magnetically and then pelletized and shipped. So we worked for a number of years in the Bureau of Mines metallurgy research stations on how to do this efficiently. As a result of that work, for a number of years the United States has drawn its supplies in part from the magnetic taconites. This source of iron has replaced the high grade, direct shipping ore. There are also large resources of nonmagnetic taconites. The iron mineral in it is not in a magnetic form. And, therefore, it was a lot harder to pick out.

The material had to be crushed to a very fine size. We developed flotation methods to pick out the iron and then the very fine particles had to be pelletized to be shipped to the blast furnace. A commercial plant based on that work is the Tilden, Mich., plant producing 4 million tons of iron pellets now and they are enlarging it to 8 million. So the nonmagnetic taconites have been moved from the resource category to the reserve category, but we are not yet done. In very recent years much of this pelletizing has been done using natural gas which was a clean and cheap fuel. However, now with the natural gas shortage we are working with the iron ore industry in developing other fuels for pelletizing, such as the use of coal directly or for generating a synthesis gas on the site. We have a cooperative effort with ERDA to see if we can use that type of gas or if we can use powdered coal, or lower grades of petroleum, and so on, instead of the natural gas.

This is only one example of the type of problem our metallurgy people address.

MATERIALS FOR ALUMINA

Another main thrust of our effort deals with materials for aluminum. The International Bauxite Association has raised the price of bauxite, the ore for aluminum, which comes largely from abroad. Exhibit 12 shows that it takes about 4 tons of high grade bauxite to make 1 ton of aluminum metal. About 90 percent of our bauxite comes from abroad but there is a large variety of resource materials in this country that contain aluminum raw materials—clay, shale, anorthosite, coal wastes, alunite and dawsonite. But they have more complex formulas.

It takes more tons of these materials to free a ton of aluminum and, in fact, they require a more complex flow sheet. Exhibit 13 compares the relatively simple flow sheet for bauxite with the more complex, but necessary flow sheet that we have devised to treat such low grade materials.

Right now we are working with nine major aluminum companies, each of them contributing $50,000 a year, so that approaches half a million and about $700,000 of our own money. So we have the program somewhere over $1 million on small pilot plant work to try out these processes so in the event of either a bauxite embargo or much higher prices the United States can switch to this process technology.

HELIUM STORAGE FACILITY

In helium, we have surface plants and underground storage reservoirs in which we are storing helium, not only for the Government, but also for private industry.

BUDGET REQUEST

Exhibit 14 summarizes our budget. Our budget for fiscal year 1977 is $166 million. Mining is the largest single research activity followed by metallurgy and data collection and analysis, including land assessment, some of which we do with the Geological Survey in a cooperative way.

Our funding for the fiscal year 1978 is about $161 million, a slight decrease of about $6 million. However, much of this is in nonrecurring activities, purchase of buildings and so forth. So, therefore, essentially we are appearing before you with a request for a relatively level program.

Exhibit 15 summarizes the pluses and minuses. For example in our program increases we are asking for $3 million for metallurgical research on critical minerals.

A couple of years ago the Government identified, by use of a high level interagency committee, including the OMB, the National Security Council, and the Council on International Economic Policy, 19 critical materials from the point of view of the entire U.S. economy. Eighteen of those are minerals.

Therefore, this critical minerals effort here is aimed specifically at things like nickel, chromium, and platinum that are among the highly critical minerals.

Senator DECONCINI. Dr. Morgan, if you would just highlight these programs we would pose some questions to you on some specifics.

Dr. MORGAN. Yes, sir. So what we have here then is $3 million for critical minerals. We want to up our coal preparation research by $2.9 million because we are convinced that generating more steam by coal, generating more electricity by burning coal, that coal preparation to reduce the ash and the sulfur and increase the Btu is a very necessary program.

In data collection and analysis we are looking for about $1 million more. Again, much of it is in the critical minerals. And we seek $300,000 to support the Secretary's efforts in ocean mining.

In mineral land assessments we are looking for about $1 million more where we are involved with wildernesses, wild and scenic rivers, and so on. For the employee workplace health and safety we are requesting $1 million. Many of our laboratories were built many years ago. We want to upgrade them to conform with the latest OSHA standards.

So in total we are looking for $9.4 million more.

Program decreases, which is why the total comes out to be somewhat less in 1978—we mentioned the aluminum pilot plant. We are still working on that. But we do not need additional money because the need for a larger plant may not come up until 1979.

I indicated that one of the main noncontinuing items was purchase of a building, and that is the College Park Metallurgy Research Center where last year we bought the De LaSalle College on the border of D.C. as a replacement.

We have moved $2.8 million from our coal technology program, largely in order to redirect that to the added $2.9 million in coal preparation. Other relatively minor changes result in a total of a minus $15 million.

We have details on each program, if you wish, or we can let it stand at this point and respond to your questions.

PROPOSED DEPARTMENT OF ENERGY

Senator DECONCINI. That will be sufficient. Thank you. Thank you very much for an excellent presentation. It was certainly an education to me.

I would like to pose a few questions to you that the very able staff has worked on and I have reviewed a little bit.

At the outset, Dr. Morgan, I think that it would be helpful if you could establish just which activities in the Bureau of Mines will shift to the proposed Department of Energy. If you could be specific, I would appreciate it. And note funding for fiscal 1977 and 1978 that would be involved.

Dr. MORGAN. Yes, sir. With respect to the Department of Energy, in accordance with the President's message, we would transfer three activities clearly identified to the Department of Energy. One is the fuels data activity—the collection and analysis of fuels data.

This activity involves $2 million in fiscal 1977 and in fiscal 1978 it would be $1,900,000. A slight decrease.

The fulltime ceiling personnel involved are 116 in 1977, and 115 in 1978. Naturally we are very sorry to lose this activity, but if the President desires it to be in the Department of Energy, we can understand why because the House Appropriations Committee last year had a special investigation of the entire energy data collection system.

If I may read, sir, just one sentence from their report, it says, "The Bureau of Mines has been widely praised as having one of the best systems of gathering, analyzing, and publishing meaningful data that exists in the Federal Government. The Bureau of Mines has assembled a wide range of commodity class experts and has established a well-known data processing operation."

As I say, we feel sorry to lose this, but if it is essential——

Senator DECONCINI. Did you state that part of that was metallurgy research?

Dr. MORGAN. No, sir. This is the fuels data collection. This would only be the 116 people collecting fuels data.

Now, another major item that would go to the new Department is that work dealing with the efficiency of production technology of solid fuel minerals. This would be a substantial amount. It would involve $42 million in 1977 and $39.9 million, in fiscal 1978.

However, for this activity it is much more difficult to identify the personnel because we don't have our people uniquely divided among productivity, health and safety, and environmental aspects of the current ongoing efforts. Therefore, we have only been able to identify 19 man-year equivalents in our Washington headquarters associated with this program. It is largely a contracting program.

Therefore, we will have to sort it out over a period of time.

Another that will be going to the Department of Energy is pretty clearly identifiable unit, which is involved with coal preparation and the area that I indicated where we were asking for the increase of $2.9 million.

The coal preparation, coal analysis, and coal sampling would go to the Department of Energy. That would involve in fiscal year 1977 $3 million and in fiscal year 1978 $5.9 million. That is the $2.9 million increase. And we have identified some 44 people connected with that work.

So the total, then, that we are looking to transfer is on the order of $47 million and about 178 people.

Senator DECONCINI. Is that programed in your 1978 budget?

Dr. MORGAN. That will come out of our 1978 budget.

Senator DECONCINI. That isn't what you have presented to us today?

Dr. MORGAN. Yes, sir. That is in the budget today.

Senator DECONCINI. All of that $47 million is in the budget which would be a transfer later?

Dr. MORGAN. That is right, sir. These are the precise amounts from the budget.

Senator DECONCINI. And there is nothing in metallurgy research that would be transferred?

Dr. MORGAN. Nothing from metallurgy would be transferred. And, in fact, we would retain in the Bureau of Mines coal mine health and safety and the environmental aspects of coal mining, both underground and surface.

We would also retain metal mine health and safety and metal mine productivity. So the only real transfer is the efficiency of production technology of solid fuels.

TRANSFER OF PERSONNEL

Senator DECONCINI. Dr. Morgan, just out of curiosity, how do you make a determination of who is going to leave in your Department? Do you do that by job description or is that still in the process of being worked out with the new Energy Department?

Dr. MORGAN. Well, sir, it won't be easy in all cases and for some people it is going to be heart rending because the Bureau has been in existence since 1910 and many of these people have spent their entire working lives with the Bureau. Some parts will be easy to do. The fuels data, for example, is under an assistant director, Mr. Reed Scollon. He has a coal division, a petroleum division, an interfuels division, and a data division. That entire unit can be earmarked directly with no problem.

Coal preparation and analysis and sampling is a specific unit with people assigned to it. That will be a simple thing to move.

On the other hand, once we get into the middle of the mining program which is essentially an integrated system, it will be difficult particularly when we get down to the field of installations. Because of their individual expertise, it may very well be that a man works 60 percent of his time on one thing and 40 percent of his time on something else. If you transfer him because of the 60 percent, then we have lost the 40 percent.

Given a period of time, I think we can work it out. A couple of years ago in 1973 we split off 3,000 people to form the Mining Enforcement and Safety Administration—MESA. It took 1 or 2 years to do it properly and they are now functioning and they are a viable organization.

In January 1975 we split off 900 people and $83 million when our six energy labs went to the Energy Research and Development Administration. I think we did that very efficiently.

And if the President desires this transfer this year, we will carry it out expeditiously.

Senator DECONCINI. Those previous times that you have had to do that, in your opinion has that worked well or has it been an administrative nightmare? Would you care to comment?

Dr. MORGAN. No, sir. As long as we work—and I happened to be in the middle of most of these transfers—as long as we work with professional people, the national good is kept foremost. It takes a little time but people of good will keeping the national good foremost, can sort this out. I think it will be traumatic for some of the employees, particularly because the Bureau of Mines, as I indicated earlier, has been a long standing agency. The Bureau is not an emergency agency that has come and gone every couple of years. The Bureau has been a very stable agency.

Senator DECONCINI. Has that caused a lot of problems?

Dr. MORGAN. I think there will certainly be some problems. Anyone facing a transfer from a long term, old line agency would be troubled by it. On the other hand, there may be great new opportunities in the Department of Energy if they are to expand, if they are to really set energy policy and help to carry it out, I am sure that many of our people will view this as a great challenge and something that they would want to be part of.

ENERGY REORGANIZATION

Senator DECONCINI. You would split out your coal R. & D. under mining research with this proposed reorganization—about $63.2 million of your 1978 request, apparently. How will you determine what goes and what stays if the mining research involves both coal and noncoal techniques? I'm thinking mainly of your strip mining work.

Dr. YANCIK. There appears to be two types of problems which are associated with the division of our mining research activity. The first is the situation where the technology is applicable to coal and noncoal mining. The second is discriminating between environmental and production research.

With regard to the first, the mechanics appear rather simple. Since the projects are generally funded under one or another of our line items, the mechanical solution would simply be to divide the projects along funding lines. However, since this could create two independent groups each with a mission and a common interest in a particular technology, there is increased probability of duplication. This duplication would not be due to malice or ignorance but rather to the fact that both groups need to meet their mission objectives and will tend to pursue paths which are similar in many aspects, for example, the use of shiftable conveyors for handling overburden, but differ

in particulars such as anticipated service life, system capabilities, loading/unloading arrangements.

The second problem lacks even an easy mechanical solution. Our coal mining program is basically directed at the development of cost-effective technology. As we have repeatedly mentioned in our budget documents, we regard environmental protection costs as a cost of mining and, as such, a cost to be minimized while assuring environmental protection. The environmental aspects of our research are so deeply ingrained in the project structure that they would not be easy to separate, but given time and understanding we are sure that effective programs can be devised aimed at specific targets.

Senator DECONCINI. What about mined land demonstrations? That's all coal, but some might be deemed health and safety. How does that split?

Dr. MORGAN. The Bureau's mined land demonstration program deals with the solution of environmental problems associated mainly with abandoned coal mine lands or past coal mining and coal mine processing activities. It is not oriented to energy development or production in the sense that the proposed Department of Energy will be, as we understand it. In the same vein, our coal mine health and safety research program is directed to the development of technology to reduce safety and health related hazards in coal mines and to afford the maximum of protection to the mine workers. There is no split out of these items from the Bureau to the proposed Department of Energy.

HELIUM-ENERGY RELATIONSHIP

Senator DECONCINI. Shifting back to Senator Young's question about the helium, that, I take it, is not energy-related enough to be shifted?

Dr. MORGAN. There are potential future uses of helium which are related to energy. One of these is the super cooling of large electric generating devices, whereby if they are cooled very close to absolute zero the electrical resistivity drops and very large electrical currents can be generated.

Another would be in supercooling of the electrical transmission lines for carrying very heavy currents.

Another possibility would be in fusion reactors where helium might be used, but these are all pretty much in the year 2000 and beyond as far as we can tell. We have worked closely with ERDA which has the prime responsibility for identifying such requirements. They have not yet come up with anything very definite.

COAL MINING RESEARCH FUNDING

Senator DECONCINI. Your shifting of coal preparation to the Energy Department is of some interest. Secretary Andrus appeared and indicated that money was being shifted from coal technology to coal preparation. That doesn't alter the fact that technology R. & D. is down. What work, if any, will suffer because of this shift?

Dr. MORGAN. I don't think that the overall program will suffer, sir. It will simply be transferred from one activity to another. We are asking for $2.9 million increase in fiscal year 1978 so there

should be an increase in that activity. The work is already being discussed in a coordinated way with ERDA. They will transfer some money from ERDA and from the Environmental Protection Agency.

Senator DECONCINI. Isn't there an actual reduction in the amount of money?

Dr. MORGAN. There will be a slight reduction in the coal mining technology, but not in the coal preparation.

Senator DECONCINI. Why do you foresee that reduction?

Dr. MORGAN. Well, the program as set forth has certain definite goals and we have had to shift them just a little bit as to the rate of completion. Some have been continued as we previously planned. Others will be postponed a little bit in order to fit within our total budgetary system the $2.9 million for the coal preparation, which we clearly think holds short term payoff to increase the use of coal in electric generation as mandated by the recent acts of Congress that we should have less use of petroleum and natural gas and more use of coal in power generation.

Senator DECONCINI. What was the amount you mentioned?

Dr. MORGAN. The additional amount that is going to coal preparation is $2.9 million.

NATIONAL COAL ASSOCIATION PROPOSAL

Senator DECONCINI. The National Coal Association has written the committee and has proposed a minimum of $70 million in extraction technology program in fiscal 1978. Would you care to comment on that level of funding and the effectiveness in that area?

Dr. MORGAN. Well, sir, I think it would be fair to say that any department engaged in as wide a variety of research activities as we are engaged in, certainly could effectively spend more money. The question then is what is the most effective balanced program within the limitations that are established by the chain of command in the Government from the President's office down to the Secretary down to the various bureaus.

We believe that this is the most effective balanced program. There is no question that being an outside contract program largely, that more money could be spent and we have shown you this morning some of the large pieces of machinery in testing which have involved many millions of dollars.

Senator DECONCINI. If you were granted more funds for technological purposes, can you suggest specifically where you would spend them? Would it be more in development of this type of machinery? Do you have any long-range plans if you were granted more funds for this?

Dr. MORGAN. Dr. Yancik, would you like to comment on that?

Dr. YANCIK. I could perhaps add to that by saying the original request, the figure mentioned by National Coal Association, came from an earlier plan which was prepared by the Bureau which outlined the long-term goals of this program and the level of funding that must be available to the Bureau for this program. We also established then the time line that would be required to reach these objectives.

The goals and the objectives of our program have not been changed. We have had to make some changes in the rate of progress that we hope to achieve some of the objectives.

So as Dr. Morgan mentioned, there are any number of areas in which any increase in funding which perhaps would be available could be used to bring the program back on schedule.

Senator DECONCINI. Would you object to submitting to the committee, in writing, some idea of what you would do if that kind of funding were advanced to the Bureau?

Dr. MORGAN. Yes, sir. We would be glad to supply a schedule showing the goals envisioned of being attained and what changes could be made if there were some different priority.

Senator DECONCINI. Some different priority and specifically in the area of the suggested amount. I would like to see what your plans would be for that figure.

Dr. MORGAN. Yes, sir. We will supply that to you for the record.

[The information follows:]

USE OF ADDITIONAL FUNDS IN COAL MINING TECHNOLOGY RESEARCH

If additional funds were made available, the program would be expanded to do two things; first, initiate the efforts to fully develop those system concepts which were previously identified as feasible, economic alternatives to what is now being developed; and second, increase the number of units presently under development. If 15 million dollars additional funds were provided it is at anticipated that 11 million would go to Underground Mining production and 4 million to Surface Mining production. This of course is based on the priorities and needs that exist at the time. Examples of candidate projects are listed below (not in a priority order).

UNDERGROUND MINING

Develop alternate method of injecting run-of-coal at the face for an underground hydraulic transport system.

Develop a more reliable longwall face conveyor for medium height coal seams.

Develop hydraulic haulage system for the tunnel boring machine.

Develop a highly mobile system capable of rapidly supporting man access crosscuts.

Initiate trials to evaluate single entry development using the in-seam miner with foam concrete support.

Develop a reaming device for remote two pass sinking of shafts using existing drill rigs. Develop a system to excavate coal and rock separately and stow the rock in the mine.

Expand testing of alternate support for rotary drilling.

Initiate feasibility trials on high energy impactors for shaft sinking and in-mine entry development.

Initiate feasibility trials on selected roadheaders for coal mine development.

Expand development of the flexible drills for roof bolting systems.

Expand development and trial efforts on the high availability continuous miner.

Develop panel sealing techniques to minimize mine acid drainage.

Develop subsidence control procedures for pillar extraction panels.

Develop an alternate total extraction longwall system.

Develop the process for the in-situ burning of coal for heat.

SURFACE MINING

Develop alternate crosspit conveyor systems for surface mining; one for the shallower mines, and one for the deeper mines.

Initiate development and trials of an area longwall system for surface mining.

USE OF COAL MINING TECHNOLOGY FUNDS

Senator DECONCINI. Can you tell the committee what portion of your proposed coal technology funding is for underground mining versus surface mining? If that was in your charts, I missed it.

Dr. MORGAN. On the productivity part, that is to be transferred to the new Department. The funding in 1977 would be: Underground

$36,700,000 and surface, $5,300,000. That is not the total program, however. Let me see if we have a breakdown.

Sir, in fiscal 1977 surface coal mining specifically, is $11 million out of a total of $60 million and in fiscal 1978 surface coal mining specifically would be $10.1 million out of $60.1 million total.

However, in some of the other underground, there are surface aspects of underground mining. So that may be scattered a little bit among them, also.

Senator DECONCINI. What is the current status of obligations under coal mining technology and what is the estimated unobligated balance at the end of the current year?

Dr. YANCIK. As of February 28, which is only 40 percent of the year, we have 52 percent of our funds obligated. I would estimate, therefore, that there will be zero unobligated balance at the end of the year.

Senator DECONCINI. What are some of your notable achievements recently in coal mining technology work?

Dr. YANCIK. I believe as we previously noted in the budget justifications the notable, more recent achievements have been in the area of longwall mining. In particular I am referring to the cooperative successes at the Old Ben Mine in Illinois and York Canyon in New Mexico. I think it is important also to point out that achievements like this are due not only to our efforts but also to the tremendous support and cooperation of equipment manufacturers and mining companies.

Senator DECONCINI. I take from that that you don't envision a tremendous increase in the surface mining?

Dr. MORGAN. No, sir. Such technology is better developed. There is more available in the free enterprise system and much of our work deals with environmental aspects of surface mining.

RESEARCH COST SHARING WITH INDUSTRY

Senator DECONCINI. Can you give us some idea of the shared cost with private industry regarding the technological research? Is there any kind of an estimation?

Dr. MORGAN. There is no fixed percentage, sir, but what we try to do is have cooperative projects. We have a vast list of cooperative projects and generally we aim to get 50 percent cooperation, if we can. Not necessarily 50 percent in money—they may put up the mines and they may supply labor. They may allow us to modify some of their equipment and so on.

But generally there is a 50–50 share to be achieved, either in money or in kind.

Senator DECONCINI. Do you have any estimates as to the private industry investment in technological R. & D.?

Dr. MORGAN. That is one statistic that we have looked for for many years and it is very hard to come by because in mining companies, probably only the very largest ones really have a staff labeled research and doing research per se. In the smaller ones that which they call research is more in the nature of process improvement or process development. Then, too, a lot of research takes place among the machinery manufacturers, chemical and explosive suppliers,

tire suppliers, and so on. They provide equipment and supplies to the mining industry.

Since these are generally specialized industries dealing with the mining industry, really that type of work would have to be counted as research for mining. Just like the big trucks that a few years ago went from 20 to 30 tons are now 350 tons.

That is research in a way and yet how would you count it?

Senator DECONCINI. You can't put some estimation on it? Private industry does not divide it out into research; is that correct?

Dr. MORGAN. We have tried to put numbers on it, sir, without much success.

COAL EXTRACTION FUNDING

Senator DECONCINI. Why is there no breakdown of your coal extraction funding by subprogram or technology? Would you please supply your estimates so that we can better examine how the funds will be used?

Dr. MORGAN. The level of detail is normally not submitted because the subprograms are basically a subdivision of the program for management purposes rather than a technical subdivision of the work. Since we are developing mining systems, and these technologies more often than not cut across rigid technical boundaries, we have tried to develop a system which encourages flexibility, the prosecution of the most cost-effective work, the effective monitoring of progress of the work, and its integration into the overall program. To enable our managers to scope the work for each year we assign target levels for each subprogram. When we have established the priorities, the actual levels of subprogram funding becomes a function of how we can best accomplish our objectives. I will provide the details of the fiscal year 1978 target levels for the record.

[The information follows:]

Coal extraction—subprogram program funding breakdown fiscal year 1978

	Estimate 1978
High speed coal mine development	$5,900,000
Recovery of methane from virgin coal and gob areas	2,600,000
Automated remote controlled continuous miner	3,800,000
Automated roof support	3,090,000
Continuous face to prep plant coal haulage	7,600,000
Environmental protection of surface areas from underground operations	3,400,000
Automated longwall	8,000,000
Mining systems for Western coal	3,900,000
Advanced mining systems	5,600,000
Surface mining systems	5,078,400
Surface mining equipment	5,000,000
Management support	832,600
Surface test facility	200,000
Total	55,001,000

COAL PREPARATION BUDGET REQUEST

Senator DECONCINI. Going to the coal preparation activity, Dr. Morgan, you are requesting $5 million. That is up almost $3 million.

Dr. MORGAN. Yes, sir.

Senator DECONCINI. Is industry participating in this program also?

Dr. MORGAN. Industry will work with us. In fact, Dr. Yancik has been around visiting a number of mining and coal using companies seeing what they are doing and we have working with us a distinguished consultant, Dr. Charmbury, who for many years was the head of the Pennsylvania State University's Department of Fuel Preparation. Later he was, I believe, commissioner of mines in the State of Pennsylvania. Dr. Charmbury and others are working with us and we expect to have a cooperative program.

Senator DECONCINI. Most of your increase, slightly over $2 million, would go to a testing facility for coal cleaning processes. Can you tell us where that facility is going to be?

Dr. MORGAN. No, sir. We have not yet selected a specific site. Up to now much of the work has taken place on sort of a laboratory scale processing in our own facility.

But what we want to do now is get smaller sizes of commercially available equipment modified, if need be, and set up a facility whereby as much as 25 to 50 tons an hour could be run through this facility. Then we would bring in coals from different mines or different mining areas, and set up a specific flow sheet for handling that.

There are 50 to 100 tons of coal to a car and we would have to have a car coming in every couple of hours and run it through here and actually show what can be done on a commercial scale.

CONTRACT VERSUS IN-HOUSE OPERATION

Senator DECONCINI. You are going to contract that out; is that correct?

Dr. MORGAN. Some of the coal preparation research will be partly contracted and partly in house.

Senator DECONCINI. Are you not equipped to do it all in-house? Is that the reason that you are contracting out or do you want to establish some outside data?

Dr. MORGAN. Let me ask Dr. Henrie, our chief scientist, to respond to that.

Dr. HENRIE. One of our chief efforts here is to demonstrate technology, some old and some new. This facility is a flexible system so that various flow sheets can be used. It would be best if we could get coal mining companies or the users of coal to be involved. One of the reasons, of course, of having them work with us is for the purpose of technology transfer.

The other is that we do not have sufficient numbers of people to operate the facility. Even though this facility will handle 25 to 50 tons an hour, it doesn't operate continuously. We would only use from 100 to 200 tons of coal for any one test system.

You would then collect all of this data, and, from that, design the best process for the specific coal.

Senator DECONCINI. Doctor, excuse me for pursuing this a minute. Is one of the reasons you contract out to insure that you get more information on industry research? Is that one of the motives?

Dr. HENRIE. This is a demonstration process—to demonstrate technology. The reason to get industry involved is that so they also go through a learning period on the particular technology. This will

be more a demonstration facility with a great deal of flexibility as far as flow sheets are concerned.

So there is lots of planning ahead of a demonstration of the process. It is necessary to bring industry in to help so that it can be a learning program for both.

PARTICIPATION BY ERDA

Senator DECONCINI. I see. Thank you.

Dr. Morgan, your justification says that ERDA is going to participate in this process testing facility. Can you give us some idea to what extent they will be involved?

Dr. MORGAN. They have in the past offered some financing. Now how that will be effected by the reorganization to the Department of Energy, I can't say. I imagine if that goes ahead expeditiously then they will all be together.

Senator DECONCINI. Do you know if it will be associated with any existing ERDA project?

Dr. MORGAN. Dr. Henrie.

Dr. HENRIE. When this budget was developed there were three Government Agencies involved. The Environmental Protection Agency which is interested in getting the sulfur and other impurities out of coal, the ERDA who was interested in having a good clean coal to test in their various facilities, and the Bureau of Mines which has been the leader in developing the technical data base.

We were all working together to make sure that this test facility becomes available. ERDA would use and test a lot of the products from this test facility.

Right now it would be very difficult for me to say how much funding would come from each of the various organizations.

Senator DECONCINI. That will have to be worked out in the future.

Dr. HENRIE. Yes.

BENEFITS FROM DESULFURIZATION RESEARCH

Senator DECONCINI. Dr. Morgan, maybe someone can answer this question regarding the desulfurization technology. Can we expect any near-term benefits from this program?

Dr. MORGAN. That sounds like one for our chief scientist.

Senator DECONCINI. How is that program coming?

Dr. HENRIE. I suppose that if we look at the coal for power plants that we haven't done much in the past to extract the sulfur from coal. However, metallurgical coal for years has had processes and techniques to clean coal. One of the problems in directly burning more coal is the need to remove the sulfur.

We believe that either by removing a considerable amount of sulfur in the beginning or a combined coal preparation for sulfur removal followed by flue gas scrubbing would be the most efficient and effective way of cleaning coal.

I think that there are several ways. There are five or six different flowsheets that will be used to separate the pyrite and organic sulfur from coal.

However, somewhere between 30 and 50 percent of the sulfur, depending upon the coal, is tied up in the coal molecule itself, that is, the carbon-sulfur binding system.

We in technology have several concepts, some in the Bureau and some from technology organizations that have developed to get after organic sulfur. I think that there are lots of different systems that could be worked out whereby the sulfur can be greatly reduced. Thereby through some system control we can make available a tremendous amount of coal for power generation.

But this is going to be a long-range program. As of today, the washability systems which appear most promising are the two-stage flotation and other advanced systems. That is mainly for pyrite sulfur.

Senator DECONCINI. That is where we are now with pyrite sulfur.

Dr. HENRIE. Yes. But I believe—and there are lots of other people who believe—that there is a great future in coal preparation to help alleviate this situation. That is removing the sulfur from high-sulfur coals.

Senator DECONCINI. Thank you. Your breakdown of the coal preparation activities speaks only to the increased programs. How will the balance of the $3.4 million requested for this activity be allocated?

Dr. HENRIE. Our coal desulfurization program is $600,000. One of the problems when you use washability technology or techniques of this nature to clean up the sulfur, is that you wet the coal and so it is necessary to follow this up with dewatering. But the major portion would go to process demonstration.

We are involved with coal waste utilization support technology and assessment and what I would term as the new technology coming along. And improving coal handling and burning characteristics.

Dr. MORGAN. Actually, the requested increase amounts to $2.9 million with the major part allocated for equipping a test factility. To avoid a misunderstanding, the breakdown of the $5 million by program elements will be furnished for the record.

[The information follows:]

Desulfurization of coal	$600,000
Fine coal dewatering	600,000
Laboratory process demonstration	2,200,000
Coal waste utilization and control	600,000
Support technology and assessment	250,000
Improving coal handling and burning characteristics	750,000
Total	5,000,000

OIL SHALE RECOVERY PLANT IN COLORADO

Senator DECONCINI. Let's turn to shale.

Administration officials have indicated Congress will be asked to finance construction of an oil shale recovery plant in the Colorado Rockies. What effect, if any, would that project have on the Bureau of Mines oil shale program?

Dr. MORGAN. The details of this proposed activity have not been fully defined. The Bureau's advanced mining technology—oil shale program—is presently in advanced stage of development of improved methods for mining oil shale. A site that would lend itself to a full field experiment has been selected and evaluated. If this is where the proposed recovery plant is located, then the material mined during the demonstration could feed the retort and the spent shale produced

used for underground backfilling, thereby providing much needed waste management information. Alternatively, the Bureau-developed improved mining and waste disposal techniques could be used at another site.

OIL SHALE TECHNOLOGY

Senator DECONCINI. Your oil shale mining technology request is about $3.2 million. It carries a $2.4 million reduction which reflects a decision not to build a demonstration mine for deep oil shales. Can you comment on that? What brought that about?

Dr. MORGAN. Yes, sir. We were going to put down two shafts. We were going to have one which was 8 feet in diameter and another one which was planned to be on the order of some 20 feet in diameter.

And we were going to have a deep underground test mine but that program has been cut back. Instead, we are going to put down only the 8-foot shaft, about 2,500 feet. Primarily to study the environmental aspects associated with possible deep oil shale mining.

In other words, we will be down there looking at the stresses and strains in the rocks to see what the effect of subsidence and things like that might be. We will be down there looking at the hydrology whether the water percolates or not and does it pick up something in that process.

Also, earlier I had indicated that among some of the aluminum-containing domestic materials is dawsonite. The dawsonite is an aluminum-containing material associated with the oil shale and is a possible source of alumina for aluminum production.

We want to get samples of the dawsonite from the deep oil shales. Also, there is another constituent in the oil shale, nahcolite, which is a sodium bicarbonate, which is another possible by-product of oil shale mining and this nahcolite can be used and has been suggested for some of this flue gas desulfurization Dr. Henrie was just talking about.

They spray it in at the same time and it is a basic material. It reacts with the sulfur dioxide in the flue gas and forms a sodium sulfate compound which is then a waste material.

So our effort is to get the 8-foot shaft down into the deeper parts of the oil shale, pick up enough samples of these materials so that we can actually test them in our metallurgical laboratories and make the environmental studies.

AREAS OF OIL SHALE RESEARCH

Senator DECONCINI. Your request I believe specifically addresses three principal programs. Can you give us any breakdown as to where this money will be spent?

Dr. MORGAN. This is what we intend to do, sir, on the advancing oil shale mining technology. Mining techniques on page 78 of our statement would be funded to the rate of $1.2 million. Waste disposal is a question of how one disposes of the oil shale wastes in an environmentally satisfactory method, what are the hydrology effects of water and so forth. That would be $1,850,000.

To study in the oil shale area the working environment—the question of airborne contaminants and so forth—would be funded to the extent of $171,000.

So the work is largely dealing with the environmental aspects of the oil shale mining.

Senator DECONCINI. To what extent is industry participating in this with the Bureau?

Dr. MORGAN. The Bureau initiated the research work on oil shale, going back to World War I and after World War II there was an extensive oil shale program. The Rifle, Colo. station in the Bureau of Mines has been leased out and there is a continual back and forth visitation from people in industry to the Bureau of Mines and the Bureau of Mines to the mining facilities as part of the oil shale prototype leasing program which was underway in the Department of the Interior.

Dr. Henrie reminds me that we have some participation from the private sector.

RELATIONSHIP TO ERDA

Senator DECONCINI. Am I correct right now that Navy, ERDA, and your agency are all working on oil shale technology? Would this be brought together under the new Energy Department, as you understand it?

Dr. MORGAN. The break in the past, as we understood it, and it applied not only to oil shale, but to coal, was that ERDA was concerned with what takes place once the material is mined. In other words, in coal mining the Bureau of Mines was responsible for the research on digging the coal out, getting it to the surface, getting it prepared and getting it on the railroad car.

Once the railroad car went somewhere and they took the coal, out how they burnt it, how they treated it chemically and so forth, that was the province of ERDA and we transferred the Bureau's work in that in 1975 to them.

The same was intended to prevail with oil shale, that the mining, per se, of oil shale was the responsibility of the Bureau of Mines, but then how they put it in retorts and how they distill the oil out and how they refine it that is clearly the province of ERDA.

So what we are working on now are largely the environmental aspects of the oil shale mining because the prototype program is intended to encourage private industry to develop methods of mining and utilizing the oil shale. But the Secretary of the Interior has a specific responsibility for the environmental aspects on public lands. He looks to the Bureau of Mines—at least I trust he does—as his consulting engineer on what can and can't be done.

We have advised him on regulations and so forth and, therefore, we need this information for that purpose.

Senator DECONCINI. Is there some reason that that should not all be transferred to the new Energy Department? It sounds like——

Dr. MORGAN. No, sir. I think if the Secretary of the Interior—and here I would defer to anyone who would be here from the Department—I think if he is to be responsible for the public lands and for the environment, that he needs the technical competence to discharge his responsibility in this area.

Therefore, again, taking coal as the example, because it is before us, coal mine health and safety and environmental research, both

underground and surface, will continue in the Bureau of Mines. The President's message which is embodied in S. 826, says that what they are going to transfer in coal is research and development relating to increased efficiency of production technology, provided that research relating to mine health and safety, research relating to the environmental and leasing consequences of solid fuel mining should remain in the Department of the Interior.

So this is clearly part of that responsibility as set forth in that bill. That, sir, is section—in the bill that is on page 8, line 19.

Senator DECONCINI. Isn't your oil shale work for the most part technological?

Dr. MORGAN. Technology. Yes, sir. But related to the environmental aspect largely.

Dr. HENRIE. This program that you spoke about, ERDA and the Navy, this was all transferred with the Anvil Points facility back when ERDA was formed.

ERDA, the Bureau of Mines and the Navy program all went to ERDA and that was the oil shale conversion technology. All that we retained at that time was the mining part.

COORDINATION BETWEEN INTERIOR AND ENERGY DEPARTMENTS

Senator DECONCINI. I am a little confused exactly as to what the new Energy Department is going to really take over. We see some duplication. ERDA has its scientists attempting to research and develop different areas and you are doing the same thing.

I presume that you intend to work closely with them to avoid that duplication? Do you have any procedures or policy or suggestions as to how that is going to be done?

Dr. MORGAN. Yes, sir. In the first place, since the six Bureau of Mines' labs were transferred to ERDA in 1975, Pittsburgh, Morgantown, Bartlesville, Laramie, Grand Forks and San Francisco, we have had continual day to day working relationships with those labs.

Now recently in the Department of the Interior there was set out a rather concise but clear memorandum of understanding between ERDA and the Department of the Interior whereby the Under Secretary of Interior and the Deputy Administrator of ERDA supervise this memorandum of understanding. And where we have 11 task groups under the memorandum of understanding to coordinate activities—for example, one task force deals with information where I meet with Mr. LeGassie of the Energy Research and Development Administration on coordinating information.

Another deals with mining and technology where I and Dr. Henrie met with Dr. White of ERDA who is in charge of its solid fuels research.

So we are meeting back and forth to avoid any problems like that.

Senator DECONCINI. Perhaps you could supply us with a breakdown of the environmental area and of the mining technological area. Can you do that, for the oil shale program? That might help me understand this a little better—as well as other members of the committee who will be reading some of this transcript.

Dr. MORGAN. Yes, sir.

[The information follows:]

Analysis of oil shale research funds (in thousands)

Program element	Fiscal year 1977	1978	Change
Mining techniques	$4,183	$1,200	−$2,983
Waste disposal	1,080	1,850	+770
Working environment	400	171	−229
Total	5,663	3,221	−2,442

NONCOAL MINING TECHNOLOGY

Senator DECONCINI. Now we are going to a subject of noncoal mining technology. There is no change in your $6.2 million request for metal and nonmetal mining technology. I believe that is correct.

In view of inflation are you not really decreasing that effort?

Dr. MORGAN. Yes, sir. There probably is a decrease due to inflation and due to increased pay costs with this effort.

On the other hand, it is largely an in-house effort and one that has long been carried on by the Bureau of Mines.

Senator DECONCINI. You don't contract that out for the most part?

Dr. MORGAN. No, sir. I don't think there will be too much of a change with it being largely an in-house effort.

ACHIEVEMENTS IN PROGRAM

Senator DECONCINI. What are some of the more important recent achievements in metal and nonmetal mining techniques that you can share with us today?

Dr. MORGAN. Let me ask Dr. Yancik to respond to that.

Dr. YANCIK. One of the significant advances that was made under this program which was initiated in the early 1930's was the development of the microseismic technique for determining where major rock bursts were likely to occur.

As the understanding of this phenomena of rock giving off noises when it is highly stressed just prior to catastrophic failure and the development of electronic equipment that improved the ability to detect these noises and to develop a computer technology with a series of very sensitive listening stations which pinpoint the locations of these sources of noise—all of this led to the development of mini-computers with very reliable instruments that could be placed in the mine at various locations.

This technique was worked out in the Coeur d'Alene district in which severe rock bursts have been an increasing hazard and in which a number of men have been killed. Certainly a large number injured.

And when these rock bursts occurred, the mine can go completely out of production. So this work culminated in the development of a practical and economical system that could be worked by technicians and by mining engineers who are not specialists in this area and this technology has been transferred to industry.

Commercial companies now make these minicomputers and associated listening devices. That is just one example of the kind of thing that was developed in this program.

There has been a large number of improvements in technology development in this program. One that has received international attention is the development of what appears to be a very simple process of dewatering slimes that come from the milling process.

It is very difficult to dispose of them on the surface unless you run them through classifiers and some other processing equipment before pumping this material back underground in the narrow veins. Again, we did this work up in the Coeur d'Alene district.

This work was to allow the filling of these open spaces and quickly dewater unprocessed slimes by means of electrokenetic process, which in this particular case is applying a DC high current to two grids of hog wire properly spaced. And through the electrokenetic activity you drive the water from the slimes and produce a stable fill in a matter of hours as opposed to a matter of, in some cases, a matter of months before this would solidify. This has a substantial benefit, not only in stabilizing the waste to be used underground, but also has an effect of giving support and controlling these rock bursts which I mentioned earlier because although we can detect them now, we still have yet to learn how to deal with them.

We know when they are coming right now. The only thing we can do is get the men out of the mine. This has attracted a great deal of attention internationally and recently the government of Mexico installed this in one of their mines. Australians have been very interested and have a similar experiment going based on our information, as well as Canada.

Senator DECONCINI. Can you supply us with a breakdown of subactivities for this particular area?

Dr. MORGAN. Yes, sir.

[Information follows:]

Advancing metal and nonmetal mining technology (in thousands)

Program element	Fiscal year 1977	Fiscal year 1978	Change
Underground mining	$2,725	$3,082	+$357
Surface mining	782	626	−156
Insitu mining	1,061	1,184	+123
Premining studies	1,040	730	−310
Explosives	659	645	−14
Total	6,267	6,267	0

COAL MINE HEALTH AND SAFETY

Senator DECONCINI. Going to coal mining health and safety, research your $30 million request involves a slight reduction to stay within the authorization. The decrease is all in contractual work, is that correct?

Dr. MORGAN. The coal mine health and safety, sir, is largely an in-house program and the $30 million is the ceiling provided by law.

Last year there was an apparent slight overrun above the $30 million authorized by law. But the decrease is of $179,000 in contractual services to get back to the $30 million level.

Senator DECONCINI. That is contractual services?

Dr. MORGAN. Yes.

CARBONDALE CENTER STAFFING

Senator DECONCINI. You are requesting additional positions for coal mine health and safety research to staff the new Carbondale research mining center; is that correct?

Dr. MORGAN. Yes, sir. In fiscal year 1977 we were allotted 50 new ceilings for the Carbondale operation and this will add 10 more to that.

Senator DECONCINI. These will be new personnel and will not be a reduction somewhere else, is that correct?

Dr. MORGAN. That is correct. They may be Bureau of Mines people who elect to transfer there. They could be employees now onboard, but there will not be a reduction.

Senator DECONCINI. What is the cost of these new positions in total? Can you give me that? What programs will have to be absorbed?

Dr. MORGAN. Roughly $25,000 per person.

Senator DECONCINI. Why do you need 10 more? Are you not at capacity if you got 50 last year?

Dr. MORGAN. We really need more than that, sir, to do the work that has to be done in the central coalfields. But this is a logical buildup from where it is at this time.

Senator DECONCINI. You would like more. Are you saying that you could absorb more now? Ten is what you could use this year?

Dr. MORGAN. To fit into our overall limitations, yes.

Senator DECONCINI. We would like a breakdown of your funding of your two health and safety programs, also, if you could give us that.

Dr. MORGAN. The coal mine health and safety and the metal and nonmetal?

Senator DECONCINI. Yes. It would be helpful to the committee's staff if in the future you could include this type of information in the justification. It does not appear currently.

Dr. MORGAN. Yes, sir. We have a breakdown, sir, that we can provide.

[The information follows:]

Coal-metal and nonmetal mine health and safety research (in millions)

	Coal			Metal and nonmetal		
	Fiscal year 1977	Fiscal year 1978	Change	Fiscal year 1977	Fiscal year 1978	Change
Fires and explosions	$2.8	$2.9	+0.1	$0.9	$0.8	−0.1
Methane control	1.5	1.4	−.1			
Ground control	7.5	8.1	+.6	1.1	1.1	+.1
Industrial type hazards	8.3	9.0	+.7	1.1	1.2	+.1
Respirable dust	1.9	1.8	−.1	.5	.5	
Radiation hazards				1.0	−.7	−.3
Noise	.9	1.2	+.3	.2	.5	+.3
Industrial hygiene	1.5	1.6	+.1	.4	.3	−.1
Ventilation				.3	.3	
Post disaster	1.4	1.3	−.1	.2	.2	
Systems engineering	4.4	2.7	−1.7	.2	.2	
Total	30.2	30.0	−.2	5.8	5.8	0

ROLES OF BUREAU AND MESA

Senator DECONCINI. Is your health and safety research clearly delineated from MESA's activities?

Dr. MORGAN. Yes, sir. The Bureau of Mines is the only one that does the research, per se. The MESA function is primarily that of being an inspector. They go around the mine and they spot violations. They work with us in pointing out any particular classes of hazards that they encounter.

We work with them in studying the statistics of fatalities and accidents, health-caused problems and so forth. We also work with NIOSH, the National Institute of Occupational Safety and Health and so forth, on health matters and with the Department of Health, Education and Welfare.

But the research is the province of the Bureau of Mines. Once a product or device or system has been developed, then it is transmitted to MESA for implementation.

For example, we work with them in the development of their regulations effecting the health of the miner, how many parts per million of this and that should be there and how do you measure it.

We have the scientific capability to advise them on that and to design new instruments if needed.

METHANE CONTROL

Senator DECONCINI. We understand ERDA is also into methane control from a utilization standpoint. Is your work coordinated with ERDA's or vice versa?

Dr. MORGAN. We have had a number of discussions with ERDA and are aware of their plans in general. They are familiar with our work on recovering methane from coalbeds. Although their program is said to be predominantly fuel utilization, they are planning a number of large-scale demonstrations of recovering methane from coalbeds. While these may help to further determie the economic and operational feasibility of various utilization systems, they may aso in part

duplicate work that the Bureau has already done or has underway under its coal mine health and safety and advancing coal mining technology research and development programs.

RECOVERY OF CRITICAL MINERALS

Senator DECONCINI. Let's go to your metallurgy research activity where the principal increase is $2.6 million for recovery of critical minerals.

What will that jump of nearly 20 percent achieve? Can you give us any specifics on that?

Dr. MORGAN. The $2.6 million is a net increase—that is really a reduction from the base financing of $500,000 for the Alumina pilot plant and an increase in the critical materials, per se, of $3,113,000 which is a net increase of $2,600,000.

The major items in the program will involve chromium, platinum, nickel and cobalt, and uranium with also some additional work on copper, gold, silver, and manganese.

This gets back to the earlier report that I indicated, 19 critical materials identified by the highest levels of the Government, 18 of which are minerals and metals.

Senator DECONCINI. The critical mineral increase involves 18 new positions in the agency and more than $1 million for supplies, equipment and other in-house costs.

Why, then, do you have $1,500,000 in grants and contracts in your budget?

Dr. MORGAN. Well, sir. We try to support work where other people have special capabilities that we may not have in the Bureau and we have made a consistent effort over the years to try to support the very limited number of schools and universities engaged in mineral science and technology.

You may recall, sir, that a number of the Bureau of Mines installations in the early days were located on the campuses of major universities connected with mineral processing. This back and forth relationship of professors and students helps us to provide for multiple objectives, where we are helping to advance science and technology in the university and we are also helping to train people.

So some of our contract work is with universities.

Senator DECONCINI. Is that where the bulk of the grants are?

Dr. MORGAN. I am not sure how much of this would be to universities, per se. Some would be in industry.

Dr. HENRIE. We have some very special studies in which we have outside contracts. Over the long run, most of the funds are grants to universities on special studies. But we do have some large, fairly large, special studies. Especially in areas where we don't have the expertise to go out and gather the information but we feel it is so critical to the national interest.

Senator DECONCINI. The Bureau has been doing that for some time; is that correct—working with the universities?

You mentioned historically. How long has that been going on? How long has the Bureau been awarding contracts and grants to universities? Is that historical?

Dr. MORGAN. Yes. That goes back a long way—probably since the founding of the Bureau.

Dr. HENRIE. Like Dr. Morgan has said, at first we worked very closely with the faculty. In fact, it was very difficult to separate our field leaders from the faculty. But there has been an evolution which we have now in our own facilities. But we still have a very close working relationship with universities.

Senator DECONCINI. Does industry do that also, Doctor, to your knowledge—grant contracts with universities?

Dr. HENRIE. In some States where we have a high-intensity mineral orientation, like Arizona, the industry helps the school. I think that nearly every industry in the field of metallurgy in some way helps some particular school or some particular professor. Yes.

CRITICAL MINERALS RESEARCH

Senator DECONCINI. How much of that $1.5 million is for grants, and what kinds of grants are they?

Dr. MORGAN. We anticipate that only a small part, perhaps about one tenth of the approximate $1.5 million identified for grants and contractural services would eventually be obligated for grants to universities to support graduate-level research on problems in platinum and chromium beneficiation and processing. The balance will be expended for contract work on the nickel and cobalt pilot plant.

Senator DECONCINI. Is industry participating in this critical minerals program?

Dr. MORGAN. Yes, sir; in a portion of it. For example, there are nine alumina-consuming firms participating in the Bureau of Mines alumina miniplant project on a cooperative, cost-sharing basis. Each company contributes $50,000 per year to accelerate the work, and sends representatives to quarterly Bureau-industry steering committee meetings. We also plan to involve industry in the pilot plant work for recovering nickel and cobalt from western laterites.

ALUMINUM RESEARCH

Senator DECONCINI. Your chart relating to aluminum was of great interest to me. I had no idea what it took to get to our final product.

Does it appear to you that there is any near term benefit of your work in that area? Are we nearing anything new on the horizon, or anything that is going to make it simpler?

Dr. MORGAN. At the moment given the present prices of bauxite and alumina, the research work that the Bureau is doing is technologically feasible but right on the border of economic feasibility.

We have shown the way on what can be done. The question is at what cost can it be done. If there were any further significant rise in price of bauxite or of alumina, which is the intermediate product from which aluminum is produced then I think that much of our work will cross over into the area, not only of technologic feasibility, but economic feasibility.

In fact, partly as a result of our work years ago, on high-aluminum clays. There was a demonstration by Reynolds in which some of those clays were run through a Bayer plant. The company reported that it was economic. So certainly one positive benefit, I think, is that it has put a damper or a lid on the ability of the bauxite producing nations to go too far too fast with cartel-like ideas.

Senator DECONCINI. From your justification it would appear that there are no funds at all budgeted for alumina work. Is that correct?

Dr. MORGAN. The alumina would be carried in the base program. The miniplant would continue in the base program.

Senator DECONCINI. What does that amount to, dollarwise? Just roughly.

Dr. MORGAN. In the base program it is about $750,000.

Dr. HENRIE. The main aluminum producing companies or consuming companies, would be a better way to say it, have put in about $450,000 annually for the last 3 years. This program is operated a steering committee which the companies each participate in helping guide and direct our work.

POLLUTION ABATEMENT RESEARCH

Senator DECONCINI. Under pollution abatement you show an $820,000 reduction and elimination of 29 positions connected with mineral pollution in streamflow. The justification states that this work is being dropped because "EPA has the lead responsibility."

How long have you been doing this duplicative work? And do you have any idea of what the costs of that duplication have been?

Dr. MORGAN. It is not really a duplication, sir.

We have always worked on coproducts and byproducts found in the mineral processing streams. For example, when they mine copper they also recovered molybdenum, which is a byproduct. And when they process the copper further, they get selenium and platinum and gold and a whole variety of other materials.

We have always traced those byproducts. What we have not done enough of is to trace potentially harmful or deleterious materials that might be present in the normal processing stream to the extent of parts per million or parts per billion.

Therefore, as the regulatory attempts to set zero-discharge limitations have come to the fore, we have been of a necessity looking at what else is present in our metallurgical processing streams in order to identify them.

They never used to worry about what was in there in parts per million and parts per billion. But if they are going to show up in the land or they are going to show up in the air as a fluegas or if they are going to show up in water that is discharged, we have to know.

So this $820,000 last year was a specific effort to identify those materials. Now that effort will be continued in other parts of the metallurgical work, but it isn't funded as a specific program here.

Senator DECONCINI. So you have dropped it as a specific program, but in actuality you still continue the work?

Dr. MORGAN. The work will be continued under the regular metallurgical processing streams now that it has been identified.

Senaor DeConcini. You don't feel that is the responsibility of EPA?

Dr. MORGAN. No, sir. In fact, they come to us.

Let me give you an illustration. A couple of years ago there was a great to-do about the deleterious effect of cadmium. There is no question that this was a dangerous material. Cadmium is a minor constituent in many zinc ores.

Now when the Environmental Protection Agency wanted to know where the cadmium was in the entire U.S. flowsheet, they got much of their information from the Bureau of Mines. For example, a certain amount of zinc sulfate is often added to fertilizers because there is a zinc deficiency on the part of many plants and, therefore, the addition of zinc sulfate to fertilizer is a beneficial thing.

If you read the tag on a bag of high-quality fertilizer, you will see the trace elements added to it. On the other hand, there is probably only one one-hundredth part of cadmium in among the zinc. Therefore, when you make zinc sulfate not chemically pure, but technically pure, to add to the fertilizer you may be adding one one-hundredth part of cadmium sulfate which is highly deleterious.

Well, that is the sort of trace element thing in the flow sheet of either metallurgy or mineral processes including fertilizers that we have tied down.

COOPERATION WITH EPA

Senator DECONCINI. What do you do with the results of that research?

Dr. MORGAN. That information will be turned over to EPA, MESA, and others for use in devising appropriate regulations.

Senator DECONCINI. It has been?

Dr. MORGAN. Yes, sir. Now the easiest thing in the world is for somebody to write a regulation saying that there ought to be zero discharge in parts per million or parts per billion. Perfectly easy to sit down and write that.

The question is, Is it necessary and is it technologically feasible to attain that situation, because as you go to zero at parts per million and parts per billion, the cost of the treating goes up exponentially? And, in fact, you may be creating more pollution by the ancillary equipment and processes to get something down to zero parts per billion than if you put it out the way it was.

So we are increasingly getting involved in questions of air, land, and water pollution, trace elements in every stage of mining and metallurgy.

Senator DECONCINI. What is your procedure, Dr. Morgan, with EPA? Do you have some kind of joint advisory committee that works closely to be sure about the proper information being shared? Or is it just as you determine what you want to send to them, or what?

Dr. MORGAN. It takes place, sir, at all levels. Our technical people work with theirs from their labs directly. Then any important questions are usually escalated to the level of the Director.

If they are going to promulgate a regulation, they usually send around a draft form and invite our comment. Of course, anything that we find either as to the good of a certain mineral material or its harmful effects, we promptly publish and make available to them.

We also attend each other's scientific meetings.

Senator DECONCINI. Are you satisfied that there is a maximum cooperation?

Dr. MORGAN. It could always be improved somewhat, but I think, given the personnel ceilings, that it is going along all right. If we

had a few more people working in this area, we could do a better job. But given the limitations, I don't think that we have any problems.

Do you, Dr. Henrie?

Dr. HENRIE. No. I think it is quite clear that we work within the metallurgical system or the mineral-processing system itself, the technical base. That is our area. That is our expertise.

And then EPA comes and asks for our help. It is occurring more and more all the time. I think our relationship with them now is probably the best it has ever been.

Senator DECONCINI. Where was this work justified in your regular budget request last year?

Dr. MORGAN. This work was justified in the fiscal year 1977 budget request as part of our program for effecting pollution abatement. Specifically, the work was to develop an information base on the type, quantity, and disposition of toxic or polluting substances in selected mineral processing systems. This information base is needed to help guide our research for dust, fume, and fine particulate control and the research for cleaning up mineral-processing waste waters. The information base also is needed to more fully characterize mineral tailings piles—so that more effective methods can be developed for stabilizing them. Congress added $1.45 million to our fiscal year 1977 budget, of which $350,000 was to help support this work.

Senator DECONCINI. Please identify any pollution abatement activities in this budget that are not directed primarily to mineral recovery or improvement of mineral operations.

Dr. MORGAN. We have one activity that could be considered to have little association with mineral-processing operations. It is our flue gas desulfurization project which is an outgrowth of our efforts to reduce air pollution at smelters. The objective of the project is to demonstrate the citrate process for removing sulfur dioxide from the stack gasses of powerplants buring high-sulfur coal. Successful demonstration of this technology would encourage the use of high-sulfur coal, available in eastern deposits. Through an interagency agreement, the Environmental Protection Agency has provided $1.9 million of the funds for the project.

CITRATE PROCESS

Senator DECONCINI. How about your work on removing sulfur dioxide from stack gases? What is budgeted for it this year, and how is it progressing?

Dr. MORGAN. We are making good progress on this joint project with the Environmental Protection Agency. Our proposed budget includes $917,000 for operation and performance testing of the demonstration project at the St. Joe Minerals Corp., plant at Monaca, Pa. The initial phase of the contract involving process design and development of final cost estimates for the project was recently completed and we are now proceeding into the next phase, which is detailed engineering and plant construction. Our schedule calls for initial operation in fiscal year 1978, and project completion in fiscal year 1979.

Senator DECONCINI. Is there any chance that your citrate process can be brought into commercial use in the near term?

Dr. MORGAN. We certainly hope so. Of course, this means in the early 1980's. Our demonstration project for the citrate process is scheduled for completion in fiscal year 1979. If the project is successful, we think there will be a number of citrate plants built at powerplants, particularly where high-sulfur coal is readily available.

SECONDARY RESOURCE RECOVERY

Senator DECONCINI. No change is requested in your $2.5 million secondary resource recovery program. Are you making any real headway in this area?

Mr. KIRBY. Yes, sir. We have made significant progress in this area. The incinerator residue pilot plant research has been completed except for research to develop new uses for the products. Technical information developed in the unburned-refuse pilot plant is being applied in two full-size facilities presently under construction and in a third plant that is in the final design stage. Our unburned-refuse pilot plant is a major factor in expediting technology transfer to many organizations contemplating uses of the technique. We have processed refuse samples from many cities including Tulsa, Okla.; Tampa, Fla.; Rochester, N.Y.; and Baltimore, Md. Research on chromium and nickel recovery from stainless steelmaking wastes has progressed to pilot plant stage, and research on separating nonmagnetic auto scrap is about ready for continuous testing in a process demonstration unit.

Senator DECONCINI. How is the requested funding allocated among the three work program areas under secondary resource recovery?

Mr. KIRBY. Of a total of $2,561,000 requested, $1,533,000 is allocated for industrial scrap and wastes; $268,000 is allocated for automotive scrap; and $760,000 is allocated for urban refuse processing.

Senator DECONCINI. You want to continue operating your small unburned-refuse pilot plant. How long has that been in operation now, and what has it accomplished?

Mr. KIRBY. The unburned-refuse pilot plant began initial operation in fiscal year 1973. We are continuing to operate this pilot plant to help solve problems in existing full-scale plants separating urban refuse into its constituents and to help provide the technology base for new processing plants which will be built in the future. In addition, we are continuing its operation to assess the technical changes that are needed to account for seasonal and geographic variations in the composition of refuse. Finally, continued operation of the plant is necessary to provide large samples of the separated materials so that they can be tested to determine their suitability for reuse, or if not reusable directly, to develop new uses for them.

Representatives of many municipalities, industrial firms, and Government agencies have viewed it since we began the research. As a result of this interest, several systems have been designed using parts of the Bureau process. This is in addition to the three plants under construction or in the planning stage, that I referred to earlier, which use essentially all of the Bureau's process technology.

Senator DECONCINI. Doesn't your secondary resource recovery program overlap with ERDA's waste recovery work? It seems similar in several respects.

Dr. MORGAN. No, sir. There are overlaps of interest in urban refuse processing research and our organizations have held coordinating meetings to assure that there is no duplication of effort. ERDA is primarily interested in energy recovery from wastes while we are primarily interested in materials recovery. Our unburned-refuse pilot plant does separate a combustible fraction but we do not carry our research beyond this product. We do not do any fuel-use studies on the combustible product.

Senator DECONCINI. Will any of your secondary resource recovery program go to the proposed energy department?

Dr. MORGAN. Present plans do not call for any part of the secondary resource recovery activity to become a part of the proposed energy department.

SULFUR FOR HIGHWAY PAVING

Senator DECONCINI. What funding are you allocating to the demonstration program in Nevada for utilizing sulfur for highway paving?

Dr. MORGAN. We are providing technical assistance to the Nevada State Highway Department on the demonstration program for utilizing sulfur in highway paving. All of the funding for the program is provided by the State and by the Sulfur Institute, and the program is coordinated with the U.S. Department of Transportation. Our sulfur project at the Boulder City Metallurgy Engineering Laboratory is designed to develop ways to utilize sulfur in metallurgical operations, such as in sulfur concrete for electroplating tanks or in sulfur coatings for corrosion protection of metallurgical processing structures. This project is funded for about $115,000 but only a small part is used for paving research, primarily to transfer sulfur paving technology developed in earlier research.

Senator DECONCINI. We've been hearing about that effort for many years. Does it show any promise yet?

Dr. MORGAN. Indeed it does! The transfer of this technology is shown by the fact that the Nevada Highway Department recently completed over 2,000 feet of sulfur paving at the intersection of two major highways just north of Boulder City. The paving mixture was designed by the Bureau of Mines using a formula developed in the laboratory.

In another area the sulfur spray coating system developed and patented by the Bureau has been licensed to a commercial firm and is beginning to be used for corrosion-resistant coatings. A large manufacturer is testing a sulfur-concrete material developed by the Bureau for use in corrosion resistant piping.

COLLEGE PARK CENTER

Senator DECONCINI. Your justification shows no 1978 funding for the New College Park Center. Don't you have considerable move-in and equipment costs?

Dr. MORGAN. Our fiscal year 1977 appropriations included $800,000 for the renovation and associated costs for relocating our College Park Metallurgy Research Center to the nearby replacement facility in Avondale, Md. The money will remain available until expended.

RECESS

Senator DECONCINI. Dr. Morgan, I am going to have a recess for 5 or 10 minutes. I am sure that you people would like a little break. I want to thank you for your time and cooperation and we will adjourn until 11:35 and we will go until about 12:15 or 12:20.

Dr. MORGAN. Yes, sir. We will be here as long as you wish.

[Whereupon, at 11:25, the hearing recessed, to reconvene at 11:35 a.m.]

MINED-LAND DEMONSTRATIONS

Senator DECONCINI. The subcommittee will reconvene.

Dr. Morgan, thank you again for your preparedness and that of your staff in answering the questions.

There is one problem that I have been advised has come up often. I would like to ask you about that. This year you are cutting back in the congressional increase for mined-land demonstrations. Is there some problem? Apparently, this has happened before. Can you elaborate on that?

Dr. MORGAN. Yes, sir. With respect to these mined-land demonstrations, they are a combination of what we might call scientific and engineering research and demonstration. And some of them are of a semi-public-works nature, where we are going out into public areas to better some situation that was in bad shape before.

What we have done in the budget here—we have completed certain stages of these projects. For many of them, there are further stages that could be carried out with unlimited funds and unlimited people. Once we have demonstrated what can be done and the scientific research part has been taken care of, then it gets a little less scientific and a little more of a public works nature as you go to phase 2 and phase 3.

An example would be where we are pumping in the mine waste material to stabilize underground voids and to prevent subsidence. There must be many locations in the country where that kind of work could be carried out.

Senator DECONCINI. Are you saying that you achieved your objectives?

Dr. MORGAN. We achieved the initial objectives that we set out to do.

Senator DECONCINI. Then you back off as far as considering it as a demonstration?

Dr. MORGAN. That is right, sir. Then if the Congress really insists that more in the public works activity should be continued in a certain area and go further, we will certainly do our best, but we would not put it in a high priority as part of our base program.

PROGRAM REDUCTIONS

Senator DECONCINI. The program reduction in mined-land work amounts to $5.9 million, well more than half the total 1977 program. Please go over these individual reductions and explain why they are being reduced.

Dr. MORGAN. $3 million of the total $5,971,000 reduction under this activity relates to a project undertaken this year for the construc-

tion of a cost-sharing demonstration plant to develop cost data and investigate technology for recovering low-sulfur home-heating anthracite coal from the almost 1 billion tons of anthracite preparation plant refuse dotting the 484-square-mile anthracite region. This reduction reflects the amount of money made available to the Bureau on a one-time nonrecurring basis for contractual obligations associated with construction of the proposed plant. The remaining reduction of $2,971,000 is associated with a decrease in contractual services for the conduct of mine subsidence demonstration projects in the anthracite and bituminous coal regions; that is, northeastern Pennsylvania, $1,971,000, and southern Illinois, $1 million.

ACID MINE DRAINAGE CONTROL

Senator DECONCINI. How much funding is allocated to the Federal-State programs for draining and sealing mine voids? To what extent are the States participating?

Dr. MORGAN. Sir, this is a special program with the Commonwealth of Pennsylvania for the drainage of abandoned anthracite mines and the sealing and filling of abandoned mine openings in these abandoned mines in the interest of conservation of resources, protection of underground mine workers, and the health and safety of persons residing in the Pennsylvania anthracite region. Projects are cost shared on a 50–50 basis with the Federal share coming from a special no-year $8.5 million appropriation made available to the Bureau of Mines in 1955. A balance of $3,809,967 remained in the fund as of December 31, 1976. Average annual fund allocations for this program, that is the Federal share, runs about $200,000.

ANTHRACITE CONVERSION DEMONSTRATION PLANT

Senator DECONCINI. In your justification it appears that you are not budgeting any funds at all for the anthracite conversion demonstration plant. Is that correct?

Dr. MORGAN. That is the $3 million that we have now in this fiscal year and, therefore, that will not continue on into the coming year because it will be a one-time activity. All we are doing here is building or designing a special preparation plant which will be used in some of these anthracite waste banks where the bank is dangerous, where there is a possibility of fires from spontaneous combustion, where there are poisonous fumes coming from those that are on fire and where also there are still significant coal values. Through sophisticated methods of coal treatment, coal preparation, beneficiation we were will recover the coal and produce a clean waste.

So we are going on a contract basis to have a plant built. They will run through it, the anthracite wastes. They will reclaim the coal, sell the coal and clean up the bank and put the waste in a more secure position. Hopefully, some of it might even be used for underground fill.

Senator DECONCINI. But is it correct you are budgeting no additional funds for anthracite conversion demonstration?

Dr. MORGAN. That is correct because the $3 million should cover the construction proposal that is out now for bids. We have issued a request for bids.

Senator DECONCINI. That is as far as you are going to go?

Dr. MORGAN. Once we get the proposals in, we will screen them and pick the best one to go ahead with, but we think that the $3 million should be enough to get going.

LOCATION OF ANTHRACITE CONVERSION DEMONSTRATION PLANT

Senator DECONCINI. Where is the plant being located and what is the status of the project?

Dr. MORGAN. The anthracite conversion demonstration plant will be located in the northern anthracite region; that is in or near the Scranton or Wilkes-Barre areas. The status of the project is that the Bureau of Mines has solicited requests for proposals from interested companies who will be interested in cost-sharing the construction, operation, and other activities relative to the conduct of this project. Our call for proposals is in the hands of interested cooperators at this time and we have set April 4, 1977, at 12 p.m., as the date and time when proposals must be received by our contracts officer.

Senator DECONCINI. When do you anticipate this plant will be in operation, and what will it cost annually to run it?

Dr. MORGAN. Assuming that an acceptable proposal is submitted to the Bureau and that a contract is successfully negotiated by October 1, 1977, at the latest, we would anticipate that the plant would be constructed and operational in about 20 months, or on or about June 1979. We cannot, at this time, give a figure for annual costs to run the plant. The purpose of this project is to determine the cost of recovering anthracite from mine refuse banks, and one of the principal costs of doing this would be plant manpower and operation costs. We would, probably, have some feeling for this aspect of the project after a cost-sharing contract is negotiated with the company submitting the successful response to our RFP—by no later than October 1, 1977.

DATA COLLECTION AND ANALYSIS

Senator DECONCINI. You are asking for a $1 million increase in the data collection and analysis. What will this do that is not already being done in the $16 million activity?

Dr. MORGAN. This is largely to be spent on two subsystems within the entire data collection effort. One is our automated minerals information system which will involve an increase of half a million dollars and three positions.

The other is what we call our minerals availability system which will involve an increase of $268,000 and four positions in addition.

What we are trying to do here, as I indicated earlier, we put out reports monthly, quarterly, on all materials annually and, indeed, in times of emergencies such as a coal strike or other situations like that—we have put out reports weekly and even daily depending on what the situation is.

Senator DECONCINI. So, in essence, you are just expanding this operation?

Dr. MORGAN. We are increasing the automation and the computerization in order to have a much more rapid retrieval of information

and display of information and to get information off of a whole variety of assorted computers onto our main Denver computer.

For example, right now we have some on the Smithsonian computer, some on the Denver computer, some on the Rockville computer, some on the Interior Department computer in the basement of the Interior building. Eventually all data bases will be on the Denver computer.

Senator DECONCINI. This will be consolidated?

Dr. MORGAN. Yes, sir. We have a fine computer center out in Denver. With this activity we will improve our general information and develop much more responsive methods.

Senator DECONCINI. Will that be an ongoing request every year?

CONFIDENTIALITY OF DATA

Dr. MORGAN. Yes, sir. I think demands on the Bureau for information not only domestically but worldwide are increasing. People want information quicker. They want more accuracy.

Also we are going to have to improve our handling of company confidential information. If I could take just a minute, I would like to speak to that point because we are on the horns of a real dilemma with the passage of the Freedom of Information Act, as amended, and the Privacy Act of 1974.

Years ago we used to send companies a form and we said that their reply would be held confidential except we would give it to defense agencies if they needed it or committees of the Congress under the proper confidentiality regulations. Our program of information collection is voluntary.

The industry has responded across the board. We have had virtually 100-percent coverage of all of the important elements of the industry.

However, now we are reaching the point because of more rigorous interpretation of the Freedom of Information Act, which is legitimate, that you can't just tell somebody that everything on the form that they send you is confidential.

They have got to determine if each little element on that form is a trade or business or financial secret within the meaning of the Freedom of Information Act and why. Therefore, our automated data systems are going to have to be set up not just that this is all confidential and this over here is not, but that every little number in that system is or is not confidential and why.

To do this there is going to have to be a massive effort, and at the same time we are under pressure from the President and others to cut down on paperwork.

Senator DECONCINI. Do you find the industry less willing to voluntarily give you the information?

Dr. MORGAN. In a few instances, they are. In some instances they have written to us and said they would no longer supply the information. But this is rare, because, in most cases, industry realizes that they need the regular information that we get on mines, smelters, refiners, users, stocks, imports, and exports. They need this in a consolidated form for the conduct of their own business.

For example, if they see inventories going up, then they cut back a little.

Senator DECONCINI. What you are saying is that the administration because of the act, is causing you problems and is going to cause you more problems?

Dr. MORGAN. Far more problems in the handling of information and in the securing of it than we had before. Therefore, it is going to take more money and more people to handle this thing properly.

Senator DECONCINI. Have you done any studies on what you think this is going to cost your Department? Have you thought of legislative relief?

Dr. MORGAN. I don't think that there is any simple solution, sir. We have no cost figures. I suppose that down at the end of the road sometime we will have to have mandatory authority. We have seen this develop in the case of the energy data where the Federal Energy Administration has mandatory authority, which we in effect use when we are collecting information for them. They have extended to us, in effect, their mandatory authority. The ultimate answer, I think, would be legislation providing mandatory authority.

ENERGY MODEL

Senator DECONCINI. Dr. Morgan, in your budget it shows that you are discontinuing a $100,000 program to develop an energy model because it duplicates work by the FEA. As a new member of this process, it is of interest to me how you get into these duplicative areas?

How does that occur? How did you find out that you were duplicating this one?

Dr. MORGAN. Sir, let me say that sometimes we think other people have been duplicating us because the Bureau of Mines has been at it since 1910 and when you look at the foundation of the Federal Energy Administration, which has only been in existence for a year or so, they came from the Interior Department. Initially in the Interior Department, until recently, there was an Office of Oil and Gas at the secretarial level.

But the Bureau of Mines collected most of the information on petroleum for the Office of Oil and Gas. The actual collection was done by the Bureau of Mines.

When the oil embargo started in 1973 they set up the FEO, Federal Energy Office. That was the first step. And the Bureau of Mines supplied all of the forms, all of the information collection process to the FEO which then became the FEA.

In fact, for a 6-month or 8-month period our State liaison officers served as allocation officers in many States because FEA had no field organization.

But we had models all the time. We are dealing with models. What has happened in recent years is that the FEA has been set up with a very large appropriation. They have over 3,000 people and they have developed far more sophisticated models, far more detailed.

They have come to us for some information, but they have gone in some aspects beyond us.

Senator DECONCINI. So you were in on it before the FEA got to it?

Dr. MORGAN. Yes, sir. We had Bureau of Mines, model energy publications that were put out years ago. So now we are clearly backing out and if the President's proposal is realized here, this fuel supply and analysis group of ours will go and be melded with the FEA into a single data gathering modeling group there.

Senator DECONCINI. When this data or this area of responsibility was changed to the FEA, did the Bureau then continue its work on the models, is that what you are telling me?

Dr. MORGAN. Yes, sir. For a while we ran in parallel, and I don't think that that is a bad thing. In fact, I think that the most dangerous thing for the country would be to have one single model and everybody believe in it without some cross-checking work in other areas to see where there might be divergences.

Senator DECONCINI. It appears to me to have been blatant duplication if the energy data had been transferred to another agency and the agency that transferred the data continued the work. You just rationalized that on the basis of the fact that it is good to have some backup or checkup system and finally make a determination at some point that you are going to get out of it.

Dr. MORGAN. They have only been at this—the FEA has only been in existence about from 1974 to 1975, and this is 1977 that we are in now.

We wouldn't lightly abandon any activity. Furthermore, the FEA until recently, only had a very limited life. The Congress was debating a year ago whether they ought to be there for 15 months or 18 months when they extended the FEA act.

Suppose that we had dropped everything and the FEA stopped cold?

Senator DECONCINI. Wouldn't that have been turned back over to you if that had been the case?

Dr. MORGAN. Sir, it is easy to turn them over on paper, but it is hard to turn them over with people and systems dealing with 90,000 firms that are submitting information and putting it in computers.

ENERGY MODEL ACHIEVEMENTS

Senator DECONCINI. What did the energy model program cost the Bureau in total, and what did it achieve, if anything?

Dr. MORGAN. Since the most effective use of the 1977 energy model funds depended on the scope of the future program, these funds were withheld pending OMB review of the proposed 1978 budget. The OMB deleted the program early in the fiscal year. Therefore, the program was not initiated.

POSSIBLE DUPLICATION OF PROGRAMS

Senator DECONCINI. To your knowledge, do you have other projects that are in duplication of the EPA or the FEA or other energy related agencies?

Dr. MORGAN. I don't really believe any of any consequence. The question that we are most frequently asked is is there duplication between the U.S. Geological Survey and the Bureau of Mines. I don't think there is. I think in many of our data banks in the Survey and in the Bureau you will find some of the same numbers because

the Geological Survey deals with the question of U.S. resources of given materials. They have to look at the topography, the geology, the deposits, where they are located and they make estimates of the resources.

Now the Bureau of Mines comes along, sir, and we make estimates of the reserves which is the smaller quantity which is mineable with current technology and with current prices. Then we put out a publication such as "Commodity Data Summaries—1977" by the Bureau of Mines with the Geological Survey, which is a summary of the resource and reserve picture.

We have a joint U.S. Bureau of Mines Geological Survey Coordinating Committee, which looks at these things. I think you will find some of the same numbers in both places, but I don't think that it is a duplication.

Senator DECONCINI. Dr. Morgan, would you supply the committee with any other areas that your staff can come up with that may be related to the energy area? We would like to see exactly to where there may be other duplications.

[The information follows:]

ENERGY DATA COLLECTION

In the area of collecting and analyzing energy data, there is very little duplication between the functions of the Bureau of Mines and other agencies. What little duplication there is would be taken care of under the President's proposed Department of Energy. In fact, under an interagency agreement, the Bureau has provided, for the past 3 years, the Federal Energy Administration with monthly and annual petroleum and natural gas data. A similar agreement to collect coal data was about to be consummated when the President submitted his proposed new agency. These are good examples of cooperative endeavors by two agencies having the primary responsibility for collecting energy data.

DEPARTMENT OF ENERGY

Senator DECONCINI. I presume from your testimony that as you find these duplications or as you are aware of them, you then coordinate transferring over to whomever has the prime responsibility, is that correct?

Dr. MORGAN. I would like to be able to say, yes, sir, but that isn't really so. For the reason that in the Federal Government when an agency has a legal responsibility given to it by Congress and it has funding, they go out and do what they have to do to discharge their legal responsibility within the limitations of the funding that is provided.

Therefore, the Federal Power Commission collects all sorts of information on energy. The Federal Energy Administration collects information. The Energy Research and Development Administration, ERDA, collects information. And I believe it is said there are 50 or 60 different agencies that collect pieces of information dealing with energy.

The object of the President's recommendation to create a Department of Energy and to transfer thereto the FEA and ERDA and the Federal Power Commission and certain elements in the Bureau of Mines is going to pull some of that together, but at the same time, the Federal Trade Commission, they are looking at restraint of trade among petroleum companies and coal companies. FTC

probably will collect information independent of the Department of Energy.

If the Justice Department has reason to believe that there is some criminal violation, they are going to be out collecting information to prosecute that. And the Securities and Exchange Commission is going to get information on energy.

There is a whole host of agencies.

Senator DECONCINI. But that is a little different, don't you agree, from the type of data that your Department collects?

Dr. MORGAN. As to the fundamental information that we collect, we have worked out with the FEA that we collect the information from industry. We transmit it by computer tape to FEA, thus avoiding duplication between the FEA and ourselves and industry and the states.

That is the collection of the information. On the other hand, in the matter of analysis where the models come in on the analytical side, there have been several people developing models and the business of modelling is so inexact that people become prisoners of the assumptions that go into the model rather than of the data itself.

I said earlier and I will say again, I think that it would be a dangerous thing to have only one model and everybody just implicitly believe that that is the answer to everything.

OCEAN MINING

Senator DECONCINI. Thank you. Let me go to ocean mining studies. You want to start up an ocean mining study and your budget shows $300,000 and six new positions under data and analysis.

First of all, how does this tie into the supplemental appropriation being requested by the Office of the Secretary to expand the Ocean Mining Administration?

Dr. MORGAN. Sir, the Department of the Interior, as I understand it, has had a very small staff at the Assistant Secretary level, known as the Ocean Mining Administration. They have worked very closely with the State Department in the law of the sea negotiations.

And, of course, the Secretary of the Interior is responsible for the development of economially sound and stable domestic mining, mineral, metal, and mineral reclamation industries by virtue of the Mining and Minerals Policy Act of 1970. The Geological Survey is responsible for resources by virtue of its act in 1879. We are responsible by the 1910 act. We are also responsible for the minerals in the U.S. and it territories which would include the oceans surrounding them by virtue of section 7A of the Strategic and Critical Materials Stock Piling act of 1946.

Therefore, the Secretary of the Interior and the Bureau of Mines have to have a certain competence with respect to the minerals that occur in the sea. Just what they are going to do at the secretarial level, I can't say.

But what I can say is what the Bureau of Mines is going to do. These ocean nodules contain copper, nickel, manganese and cobalt in various quantities and some of a slightly different nature are phosphetic and are a potential source of phosphate.

Now, you can't assess the commercial possibility, the economic viability, the regulatory regime necessary for any of these materials without considering the land based sources as well. We have to look at the copper, the nickel, the cobalt, the manganese and phosphate on the land, not just in the United States, but in the world as a whole in order to assess what can and should be done out in the ocean because they are talking about possible limitations on production.

Much of the law-of-the-sea hangup, as I understand it, is that the less-developed countries want first a share of the pie that is out there in the sea, particularly the landlocked ones that have no ocean to have a legitimate claim on seaward extensions of their boundaries.

Of course, they want the money. Some of the less-developed countries that are major producers, like Zaire for cobalt; Zambia, Chile, and Peru in the case of copper; New Caledonia and Canada in the case of nickel; and Morocco in the case of phosphate—some of those countries, particularly the less-developed ones, are concerned that there might even be an overproduction from the sea that would limit their land-based production, which is essential to their economy.

Therefore, the industrialized countries view this as another source of material. The less-developed countries view it as a source of money in some cases or a threat to their money in other cases.

We cannot assess these things without a complete knowledge of the world situation and the Bureau of Mines is now providing such information to the Ocean Mining Administration and this, again, is and enlargement of our effort. We have added $50,000, a very small supplemental in fiscal year 1977. That is pending before the Congress now. And this $300,000 will be spent roughly half in-house and half outside contracts to pull together a lot of diverse information to present it to the Ocean Mining Administration and other agencies.

Senator DECONCINI. Do you—are you telling me that the Ocean Mining Administration is not going to do this type of work?

Dr. MORGAN. I cannot say, sir, what the Ocean Mining Administration will do. You would have to ask them that, but we are providing from the Bureau of Mines to the Ocean Mining Administration now most of the information that they have asked us for dealing with these matters—we are back and forth with their staff people every day.

Senator DECONCINI. Then is this $300,000 request a direct result of the anticipated request from the Ocean Mining Administration?

Dr. MORGAN. That is correct, sir. This program was developed in consultation with the Ocean Mining Administration and the Secretariat and reflects the part that the Department wishes the Bureau to have in order to support the work of the OMA.

OCEAN MINING TECHNOLOGY

Senator DECONCINI. What are you doing about advancing ocean mining technology?

Dr. MORGAN. At present, the Bureau of Mines has only a minimal, approximately $100,000 direct involvement with the technology of mining and processing. The current work encompasses state-of-the-art assessments and some metallurgical testing. The development of

new or improved mining and processing technology through Government funded research and development is not felt to be required by the consortia in the private sector who are planning mining operations. These companies feel they already have the technology for commercial ventures. Since the technology is in most cases proprietary and closely held it is not possible to evaluate these claims.

What is required, however, is a technologic data base and capability within the Federal Government to provide a basis for sound regulatory practice. It is anticipated that regulations will be necessary whether agreement is reached via a Law-of-the-Sea Conference or domestic legislation is passed. The Bureau has proposed work in fiscal years 1977 and 1978 in this area.

Senator DECONCINI. We already have a jurisdictional dispute over ocean mining between Interior and Commerce. Within Interior, who is supposed to have the primary ocean mining responsibility?

Dr. MORGAN. The Administrator, Ocean Mining Administration, has the primary responsibility for ocean mining activities within Interior. OMA was established in 1975 under the Secretary for Energy and Minerals. The ocean minerals program of the Bureau of Mines is coordinated with OMA programs. The Bureau of Mines also provides technical support to OMA programs, including those relating to Law of the Sea negotiations, and expects to continue this relationship in the future. For example, the Bureau has provided OMA with data on ocean mining systems, mine site availability, supply-demand projections, operational costs, economic analyses, and international mineral statistics.

Senator DECONCINI. Why shouldn't ocean mining be placed within one agency so we all know what's going on?

Dr. MORGAN. The establishment of responsibility for ocean mining programs within one agency has advantages. However, jurisdicitional determinations concerning ocean mining activities must be made at higher echelons of the Government.

Department of the Interior responsibilities relating to the mining and metallurgical industries are embodied in the Mining and Minerals Policy Act of 1970, Public Law 91–631. The Bureau of Mines has assisted the Secretary of the Interior in meeting the provisions of this act. Bureau responsibilities in mineral resource development, mineral data collection and analysis, and mining and metallurgical research are founded in the Bureau of Mines Organic Act of 1910, Public Law 61–179, as amended by Public Law 62–386, and section 7A of the Strategic and Critical Materials Stock Policy Act of 1946. In carrying out responsibilities under these acts. the Bureau has developed the expertise and the technical data base on the mineral industries, both domestic and foreign, necessary for implementing an ocean mining program

MINERAL LAND ASSESSMENTS IN ALASKA

Senator DECONCINI. We have a member on our subcommittee from Alaska. He has a few questions I would like to refer you to.

You have $3.5 million budgeted for mineral land assessments, which is nearly $1.1 million over the current year. How much of the increase and how much of the total program is for mineral surveys in Alaska?

Dr. MORGAN. None of the increase specifically is for Alaska. It is for mineral land examinations in all of the States and, of course, we do have in Alaska our Juneau field office. We also have a State liaison office in Anchorage and we are working with the University of Alaska at Fairbanks. So we do have a considerable presence in our basic program in Alaska.

But the increase is for general land programs.

Senator DECONCINI. What is the amount of the base?

Dr. MORGAN. The base is $2,463,000 in fiscal 1977 and the increase is $1,097,000 bringing it to a total of $3,560,000.

Senator DECONCINI. That means that there will be some increases for Alaska without being specifically earmarked. I assume that you are going to distribute that over the whole.

Dr. MORGAN. I don't think that there will be anything for the d-2 operation in Alaska, per se. This was specifically funded a year or so ago by a line item for that.

Senator DECONCINI. Are you referring to the d-2 land in Alaska? Is your budget geared to meet that deadline?

Dr. MORGAN. We understand fully the implications of the pending deadline of the d-2 withdrawals. Through fiscal year 1976, Bureau of Mines contract reconnaissance studies have been completed on 29 million acres of d-2 lands, 19 acres in the Brook Range in fiscal year 1975 and 9.6 million acres in the Mount McKinley and Lake Clark areas in fiscal year 1976. These studies were funded by congressional add-ons of $300,000 in each year.

In addition, the Bureau of Mines, since the passage of ANCSA, has worked closely with the Land Use Planning Commission and the resource planning team to supply the mineral information needed in their studies and recommendations. To the extent feasible we are looking at other d-2 lands to summarize their mineral potential. We are working closely with the Geological Survey to exchange mineral information.

The Bureau of Mines is developing a map of mineral potential zones spanning Alaska, northwest Canada, and eastern Siberia that will show by mineral occurrences and activities, past and present production, and rock types the similarity across international boundaries. This map suggests that climate and remoteness have not significantly deterred mineral development in the Yukon and Siberia and emphasizes Alaska's inherent mineral resource potential.

The Department's budget proposal to Congress for fiscal year 1978 did not include funding for d-2 lands.

I would like to ask Mr. Will Dare, who is the coordinator of our land assessment program to elaborate.

Mr. DARE. Most of our Juneau people are supplying information to the Planning Commission and the resources planning team right along. We had a major input into the library that put together all the resource information on Alaska now.

We don't have any special fund to continue the d-2 studies, but last year and the year before we had a small add-on, but we do not have any special funds set aside for the d-2 study. We are attempting to study as much as we can this year.

We now have some contract studies going on for those past years that we will be completing shortly.

Senator DECONCINI. Do you anticipate meeting the deadline that you have set?

Mr. DARE. We have every reason to believe that our studies will be completed, the three ongoing studies, by late summer.

Senator DECONCINI. And there is no money in your budget relating to this?

Mr. DARE. No, sir. But some of the engineers are conducting, as part of the Bureau's overall program in Alaska, special studies. If we have funds and people available, we will conduct studies of those d-2 areas that we didn't get a chance to study in previous efforts.

COORDINATION WITH GEOLOGICAL SURVEY

Senator DECONCINI. Are you making any effort to coordinate your Alaska mineral appraisal work with the USGS?

Dr. MORGAN. Yes, sir. In fact, we coordinate our land appraisal work in all areas with the USGS. We have a special overall coordinating committee for the Survey and the Bureau. I represent the Bureau on that and the Associate Director or the Chief Geologist of the Survey also sits on that committee.

Then we have a special public lands group where Mr. Dare works with his counterpart in the Survey planning the fieldwork. Our ideal is to have the Survey people and the Bureau people go together at the same time to the same piece of land and examine it. We don't always achieve that.

Sometimes the Survey people go first or this last year we have gone ahead of the Survey because our budget was somewhat larger than theirs.

The land reports then are written up and the wilderness reports, for example, are printed by the Survey but they are joint reports, by the Bureau of Mines and the Survey depending on the area surveyed.

ALASKA SURVEY COST ESTIMATES

Senator DECONCINI. The USGS budget has $4.5 million for Alaska mineral resources surveys. Can you tell us what the companion amount would be in your budget? What are your needs?

Dr. MORGAN. Let me ask Mr. Dare if he knows. This is, I believe, in the Survey for a specific program.

Mr. DARE. We don't have a specific amount set aside for the d-2 areas. As I said, we are attempting to provide as many people and as much funds as we can get free to look at these areas and we are working with the Survey.

Senator DECONCINI. Have you made any cost studies or estimations of what that amount is?

Dr. MORGAN. Let me ask Mr. Dare a question.

Senator DECONCINI. Go ahead, Doctor.

Dr. MORGAN. We have the Juneau field office. How many people are in Juneau? Thirty-four people. So figuring at $20,000 a person at least half a million dollars is being spent up there right now, isn't it?

Mr. DARE. Yes.

Dr. MORGAN. So we have a continuing amount of people working on the ground in Alaska——

Senator DECONCINI. What is your estimated need in the area of Alaska mineral resources surveys as it compares to the GS request of $4.5 million?

Mr. DARE. I don't believe that I can supply the figure offhand. About 4 years ago with the 1978 decisions looming, decisions that must be made on December 18, 1978, we submitted at the request of Senator Stevens a budget for a 5-year program in cooperation with the Survey. I believe the overall program was for about $20 million to marshal our efforts for those remaining 5 years of our mineral studies in cooperation with the Survey. This was the joint amount.

I believe that we decided not to go out because the Department proposed the withdrawal of this 80 some-odd million acres of land.

We did not, as a Bureau, ask for funds to initiate the studies on our own. But rather when the funds did come, I guess they are primarily from Senator Stevens, the add-ons in 1974 and 1975, we did in a small way issue contracts to study the most highly mineralized of these d-2 areas.

Senator DECONCINI. You said you didn't have the figures. Can you put it together for us, your estimation?

Mr. DARE. I think we can.

Senator DECONCINI. And submit it for us? I think that Senator Stevens would like to review that.

Mr. DARE. Surely.

[The information follows:]

ALASKA MINERAL STUDIES

In February 1974, the Bureau of Mines, the Geological Survey, and the Bureau of Land Management submitted a report to Senator Stevens titled "An Assessment of the Mineral Resources and Status of Information in Areas of Alaska Proposed in S. 2917 and H.R. 12336 for Additions to the National Park, National Wildlife Refuge, and National Forest, and the Wild and Scenic Rivers Systems."

The Departmental letter transmitting this report indicated that a 4-year program to study the affected areas would require a total of $22 million for both the Survey and the Bureau to begin in FY 1975. This program was never implemented.

Subject to whatever time is available, the Bureau could perform useful mineral studies on the lands in question to the limit of any funds made available for this purpose.

ROLE OF BUREAU AND GEOLOGICAL SURVEY

Senator DECONCINI. Why is it necessary in the first place to split the mineral appraisals between the Bureau of Mines and the GS? What do you specifically do that the GS couldn't do? I don't understand.

Dr. MORGAN. I suppose that it is a little difficult to understand. This gets to the interface of that exhibit that I earlier showed where the Geological Survey is concerned with topography and geology, the plate tectonics and minerology of the deposits and so on.

The Bureau of Mines is more concerned with the technologic and economic feasibility of mining something and converting it to something useful. So the geologist comes on the property and they look at the geology of it and check for the latest geophysical and geochemical information that they may have.

They certainly would also check their hydrology records for water related matters. And then the Bureau of Mines contacts the county

courthouse to see if any mining claims have been recorded. It talks to mining companies, gets in touch with them to see if they have any knowledge of the specific area. We might in selected areas take samples and submit them to our metallurgy laboratories for analysis with the possibility of extracting minerals by known processes at reasonable prices and so forth.

It takes both the geologist and the mining engineer to really cover the gamut from the natural occurrence to the finished product. But the Geological Survey has some mining engineers. In fact, in their Conservation Division they have a number of them and the Bureau of Mines has a number of geologists both in Washington and in the field.

And if we didn't have either one of them, I would say one bureau or the other could probably do all of that, but I think that the most efficient and the one that brings together the maximum knowledge in the Government at the least cost is the team from the Bureau and the Survey working together and that is what we have.

Senator DECONCINI. That is what you are doing?

Dr. MORGAN. Yes, sir.

Senator DECONCINI. What other agencies, if any, are involved in appraising mineral resources on Federal lands?

Dr. MORGAN. The Bureau of Land Management makes mineral investigations of mining claims for validity determinations. Their minerals personnel provide resource data for land planning purposes and proposed land withdrawals. Forest Service also examines mining claims on behalf of BLM. We understand that National Park Service is setting up a mineral resource group in San Francisco.

Senator DECONCINI. Tell us specifically what you will do with the $1.1 million increase and 13 new positions you want for mineral land assessments.

Dr. MORGAN. We will put a statement in the record on that.

[The information follows:]

The $1.1 million increase and 13 new positions will do what is not now being done in Federal land planning. Land planning at all levels of Government is an essential function, but Federal land managers are making daily decisions that collectively are decreasing lands available for mineral search and development, often without adequate attention to subsurface values. Mineral potential should be properly assessed from the view point of national adequacy, our dependency on foreign sources, environmental concerns, and the role that Federal lands should continue to play in our mineral economy.

The Bureau of Mines is the agency best equipped to provide input to Federal land managers on the importance of minerals with respect to their occurrence and the economics of development in the overall picture of national mineral supply. Federal land managers recognize the competence of the Bureau of Mines and draw on its expertise for frequent advice. However, the Bureau has not been equipped to do all that must be done. The three areas of effort are: assisting Forest Service, assisting Bureau of Land Management, and assessing withdrawals of overthrust fault area.

Forest Service recognizes that its land planning process is lacking in comprehensive mineral information as it relates to balanced land use. Forest Service, in meetings with the Bureau in Washington and at field level, has asked for greater Bureau participation in filling this gap. The Bureau needs to speed up its supply of regional mineral data from its Mineral Industry Location System computer files and site specific mineral assessments by way of its Minerals Availability System. Increasingly, the Bureau is being called upon by Forest Service to provide additional consultation in review of mining plans as provided in Forest Service regulations and to assess mineral involvement in land exchanges. Forest Service has recently asked Bureau assistance pursuant to the Forest and Rangeland Renewable Resources Planning Act of 1974 to provide

detailed analyses of mineral locations, the role of forest lands relative to national mineral consumption, supply, and international trade, and the environmental effects related to discovery and development. Finally, because the Secretary of the Interior has responsibility for minerals management on forest lands and because of the differences in planning for mineral development between individual forests and regions, the Bureau will analyze the present 200 unit plans (out of the 1,300 that ultimately will be developed) to assist Forest Service in this part of their planning. To our knowledge the Bureau of Mines is the only agency that has provided mineral information in the review of Forest Service unit land plans and their environmental statements.

Our effort with respect to the public domain lands will be much like that described for national forest lands. Working with BLM, we will assess the beneficial and adverse impacts of present BLM planning relative to mineral search and development. Review of the 462 first generation Management Framework at BLM State and District Offices. Under Sec. 204 ot the Federal Land Policy and Management Act of 1976, the Bureau will be called upon to investigate jointly with the Geological Survey lands being proposed for mineral withdrawal. This will often require on-site studies and assessment of the minerals involved in terms of national supply.

In FY 1976 reconnaissance review of a part of the Overthrust Fault Area fronting the Rocky Mountains in Utah, Wyoming, and Idaho, showed that 44 percent of Federal lands were closed or restricted to oil and gas exploration. The three recent oil and gas discoveries near the Utah-Wyoming border have been the most significant for the U.S. since Alaska's Prudhoe Bay. Assessing the status of Federal lands over the 1,200 miles from Utah to the Canadian border will require visits to all BLM State and District offices and Regional Forest Service offices to review and analyze land tracts, planning documents, and decisions on lease access. We will then compare past exploration results to lands availability to advise the Department how much oil and gas development might be affected.

LABORATORY HEALTH AND SAFETY IMPROVEMENTS

Senator DECONCINI. Your budget proposes nearly doubling the direct appropriation for program administration, mostly for an employee health and safety program. How much has been budgeted in the past for this sort of thing?

Dr. MORGAN. This, sir, is a line item this year. A million dollars will be used to upgrade our laboratory facilities. There was nothing specifically in 1977 or prior years for this sort of thing, but that is not to say that we were not continually looking out for what has to be done in the laboratories, but many of these are much older facilities and now we are going to go in there and replace ventilating systems, put in improved hoods, more control of chemicals, and so forth, improve fire safety, look for dangerous places where people could fall——

Senator DECONCINI. Most of that is contractual services, is that correct?

Dr. MORGAN. Outside contractors would come in and do it, but in some cases we have personnel who would do that on the payroll.

Senator DECONCINI. It is just a matter of what it is? Most of it is all contracted, I am told.

Dr. MORGAN. Yes, sir.

Senator DECONCINI. Are most of these at places where you don't have the maintenance people who can provide this service?

Dr. MORGAN. This would be beyond ordinary maintenance. This would be where they would come and take out an old system and put in an improved system.

Senator DECONCINI. You can't do this in-house? You don't have the capacity?

Dr. MORGAN. With the few people we have, they are busy doing other things.

Dr. HENRIE. Some of our facilities don't meet the new OSHA standards. The President felt that the Federal Government should guide the way and upgrade their facilities as an example to the rest of the country. In some cases it might be that a ladder may be four inches from a wall and the specification is five inches. In the earlier construction, I suppose, they thought four inches was enough.

So a lot of this effort is to upgrade our facilities. We have made a survey of all of our facilities and looked at the standards. This would be a program to carry out facility improvements.

Senator DECONCINI. In that survey, Doctor, did you anticipate making some of those changes with in-house personnel and this request is for the amount that you could not take care of?

Dr. HENRIE. For the most part, this would be more of a construction or a modification of the building construction and our people are more than just maintenance and personnel.

Senator DECONCINI. But some of these items, like moving a ladder——

Dr. HENRIE. I am thinking more of the ladders that are built to the wall, stairways.

Senator DECONCINI. Some of these things obviously your maintenance people can probably take care of.

Dr. HENRIE. Surely. Such as painting lines on the floor. They do that.

Senator DECONCINI. Did you have any specific health and safety problems to precipitate this million-dollar program?

Dr. MORGAN. We did not have specific health and safety problems at our research facilities but the promulgation of OSHA standards and application of these standards to Federal installations made us aware of some deficiencies. The million dollars will be spent on correcting these deficiencies.

PROGRAM ADMINISTRATION

Senator DECONCINI. Dr. Morgan, overall, your $2 million requested increase for program administration amounts to something like a 23-percent jump. Why do you need this kind of overhead boost when your total program is being reduced?

Dr. MORGAN. The increase, sir, is broken out—$1 million of the $2 million is the employee workplace health and safety that we referred to. Another $285,000 is the employee compensation benefit, which is necessary and is automatic. The biggest single item then is $778,000 for administraive services. Let me see if I have a breakdown on what that would be.

What that would be, sir, is an across-the-board thing involving, among other items, our Division of Automatic Data Processing—in other words, our Denver computer. We will produce more there. The Division of Finance needs a little more. Worker training opportunity program is involved. The Postal Service—postal rates have gone up. Telephone, printing, duplicating, photo and so on.

Senator DECONCINI. How much is the Denver computer?

Dr. MORGAN. The increase in the Denver computer would be $7,000. But the total would be $708,000.

Senator DECONCINI. You are anticipating an increase in the Denver computer even though you are going to a different type of system?

Dr. MORGAN. That is right, sir. Because we are getting off these other computers. For example, right now our plan is, by midsummer, to get off the Smithsonian computer. We have been contracting with them and I have insisted, whenever we make these changes, that we run in parallel for a couple of months to make sure we get the same number out of both computers and for the same information we put in.

I don't want to cut off one and start on another and not have control over that.

The increase in the computer, they tell me, is only $7,000 for this one item.

Dr. HENRIE. The Denver computer is the Bureau of Mines' basic computer. I don't know whether you understood that.

ADMINISTRATIVE ASSESSMENTS

Senator DECONCINI. Both metallurgy and mining research program requests are reduced in your 1978 budget, but your assessment against these programs for administrative expenses goes up more than $600,000. Why?

Dr. MORGAN. The funding of administrative expenses is based on assessing the programs in accordance with total funds available, with each program funding a proportionate share of the costs, rather than on the basis of program increases or decreases. The increased assessment of $615,000 against the metallurgy and mining research is a proportionate share of the total increase in assessments.

AVAILABILITY OF NO-YEAR FUNDS

Senator DECONCINI. This year you asked to have your research funds made available until you spend them. Yet your program and financing statement estimates that all funds will be obligated at the end of the year. How do you rationalize those two positions?

Which one is correct?

Dr. MORGAN. Our hope is to obligate them by the end of the year—by the end of the year or before. That is what we are trying to do, but often as you go down the road, particularly with requests for proposals on the outside, contracted and so on, there may be hangups or delays that are out of our control.

The same with some of these demonstration projects. The mine may not be available or we may allow a request for a proposal we think very reasonable and somebody comes back and they have an even better one or some change and it has to be renegotiated, and so forth.

This would provide administrative flexibility and prevent making a less than satisfactory deal for the Government right in the last month or so of a fiscal year.

Senator DECONCINI. Is there any anticipated unobligated balance at the end of the current year or the end of fiscal year 1978? Can you predict that?

Dr. MORGAN. Our budget officer says we can't predict a carryover.

Senator DECONCINI. You just take them as they come in, I take it? That somewhat troubles me that you don't have some idea of the past history that you can anticipate at least in some categories.

I certainly couldn't tell you how to operate the Bureau of Mines, but I would think that you would have some idea of where these major areas may come up.

Dr. MORGAN. Not in complaint, sir, but let me say when we get something like this major transfer to DOE coming up now, the more time we spend on that, negotiating with people and deciding who goes and who does not go and all of that, that is going to have an impact on the program because it will limit the number of people who are even directing the ongoing program and working on problems like this. So there is another anticipated thing that will come up and might very well slow up a little bit.

We can't say.

UNOBLIGATED BALANCES AND NO-YEAR FUNDING

Senator DECONCINI. Please supply more realistic estamates of unobligated balances at the end of the current year and at the end of fiscal 1978.

Dr. MORGAN. Well, Mr. Chairman, as I mentioned a moment ago our official estimate at this point in time is that we will fully obligate all our funds in both years. You understand, of couse, that what we mean by that is there will be only the usual small amounts left because we could not actually go down to zero balance totally without going over. But we do plan as of now to obligate all of our major intended contracts and in-house funds. Some slippage will probably occur due to things we cannot control since there has been some slippage in the previous years. But exactly where it would be and how much it would be we have no way of knowing. As we said earlier we are again for the fourth year asking that our energy research funds be made available until expended so that we could have the necessary flexibility in case any problems came up. We can assure you that we will make the best effort we can to obligate all our funds in a timely way.

SUBMITTED QUESTIONS

Senator DECONCINI. We will submit some questions to you, Doctor, from Senator Huddleston. If you can answer those, we would appreciate it very much. I want to thank you and the members of your staff for taking the time of answering these questions. We realize that it is a burden on you, but it is necessary for us to have an understanding. We appreciate your interest.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Coal Production

Question. Would you explain the longwall system of mining?

Answer. Longwall mining is a system of underground coal mining in which the coal is removed in thin (from inches to 3 foot wide) strips from a panel of coal typically 400 to 600 feet wide by thousands of feet long. It is the dominant underground coal mining system used in most of Europe. There are a number of variations on the basic system most of which share a number of common elements. First there are the self-advancing roof supports. These are basically steel roof and floor bearing members which are held in position by hydraulic jacks, each of hundreds of tons of capacity. These powered supports are sequentially retracted, slid forward, and reset as the face is mined. They protect the men working at the face by supporting the roof in the immediate area of the coal mining face. The roof behind the supports is allowed to cave in creating the gob or goaf. The next piece of equipment is the face conveyor. This structure, which is laid along the length of the face is articulated to allow it to be snaked ahead as the face advances. There is also a coal cutting and loading device which traverses the face normally riding on or guided by the structure of the face conveyor. In this country this is either a device called shearer or a plow. At the end of the face the coal is discharged onto a belt conveyor which starts it on its way from the mine.

Question. What are its advantages in terms of safety, productivity and recovery?

Answer. Because the men are working under supported roof and generally protected from a number of the other hazards of room and pillar mining, longwall mining offers the potential for significant improvements in safety. Longwall mining is a more continuous operation than room and pillar mining, and under the right set of circumstances, can produce coal in large volumes and at lower cost than room and pillar mining. The recent U.S. longwall mining history includes a world record production of 12,900 tons of coal in a single day. It also includes a number of failures where, despite diligent effort, U.S. operators were unable to use longwall mining successfully.

The theoretical recovery of a given coal reserve by longwall methods approaches 100 percent. The average recovery with room and pillar mining (where pillar recovery is not practiced) is on the order of half that. In practice, because of geologic conditions, our multiple entry development system, and other factors, longwall recovery is generally less than 80 percent. We are performing a study now which will determine the actual percentage recoveries of the various mining systems in use in the United States.

To repeat the points made above longwall mining has the potential for producing considerable improvements in safety, production economics and resource recovery if the system can be successfully adopted to meet U.S. mining conditions.

Question. How widespread is its use and where in the U.S. is it used most extensively?

Answer. Our mining research people periodically canvass the industry to determine the status of longwall faces. The table which follows the questions and answers shows the results of our most recent survey. As indicated most installations are in Appalachia.

Question. What are the constraints on its use?

Answer. Broadly speaking, most constraints on the use of longwall are related to the economics of mining. The systems are expensive ($3-6

million) and to be effective the system must be applied in an operating environment favorable to its use. When we speak of the failure of a longwall system this is almost always a failure to produce coal in the quantities required at a more favorable price than is possible with the alternatives rather than a physical failure of the system. Therefore, if the seam is too irregular or too faulted or otherwise geologically disturbed to allow sustained economical production, the use of the system is constrained.

Question. I note that you will be demonstrating a longwall shearer and powered supports. Where will that be? What other efforts is the Bureau making toward developing and demonstrating longwall?

Answer. The cost-sharing project referred to is directed toward the extension of the lower limit of economical longwall mining. The site presently being considered is in Leslie County, Kentucky.
In addition to this trial, the Bureau is sponsoring two other major longwall trials (in Illinois and New Mexico) and has others planned for this and future fiscal years. We also have a number of contracts and cooperative agreements to work on various elements of the longwall problem both under the Advancing Coal Mining Technology Program and the Coal Mine Health and Safety Program. These involve everything from studies of strata behavior to research directed toward the automation of the longwall mining process.

Question. On page 71 of your budget justification, you indicate that one problem which the program will increasingly face is the fact that existing coal mine health and safety regulations were written with current mining technology in mind--that modifications in standards may be necessary to permit industrial use of technologic products. Have you faced any such problems yet? What has been the response of the regulatory agency (MESA)?

Answer. Yes the problem referred to has arisen in a number of our projects. As a case in point, the Bureau has been working for the last few years on the application of tunnel boring machines to coal mine development. We have a cost sharing project with a coal company in West Virginia to conduct a trial of one such tunnel boring machine. One problem we faced was in the definition of "the last open crosscut" which is a term used in the Act as a physical reference point in relation to the working section of a typical room and pillar mine for example. Crosscuts as such do not exist in this tunnel. That problem was fairly easily solved by obtaining an interpretation of the term in our application from MESA. A more fundamental problem is the requirement that there be separate escapeways from the face area. This is a basic tenet of the Act and there are excellent reasons for its use. However, from the research standpoint it is not inconceivable that a system might be devised which provides superior protection for the workers in terms of health and safety from the overall standpoint but in which it is impractical to provide separate escapeways. This poses a problem for the enforcement group because there is no way to assure (before the fact) that the system is safer and could cause problems in implementation of new technology.
Fortunately, we have an excellent working relationship with MESA. We are both part of the same Interior Department group and their people have worked closely with our people to see that both the protection of the miner is assured and that the introduction of new technology is not unnecessarily delayed. The Act does have provisions for exceptions for research purposes. We have also had discussions with MESA about the formation of a liaison group to deal with the more revolutionary technologies from concept through trial to see that every aspect of health and safety is explored if such a group would appear warranted. If this spirit of cooperation continues the problems should be minimized.

Question. Does the Bureau of Mines have in operation or do you anticipate opening any demonstration mines for the purpose of training miners in new technologies?

Answer. Although the Bureau of Mines does have demonstration mines in operation, they are not for the specific purpose of training miners in new technologies, nor do we anticipate opening such demonstration mines. However, the Bureau, through grants, contracts, and cooperative agreements to educational institutions, development contractors, and the mining industry, is developing training technology and training systems for use in training miners. These systems will assist in upgrading skills and can be used to teach new mining skills, as well as acquaint the trainee with safe working techniques and recognition of hazards common to mining. The Bureau is developing a computer-aided, self-paced training system that can be used in classroom training of new skills or updating of existing skills. One terminal has been constructed and is being evaluated with the assistance of Amax Coal Company.
A shuttle car operator training system has been developed which is presently being used in a testing evaluation program in cooperation with Island Creek Coal Company at the Vocational Institute at Madisonville, Kentucky. This training system consists of study handbooks, audio-visual presentations, and operational training on a dynamic simulator which teaches shuttle car operational techniques. Other training systems under development will cover roof bolters, continuous miners, and dragline operators.

Health and Safety

Question. Would you describe your combustion research program at the Jenny Mine (an Island Creek mine in Inez, Ky.)? What will you do with funding requested for FY 1978? What types of experiments are planned for FY 1979?

Answer. The proposed combustion research program at the Jenny Mine is designed to test practical means for early detection and quick suppression of fires and explosions using controlled, full-scale experiments. Although relatively large experiments have historically been done in the Experimental Mine at Bruceton, Pa., and will continue into the foreseeable future, full-scale gas/coal dust explosion experiments must be conducted elsewhere, due to the limited size and complexity of the Bruceton underground facility and present-day environmental constraints on noise and smoke emissions at Bruceton.
Funding in FY 1978 will be used to renovate the mine, install roof supports that will withstand repeated experimental explosions, and install instrumentation to record experimental observations.
Beginning in late FY 1979 or early FY 1980, a series of experiments are planned that will examine the following program developments: to demonstrate that passive and/or triggered explosion barriers will confine a gas/coal dust explosion within the section and preclude propagation in the main entries; to demonstrate the efficacy of ignition suppression devices in preventing the initiation of coal dust explosions; to evaluate the performance of explosion-proof bulkheads in safely barricading refuge areas; to document the correlation between explosion hazard and fineness of coal dust; and to demonstrate ways of reducing the explosion hazard associated with loaded conveyor belts. This series of experiments is estimated to take from two to five years to complete, assuming there is no unforeseen deterioration of the facility.

Question. Would you describe the alternate methods of methane control and your efforts in this area? Is it feasible to remove methane from the coal before it is mined? At what cost? Is that methane of commercial quality?

Answer. The conventional method of coping with methane emission in underground coal mines is to supply sufficient ventilation air to dilute the methane well below explosive concentrations and carry it from the mine. The ventilation system must provide adequate distribution to assure that dangerous concentrations of methane do not occur. Rather than move the huge quantities of air required for large gassy mines, removal of the methane from the coal before mining starts is desirable. When methane has not been removed in advance of mining, methods to reduce the quantities of ventilation air that are needed include: blocking the flow of methane to the working face with water infusion; draining methane from ahead of the face through horizontal holes in the rib; and removing gas from gob areas through vertical boreholes. The Bureau has work underway on improving ventilation, particularly at the working face, has developed and demonstrated some effective techniques for the removal of methane from the coalbed before mining begins, and has developed and demonstrated some technology for methane control by water infusion, drainage through horizontal holes in the rib, and removal from gob areas.

The Bureau has developed and successfully demonstrated several methods of draining gas from coalbeds before mining. The method using horizontal holes drilled radially into the coalbed from the bottom of a shaft was tried at two separate sites located at least three years ahead of mining. After about four years, more than 1.7 billion cubic feet of gas has been removed from the coalbed with no appreciable decline in the flow rate. More than 500 million cubic feet of the gas has been delivered to a natural gas distribution pipeline.

Many factors affect the cost of draining gas from coal, and the economics of removing methane ahead of mining must be determined on an individual basis. The costs are offset by the greater safety and increased productivity in mining a less gassy coalbed and can be recouped still further by utilization of the high quality gas.

Question. I am interested, too, in your efforts to improve mine rescue operations. In particular, what efforts are being made to maximize the amount of rescue work which can be done from the surface, without sending additional men into the dangerous mine environment? Is work continuing on a remote controlled mine rescue vehicle?

Answer. The Bureau has a comprehensive program on mine rescue operations including improved oxygen generating self-rescuers, ice-cooled rescue team garments, survival chambers, and trapped miner detection and location. The improved self-rescuers and survival chambers are directly applicable to the enhanced survival of miners after a disaster; efforts directed toward surveillance and rescue from the surface include:

(1) Trapped Miner Location--A seismic detection system has been developed and delivered to MESA. An electromagnetic location technique has been developed that enables voice messages to be sent through the earth to a portable transceiver carried by the miner; the miner can respond with coded signals. Accurate location of the underground transmitter can then be made from the surface. This system is presently being evaluated jointly by the Bureau of Mines and MESA.

(2) Borehole Probes--A series of borehole probes are under development (some have been delivered to MESA) to ascertain conditions within a mine through a borehole; the probes include television cameras, intercoms, gas analysis and temperature measurements.

(3) Rescue Vehicles--The Bureau has conducted research on remote control as well as manned rescue vehicles; current emphasis is on completion of two two-man vehicles complete with instrumentation and communication. These vehicles will be delivered to MESA upon completion. The remote control vehicle is currently being held in abeyance. The initial exploration of remote controlled vehicle feasibility showed that such a vehicle must be equipped with considerable instrumentation and television--the

latter requires wide bandwidth transmission capabilities which at the current state-of-the-art dictated the use of a coaxial cable to connect the vehicle to the surface. The quantity of coaxial cable that a vehicle can carry into a mine limits its range to several thousand feet. We are reviewing current developments in fiber optics which may, in the near future, permit reconsideration of the development of a remote controlled vehicle.

Coal Preparation

Question. Would you explain your proposal for a coal cleaning test facility? Where would the facility be located?

Answer. The coal preparation test facility would be located in a major coal producing area but the location has not been selected.

Question. What is the total projected cost of the facility?

Answer. 2.2 million dollars has been allocated in the FY 1978 budget for the purchase and assembly of equipment plus any building modifications that may be required. An A and E contract has been let and should provide a basis for estimating the total cost.

Question. What is the scheduled completion date?

Answer. The test facility should be operational by the end of FY 1978 providing the major items of equipment are delivered and installed.

Question. What processes will be tested there?

Answer. The test facility will be equipped with a wide range of conventional coal beneficiation devices arranged so various flowsheets can be tested in providing the best physical separation of pyrite and other waste materials from coal. Because of the high degree of flexibility in arranging and adjusting the equipment, almost all coals except lignite and coals with high organic sulfur content can be successfully cleaned.

Coal Technology

Question. In your justification you refer to "promising new technologies for removal of sulfur from coal." (p.6) What do you consider the most promising of these technologies and why?

Answer. In our judgment wet high gradient magnetic separation coupled with agglomeration is the most promising new technology. High gradient wet magnetic separation is highly effective in removing very weakly magnetic minerals such as pyrite from coal slurries. Many coals require grinding to minus 200 mesh in achieving liberation of small particles of pyrite from its coal matrix and HGMS in a wet circuit is particularly adaptable in treating fine materials. After the pyrite is removed from the coal, the coal particles can be agglomerated with a small amount of a cheap oil which enables the coal particles to be separated from the water. The coal glomerules contain only minor amounts of water because oil replaces water on each coal particle so agglomeration also aids in dewatering fine coal. Oil used in the agglomeration covers the coal particles and reports with the coal thereby increasing the Btu content of the coal. The entire cost of the combined process should be less than the cost of achieving separation of pyrite from coal by flotation and subsequent dewatering of the fine coal flotation concentrates. Although flotation is not fully developed and it can be improved considerably, it is the only commercial method for separating small particles of pyrite and waste rock from coal. We think the combined HGMS-agglomeration process may be less costly but more effective than flotation.

Coal Haul Road Sediment Control

Question. In a letter to me you indicated that the Bureau of Mines had made a grant to the State of Kentucky for demonstration of coal mine haul road sediment control techniques. Would you explain this program?

Answer. The study you refer to is being jointly funded by the Bureau of Mines and the Environmental Protection Agency. The objective of this project is to demonstrate and evaluate new techniques for controlling erosion and sedimentation resulting from surface coal mine haul roads in the steeply sloping areas of Appalachia. In cooperation with a participating mining company an experimental haulage road will be constructed in a series of test sections with each test section employing different erosion control methods. Each method will be evaluated in terms of its effectiveness in controlling erosion and sedimentation and its construction and maintenance costs. Specific recommendations for haul road erosion control techniques will be developed.

Materials

Question. In view of the reports of the National Commission on Materials Policy, the National Commission on Supplies and Shortages and other similar studies, what do you foresee as BOM's principal responsibilities in assuring adequate supplies of basic materials in the future?

Answer. The principal responsibilities of the Bureau of Mines are carried out under the following legislation and amendments thereto: The Bureau's Organic Act of 1910, the Strategic and Critical Materials Stock Piling Act of 1946, the Defense Production Act of 1950, the Mining and Minerals Policy Act of 1970, the Helium Act of March 3, 1925, the Federal Coal Mine Safety Act, the Federal Metal and Nonmetallic Mine Safety Act, and numerous other Acts concerning minerals.

BOM collects and analyzes information and data concerning individual minerals, the state of related industries, and the general U.S. minerals posture (see Figure 4). This information has and will continue to be disseminated for use by policymakers in planning strategies to assure adequate supplies of basic mineral materials. It is also used as a guide to the formulating and the setting of priorities for the Bureau's scientific and technological research and development programs as outlined on the illustration at the end of the questions and answers. Through such activities, methods will continue to be developed to facilitate the recovery and use of minerals from marginal deposits, the conservation and recycling of mineral materials, and the development of potential substitutes for commodities in short or critical supply. The Bureau of Mines, from an informed position will continue to evaluate existing and proposed legislation as well as agency programs that affect the development and maintenance of a sound domestic mining and minerals policy. The Bureau should continue to play a vital role in the formulation of an effective national minerals policy.

Question. Several reports have concluded that a multitude of federal agencies are involved in the materials field, with some overlap, duplication and conflict. Do you view this as a problem? What steps have you taken to coordinate with other departments and agencies which also have responsibilities in this area?

Answer. Some mineral information collection and/or analysis is now done in the following agencies: Interstate Commerce Commission, Department of Commerce, Department of Defense, Department of Treasury, Department of State, Securities and Exchange Commission, Federal Trade Commission, General Services Administration, and the Department of the Interior.

The Bureau of Mines is the principal Government agency for the collection, analysis, and dissemination of mineral supply/demand information, and mining and metallurgical research. However, there may be a certain amount of overlap as each government agency gathers data to carry out its own unique responsibilities. This will occur particularly in situations where responsibilities interface as between the Bureau of Mines and the Geological Survey and between the Bureau of Mines and the Department of Commerce (see Figure 3).

The Bureau of Mines does not have the authority to impose interagency coordination; however, we are willing to continue to provide assistance in formulating or commenting on various methods to accomplish that goal. In the fall of 1975, the Bureau of Mines was instrumental in establishing 95 Interagency Mineral Commodity Committees. These committees are considered as mechanisms for obtaining the latest coordinated information available within government on any commodity to help in developing recommendations for dealing with actual or foreseeable problems. The Bureau has also participated in agreements for data sharing, among several government agencies, providing a basis for policy recommendations while avoiding duplications.

There can and should be more coordination between agencies in information dissemination and in policy formulation. If more coordination were to occur, the likely result would be less duplication and less overlap. This could be accomplished through the formation of a committee structured along the lines of the Subcommittee on Minerals and Materials of the Committee on Environmental Resources of the Domestic Council. This type of structure would be flexible and could generate more cooperation between agencies than could an executive agency established for the purpose of overseeing and coordinating the mineral activities of the executive Department.

Metallurgy Research

Question. The College Park Metallurgy Research Center has, I believe, been relocated. Where is it now?

Answer. On December 22, 1976, the Bureau of Mines purchased the De La Salle College, Avondale, Maryland, for $2,000,000. This sum was included as part of the Bureau's FY 1977 appropriations (P.L. 94-373). An additional $800,000 was appropriated for renovation of the replacement facility. Renovation has commenced and upon its completion, the College Park Center should be moved by June 1978 from the campus of the University of Maryland. The new facility is approximately 3 miles from the existing location.

Question. Some time ago when I visited the College Park facility, several projects involving resource recovery from waste were underway. Do we have results from these projects yet or are they continuing?

Answer. Yes, we have results on some of this research. For instance, the technology developed by our College Park Center to separate the components of unburned refuse is being applied to two full-size plants under construction and to a third in the final design stage. Research with the incinerator residue pilot plant has been completed except for showing the usefulness of the separated materials. This technology is ready for demonstration on a full scale.

Question. Could you elaborate on your demonstration proposals for chromium and alumina--are proven technologies available, are the processes economically feasible, when might they be commercially acceptable?

Answer. Our proposal to demonstrate metallurgical extraction technology for recovering chromium from the domestic laterite residues for nickel/

cobalt processing covers a new technique which makes use of a material that would not normally be considered a source of chromium because it contains only 2 percent chromium. Since this material would be a byproduct of other mining and available as a residue, the effort to develop the technology to recover chromium as a byproduct is warranted. However, the technical and economic feasibility of the technique remains to be demonstrated on a scale considerably larger than the Bureau's present bench-scale laboratory research.

In 1970, the National Materials Advisory Board recommended that the Bureau of Mines serve as a focal point of a pilot plant effort to recover alumina from domestic nonbauxitic resources. The Bureau's miniplant project is testing and evaluating several process technologies on a comparative basis. Reflecting the OPEC situation and the formation of the International Bauxite Association, in FY 1976 Congress gave the Bureau $2 million for a contract study to pick the most promising process technology and design a 10- to 50-ton-per-day pilot plant based on that technology. In FY 1977, the Bureau was given $0.5 million for an environmental impact study for the proposed pilot plant. When the pilot plant design is completed, we will have the information on which to judge the merit of requesting funds for its construction and operation. This effort will include cost-sharing by the aluminum industry.

Question. When I visited College Park, a major research effort involved anti-corrosion techniques. What progress has been made in this area?

Answer. Anti-corrosion research at College Park has made notable progress in several areas. A technique for implanting ions of chromium, nickel, and aluminum in the surface of iron shows promise of reducing its corrosion to those exhibited by stainless steel. This could result in a significant reduction of critical element consumption if the technology is advanced to large scale use.

Samples of steels made from tin can scrap were evaluated in marine, industrial, and rural atmospheres with no significant difference noted in the corrosion rate from commercial steels used as control.

Field testing of corrosion-test samples in two geothermal brines in California's Imperial Valley have been conducted after preliminary laboratory tests. These data will provide guidelines for selecting superior anti-corrosion materials.

Mining

Question. Could you define the Appalachian coal province? (Slopes in Kentucky, for example, are much steeper than in Pennsylvania.)

Answer. The Appalachian coal province roughly parallels the trend of the Appalachian Mountains through the States of Pennsylvania, Ohio, Kentucky, West Virginia, Maryland, Virginia, Tennessee, Alabama, Mississippi and Georgia.

Question. One of the projects which you indicate is to be conducted in FY 78 is development of improved mountaintop removal-valley fill mine methods for the Appalachian coal province. (p. 70) Has any preliminary work been done on this project? I am particularly interested in applying whatever work might have been done in the development of the pending strip mining legislation.

Answer. In the area of mountaintop mining two research projects are currently underway. Both efforts deal with the development of new mining systems. Under contract J0155039 mountaintop mining systems using belt conveyor haulage to promote continuous overburden and coal extraction are being developed. Conceptual conveyor mining systems have been designed and are currently undergoing detailed tech/econ feasibility

analyses. Under contracts J0166112 and J0166197 concepts for cross-ridge mountaintop removal mining systems are under development. The term cross-ridge refers to mining in a direction perpendicular to the long axis of the ridge line as opposed to current practices in which mining progresses in a series of rim cuts around the hillside. Mining in a cross-ridge direction offers improvements in overburden handling and operating costs. The data collected under these studies primarily deals with analyses of current mountaintop mining practices.

To date no work has been initiated on valley fill methods. A request for proposals has been released calling for the development of new designs and construction practices for establishment of valley fills. A contract for this research project is tentatively scheduled for award by July 1977.

Question. What impact do you see the approximate original contour provisions now in the strip mining legislation before the Congress having on the production of coal in the Appalachian area? From a soil stability standpoint, what is your Bureau's position with regard to the call for return to approximate original contour?

Answer. The resulting impact on mining would be dependent on the nature of the original topography. In those States where the natural topography of coal-bearing regions is flat or gently rolling, little impact is foreseen; where steeper slopes are present, this provision would have significant impact particularly on contour mining. Considerable changes in the current requirements for grading and backfilling will be necessitated by the proposed Federal standards.

In most State regulations, regrading requirements are in terms of some maximum allowable grade of slope. In very few cases is grading to the approximate original contour specifically required and where it is, exceptions or variances can be granted to allow terracing and reduction of the highwall to some maximum height or angle. Frequently, the criteria for acceptable grading are given in terms of the desired and effect such as "traversable by machinery or livestock," "shaped to control erosion," or "graded so as to prevent hazardous conditions to streams, wildlife, and humans."

The actual level of effect of the original contour provision will be contingent upon possible alternative definitions of what is an acceptable approximation of the original contour. For instance, if terracing is acceptable, the impact on mining would be considerably less than would be the case where it is prohibited.

SUBCOMMITTEE RECESS

Senator DeConcini. The subcommittee will stand in recess until 9:30 a.m., March 10, at which time we will hear the fiscal year 1978 budget request for the Geological Survey.

Thank you very much.

[Whereupon, at 12:23 p.m., Tuesday, March 8, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, March 10.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

THURSDAY, MARCH 10, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:30 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

DEPARTMENT OF THE INTERIOR

U.S. GEOLOGICAL SURVEY

STATEMENT OF VINCENT E. McKELVEY, DIRECTOR

ACCOMPANIED BY:

WILLIAM A. RADLINSKI, ASSOCIATE DIRECTOR
JAMES R. BALSLEY, ASSISTANT DIRECTOR, LAND RESOURCES
MONTIS R. KLEPPER, ASSISTANT DIRECTOR, ENERGY AND MINERALS
HENRY W. COULTER, ASSISTANT DIRECTOR, ENVIRONMENTAL CONSERVATION
DALE D. BAJEMA, ASSISTANT DIRECTOR, PROGRAM ANALYSIS
EDMUND J. GRANT, ASSISTANT DIRECTOR, ADMINISTRATION
JOSEPH S. CRAGWALL, CHIEF HYDROLOGIST
ROBERT H. LYDDAN, CHIEF, TOPOGRAPHIC DIVISION
RICHARD P. SHELDON, CHIEF GEOLOGIST
RUSSELL G. WAYLAND, ACTING CHIEF, CONSERVATION DIVISION
ROBERT M. HAMILTON, CHIEF, OFFICE OF EARTHQUAKE STUDIES
GEORGE D. DEBUCHANANNE, CHIEF, OFFICE OF RADIOHYDROLOGY
JACK J. STASSI, BUDGET OFFICER
FRANCIS M. WILES, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY

FISCAL YEAR 1978 BUDGET REQUEST FOR THE GEOLOGICAL SURVEY

Senator STEVENS. Good morning. This morning we will hear the fiscal 1978 budget requests of the U.S. Geological Survey. These

total $353.6 million for surveys, investigations and research, the basic operating account, which is $47.7 million over appropriations to date.

This year the Survey will also appear in support of appropriations for the national petroleum reserve in Alaska, which appears in the budget under "Funds Appropriated to the President". This is the budget estimate prepared by the Navy, which will be transferring jurisdiction to NPR–A to Interior on June 1. The request is for $209.5 million, which is $109 million over appropriations to date. The justifications for both accounts have been printed in part 1 of the hearing record.

PREPARED STATEMENT

Dr. McKelvey, we welcome you again before the committee.

Would you please identify your associates at the witness table for the record, and then since your prepared statement is lengthy, we would appreciate it if you would give us a brief summary.

Your entire statement will be printed in the record. We will develop details as we can with our questions.

[The statement follows:]

STATEMENT OF V. E. McKELVEY

Mr. Chairman and Members of the Committee:

I am glad to discuss with you the fiscal year 1978 budget proposal for the Geological Survey. The proposal involves two appropriations: Surveys, Investigations, and Research, for those programs which provide basic scientific data about the Nation's land, water and mineral resources, and for mineral evaluation and lease management activities on Federal and Indian lands, and a new appropriation entitled, Petroleum Reserves, which concerns exploration of the National Petroleum Reserve in Alaska (NPRA). The total Petroleum Reserve budget request, which would be for Funds Appropriated to the President, includes activities of the Department of the Navy and Federal Energy Administration in other areas. This budget request, however, addresses only that part of the appropriation concerned with the Geological Survey's work on NPRA.

The FY 1978 budget request for Surveys, Investigations, and Research is $353.6 million, an increase of $38.2 million over FY 1977. The increase consists of $38.8 million in net program increases; $1.8 million for increased pay, space, and employee compensation payments, and a decrease of $2.4 million representing funds made available in FY 1977 for the one-time replacement and repair of items damaged or destroyed in a fire at the Survey's Denver, Colorado, facility. Under the new appropriation for Petroleum Reserves, the Survey is requesting $209.5 million to continue the program initiated by the Department of the Navy to explore and assess the oil and gas potential of the National Petroleum Reserve in Alaska.

The major program increases and decreases in the FY 1978 request are listed in Exhibit 1. Let me summarize them.

SURVEYS, INVESTIGATIONS, AND RESEARCH

In recent years, the Survey's proposals for program expansion have been oriented largely toward the management of energy resource development on Federal lands and toward the assessment and identification of new sources of energy commodities. While these programs should, and are proposed to, continue with modest reinforcement, major new thrusts in the Survey's FY 1978 budget request address other important problems on which work has not progressed at rates adequate to meet national needs. Thus, the FY 1978 program strengthens the Survey's capabilities to prepare and disseminate topographic maps and related data in a

EXHIBIT 1

SUMMARY OF GEOLOGICAL SURVEY'S INCREASES AND DECREASES IN THE FY 1978 BUDGET REQUEST

SURVEYS, INVESTIGATIONS, AND RESEARCH

Topographic Surveys and Mapping	
Quadrangle Mapping and Revision	+ $ 3.5 million
Modernization of Mapping Technology	+ $ 3.0 million
Intermediate Scale Mapping	+ $ 3.0 million
Geologic and Mineral Resource Surveys and Mapping	
Earthquake Hazards Reduction	+ $16.3 million
Mineral Lands Assessment (including Wilderness)	+ $ 3.3 million
Coal Exploratory Program	+ $ 2.0 million
Reactor Hazards Research	+ $ 0.5 million
Volcano Hazards	+ $ 0.3 million
Regional Mapping and Analysis	- $ 1.5 million
Water Resources Investigations	
Baseline Water Quality	+ $ 1.4 million
Federal/State Coop Program (coal hydrology and water use data)	+ $ 2.1 million
Nuclear Energy Hydrology	+ $ 0.7 million
National Water Data Exchange (NAWDEX)	+ $ 0.4 million
Coal Hydrology	+ $ 0.2 million
Oil Shale Hydrology	- $ 0.07 million
Conservation of Lands and Minerals	
Regulation of OCS Operations	+ $ 2.0 million
OCS Seismic Risk and Sea Bottom Stability Studies	+ $ 1.4 million
Coal Regulation of Operations	+ $ 0.4 million
Land Information and Analysis	
Land Resource Data Applications	+ $ 0.25 million
General Administration	- $ 0.18 million
Facilities	+ $ 2.2 million

PETROLEUM RESERVES

National Petroleum Reserve in Alaska	
Exploration and Assessment	+ $196.0 million
Barrow Area Gas Exploration, Development, and Production	+ $ 11.5 million
Environmental Restoration	+ $ 2.0 million

timely manner in response to a wide variety of demands by planners and managers at all levels. It provides for substantial increases in efforts to study and mitigate damage from earthquakes and volcanic eruptions. It also reflects the growing national appreciation of the constraints the environment places on man's activities. Data to be collected in the proposed FY 1978 programs for OCS Seismic Risk and Ocean Bottom Stability, Reactor Hazards Research, Nuclear Hydrology and Baseline Water Quality will assist in better defining the nature of these constraints and provide basic data for uses ranging from the design of production rigs in the OCS to the storage of nuclear wastes. The FY 1978 request also recognizes the need to accelerate the assessment of mineral resources, including potential resources in areas proposed for designation as Wilderness Areas.

Highlights of the proposed FY 1978 budget in areas of increase are as follows:

Topographic Surveys and Mapping

The FY 1978 budget request for Topographic Surveys and Mapping is $59.8 million, a program increase of $9.5 million over FY 1977.

The increase will provide $1.5 million for expanded production of 1:24,000 scale topographic maps, $2.0 million for the acceleration of map revision, $3.0 million for multipurpose intermediate-scale base maps, and $3.0 million for much needed modernization of mapping technology. The increase is directed toward a National Mapping Program goal of providing accurate and consistent multipurpose base maps and related cartographic data to meet the needs of Federal, State, and local agencies. This effort to expand Survey's mapping capabilities and activities in order to meet more of the Nation's mapping requirements is in accord with the findings of the OMB Federal Mapping Task Force.

The Geological Survey's topographic maps and related data are used in a wide range of Federal, State, and local programs to meet the needs of planners and managers, and provide bases on which to plot other data. They are basic tools for land-use studies, Environmental Impact Statements, coastal area planning and management, county and local planning, flood insurance mapping, geologic mapping, mineral exploration, and many other activities.

Specific Federal agency applications include the Fish and Wildlife Service's Wetland Inventory program, the Department of the Interior's OCS and Federal lands resources management programs, the Soil Conservation Service's Prime and Unique Farmlands Program, State geologic mapping programs, and the Department of Defense's domestic training programs. Demands for such mapping products continue to grow.

The increase for FY 1978 will allow the Geological Survey to meet more priority map needs with increased output of the standard 1:24,000 scale mapping program in the coastal zone and known recoverable coal resource areas. By the end of FY 1977, about 69 percent of the conterminous United States will be mapped at the 1:24,000 scale.

The proposed program for FY 1978 provides for the revision of maps that have become out-of-date due to additions and changes in roads, buildings, stripmines, water features, shorelines, and boundaries. Current, up-to-date maps are required to support planning and decision-making in critical areas of change such as coastal areas, Standard Metropolitan Statistical Areas, and energy-related areas. The increased funding in FY 1978 also will allow the acquisition of various new modern mapping instrumentation to accelerate the map making process

and provide a new generation of mapping products including map data in digital form and improved orthophoto products.

Geologic and Mineral Resource Survey and Mapping

The FY 1978 budget request for Geologic and Mineral Resource Surveys and Mapping is $119.4 million, an increase of $19.3 million. The request provides $16.3 million for program increases in Earthquake Hazard Reduction, $0.3 million for the upgrading of volcano monitoring networks on Mauna Loa, $0.5 million for acceleration of studies related to nuclear reactor siting, $1.3 million for the acceleration of mineral assessments of Wilderness lands, $2.0 million for a new program thrust to perform mineral assessments in the conterminous United States, $2.0 million for increased efforts to assess coal resources on Federal lands, and a $1.5 million reduction in Regional Geologic Mapping and Analysis.

The increase for Earthquake Hazards Reduction is the Geological Survey's element of a joint program of research with the National Science Foundation, recommended by a select advisory panel in a detailed report to the President's Science Advisor on September 15, 1976. The Survey's proposal provides for increased efforts in delineating and evaluating earthquake hazards with particular emphasis on areas of high seismic risk in California, Washington, Utah, and Nevada; research in earthquake prediction and the installation of experimental prediction instrumentation along the San Andreas fault near Los Angeles and San Francisco; and the refitting and maintenance of stations on the Worldwide Standard Seismograph Network with a modest expansion of the activities of the National Earthquake Information Service. The proposed increase provides a balanced program within the Survey between risk avoidance (hazard evaluation as an input to land-use planning) and risk mitigation (prediction efforts in densely populated areas). The program is also in balance with related activities of the National Science Foundation in earthquake engineering and socio-economic impacts.

The $0.3 million increase for Volcano Hazards Reduction is designed to put additional instrumentation on Mauna Loa to predict more accurately the major eruption that is expected in 1978 as determined from studies of the past eruptive history and the continuing physical changes observed in recent months.

The proposed increase of $0.5 million for Reactor Hazards Research is for regional geologic studies in the Eastern United States to support the review and evaluation of proposed nuclear reactor sites on behalf of the Nuclear Regulatory Commission. The Survey has performed over 100 of these reviews during the last 12 years.

The increases for mineral lands assessment are requested to enable the Geological Survey to meet the requirements of the Wilderness Act and to initiate regional mineral resource appraisals in the conterminous United States similar to those conducted under the Alaskan Mineral Resource Appraisal Program (AMRAP).

The $2.0 million increase for coal resource assessment is proposed for the coal exploratory program called for by the Federal Coal Leasing Amendments Act of 1975, which became effective in August 1976. The Secretary submitted the plan for this program to the Congress earlier this month as required by the Act.

Water Resources Investigations

The FY 1978 budget request for Water Resources Investigations is

$68.6 million, an increase of $4.9 million over FY 1977. The request proposes $1.4 million for program increases for Baseline Water Quality; $0.4 million for the National Water Data Exchange; $2.1 million for the Federal/State Cooperative Program; $0.2 million for Coal Hydrology; $0.7 million for Nuclear Energy Hydrology, and a decrease of about $0.1 million in Oil Shale Hydrology.

The $1.4 million increase for Baseline Water Quality is required to add 100 stations to the National Stream Quality Accounting Network (NASQAN) increasing the network to 445 of the estimated design size of 525 stations. Data from the existing stations of the NASQAN were analyzed in the seventh annual report on environmental quality by the Council on Environmental Quality, and led the Council to say that the installation of the networks marked a milestone in water quality monitoring, giving for the first time a uniform capability to observe gross geographic patterns of water quality for the entire United States.

The proposed increase of $0.7 million for Nuclear Energy Hydrology addresses specifically the potential degradation of the environment associated with the disposal of low-level radioactive wastes and provides for analysis of the movement of radioactive materials in the hydrologic regime at two of the six waste disposal sites.

The $2.1 million proposed increase for the Federal/State Cooperative program--which involves 580 State, county, and local cooperators--will provide $1.0 million for the collection and analysis of water use data to fill a significant need for information bearing on water supply and demand problems as alternate uses of water become more competitive. The balance of the request will allow additional support for cooperative studies involving water needs for coal development, including coal conversion and transportation as well as coal extraction and land reclamation.

In the Federal program for coal hydrology, the studies of the availability of water from the Madison Limestone Aquifer have been advanced with the completion of the first test well at a depth of 4,355 feet; a second well is nearing completion. The $0.2 million proposed increase is needed to reinforce the acquisition of baseline water data in coal leasing subregions, identified by the Bureau of Land Management, to monitor changes in the hydrologic regime arising from coal development.

The National Water Data Exchange (NAWDEX), which is designed to provide a central point of access to information regarding the water data holdings of the numerous Federal and State agencies that collect water data, was implemented in FY 1976 and continues to expand its membership. The increase for NAWDEX of $0.4 million is requested to manage and disseminate data, provide increasing levels of user assistance, and improve guidelines and standards for handling and exchanging water data among member organizations.

Conservation of Lands and Minerals

The FY 1978 budget request for this activity is $72.2 million, a proposed increase of $4.1 million over the FY 1977 level. The request provides for an increase of $2.0 million to support Regulation of OCS Operations, $1.4 million for OCS Seismic Risk and Ocean Bottom Stability Studies, and $0.4 million for Regulation of Operations on coal leases on Federal lands.

The number of active OCS leases increased by 26% in FY 1976 and will increase by an estimated 13% in FY 1977. The $2.0 million increase for Regulation of OCS Operations is mainly required to respond to

additional workload arising from previous lease sales off Alaska, the east coast, the west coast, and in the Gulf of Mexico.

Additionally, the Survey is proposing a $1.4 million program to analyze seismic risk and ocean bottom stability in present as well as proposed leasing areas to address engineering design in light of problems of environmental hazards. Previous efforts properly have dealt with the potential impacts of human activities on the environment but have not adequately addressed the potential hazards the OCS environment poses to human operations there.

The $0.4 million increase for Regulation of Operations on leased coal lands is required to expedite approval of mine plans on lands already under lease and to implement the provisions of new mining regulations (30 CFR 211) and the Federal Coal Leasing Amendments Act of 1975.

Land Information and Analysis

The FY 1978 budget request for this activity is $18.0 million, an increase of $0.3 million over FY 1977.

The requested increase, for Land Resource Data Applications, responds to increasing demands by the nonscientific user community for Survey technical information in interpreted formats. The Coastal Zone Management Act Amendments and other legislation have increased the challenges in communicating the Survey's findings to a concerned constituency in a manner in which those findings can be understood and employed in making decisions. The increase will be used to design additional specialized products and means of employing technical and scientific information in land-use planning and decisionmaking at State and local governmental levels.

In other activities in the Land Information and Analysis activity, the Survey is working to improve the Environmental Impact Analysis process required under NEPA by streamlining the preparation of Environmental Impact Statements (EIS), investigating improved methodologies for impact analysis, preparing guidance manuals and training programs for EIS teams, and documenting scientific results in EIS preparation and review efforts.

Facilities

The FY 1978 request is for $11.7 million, an increase of $2.2 million over FY 1977. The increase consists of $1.8 million for standard level user charges, facilities management and special building services, and $0.4 million for increased GSA space costs.

PETROLEUM RESERVES

The Survey's FY 1978 budget proposal of $209.5 million for NPRA exploration is a continuation of the program being conducted by the Department of the Navy which will be transferred to the Department of the Interior on June 1, 1977. The funds will be used to explore and assess the oil and gas potential of NPRA; to continue the supply of natural gas to native communities and Federal installations in the Point Barrow area; and to continue the program of environmental restoration in NPRA by removing debris left during previous operations.

While the request for the exploration of NPRA is based on firm assumptions made by the Department of the Navy regarding the level of effort that will be required, these assumptions may be altered by the results of current drilling in the north-eastern section (Zone A) of the reserve, as well as by new seismic exploration which will be completed between now and FY 1978. For example, the FY 1978 proposal provides for confirmation wells to be drilled in Zone A of the Reserve if wells drilled there in FY 1977 reveal the presence of oil and gas. If no oil or gas is found, the confirmation wells will not be drilled.

The FY 1978 proposal also provides for the initiation of exploration activities in other zones of the reserve. During FY 1977, the Department of the Navy is preparing the EIS which is required before the Survey's exploration activities may begin outside of Zone A in FY 1978.

That concludes description of the main features of our FY 1978 budget proposal.

RECENT DEVELOPMENTS

Before closing, Mr. Chairman, I would like to touch briefly on some recent developments that may be of interest to the Committee.

At our last appropriations hearing, members of the committee inquired about the level of international cooperation in earthquake prediction. A scientific delegation from the United States has since visited the Peoples Republic of China to study the basis for the successful prediction and evacuation activities that preceded the Haicheng earthquake of February 4, 1975. The visit was informative and we look forward to additional opportunities to learn about PRC approaches to earthquake prediction. It appears, however, that the development of a continuing cooperation program is dependent on further progress in the diplomatic field. Cooperative programs with Japan and the USSR are both active and fruitful.

At our last hearing, we also discussed the 35 centimeter uplift discovered in December 1975 in the Palmdale area of Southern California along the San Andreas Fault. Subsequently, we found that a broad area southeast of Palmdale had risen by as much as 45 centimeters. Just recently, Los Angeles County completed a new survey showing that Palmdale has sunk 18 centimeters in the last two years. We are unable to interpret these movements in terms useful in specific earthquake prediction, but we are convinced that they reflect accumulating strain in an area that has been seismically quiet for 120 years, and that they are a basis for deep concern about the imminence of a great earthquake in this region.

During the last year, the Survey completed a prototype intensive river-quality assessment of the Willamette River in northwestern Oregon. The study was cited in a GAO report entitled Better Data Collection and Planning is Needed to Justify Advanced Waste Treatment Construction as an example of the kind of study which should be completed before multimillion dollar commitments are made to construct advanced waste treatment facilities. Estimates of the potential savings in the Willamette Basin run in tens of millions of dollars compared with a study cost of $500,000.

On November 6, 1976, a Pemex oil production rig in the Gulf of Mexico lost foundation support, toppled, sank, and disappeared as a result of a gas blowout. There were no personal injuries or pollution, but the event reinforces the need for better understanding of the

combination of circumstances which lead to such failures. The experience shows that better drilling procedures and better information on sea bottom stability conditions are essential.

Substantial progress has been made in addressing the royalty accounting problems which were a significant issue in the Survey's FY 1977 budget request. Approximately 90 percent of all royalty statements are now mailed directly to lessees from the National Center, expediting the accounting for and deposit of royalty payments to the Treasury. In addition, the computer-based accounting system relieves manual reporting requirements by petroleum companies by allowing direct input from magnetic computer tape.

I am also pleased to report that the procurement of the digital image processing system at the EROS Data Center will be completed in FY 1977 and will be operational in FY 1978. This unique facility will allow the production of Landsat imagery products of significantly higher quality compared to current products and in substantially reduced time. We have also increased the price of products sold at the Center as part of an effort to recover the full costs of reproduction and distribution of such materials.

There is no need for me to report as a recent development the disastrous turn of the weather this year, for that is well known to everyone. Its ramifications in accentuating the shortage of natural gas with attending hardships from loss of industrial production, unemployment and plain discomfort, and in impending floods and drought, have been, and will be, far reaching in their effects. I call attention to it because it will call on nearly the full range of the Survey's capabilities and is bound to focus much of our efforts during the coming and following years--for example, in the appraisal of energy resources; the supervision of exploration and production on Federal lands; the assessment of water supplies, drought potential, and flood hazards and damage; and research on climatologic trends.

CONCLUSION

Mr. Chairman, these recent developments have occurred since the main lines of the FY 1978 budget proposal were first shaped several months ago. Nevertheless, they confirm the needs recognized in the preparation of the FY 1978 proposals, and emphasize the Nation's dependence on the earth and its resources. They highlight also the importance of the earth resource information gathering and research and Federal mineral management activities for which the Geological Survey is responsible.

This Committee and the Congress have been responsible in large part for the development of the Survey's ability to cope with problems in the earth resource field and we look forward to our discussions now of our FY 1978 proposals. I will be glad to answer your questions.

INTRODUCTION OF WITNESSES

Dr. McKELVEY. Thank you, Mr. Chairman. On my right is William Radlinski, our Associate Director. On my left is Henry Coulter, Assistant Director for Environmental Conservation, and on his left is Joseph Cragwall, Chief Hydrologist.

With me also, and I will ask them to rise as I read their names, are: James Balsley, Assistant Director for Land Resources; Montis Klepper, Assistant Director for Energy and Minerals; Henry Coulter, Assistant Director for Environmental Conservation; Dale Bajema, Assistant Director of Program Analysis.

Edmund Grant, Assistant Director for Administration; Robert H. Lyddan, Chief of the Topographic Division; Richard Sheldon, Chief Geologist, Russell Wayland, Acting Chief of the Conservation Division.

Robert Hamilton, Chief, Office of Earthquake Studies; George Debuchananne, Office of Radiohydrology; and I think not yet arrived, caught in the traffic, probably, is our Budget Officer, Jack Stassi.

Senator STEVENS. We would welcome that whole crowd at the University of Alaska, Doctor. We could keep you all at work in a climate you would all enjoy.

Dr. McKELVEY. I am sure that is correct.

Senator STEVENS. It is good to see you and all of your people here.

SUMMARY OF OPENING STATEMENT

Dr. McKELVEY. As you indicated, Mr. Chairman, my opening statement is lengthy. I will just spend a minute or so in summarizing it.

We are asking for increased funds in our regular appropriation for Surveys, Investigations, and Research for a total of $38.2 million.

And, as you mentioned also, we are asking for funds under a new appropriation for Petroleum Reserves to undertake the drilling authorized by the Naval Petroleum Reserves Production Act, passed last year, authorizing the Geological Survey to continue the program of exploratory drilling begun by the Navy. Those funds for fiscal 1978 total $209.5 million.

In our Surveys, Investigations, and Research request we are asking for funds, in every one of our principal activities, including $9.4 million for Topographic Surveys and Mapping; $19.3 million for Geological Surveys and Mapping; for Water Resources Investigation, $4.9 million; for Conservation of Land and Minerals, $4.1 million; and $268,000 for Land Information and Analysis. We are also asking for an increase of $2.2 million for Facilities. In conclusion, Mr. Chairman, I might simply point out that the national events of recent years having to do with problems of resource adequacy and environmental protection developing interests on the part of the Nation in preserving national lands, problems now brought on by the weather—all of these developments are having a considerable impact on the programs of the Geological Survey.

We are expecting that problems of this kind are going to continue to demand increased attention. I will be glad to discuss our budget with you, Mr. Chairman.

Senator STEVENS. Thank you, Doctor. Can you all hear Dr. McKelvey in the back of the room? Can you move that microphone beside your notebook there, so that you speak into it?

Dr. MCKELVEY. Can you hear me now?

Senator STEVENS. I can hear you, but I do not know whether they can hear you.

Dr. MCKELVEY. I think we are all right now, Mr. Chairman.

DEPARTMENT OF ENERGY

Senator STEVENS. Thank you very much. I appreciate that there are some great changes going on in your area, Doctor. We are particularly interested in this proposed Department of Energy.

There is some indication that the regulation, production and control of energy leasing would go to the Energy Department, but that no specific functions of the Geological Survey would be disturbed.

Can you tell us what that means?

Dr. MCKELVEY. Mr. Chairman, as the act is presently drawn, there will be no transfer of Geological Survey activities or funds to the proposed new department.

But what is proposed to be assigned to the new department that relates to the Geological Survey are policymaking functions having to do with establishment of goals, for example, for offshore production—the determination as to whether or not there will be required drilling and other manifestations of diligence in the conduct of lease operations and related policies, the responsibility for which is presently held by the Secretary of the Interior.

Senator STEVENS. At the present time you make recommendations to the Secretary of the Interior concerning those policies, don't you?

Dr. MCKELVEY. No, Mr. Chairman. Generally, we occupy a position of carrying out whatever policies the Secretary and the administration and the Congress determine. That, I think, is an appropriate role for a factfinding and research organization of the kind that the Geological Survey is and should remain to be.

When policies are under consideration for change or development, of course we do our best to supply information that sheds light on the problems. We do our best to make sure that the Secretary understands the consequences of various alternative actions that may be proposed. But we do not contribute in an advocacy fashion to the development of the policy.

Senator STEVENS. Then none of the funds that you are seeking here would be transferred to the Department of Energy?

Dr. MCKELVEY. Not as presently proposed.

Senator STEVENS. And your work related to the offshore oil and gas leasing is not affected by this proposal?

Dr. MCKELVEY. That is correct.

Senator STEVENS. And coal leasing?

Dr. MCKELVEY. The same with coal.

NATIONAL PETROLEUM RESERVE IN ALASKA

Senator STEVENS. The naval reserve in Alaska, is exempted from the Department of Energy, as we understand it, and your role there would not change.

Dr. McKELVEY. Our role there would not change. What would be assigned to the proposed Department of Energy would be the policymaking function as to how and to what extent the petroleum reserve would be developed.

Senator STEVENS. What is the secretarial function to implement that policy?

Dr. McKELVEY. Presently I do not believe that function has been assigned. The Act calls for the continuation of the exploratory drilling begun by the Navy.

It calls also for the President to undertake a study and report to Congress on its results, recommending how the reserve would be developed.

Senator STEVENS. With respect to the reserve in Alaska, are you going to be able to take it over on June 1?

Dr. McKELVEY. I believe that we are on schedule. I am a little bit more uncertain this morning than I was yesterday morning at this time, because in between we have been informed of a freeze in personnel.

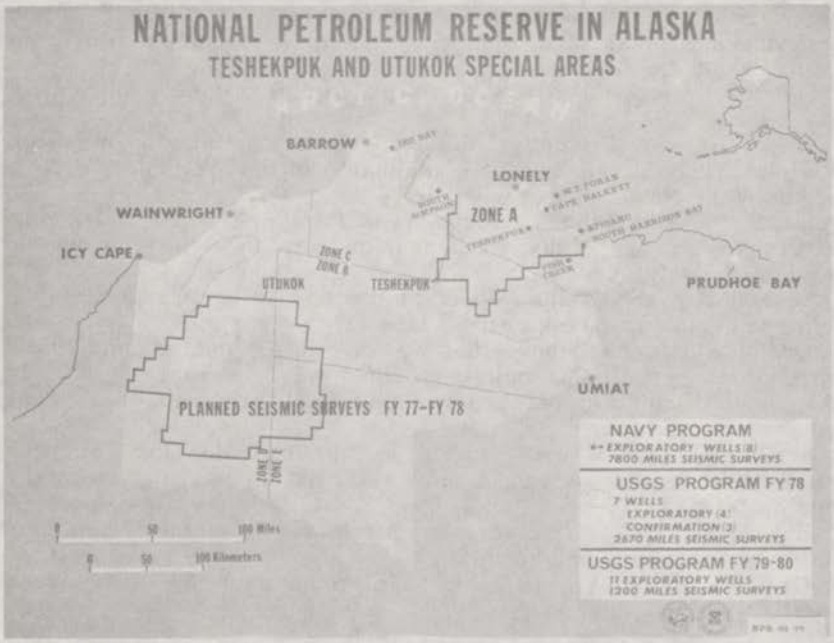
Senator STEVENS. I was going to go into that later. Let's put that off a little bit, if we can. I know how it affects you across the board.

But on the Navy exploration program, are you going to continue it at its current rate, and according to the plan?

Dr. McKELVEY. We are going to continue it at the rate planned by the Navy; yes, sir.

NUMBER OF EXPLORATION WELLS

Senator STEVENS. How many wells does that contemplate?



This chart displays the current status of the Navy's evaluation and assessment program and the Geological Survey's planned program through fiscal year 1980.

Dr. McKELVEY. It contemplates a total of 26 wells. Three wells were drilled in fiscal year 1976 and five are scheduled for fiscal year 1977, two of which have already been drilled, and three are in the process of being drilled at the present time. The chart here shows the outline of the reserve itself. Zone A is where the drilling is currently underway, and for which an environmental impact statement has been completed. The Navy is preparing an environmental impact statement covering exploration for the remainder of the reserve, which is to be completed by the time we acquire the function on the 1st of June.

FISCAL YEAR 1977 NPRA BUDGET

Senator STEVENS. Last year Congress provided $1.8 million and 27 additional positions for developing an environmental impact statement on development alternatives for the reserve. There is nothing in the justification about that. Are you using any of that money?

Dr. McKELVEY. We will be using that money, not for the work that is ongoing, but for the President's study to which I referred. May I ask Mr. Coulter to reply?

Mr. COULTER. The appropriation provided 27 slots, and $800,000 related to staffing up and preparing to assume the Navy's program, and $1 million to start on the preparation of the environmental impact statement in support of the President's study on future use of the reserves.

Senator STEVENS. But are you using the money? That is the question.

Mr. COULTER. Yes.

Senator STEVENS. How much of the funding has been obligated?

Dr. MCKELVEY. The fiscal year 1977 appropriation of $1.8 million and 27 positions included $1 million and no positions for developing an environmental impact statement, the remaining funds and all of the 27 positions were related to transition of responsibilities from the Navy to the Survey.

EIS activities to date have involved the development of a plan, a detailed schedule, and a cooperative approach for defining the proposed actions. The Acting Assistant Secretary—Energy and Minerals tentatively approved these plans on February 24, 1977, and authorized commitment of fiscal year 1977 funds as of that date. No significant amount of funds has yet been obligated for the EIS; however, substantial obligations are imminent.

NPRA STAFFING

Senator STEVENS. Are people onboard?

Mr. COULTER. All but 6 of the 27 positions for the takeover of the Navy's activity are either onboard or committed.

We have had to readvertise for six of the positions since we did not get satisfactory responses on the first time around.

So there are six as yet unfilled.

Senator STEVENS. As I understand it, the new OMB order is that one out of every four vacancies cannot be filled.

Dr. MCKELVEY. That is correct, Mr. Chairman. That, in itself, may not be so troublesome as an additional condition outlined in Mr. Lance's memorandum on the subject.

And that is that the strength of the organizations would be defined as the number of those in permanent, full-time positions, as of February 28. As of February 28 we still had 313 vacancies in the organization as a whole.

Most of those are in the area of our lease management and evaluation function, where we have been increasing staff. Because we are drawing on personnel that are generally in short supply we depend a good deal on recruitment at the end of the first and second semesters of universities to fill these vacancies.

So our big recruitment time is in March and June. So those vacancies, while they can be filled as other vacancies are created——

Senator STEVENS. Have you sought an exemption from the hiring limits because of your involvement in the energy program?

Dr. MCKELVEY. We have not yet, Mr. Chairman, although we discussed it. As I say, we just got this memorandum yesterday, and I discussed it last evening with our Acting Assistant Secretary, William Bettenberg, and told him that we would be seeking the Department's support in getting relief from that action.

Senator STEVENS. Would you give the committee a copy of that memorandum, and also give us an indication of the vacancies that you could anticipate over the period not covered by your budget request?

Dr. MCKELVEY. We would be happy to do that for the record, sir.

[The information follows:]

THE WHITE HOUSE,
Washington, D.C., March 1, 1977.

Memorandum for Heads of Executive Departments and Agencies

One of the top priorities of this Administration is to manage the affairs of Government more efficiently. As part of this effort, we must hold Federal employment to the lowest number needed to operate effectively. Toward that end, I am imposing a limitation on the hiring of Federal civilian workers pending the establishment of revised employment ceilings.

I ask that you issue instructions limiting the number of appointments to full-time permanent positions in your agency to not more than 75 percent of the number of vacancies occurring after February 28, 1977. This limitation should be made effective at once and will remain in effect until new employment ceilings for fiscal years 1977 and 1978 have been established.

I am instructing the Office of Management and Budget and the Civil Service Commission to issue guidance on this directive. In addition, I delegate authority to the Director of the Office of Management and Budget to grant specific exceptions in a very limited number of cases, when such action is necessary to preserve the continuity of Government by assuring that essential services are provided and that fundamental needs are met.

You should make every effort to avoid requesting exceptions by making personnel reallocations within your respective agencies to meet needs of highest priority and to assure that vital and basic services are not interrupted. Contracting with firms and institutions outside the Government will not be used to alleviate the effect of this directive.

I am depending on you to give this effort your sincere support and personal attention.

JIMMY CARTER.

DIFFERENCE BETWEEN NAVY AND GEOLOGICAL SURVEY EIS

Senator STEVENS. The whole Department is sort of confusing this as to who is doing what with the Alaska reserve. We have heard several different requests. The Office of the Secretary is studying the reserve, BLM and other resource agencies are studying the reserve, and you are studying the reserve.

The Navy says it has to complete its environmental impact statement on the reserve. Does your EIS study differ from the Navy's or are you going to take over the Navy's work?

Dr. MCKELVEY. We will be using the Navy's environmental impact statement that it is preparing now, with regard to the exploratory program that we are proposing, when we take over.

But the statement that is yet to be prepared, and on which we will be working, will deal with alternative measures proposed or considered for development of the reserve.

The Navy statement has a different focus and scope than the one under preparation now by the Survey.

STUDIES BEING CONDUCTED ON NPRA

Senator STEVENS. We were told you would do a study of the production, transportation and distribution problems related to the petroleum reserves; is that right?

Dr. MCKELVEY. Those will be considered in that statement, yes.

Senator STEVENS. The Secretary's office has asked for money to do exactly the same thing.

Mr. COULTER. The bill is quite complicated. There are three studies required. A task force study for the overall land use and overall land use policy of Pet-4; the so-called President's study, which deals with future production and development scenarios; and the exploration program, which deals with a resource assessment of the amount of petroleum in Pet-4.

We are taking over the exploration program, and the Navy has prepared an EIS covering that exploration program. They have already filed a draft statement.

The President's study of future production and development scenarios is being done by the Assistant Secretary's office, and we are preparing the EIS to cover proposed legislation, stemming from the study.

RECESS

Senator STEVENS. Let's take a recess for a few minutes. I am sorry. There are two things that have come up. I will be right back.

[Whereupon, a short recess was taken.]

NECESSITY OF VARIOUS NPRA STUDIES

Senator STEVENS. I had asked you how this production, transportation, and distribution study differed from the Secretary's study of the same regard. Are you convinced that it is a different study, notwithstanding the fact that the legislation calls for three different studies?

Is it necessary for you and the Secretary to both study the identical subjects?

Mr. COULTER. In essence, the task force study—the Secretary's study looks at the overall long-range land use policy for the reserve. The President's study deals only with production, development, and transportation scenarios for petroleum.

Senator STEVENS. Can they all draw on the same basic data?

Mr. COULTER. I am sure they will draw on the same basic data.

Senator STEVENS. It appears to us that the three groups are off frolicking on their own in the tundra. I am all for this reserve, but it seems to me it is going to be studied to death.

Mr. COULTER. Yes, sir.

Senator STEVENS. What is the time frame for your study?

Mr. COULTER. The President's study must be completed by January 1, 1980, so we must get from the group that is doing that study the scenarios and then develop an environmental impact study to cover all those alternative scenarios for production, development, and transportation.

So it must be done by January 1, 1980.

Senator STEVENS. Is FEA involved at all in your study?

Mr. COULTER. FEA is not a party to that particular study. They are involved in the task force study by legislation.

COORDINATION OF STUDIES

Senator STEVENS. It just looks to me like someone has said, "If we make this little old 25 million acres available for exploration and development, the native Alaskans are not going to want to do that. You take 2 years, you take 2 years, and then you review those 4 years for another year. Maybe we will see what happens then."

Why can't this be coordinated?

Mr. COULTER. My understanding, sir, is that all three studies must be completed by the termination of the life of the bill, which is January 1, 1980.

Senator STEVENS. No later than January 1, 1980?

Mr. COULTER. No later.

Senator STEVENS. Which means they could be completed this fall.

Mr. COULTER. But none of them are heading in that direction.

Senator STEVENS. I understand that. There is no one area in the Department that has the overall responsibility for these studies in complying with that new national reserve law; is that right?

Mr. COULTER. No, sir. The task force study has been delegated to a group under the Assistant Secretary for Program Development and Budget. The President's study under the Assistant Secretary for Energy and Minerals and the exploration program to the Geological Survey.

Dr. MCKELVEY. The Secretary, of course, has overall responsibility for the studies.

Senator STEVENS. Having been there, and knowing some of that gentleman's problems, if he sees it before it has reached the stage of completion we will be extremely lucky.

I would urge you to find some way to coordinate it. As a matter of fact, I fear very greatly that the request for this money, spread out the way it is, is in severe jeopardy in terms of the amount that is requested, unless someone convinces this committee that there is going to be coordination and not duplication in these studies.

I feel that it must be done, because of the act of Congress, which I would have rewritten, if I could. But it was a necessary thing, apparently, to get the concept of production of the petroleum reserves approved.

I am most sincere when I tell you that I think that money is going to be cut if you do not convince the Department to lay out in black and white how these studies are not going to be redundant.

What is being done to accelerate the completion of what seem to be studies of intolerable length? Given a maximum period of 5 years in which to do them is one thing; to sit down and plan to take that 4 or 5 years, in view of the energy crisis, is an entirely different thing in my opinion.

I think that will be shared by the chairman of this committee. We will have a new Department of Energy by May or June. They will come before this committee too. I would be highly surprised if they don't ask for money to do the studies now underway. That is not going to get any oil out of the ground.

I would hope that you would convey to the Secretary our feelings that there is apparently redundancy and delay in the schedule of requests before this committee and we would like to be reassured in writing that there is coordination of these studies to prevent overlapping and something to indicate the need for money of the amount that each of the agencies in this Department is requesting.

Dr. MCKELVEY. We will certainly convey that, Mr. Chairman. I could say with great assurance that with respect to the Geological Survey's work there will not be duplication or redundancy with respect to other activities in the Department.

The organization that will be mainly responsible or will have the biggest responsibility for the studies related to land management of the surface of the NPRA is the Bureau of Land Management.

We have a very active and very effective coordinating committee with BLM, dealing not only with that problem but with others as well.

As I say, it is an extremely effective mechanism for coordinating our respective activities. It meets frequently, and I can assure you that there will not be duplication of our activities and those of other bureaus in the Department.

ENERGY LEASING—BLM/SURVEY RESPONSIBILITIES

Senator STEVENS. Very well. Thank you very much, Doctor.

Now, the entire energy leasing picture—coal, OCS, oil shale, and onshore oil and gas—is divided between GS and BLM with some coordination effort from the Office of the Secretary.

As we understand it, your agency does the front-end work, and follows up with lease monitoring and supervision. BLM is mainly in charge of the actual leasing. But often the justifications of the two agencies, as they apply to baseline monitoring and environmental studies, appear to overlap.

In your professional judgment, is there any reason why the Geological Survey could not perform all of this work, including actual leasing?

Dr. MCKELVEY. Mr. Chairman, I expect that that function could be carried out by the Geological Survey. I personally think it is appropriate to make these kinds of separation that presently exist between the actual responsibility for issuing leases, choosing areas that are to be leased, and deciding on the amount of acreage to be offered on the one hand, and then the actual management and carrying out of the supervision functions authorized by the leases issued.

Senator STEVENS. Didn't you originally have the leasing function?

Dr. MCKELVEY. No; Mr. Chairman, we have never had the function of actual issue of leases.

Senator STEVENS. I thought before the 1920 Act the Survey did have that function.

Dr. MCKELVEY. I think it was the 1920 act that established the leasing function, but in any case, Mr. Chairman, you may recall Secretary Andrus, in his statement with respect to the legislation that will establish the Department of Energy, said that he believed the leasing function should be retained in Interior, rather than be transferred to DOE, because he felt that it was an integral part of surface management and management of the Federal estate.

I feel that that is a strong justification for the Secretary to maintain that function, and I think to put it at a lower level, a bureau level. I believe it is logical that that function be kept intact, because both aspects, the mineral estate and the surfaces estate, have to be considered in overall plans for the development, use, and preservation of the Federal lands.

A second reason I feel that the present separation is desirable has to do with maintaining our credibility as a scientific and fact-finding organization.

And as the supervisor of operations that are undertaken under the lease, I think we are in a better position to carry out the regulations and policies that may be established with respect to the conduct of those mineral operations, if we had not had a part in the policy decision that, in fact, led to the leasing in the first place.

Senator STEVENS. Well, it does seem that the new Department is going to take over the jurisdiction of the Naval petroleum and oil shale reserves.

I raise this at this committee hearing because we believe that the Federal energy production work should be in one location, that someone should wear that hat and have to make the decision and not be able to pass the buck back and forth and back and forth, which seems to go on repeatedly, now, in terms of OCS and onshore Federal leasing.

We respect your concept that you have to maintain the integrity of the USGS. But with due respect, I don't think it hurt the integrity of USGS when your distinguished predecessor assumed a very vital role in the review of the technology of the Alaska pipeline.

My memory is that he did that before he became Under Secretary. It seems to me that a reserve of the size and the magnitude and the potential of the Navy reserve, when it becomes a national reserve, deserves more than just to be fractionated all over the administration.

If I were the one who wanted to delay the development of the petroleum reserve, I couldn't think of a better way to do it than has been done.

This is now the fourth agency asking for money. And if you read the justifications, if they really mean anything, you are all doing the same thing in a different time frame, to meet a different clause in that authorizing bill.

Now I really don't believe that the Congress had that intent, that the full 5 years should automatically be taken.

I think if we have another couple of cold winters around here people are going to be scurrying to be able to produce anything. And that is my fear. When the time comes that the crunch is really on, my State is going to be explored like San Pedro was, or some of the places in Texas, where people were sticking holes all over the place.

With good, legitimate, sound planning we could proceed at a more rapid rate, and safely. There doesn't seem to be the coordination that is necessary.

It gets back to the other question that I asked. I really think that perhaps we will have to request both the Secretary of Energy and the Secretary of the Interior to come back some time and talk to us about this.

I would hope that the chairman would be with us, because I feel certain he agrees that this delay, just through the administrative process, does not seem warranted.

Dr. MCKELVEY. Mr. Chairman, I will certainly convey your thoughts to the Secretary. Let me say again that as far as the work that is being proposed for the Geological Survey and requested in our 1978 budget it is not overlapping with work performed by other agencies. And it is specifically called for by the legislation. The legislation required that we continue the 5-year exploratory program begun by the Navy. I have forgotten the precise language of the act, but it called for a continuation of the program and schedule.

RESPONSIBILITY FOR DATA BASE

Senator STEVENS. Senator Jackson and I started that on the floor of the Senate. There was never a request of the administration, and it has been going on now for 3 years.

Looking at the budget, you would think that the 5-year period has just started. As a practical matter, we are not arguing with you about the GS function. We all have great respect for your organization.

But it would seem that someone would be delegated the responsibility to get the data base from which the policy review could proceed. We have requests which appear to be seeking dollars and positions to add to the data base which we see as overlapping.

Now I think the Secretary should designate someone, and if it is the GS it would be great with us, to get all the data that is necessary to fulfill that act. Then the task force and the Secretary's decisions could be based upon the same data. But it does not appear to me or to the committee that this is the way it is going to proceed.

Wanting very much to see that reserve analyzed and its capability really explored, I fear very greatly that it will be 1980 before someone comes in here with a proposal either to lease or turn to active exploration under some means other than this.

This is really just a research and recognizance program that is going on right now.

Dr. MCKELVEY. Well, no, Mr. Chairman. These are exploratory wells. They are located with the intention of trying to find petroleum.

And we will continue with that policy. We may alter the exploration strategy with reference to some of the drilling. But if we do, this will be because we see better ways of carrying out the purpose of the program and of the act.

ADEQUACY OF EXPLORATION DRILLING PROGRAM

Senator STEVENS. I would be happier if we saw some development contracts, or some form of competitive bid concessions going on.

Doctor, are you prepared to come before this committee and ask for the money to drill the 50th well in zone A on an exploratory basis? That is what happened to the Powder River. How much leeway do you think you are going to get from the Congress to drill in the area on an exploratory basis?

Of course, I am putting you in the wrong spot.

I do think the impact of this is going to be much too great, the way you are proceeding. And I think this is more of a data gathering program, with the hope that you might strike oil than an exploratory program.

Dr. MCKELVEY. Mr. Chairman, I certainly would not want to give the committee the impression that I believe that the program that we have been required to continue is going to determine once and for all the magnitude of petroleum resources of NPRA.

Twenty-six holes are planned to be drilled in an area of some 37,000 square miles, a little bit larger than the State of Indiana.

Of course, there have already been holes drilled in the area, for the most part shallower holes than are being contemplated presently.

But nevertheless, it is a very large area. I do not believe that anyone familiar with petroleum exploration would want to advance the idea that it is going to define whatever oil may exist in NPRA. It is only the beginning.

Senator STEVENS. That is my fear, that the area might be condemned on the basis of this effort as not being an oil or gas province, but being much more suitable for a wilderness area, or a wildlife refuge or something else.

I feel that the effort is sufficient to lead to condemnation.

Dr. MCKELVEY. I entirely agree with that. At least I certainly agree that it is an effort not sufficient to determine the magnitude of the resources that may exist there.

Of course, there have already been discoveries of both oil and gas within the reserve. There is the south Barrow gas field, which, incidentally, the act requires we continue to operate for the benefit of the Barrow community.

And $11.5 million of the budget now before you is for that purpose. Incidentally, a hole completed by the Navy only a few weeks ago in that field, was a discovery well. And a rather significant one.

SOUTH BARROW GAS FIELD PIPELINE

Senator STEVENS. You don't have anything to do with putting the pipeline in for transplanting gas from the new discovery into the Barrow community, do you?

Dr. MCKELVEY. I believe that our responsibility ends at the point of delivery to this system. I will ask Mr. Coulter to speak on this. The pipeline is involved but I think it would be under our supervision, but only in a gathering sense.

Mr. COULTER. Yes, sir.

Senator STEVENS. I am talking about the pipeline. If you have been to Barrow, and I think you have, it goes around the edge of the field.

Mr. COULTER. Yes, sir. There is a proposal by BIA to revamp the delivery system. Our responsibility ends at the pressure reduction station. From that station the pipeline splits in a Y-shape with one line going to the Naval base, and the other to the village.

The delivery system and the distribution system within the village are being studied by BIA for a potential revamping.

Senator STEVENS. I do not know where the Y is in relationship to the end of that runway, but I know that the pipeline is elevated, running around the end of that runway.

I probably should not say it, but I think about myself as well as you and all my friends in Barrow who fly in and out of that field.

Ninety percent of aircraft accidents occur within a quarter of a mile of the end of a field. Guess where that pipeline is? It is sticking up about 15 feet at the end of that runway. I do not see any reason why it cannot be buried, as we get money to change this delivery system.

In view of the number of your people who go there year after year, I would urge you to consider it. We lost that one Aero Commander with eight or nine people up there, all performing Government functions.

It is time that we eliminate that obstacle to aviation and to public safety. I congratulate you, though, for the new well.

COAL AND OCS LEASING ACT

Let me go to the coal and OCS leasing act activities. You all know about the courts' decisions. Have you revamped your requests in this area because of the slowdown that has occurred, both by secretarial decision and by court decision?

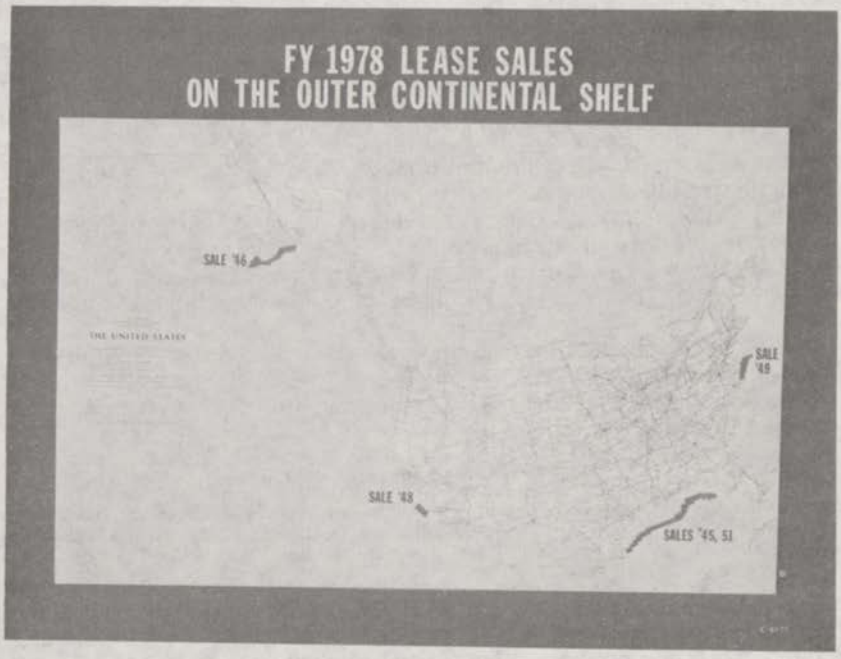
Dr. McKELVEY. We have not, Mr. Chairman. I think it is unlikely that we will, unless there is a longer delay or change in policy than we have any basis for expecting at this point.

There has been no indication on the administration's part that offshore leasing will not be conducted. The work and preparation for leasing remains to be done, even though it may be somewhat delayed in certain areas.

REQUEST FOR LEASING REGULATION

Senator STEVENS. You are not asking for front-end money. You asked for funding for lease regulations. In view of the increases in lease regulations it is apparent that the leases are severely delayed in OCS and onshore.

Why should we give you any additional money for lease regulation?



The areas associated with the five proposed offshore oil and gas lease sales scheduled for the fiscal year 1978 are shown on this map.

Dr. McKELVEY. The sales that have already been conducted in the Gulf of Alaska, and off southern California, of course——

Senator STEVENS. Can you relate the money to the sales that have actually been approved?

Dr. McKELVEY. Yes; I think we can, Mr. Chairman.

[The information follows:]

RELATION OF LEASE REGULATION INCREASE TO SALES

The added funding for lease regulation is requested in anticipation of a high level of industry activity on leases in "frontier" leasing areas where lease sales have recently been held—Alaska (April 1976), California (December 1975), and the mid-Atlantic (August 1976)—and additional sales have been tentatively scheduled prior to, or during FY 1978. The funding will be utilized to increase Pacific area staff by four inspectors and two professional and support positions (total 6 positions and $600,000), four inspectors and three professional and support positions (total 7 positions and $700,000) in the Alaska Area, and four inspectors and three professional and support positions (total 7 positions and $700,000) in the Atlantic area.

In summary, the funds will be used to establish 20 new positions to oversee operations in the "frontier" offshore areas resulting from recent sales in these areas and sales being forecast.

PENDING OCS LEASE SALES

Senator STEVENS. I am familiar with the sale off of Alaska. I think that is the only one that is still outstanding. Isn't that true?

Dr. McKELVEY. Southern California.

Senator STEVENS. Just a portion of it. Just that small sale that survived the court attack last year. There is no sale that escaped this year, from September of last year through now. The east coast sale was stopped. The new prospect of California that was put up for sale was canceled.

You do not have anything going on now; do you?

Dr. McKELVEY. In the Gulf of Mexico, Mr. Chairman, leasing has gone on and has been planned for this spring.

Senator STEVENS. This money you are seeking is for lease regulation that requires the lease to be in place?

Dr. McKELVEY. The work will also take place as a result of sales that have already been held, or will be held between now and fiscal 1978.

Senator STEVENS. Tell us the new leases that you see requiring lease regulation in fiscal 1978, for the record.

Dr. McKELVEY. We will be happy to do that, sir.

[The information follows:]

NEW OCS LEASES REQUIRING REGULATION

Specific new leases that will be requiring regulation in FY 1978 are leases included in those sales held in Alaska (April 1976), California (December 1975) and the Atlantic (August 1976). In addition to these sales leases in planned future sales prior to FY 1978 will also require regulation.

Senator STEVENS. As I said, you show no increase for front-end OCS money but you have added funding for lease regulation. Under the circumstances, shouldn't it be just the opposite?

Dr. McKELVEY. No, Mr. Chairman, but let me explain several points. For any one sale area, tract selection and evaluation would take place prior to the regulation workload. However tract selection and evaluation is only required for a limited period of time preceding

the lease sale; regulation of oil and gas operations continues for the life of the lease. Since the lease sale schedule for fiscal year 1978 continues at approximately the same level as now planned for fiscal year 1977 there is no need for an increase in funding for this program. The regulation of OCS oil and gas operations program requires additional funding as the number of leased areas increases. The increase in lease regulation funding for fiscal year 1978 is requested for workload resulting from a high level of industry activity on leases in frontier leasing areas where lease sales have recently been held—Alaska—April 1976—California—December 1975—and the mid-Atlantic—August 1976—and additional sales have been tentatively scheduled prior to, or during fiscal year 1978. The funding will be utilized to increase the inspection staffs by 4 inspectors in the Pacific area, 4 inspectors in the Alaska area, and 4 inspectors in the Atlantic area. The funds will also be used to add the following number of professional and support positions to these areas: 2 positions in the Pacific area, 3 positions in Alaska, and 3 positions in the Atlantic area.

OIL SHALE

Senator STEVENS. You have no request for an increase in oil shale; is that correct?

Dr. MCKELVEY. That is correct. As a matter of fact, the budget includes a decrease of $74,000 for oil shale hydrology.

Senator STEVENS. We understood there was an announcement by the new administration that a new demonstration project was going to be unveiled. Yet we see that neither you nor BLM is asking for any money at all; is this correct? Do you anticipate some new development in oil shale demonstration plants?

Dr. MCKELVEY. I have merely read that, Mr. Chairman. I am not personally familiar with it. I believe that program is being sponsored by ERDA, and beyond the newspaper articles concerning it, I am not familiar with that program.

ENERGY-RELATED INCREASES

Senator STEVENS. Only about $8 million of your $38 million increase seems to be related to energy. Why is that? I thought energy was top priority with all of us right now.

Dr. MCKELVEY. Mr. Chairman, energy has received the top attention in our budget requests in several preceding years. It is not that it does not still receive high priority in our actual work, but only that the increases received in the past have helped to get it up toward the appropriate level.

Senator STEVENS. You cut it off in terms of the request you made to the Department, and the Department's request to OMB in an energy-related areas.

Did you suffer any cuts in the budget process?

Dr. MCKELVEY. Mr. Chairman, in our request to OMB we received $800,000 less than we requested for geothermal investigations.

Senator STEVENS. How did that reflect your level of last year?

Dr. MCKELVEY. That would have been an increase over the level of last year. We were kept at the same level as in fiscal 1977.

I believe that is the only cut that we received from OMB in the energy area.

Senator STEVENS. You are not in solar; are you?

Dr. MCKELVEY. No; we are not, Mr. Chairman.

Senator STEVENS. With regard to these earthquakes—and I read your comments in your statement about earthquakes——

Dr. MCKELVEY. Excuse me, Mr. Chairman. Before we get on to that, I just found that we also received $2.6 million less than we had requested for coal land classification and evaluation and $572 thousand less than we requested in coal lease regulation.

Senator STEVENS. Coal land classification and evaluation. Where was that going to be used?

Dr. MCKELVEY. That would have been used with respect to Federal and Indian lands primarily in the West.

Senator STEVENS. Not primarily in Alaska, I hope.

Dr. MCKELVEY. I don't believe to any significant degree in Alaska, sir.

EARTHQUAKE EXCHANGE PROGRAM WITH THE CHINESE

Senator STEVENS. To go back to earthquakes, six of us had the pleasure of being in that little tremor in Peking. For my colleagues that had never been in an earthquake, it was a major experience.

As a consequence, we did discuss with the Chinese their earthquake prediction capabilities. It seems to me that last year I asked if you could get involved in that and get some people to go to China and share with them their techniques.

Has that been done?

Dr. MCKELVEY. We have had two delegations to the Republic of China, Mr. Chairman. The second was there in June, just shortly before the earthquake last summer.

Dr. Hamilton, who is beside me now, participated in the first of those visits. We have hosted a delegation of Chinese scientists here in this country.

We think that the exchange has been a valuable one and we hope to see it continue. I will ask, if I may Dr. Hamilton to speak briefly about the extent of that.

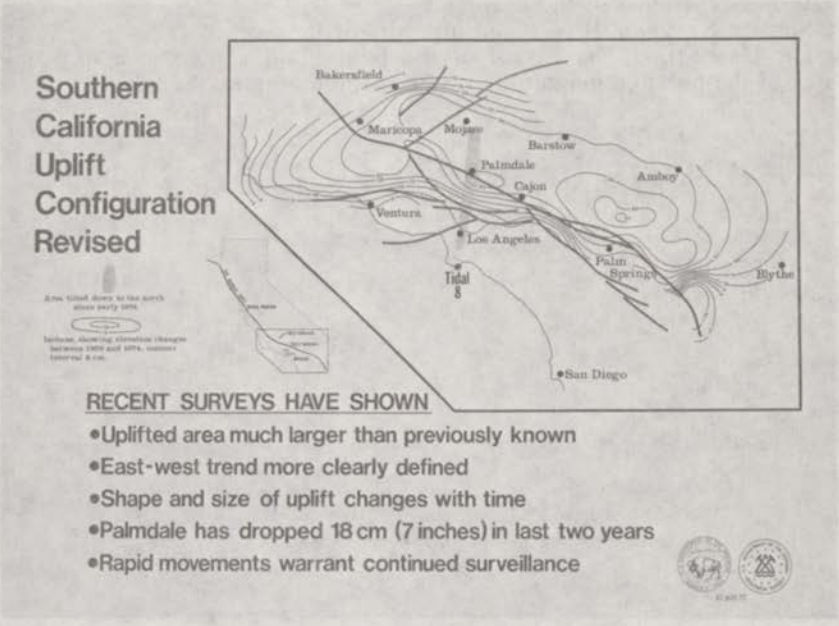
Senator STEVENS. Yes, Dr. Hamilton. Have you had any major breakthroughs in this area? I made the comment about the influence of the earthquake region in California.

I am more and more familiar with that.

Dr. HAMILTON. In the last year I cannot say we have had any major breakthrough in prediction. The greatest breakthrough in the last 2 years was the successful predictions by the Chinese of the earthquake in February of 1975.

They predicted that earthquake on the very day that it occurred. The techniques that were used are the same that we are using.

So we feel that we have good knowledge of what has been done. The major development that we have had in the last year has been the identification of the land uplift in southern California.



The U.S. Geological Survey has combined recent survey results and newly acquired older geodetic data with earlier results to render a revised, extended configuration for the southern California uplift. The revised map shows that the uplift that developed between 1959 and early 1974 extended from Point Arguello eastward to the Arizona border, a distance of roughly 600 km, with a midway width of about 150 km between Bakersfield and Los Angeles. In addition, level surveys just completed by the National Geodetic Survey and the Los Angeles County Department of County Engineer have shown that at least part of the area has gone back down 50 to 75 percent since early 1974.

Senator STEVENS. I read about that while I was out there recently. And I see your chart there. Are you monitoring that now, on an annual or semiannual basis?

How often do you monitor that?

Dr. HAMILTON. We have a wide variety of studies under way. Toward the end of the last fiscal year about $2 million was made available for the initiation of a wide variety of studies, ranging from geophysical monitoring through geologic investigations.

We have installed continuously recording instruments in the area of varied types, including seismograph stations, magnetometers, tilt meters and so on, and we also are running leveling surveys and trilateration surveys to measure horizontal land deformation, on a periodic basis.

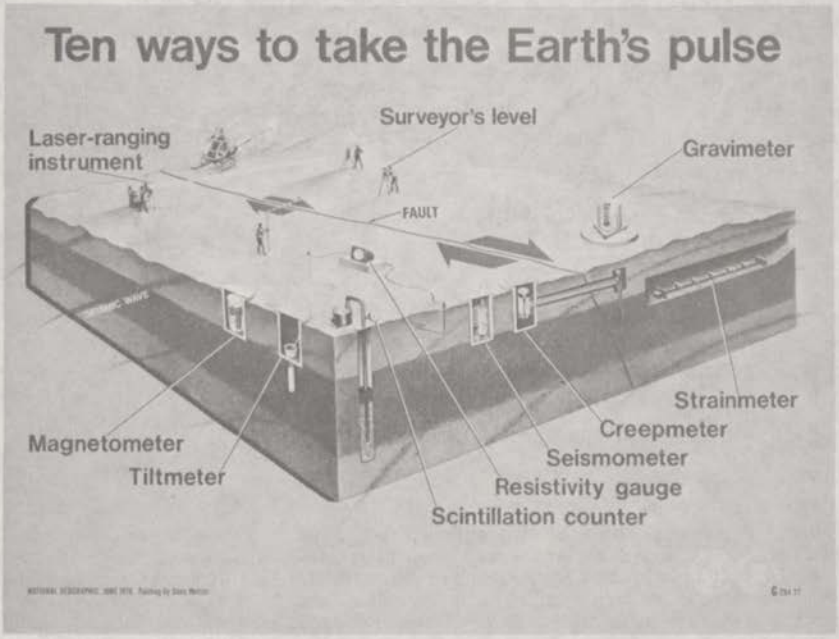
Senator STEVENS. We know how much the land lifted in Alaska in 1964, and then it subsided. Apparently, had we known enough about it to start measuring before, we could have known that it was coming, but not when, as I understand it; is that correct?

Dr. HAMILTON. That is the problem. We know that there was a land uplift preceding the earthquake in Japan in 1964, and there was some landlift preceding the 1971 San Fernando earthquake. But

the land uplift itself does not give us a measure of the expected time of occurrence of the event.

Senator STEVENS. How about intensity of the event?

Dr. HAMILTON. The extent of the land uplift should give us some idea of the possible magnitude of the forthcoming earthquake.



The instruments shown in the diagram detect and measure anomalies in the earth's crust which may be earthquake precursors, and provide the present basis for earthquake predictions.

Dr. HAMILTON. But we are looking toward more migrations of seismic activity, changes in the electric and magnetic fields of the Earth, and land tilting to try to zero in on the short-term predictions.

EARTHQUAKE RISKS IN PROPOSED WATER DAM AREAS

Senator STEVENS. I am not being facetious. I understand that, as a matter of fact, the President in his telephone conversation the other day specifically referred to earthquake risks in some of the areas with proposed water projects as a reason for delaying them, to have them investigated further.

Are you working on that investigation?

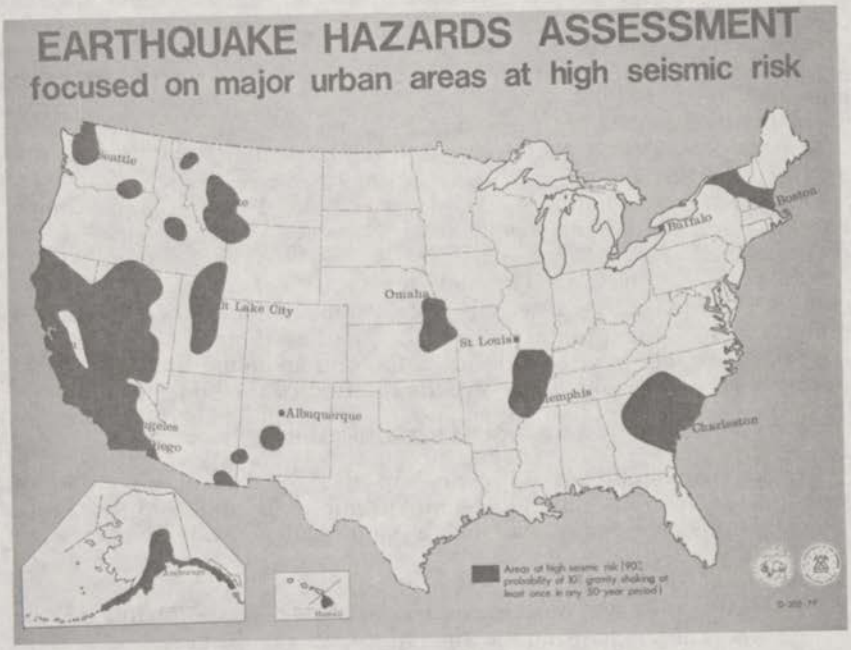
Dr. HAMILTON. One project that has particular earthquake problems is the Auburn Dam project in California, which lies on the fault system, in the foothills of the Sierras.

There was an earthquake about a year ago very near the Oroville Dam in northern California, which is also on that same fault system. Part of that dam was involved in that earthquake—it was believed that that fault system was currently active.

We have studies in the Oroville Dam area. Studies were undertaken by the Bureau of Reclamation.

PREDICTION OF RECURRENCE OF EARTHQUAKES

Senator STEVENS. It seems to be raising this concept of a potential earthquake as far as our gas line is concerned. Right after the earthquake I remember one of your people giving us a lecture in Anchorage about the time frame for a major earthquake, and indicating that the probability for an earthquake within that period of years—I believe that he said 100 years, was rather remote.



Areas where the historical record indicates there is a high or moderate chance of severe seismic shaking in the next 50-year period are shown in red. In many of these areas, particularly in the populous eastern and midwestern states, there are no systematic investigations presently underway.

Federal Government responsible for:
- technique development
- demonstration projects
- national seismic risk assessment
- regional earthquake hazard mapping and evaluation

State and local governments share in regional studies, but concentrate on local and site specific hazard assessment for land-use planning and zoning.

Senator STEVENS. Do you adhere to that philosophy, that you could not expect a major earthquake in the same region within a period of time?

Dr. HAMILTON. You mean once an earthquake occurs in a region, that it would not be expected to occur for another 100 years?

Senator STEVENS. Over a sizeable period of time. I think he said 100 years. The homeowners in Alaska could not afford earthquake insurance before the Earthquake Act—afterward you could write it for almost nothing because the insurance companies seemed to have the same feeling. Is there any truth to it?

Dr. HAMILTON. There would be some basis for believing that, after a magnitude 8 earthquake had relieved the stresses in a given region, it would take time to build those stresses back up.

This has been our experience in the San Andreas Fault that broke in 1966 and the section that broke in 1857.

Senator STEVENS. But these areas in California, southern California, have not had any stress in recent history; is that right?

Dr. HAMILTON. That is right. A section just north of Los Angeles has not been relieved since 1857, so the stresses should be built up to a fairly high level.

Senator STEVENS. I remember when I was a lad in California it must have been 1937——.

Dr. HAMILTON. 1933 at Long Beach, perhaps?

Senator STEVENS. It had to be a little later than that. It was not a major one, but you are talking about major releases.

Dr. HAMILTON. That is right. And the point I was going to make is, very substantial damage can be caused by less than great earthquakes.

For example, the San Fernando earthquake had a magnitude of only 6½, which can cause substantial damage, and these occur at a much more frequent interval than the great earthquakes.

So it would be unwise to design a facility, assuming that you would not have an earthquake for a very long period of time, in that region.

EARTHQUAKE TECHNIQUES

Senator STEVENS. Are we giving up the concept of any kind of prevention? At one time, it seems to me that you told us about a concept of lubricating the fault system and allowing it to release itself slowly.

Is that still being explored?

Dr. HAMILTON. We have not carried out any experiments in the field since the conclusion of the study at the Rangely oilfield in Colorado, where we successfully terminated earthquake activities by the injection of water into the reservoir then we started the earthquake activity up, and we turned it off again finally.

That was a very successful experiment, that showed the frictional strength of a fault can be controlled by fluid pressure.

There has been discussion that a larger scale experiment could be undertaken on an active fault in an uninhabited area, perhaps western Nevada. But such an experiment has not been undertaken.

Our current studies in this area are restricted to the laboratory experiments on large specimens of rock.

Senator STEVENS. If you want to do an experiment, I can assure you that you can get the cooperation of my State.

I know of some places where they would think you were the plague to come out and pull a trigger on what might be a major earthquake. But we have them every day. The question would be whether you

caused it or God did, I guess. I think we are really very serious about this. We would like to know much more about this.

We are constantly hit with the potential for earthquakes as a mechanism to prevent the development that we feel is compatible with our State. So if there is anything at all we can do to assist, we would like to do it.

Did you visit China after the second earthquake?

Dr. HAMILTON. I was there in October of 1974, which was before the Tangshan earthquake, and also before the one they predicted in February of 1975. Our second delegation that went was during June of last year, so they were there after the one that was predicted, but before the Tangshan earthquake.

BUDGET ESTIMATE FOR EARTHQUAKE PREDICTION

Senator STEVENS. Thank you very much. Did you get cut off in the process of budgeting in this area?

Dr. MCKELVEY. No, we did not.

Senator STEVENS. You got everything you asked for?

Dr. MCKELVEY. The level that we are requesting, Mr. Chairman, is the middle level of the recommended increases developed by the distinguished advisory committee appointed by the President's science advisor last June.

That committee was given the charge of analyzing the need and recommending work that ought to be done to reduce earthquake hazards.

It came up with a balanced program of effort in the various components of earthquake hazard reduction, and with three possible levels of funding, each related to the rate at which work would progress.

The President's budget corresponds very closely to level B, the middle of those three levels.

Senator STEVENS. The sizeable increases you are requesting for earthquake and volcanic hazard reduction seem to point to a major long-term effort. Just what are we looking at down the road in this area?

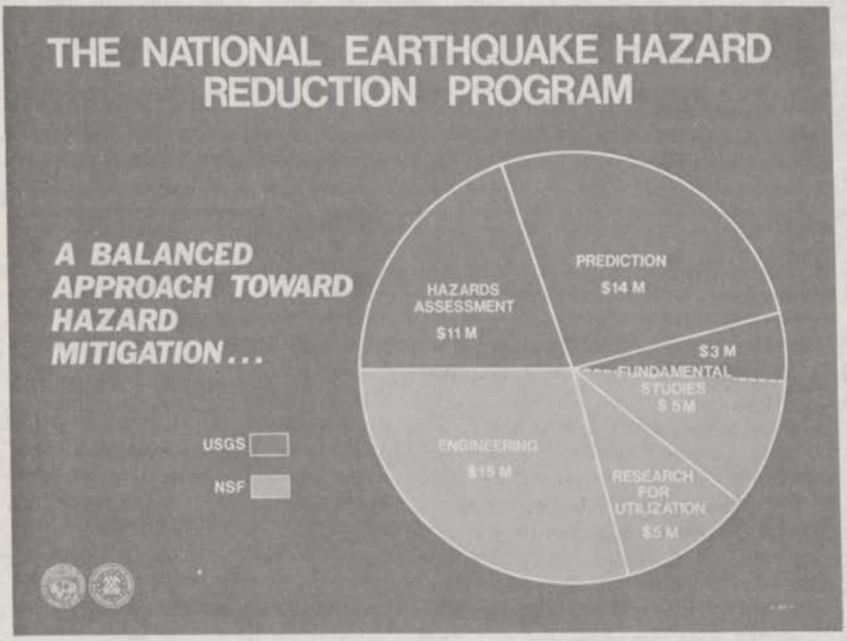
Dr. MCKELVEY. As far as the earthquake hazards reduction program is concerned, the Stever panel recommended—at the option B level—further increases to $37.8 million in fiscal year 1979 and $46.1 million in fiscal year 1980 for the USGS part of the program. I would anticipate, if that course is followed, that this level of funding would be required for several years. So over the next 10 years, the total expenditure in the Survey would be about $430 million and approximately the same would be needed for NSF's component of the earthquake program.

As far as the volcano hazards program is concerned we anticipate that, once the Mauna Loa volcanic activity commences, we will need to maintain the new monitoring networks for maximum safety. Farther down the road, we anticipate that by about fiscal year 1980 a tightly coordinated national program in volcanic hazards will be established as part of an international effort. This program, would be coordinated by the Survey and would be reviewed by a counterpart to the Earthquake Advisory Panel. The program would focus on volcanoes which are characterized by explosive and hot ash flow eruptions,

including Mount Baker of the Cascade Range, Wrangell Mountains of the Alaskan Range, and Augustine of the Alaskan Peninsula (Aleutian Island Chain). The level of funding is projected to increase from about $1 million per year to $10 million per year. Over the next 10 years total funding for this volcanic program would be about $80 million.

Senator STEVENS. I see your chart up there. If you will supply a copy of that chart we will put it in the record.

Dr. MCKELVEY. We will supply a camera copy.



A balanced approach toward mitigating earthquake losses requires a broad range of studies in several scientific and engineering disciplines. This diagram represents the planned distribution of increased funding for earthquake research by the National Science Foundation (lower position of pie) and the U.S. Geological Survey (upper position of pie). At the request of the Science Adviser to the President, this plan was formulated by an external Advisory Group on Earthquake Prediction and Hazard Mitigation, together with a joint special staff planning group from USGS and NSF.

EARTHQUAKE PREDICTION CAPABILITY

Senator STEVENS. Are you anywhere near the stage where you can warn within a period of time—not a given date, but within a period of time—that there will be a substantial release of the energy that is caused by the tension in the Earth's surface?

Dr. MCKELVEY. Mr. Chairman, there is a very interesting thing going on right now. You may have seen the article in the newspaper this morning, or in the Star yesterday, concerning the Romanian earthquake.

Senator STEVENS. Yes, I did see that.

Dr. MCKELVEY. Our scientists made an examination of the records of previous earthquakes in Romania. They observed that in that region, for this kind of an intermediate depth focus earthquake, that during this century several earthquakes have occurred there in pairs.

There have been eight earthquakes of major magnitude. Of those eight, two occurred singly without any following activity, but three of them were followed, within a relatively short period, by a second earthquake of about the same magnitude. That suggests a rather strong probability that the earthquake that occurred a few days ago may be followed by another one, within a matter of weeks or months.

That information has been relayed to the Romanian Government, along with volunteering our assistance if requested, in various aspects not only of determining the damage that has already occurred and observing the seismic activities from a scientific standpoint, but also in preparation for a similar event some time in the future.

We have already been requested to assemble a team to go and I believe they are scheduled to leave Friday or Saturday.

CALIFORNIA EARTHQUAKE PREDICTION

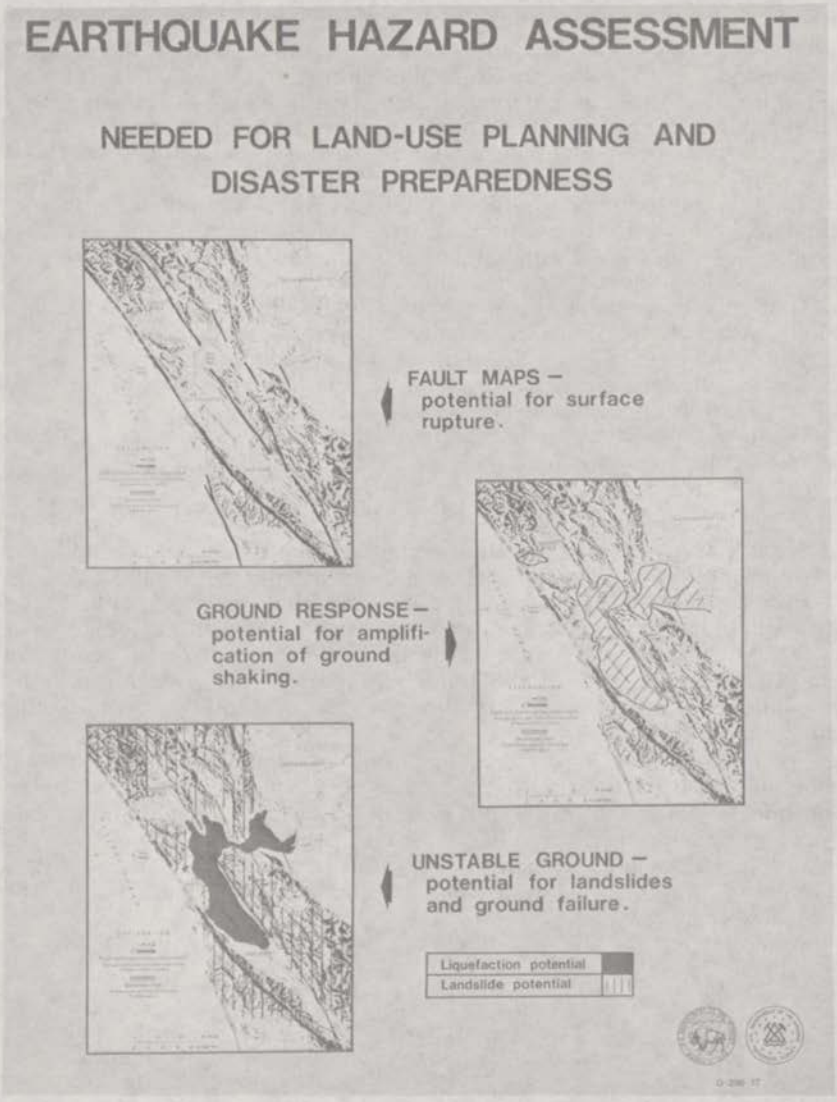
Senator STEVENS. I was thinking more about California, and the constant process of government calling our attention to California.

How long will it be before we can say that there is going to be an earthquake in X months, days, years, or whatever it may be?

Dr. MCKELVEY. Mr. Chairman, the program we are proposing in the 1978 budget and in the following years is designed around the aspiration that we would, at those levels of funding, acquire this capability within 10 years.

We have already predicted some small earthquakes after the fact—from observation of records, we have seen events that preceded an earthquake, and that with our present knowledge, could have been recognized as premonitory phenomena at the time but were not.

But it is possible that with individual areas and with individual events we may be able to develop the basis for warnings within the next few years.



This chart illustrates three maps which delineate conditions that contribute to earthquake hazards. Such information is required to make earthquake assessments.

Dr. McKELVEY. The southern California uplift, though, is an example of sort of where we are now. We know enough, we believe, to recognize that the strain is accumulating. You had mentioned the recurrent interval of earthquakes earlier in this particular area, and there has not been a great earthquake since 1857.

Studies that have been made of earthquakes in that area, in prehistoric times, indicate a recurrence at intervals ranging—and I

will ask Dr. Hamilton to check me on this—but ranging as I recall from something like 70 years to a few hundred over the past 2,000 years. That, on its own, is a basis for concern. It has been 120 years since a major movement occurred.

USE OF REMOTE SENSING FOR EARTHQUAKE MONITORING

Senator STEVENS. Dr. Hamilton, does Landsat tell us anything? Have you compared that with the uplift configuration?

Dr. HAMILTON. Landsat is helpful in seeing the delineations in the crust that would help to identify the location of faults. But in this case, where we are looking for time-dependent phenomena, it is not the basic technique that we use.

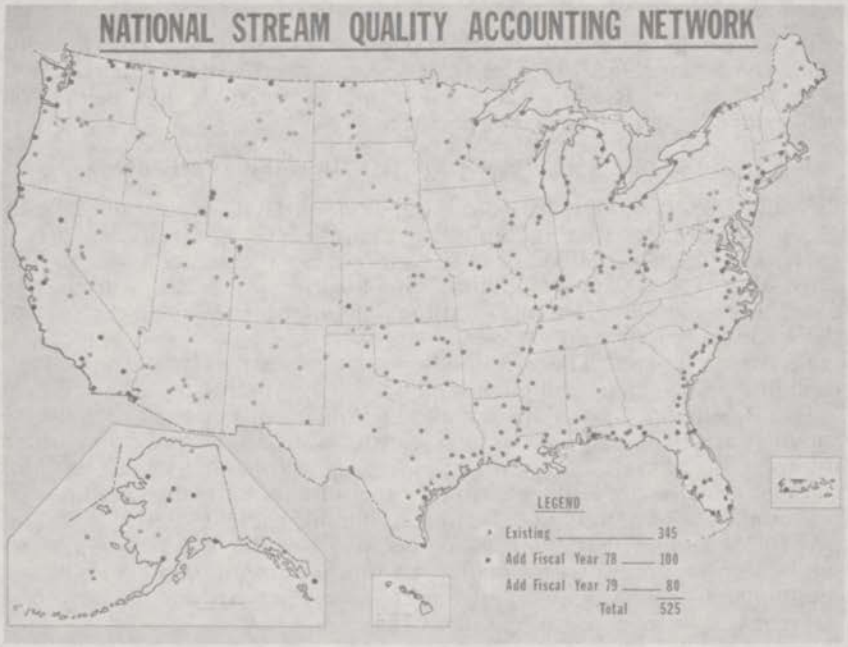
Senator STEVENS. There is no way to develop a satellite approach to shifting land, or uplifting land?

Dr. HAMILTON. There are techniques that have proven to be useful for measuring changes in the land elevation, and land position. Either by using lunar reflections or by using quasar sources with a time interval of these pulses measured, the changes in the position of the land can be detected. The resolution by these techniques at the present time is about 10 centimeters, so they have a little ways to go before they can monitor changes of a few centimeters. But the technique is developing rapidly, and we expect within the next few years it will be very useful in our work.

WATER QUALITY ASSESSMENT

Senator STEVENS. Thank you very much. On water quality what does the Willamette River prototype look like? Have you any requests for additional money in that area?

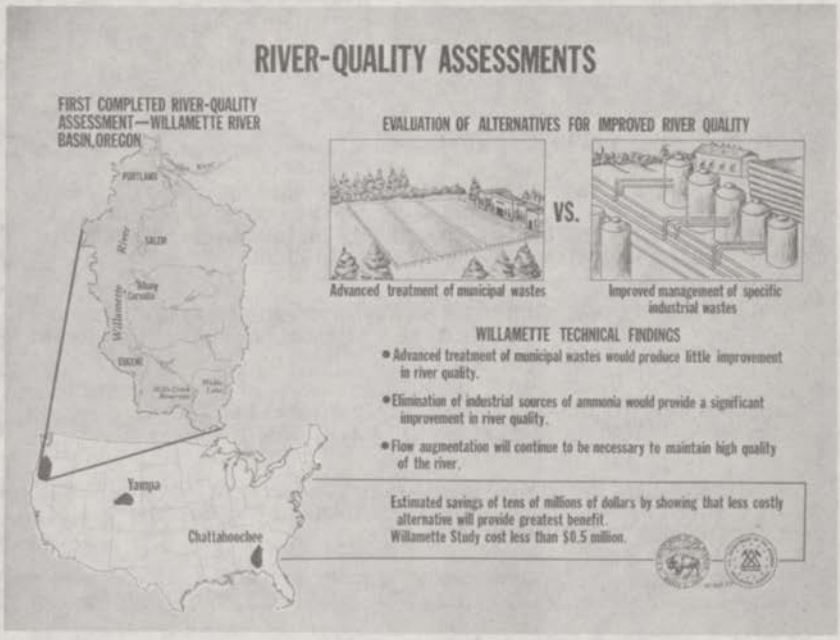
Dr. MCKELVEY. We have a request for $1.4 million, Mr. Chairman.



The National Stream Quality Accounting Network—NASQAN—is designed to provide a uniform, continuing measure of the quality of U.S. rivers. Design size: 525 stations.

Dr. McKELVEY. For water quality studies having to do with the continued expansion of the national stream water quality network that we have been developing in the past few years.

For the Willamette-type study we have funding for two additional pilot studies that are already in progress, one on the Yampa River and one on the Chattahoochie. We think that the work that has already been completed on the Willamette River Basin is extremely significant.

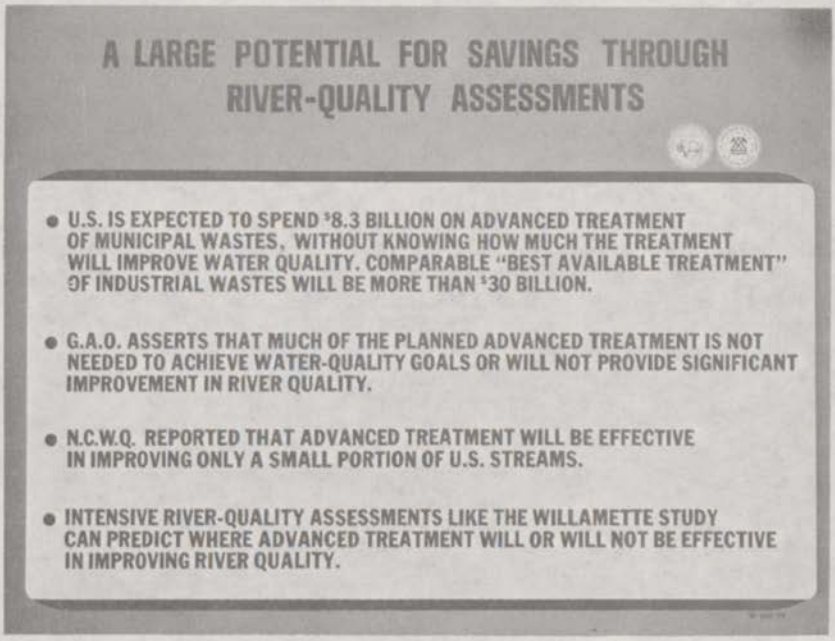


An intensive river-quality assessment of the Willamette River basin, Oreg. demonstrated the practical benefits of a scientific evaluation of proposed programs for managing river quality. Yampa and Chattahoochee studies are underway.

Dr. MCKELVEY. It has led to the observation and conclusion that steps needed to improve and maintain adequate river quality in the Willamette basin do not need to include some of the things that had been recommended on a sweeping national basis, such as advanced sewage treatment.

Senator STEVENS. Is the first recommendation, in effect, that the best available treatment does not have to be secondary treatment?

Dr. MCKELVEY. Not necessarily. Advanced treatment may be required in some areas. But the point is that a scientific study of individual basins is relatively inexpensive, compared to the cost of some of the kinds of water treatment that might otherwise be thought necessary. The Willamette study, for example, cost only $500,000.



Benefits of the scientific rather than the legalistic approach to river-quality management was demonstrated in the Willamette River basin, Oreg. by predicting the consequences of optional management strategies.

Dr. McKELVEY. And yet it indicated that the steps needed to maintain adequate water quality would not need to involve some of the actions that had been discussed and considered, that might have run into tens of millions of dollars.

COOK INLET WATER TREATMENT

Senator STEVENS. Have you done anything offshore? To get provincial again, the Cook Inlet communities tell me they have water treatment problems.

They are required to put in secondary treatment now for municipal wastes. And they are dealing with the Cook Inlet, which is fed by alluvial streams.

There is nothing they could do to increase the quality of that water. It is going to cost, I guess, three quarters of a billion dollars for those plants. Have you done anything in that area?

Dr. McKELVEY. I am not familiar with that area. Mr. Cragwall, our Chief Hydrologist, may be. If not, we could supply the information for the record.

Senator STEVENS. I do not want to ask you questions you cannot answer. Are you looking at that kind of offshore situation, where the communities are located in a bay or an inlet?

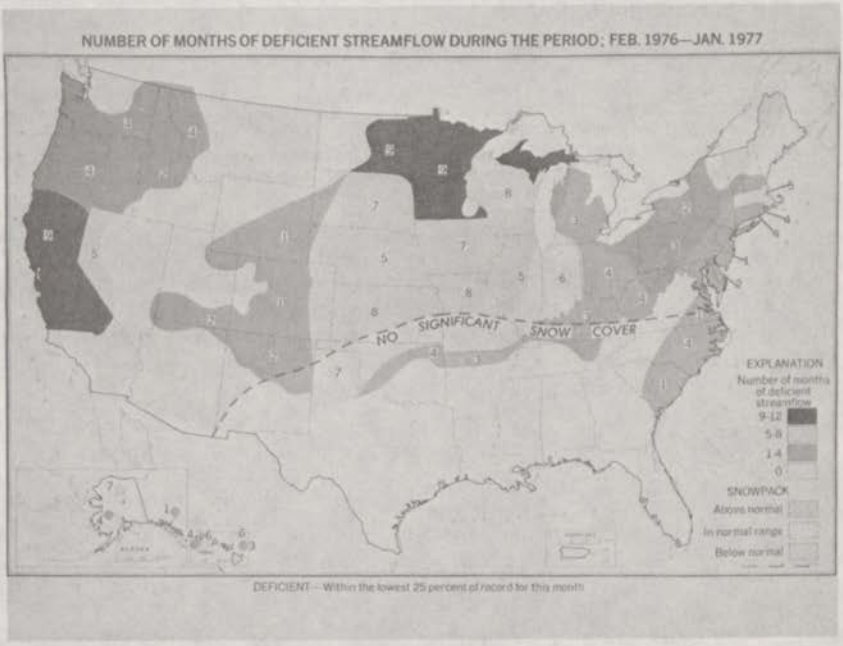
Mr. CRAGWALL. Not directly, sir. We have not viewed the regulations and laws pertaining to ocean dumping as within our mission.

However, I think in some of our Florida studies we have worked very closely with communities to evaluate alternative measures onshore, that could come out perhaps at lesser cost to the communities than dumping in the ocean, as I understand it.

So there are always possible, perhaps, some alternative measures to ocean dumping.

DROUGHT IMPACT

Senator STEVENS. I might put the city of Anchorage in touch with you. What about the drought? We do not notice that we have had any changes in your budget request because of extreme drought in the West.



Streamflow in the United States has been considerably below normal for extended periods over much of the country. It reflects serious drought conditions, especially in the North Central and Western parts of the Nation.

Dr. MCKELVEY. Mr. Chairman, we are presently drawing up proposed budget supplementals for fiscal 1977 and an amendment for fiscal year 1978.

Senator STEVENS. When can we expect that?

Dr. MCKELVEY. I cannot say, Mr. Chairman. I have the draft in front of me. We are expecting to give it to the Department today or tomorrow.

ALASKA PIPELINE INVESTIGATIONS

Senator STEVENS. All right. Let me go quickly through some specific questions now. We note that you seek $333,000 for your final request for the Alaska pipeline investigations; is that true? Is this the last year for your involvement?

Dr. McKELVEY. I am not aware that this is the last year of our work in that area.

Senator STEVENS. You have indicated that you expect to be doing seismic and hydrologic studies on the Alaska pipeline. Will they be budgeted under some other item in the future, other than Alaska Pipeline Investigations?

Dr. McKELVEY. I am sure they would. I am not aware, Mr. Chairman, that this is the last year of this request.

Senator STEVENS. Would you clarify that for the record? We have some indication in our files that this would be the last year for Alaska pipeline investigations.

Dr. McKELVEY. There may be some question as to whether this continues as a separate line item. But it certainly will be continued for a time in the future. But we will clarify that for the record.

[The information follows:]

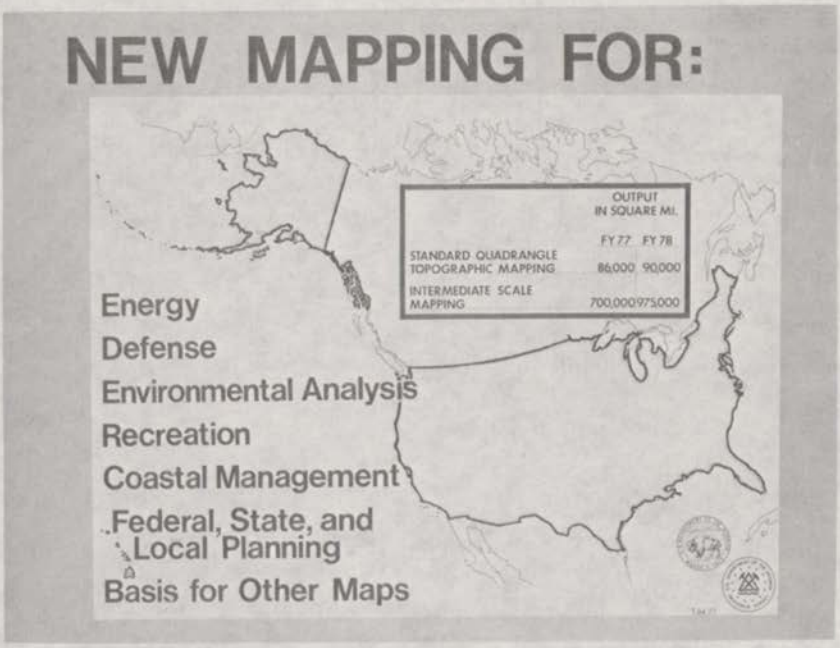
ALASKA PIPELINE PROGRAM CONTINUATION

Because many of the Alaska pipeline investigations were predictive in nature, it is necessary to continue the observations to determine the validity of those predictions. However, because the results of the follow-on observations will be of primary value to new programs and construction activities in Alaska, we would anticipate combining these activities in the Arctic Environmental Studies program included in the Geologic and Mineral Resource Surveys and Mapping activity.

TOPOGRAPHIC MAPPING

Senator STEVENS. On topographic mapping you have asked for a $6.5 million increase for quadrangle mapping. This includes $3 million for equipment, $1.5 million for new mapping, and $2 million for mapping revisions.

Is this related to energy development?



New topographic quadrangle maps are needed to meet national priority needs in energy related and national resource areas and to complete the mapping of unmapped areas of the conterminous U.S. The new intermediate-scale maps which have a high priority need are prepared from existing 7.5-minute topographic quadrangle maps.

Dr. McKELVEY. In part it is, Mr. Chairman. Topographic mapping has to do with, and is a part of, value in many kinds of human activities. But a good deal of this mapping is actually focused at energy resource lands in the West and in the coastal zone where there may be offshore impact from onshore development.

Senator STEVENS. Last year you sought to reduce topographic mapping by $2.2 million, and we added $1 million. Now you have come up with a $6.5 million increase. Why the sudden increase?

Dr. McKELVEY. We were grateful for the committee's action last year, sir. I am happy that OMB and the Department allowed us to make this request for an extended program this year.

Senator STEVENS. Is this tied into Landsat?

Dr. McKELVEY. Not directly, Mr. Chairman. The activities that are proposed here have to do with topographic mapping and improving our capability for relatively large-scale mapping. Landsat imagery will be used for certain small-scale and thematic mapping.

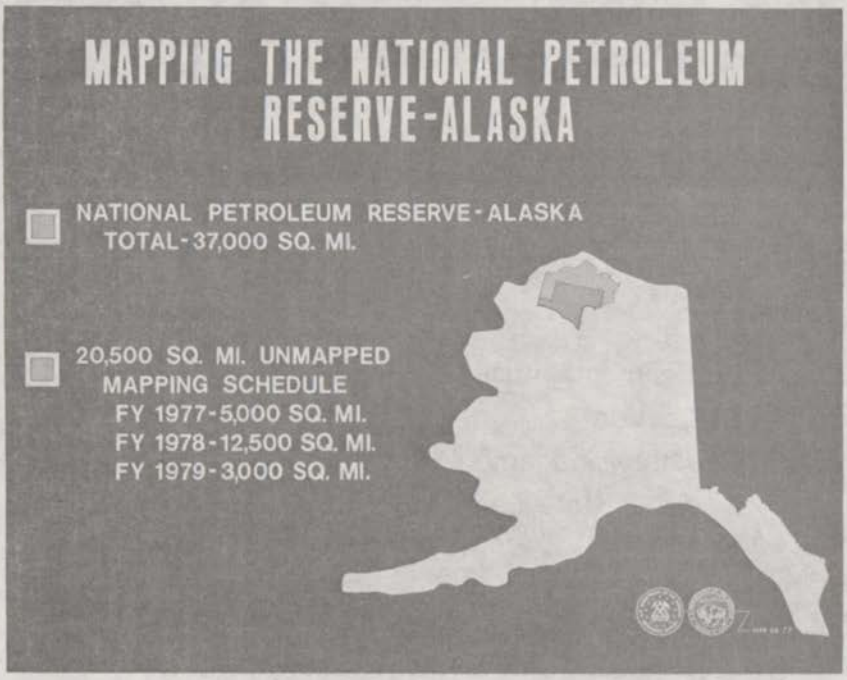
Senator STEVENS. Is any of the $1.5 million increase in Alaska for quadrangle mapping?

Dr. McKELVEY. Yes.

Senator STEVENS. How much; do you know?

Dr. McKELVEY. Offhand I cannot say. Perhaps Mr. Lyddan who is here——

Senator STEVENS. Is part of it in the national reserve?

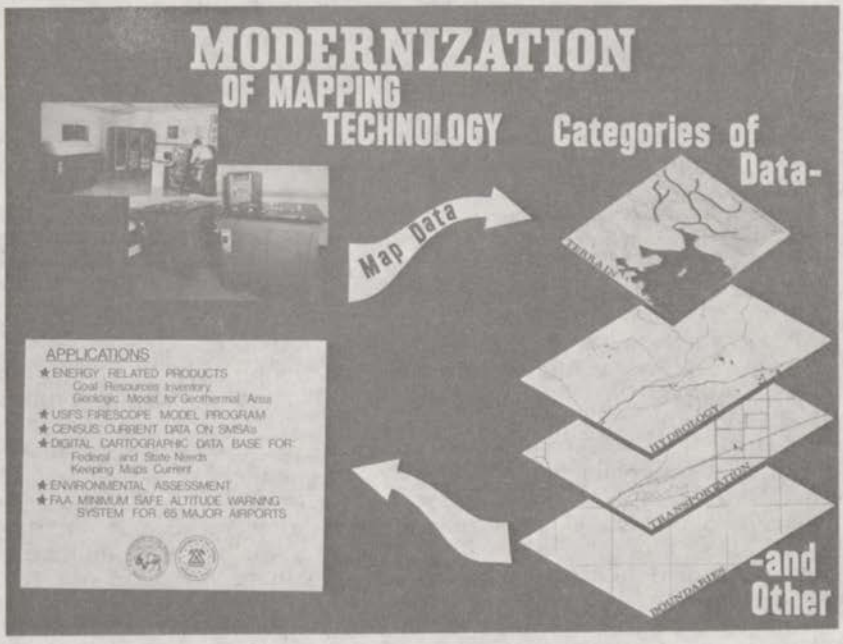


This chart shows the general status of mapping within the National Petroleum Reserve in Alaska at scales needed to support exploration and development activities.

Mr. LYDDAN. Part of the increase in activity is for the petroleum reserve in Alaska. We have a chart here that will give some figures on that.

The unmapped part of the petroleum reserve is 20,500 square miles. We expect to complete all of that in 3 years, thus covering 37,000 square miles in the petroleum reserve.

Senator STEVENS. All right. Thank you.



Modernization of mapping technology is needed in order to produce and provide the variety of map products that will meet national map users' needs. Modernization involves the purchase of new equipment, updating existing equipment, and developing new mapping techniques. This graphic represents an example of modernization—a new product—a *map data in digital form* which has been produced by a new mapping system.

MODERNIZATION OF MAPPING TECHNOLOGY

Senator STEVENS. Under modernization of mapping technology you seek a $3 million increase which would double the program. This activity was not in your budget last year. How did you arrive at the base figure, in order to say that it was a doubling of the program?

Dr. MCKELVEY. Possibly, it was not separately identified last year, Mr. Chairman. But we have had funding previously for this same function.

Senator STEVENS. I am going to skip through some of these questions, and submit them to you and we will put them in the record with your answers, Doctor.

Dr. MCKELVEY. I would be happy to.

ARCTIC ENVIRONMENTAL STUDIES

Senator STEVENS. Let me go to environmental energy classifications. Under your Arctic environmental studies activity you mention an exchange program with Russia.

What was involved in that program? What have you gained from it?

Mr. COULTER. This is primarily the program that was started under EPA of personnel exchanges in a broad range of programs. We have

had two sets of Russian visitors, primarily, from the Permafrost Institute in the Yakutz.

From various places in the United States we have had two parties visit Russia and exchange information. We are now talking about some joint projects that would actually exchange individuals with the Russians to physically participate in some investigations, primarily on construction in permafrost areas.

Senator STEVENS. Did you get a chance to see their big pipelines in the Arctic?

Mr. COULTER. Yes, and we also got descriptions of some of the difficulties they had with their gaslines.

Senator STEVENS. Do you have a report on that?

Mr. COULTER. We do have a short report on that, yes, sir.

Senator STEVENS. Is it going into publication soon?

Mr. COULTER. No, but we could certainly make the trip report available to you.

Senator STEVENS. Do you have any more planned trips over there to look at their pipelines?

Mr. COULTER. Not in the immediate future.

Senator STEVENS. Some of the people who were actually on the private side of construction of the Alaskan pipeline have indicated that they would like to see those, but they have not been able to get over there to see them.

Mr. COULTER. Hal Peyton from Alyeska has been on all of these interchanges.

Senator STEVENS. I understand that they were not really taken to the areas of difficulty; is that your understanding?

Mr. COULTER. On our last trip our people were quite enthusiastic about the open reception they got and the number of things they were shown.

It was just on the last trip that it really opened up. They have received more open treatment on our side than we have on theirs.

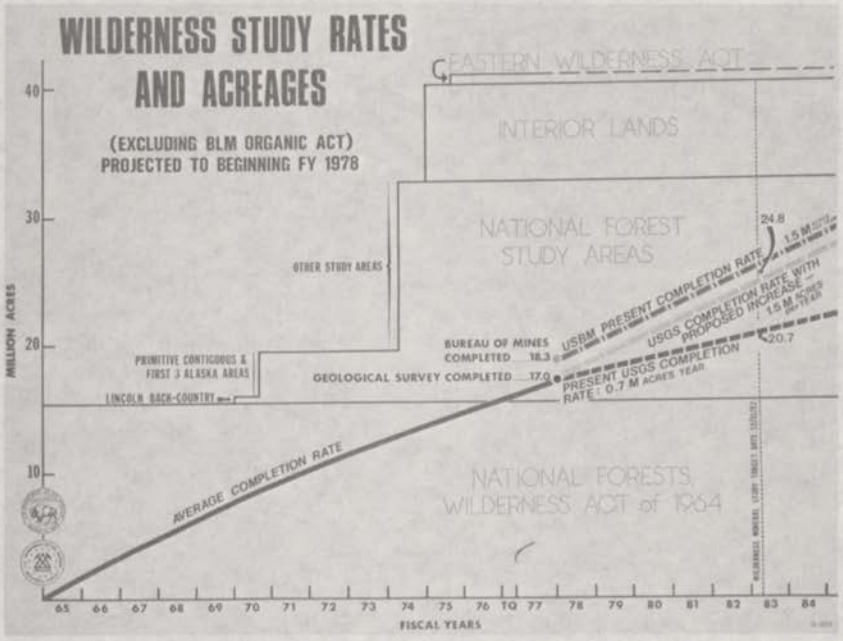
REGIONAL AND WILDERNESS MAPPING

Senator STEVENS. You propose to reduce your regional mapping effort by $1.5 million and redirect that funding to mineral surveys. What will be the effect on the regional mapping effort?

Dr. MCKELVEY. It will be primarily a refocusing of it, Mr. Chairman, much the same activity will be involved, but in other areas.

Basic mapping and related studies are being focused on areas broadly favorable for determining mineral resources in the United States.

Senator STEVENS. In your mineral survey program, what exactly does USGS do to carry out mineral resource surveys for either established or proposed wilderness areas?



The chart portrays the status of the number of acres of proposed Wilderness areas studied by the Geological Survey and the Bureau of Mines for mineral potential, and shows the total number of acres both bureaus will complete by the 1983 deadline.

Dr. McKELVEY. With respect to the wilderness areas, the Wilderness Act and some other related legislation requires that a mineral survey be made by the Geological Survey and the Bureau of Mines, of areas being proposed for inclusion in the wilderness system.

That program has been in progress since the act was passed in 1964. A similar requirement has just been passed recently in the BLM Organic Act, with respect to potential wilderness areas that are under BLM's jurisdiction.

Senator STEVENS. I am familiar with that. What do you have to do to get on the land to make these studies?

Dr. McKELVEY. We have access. Of course we may be working in some areas with helicopter support.

But the actual studies themselves consist of reconnaissance geologic mapping and geochemical and geophysical surveys.



The investigative methods indicate the types of geoscience studies used in mineral resource assessments. This provides the information for a Mineral Potential Map and for Mineral Resource Data from which Government decisions can be made. This program is underway in Alaska and for the Wilderness areas and is in the beginning stages in conterminous United States.

Senator STEVENS. Are those studies any different from the studies carried out by the Bureau of Mines?

Dr. MCKELVEY. The Bureau of Mines focuses on any existing mines that may be in the individual wilderness area, or on mines and prospects that have been developed in the past.

We are focusing on the regional aspects of the problem.

Senator STEVENS. Why do two agencies have to be involved?

Dr. MCKELVEY. The act specifies both the Geological Survey and the Bureau of Mines.

Senator STEVENS. That is the Wilderness Act?

Dr. MCKELVEY. Yes, sir. And the BLM Organic Act also.

Senator STEVENS. Part of the increase for wilderness area surveys is for use of helicopters. Why is this necessary?

Dr. MCKELVEY. Wilderness and proposed wilderness areas are by definition roadless, and generally in very rugged, remote areas. The mineral resource assessments that are required in these areas are usually under strict time limitations. In the process of examining and sampling all parts of these areas, helicopters are commonly used to complete the field work as efficiently and as quickly as possible to meet the prescribed time limitations.

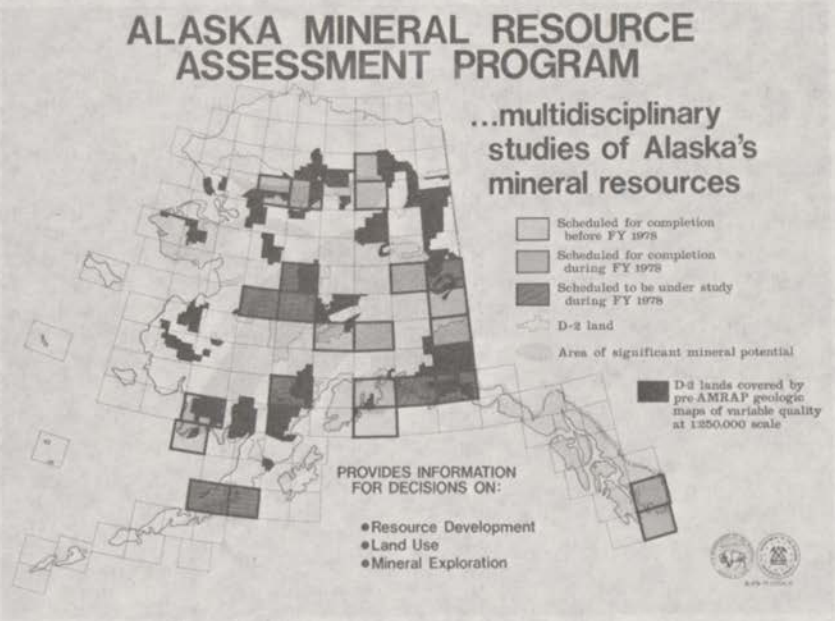
MINERAL SURVEYS ON ALASKA D–2 LANDS

Senator STEVENS. You show no program increase for mineral surveys on D–2 lands.

Dr. MCKELVEY. Not this year on D–2 lands; that is correct, sir.

Senator STEVENS. What happened there?

Dr. MCKELVEY. We are funded at about the level that we can operate in the time frame of the act. I think we are at the level of about $4.5 million.



The program is a multidisciplinary study of Alaska's mineral resources. The D–2 lands are shown in green and areas of significant mineral potential are shown in a stripple pattern. At a scale of 1:250,000, these 10 quadrangles are scheduled for completion before fiscal year 1978, 6 quadrangles are scheduled for completion during fiscal year 1978, and 9 quadrangles are scheduled to be under study during fiscal year 1978.

Senator STEVENS. When the Wilderness Act passed in 1964 you were given 20 full fiscal years to review the proposed areas for wilderness; is that right?

You were given until 1983?

Dr. MCKELVEY. That is right; 1983.

Senator STEVENS. Will you have completed the mineral studies for the proposed wilderness areas outside of Alaska by 1983, using your current budget level?

Dr. MCKELVEY. Not with the current budget level, but with the level requested in the 1978 budget we believe that we can complete all of the surveys actually required by the existing legislation.

TIME FRAME NEEDED TO STUDY ALASKAN D–2 LANDS

Senator STEVENS. What time frame would be required to review the proposed D–2 areas in Alaska, assuming that they are protected in some way for that period of time?

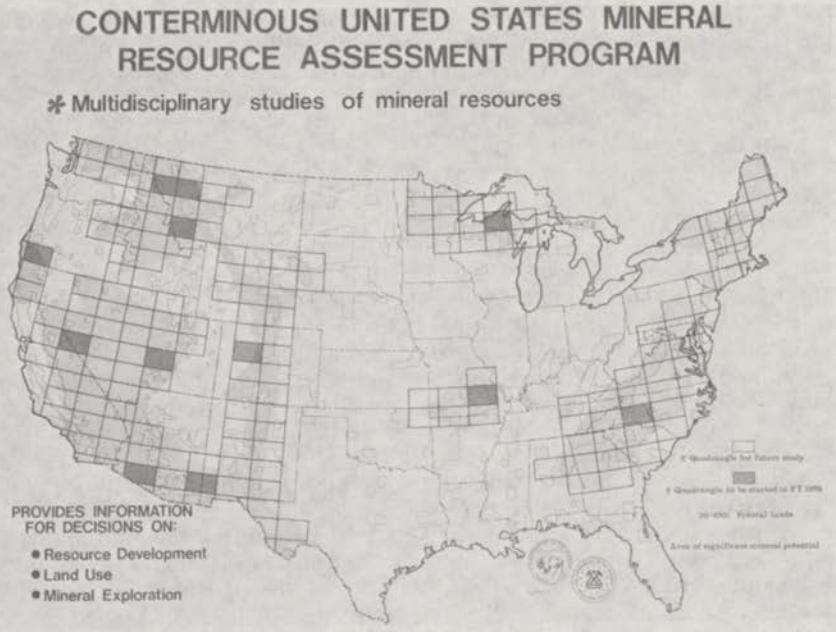
Dr. MCKELVEY. I would have to supply an estimate of that, Mr. Chairman, in the sense that you have asked the question. But I can say that by the time the Congress needs to make its decision with respect to disposition of the D–2 lands, we will have completed a regional resource assessment of all D–2 lands.

In fact, that is scheduled for completion by January 1, 1978.

Senator STEVENS. That is not the same kind of a study you made in wilderness areas in the South 48, is it? You have made it an objective area-by-area study in the South 48, and you have made a regional study in Alaska.

Dr. MCKELVEY. We are doing both. I was going to say that in addition we have an assessment in progress at a larger scale which, by October 1 of this current year, will have covered 22 percent of the D–2 lands.

And we have existing previous geologic mapping that covers about 55 percent of the total. What we are doing for these larger scale studies, is focusing on areas that are believed to be more promising. You will be interested to know that the methods that we have developed in the D–2 lands assessment are ones that we are now going to apply in the rest of the United States.



The map of the conterminous United States shows areas containing 50–100 percent Federal land areas of significant mineral potential (in a stripple pattern), and twelve 2° quadrangles (1:250,000 scale) to be started in fiscal year 1978 (patterned), and quadrangles that have potential for future study (open).

Dr. MCKELVEY. So there is a reversal of the usual pattern of the pioneering work here as this kind of approach was begun in Alaska.

Senator STEVENS. I thought that Congress was seeking to make D–2 lands of Alaska instant wilderness, without regard to the Wilderness Act.

The Wilderness Act has proposed a study, and even if the area is created as a wilderness, you have until 1983 to continue to get access to that area for the purpose of mineral resource studies, is that correct?

Dr. MCKELVEY. If it was designated as a wilderness, I believe that would be correct, sir. Or designated for our consideration as a wilderness.

Senator STEVENS. If we could get you a similar period of time to study the areas that are subject to the D–2 classification of Alaska, in 20 years would you be able to complete the resource assessment program in Alaska in the same manner you have done in the South 48?

Dr. MCKELVEY. I feel confident that we could, sir.

Senator STEVENS. In your opinion, will the resource assessment studies that you have done in Alaska in the short time frame that we have had, give the information of particular mineral potential as you will have in the wilderness assessment in the South 48?

Dr. MCKELVEY. Will it give us a similar basis? I think it would, Mr. Chairman, in what we now consider to be the most promising parts of it. But for all of it, I mentioned the regional resource assessment that we intend to complete by January 1 of 1978.

Senator STEVENS. Who made that on the Gateway to the Arctic? You or the Bureau of Mines?

Dr. MCKELVEY. I do not understand the question.

Senator STEVENS. Who made the discovery in the Gateway to the Arctic area? You or the Bureau of Mines? A year ago the Solicitor called me and told me about a significant find within the D–2 area.

Dr. MCKELVEY. Let me ask Dr. Sheldon, sir. I remember that discovery, but I am not able to recall the details of it.

If he is unable to, we will supply it for the record.

Dr. SHELDON. I do not know either, Senator.

Senator STEVENS. Would you give us something for the record on that? The Solicitor called me and said that a significant find was made as a result of funds that were made available by this committee for looking into that area.

My memory is that it was in the general Gateway to the Arctic area, south of the Brooks Range.

Dr. MCKELVEY. My recollection, Mr. Chairman, is that that specific discovery resulted from work done by the Bureau of Mines——

Senator STEVENS. Since I missed the Bureau of Mines, would you see if you could get us the statement of what that showed? The question they raised at the time was interesting as to whether or not that information ought to be released, in view of the fact that the land was not available for staking.

Dr. MCKELVEY. Yes, I am almost certain that that was the Bureau of Mines. We will supply the information for the record.

Senator STEVENS. All right.

[The information follows:]

MINERAL DISCOVERY IN THE GATEWAY TO THE ARCTIC AREA

No mineral deposit or potential deposit was discovered by the Geological Survey or the Bureau of Mines within the area generally referred to as the Gateway to the Arctic. The discovery referred to is probably the Red Dog prospect, a series of lead, zinc, silver, and barite occurrences in the western part of the Brooks Range 35 miles north of the village of Noatak and about 2 miles inside the western boundary of the proposed Noatak National Arctic Range. Mineralization in this area was first recognized by the Geological Survey and described in a report released in 1970. Later detailed mapping and sampling sponsored by the Bureau of Mines resulted in the discovery of the Red Dog prospect in the summer of 1975.

MINERAL SURVEY INCREASE

Senator STEVENS. For mineral surveys in the Lower-48 you are seeking a $2 million increase, which more than doubles the funding for this effort. Why such a dramatic increase?

Dr. MCKELVEY. We place a very high priority on this program, which is patterned after the successful mineral resource appraisal program that we have been conducting in Alaska. It will supply essential mineral resource information needed by State and Federal Government officials in reaching decisions on the increasing number of land-use problems they are facing. Of the $2 million increase for this program, only $500,000 represents new funding; $1.5 million

is requested to be redirected from our regional mapping and analysis program.

Senator STEVENS. What about the positions associated with this request—7 new positions with an average salary of $24,825. What are the job titles and grade levels for these positions?

Dr. MCKELVEY. I will supply that for the record.

[The information follows:]

Title	Grade	Number
Geologist	GS–15	1
Geophysicist	GS–14	1
Geochemist	GS–13	2
Geochemist	GS–12	1
Geologist	GS–11	1
Secretary	GS–5	1
Total		7

SOUTH BARROW GAS FIELD

Senator STEVENS. Now on the South Barrow gas field you are asking for $11.5 million for gas exploration and development.

The existing field is anticipated to last for another 8 to 9 years. In mid-February you found this new gas well at No. 14. The Navy reports have indicated that the new supply would be enough to serve the community and the Federal installations for some time.

Do you have any estimate of the anticipated production from well No. 14?

Dr. MCKELVEY. I will ask Mr. Coulter for that, if I may, sir.

Mr. COULTER. No, sir. The flow rates from well No. 14 are approximately twice the present daily consumption of the Barrow community, which is very encouraging.

Senator STEVENS. Why do we need to budget the money for more drilling?

Mr. COULTER. On the basis of one well you do not know what the extent of the pool is. This well may produce at that rate for 10 days or it may produce at that rate for 10 years.

You have to delineate the configuration and the total volume of the fields, so you can project production rates into the future.

Senator STEVENS. Won't you step off from well 14?

Mr. COULTER. Yes, and delineate the extent of the field.

Senator STEVENS. How many wells do you intend to drill, one or two?

Mr. COULTER. It takes at least three wells to fully delineate the extent of the field, and in the extended production rates it will take quite a few more wells in order to put in a dependable production system that you can count on.

Senator STEVENS. How many wells do you anticipate drilling with the money requested here?

Mr. COULTER . For next year? Three more.

Senator STEVENS. Who is going to do your drilling? The same contractor?

Mr. COULTER. This is all done by the contractor, Husky Oil.

SUPPORT FOR 1979 DRILLING

Senator STEVENS. In addition to drilling, funds are requested for operation and maintenance and for transportation and purchase of materials to support the 1979 drilling program.

Do you want to give us a breakdown for the record of what you are talking about? How are you going to get them there—on the barge?

Mr. COULTER. Most of the equipment is all ready for the 1978–1979 program. It is already on the way to Seattle to go on the barge this summer.

Senator STEVENS. What you are planning is to buy in fiscal 1978 for shipment——

Mr. COULTER. For the succeeding year; yes, sir.

Senator STEVENS. I think the Committee may not know the delay schedule that is involved, so would you give us a memo on the logistics of when you have to make the purchases and get the material to Seattle in order for them to be on the barge for that trip to Barrow, and then what is involved in offloading?

Mr. COULTER. Yes, sir.

[The information follows:]

NPRA Drilling Costs and Barge Logistics

The detailed breakdown of costs for deep and moderate depth wells is as shown on Attachment 1. The increased costs for deep wells arises from the fact that they cannot be completed during the winter season, consequently, all-weather roads, airstrips and drilling pads must be constructed to support them.

Additional constraints on all operations in northern Alaska are imposed by the arctic ice conditions, which restrict the shipping season to the period July 1 to August 30, and the restriction of cross-country freighting to the period between the fall freezeup and the spring breakup, i.e., October 1, to May 1.

As a result of these constraints, all bulk supplies for the 1977-78 winter drilling season are now enroute to Seattle. It must be loaded on the barges for the Cool Barge run and ready to depart by June 1. Upon arrival at Icy Cape, the barges will stand by awaiting withdrawal of the arctic pack ice. As soon as ice conditions are suitable, the barges will proceed to the appointed unloading sites along the north shore of Alaska. The supplies will be off loaded and stockpiled for cross-country freighting to the drill sites beginning about October 1.

See Attachment 2 for critical dates.

Attachment 1

National Petroleum Reserve in Alaska
Costs for Seasonal and Year-round Drilling

Each well site requires a drilling pad, an airstrip, and a road to the water source.

Seasonal Drilling

For wells that can be drilled in one winter season the drilling pad is constructed from sand and gravel to a depth of approximately three feet. The access road to the water source is constructed of snow and ice and the airstrip is either built on a lake or constructed of ice and snow like the access road.

Year-round Drilling

The deep wells, which require year-round drilling, are being drilled when the surface is not frozen. This requires that the airstrip and the access road to the water source, in addition to the drilling pad, be constructed of sand and gravel. In addition to providing the required surface on which to operate, the sand and gravel must be of sufficient depth to insulate the underlying ground surface. Therefore, the depth varies between five and seven feet.

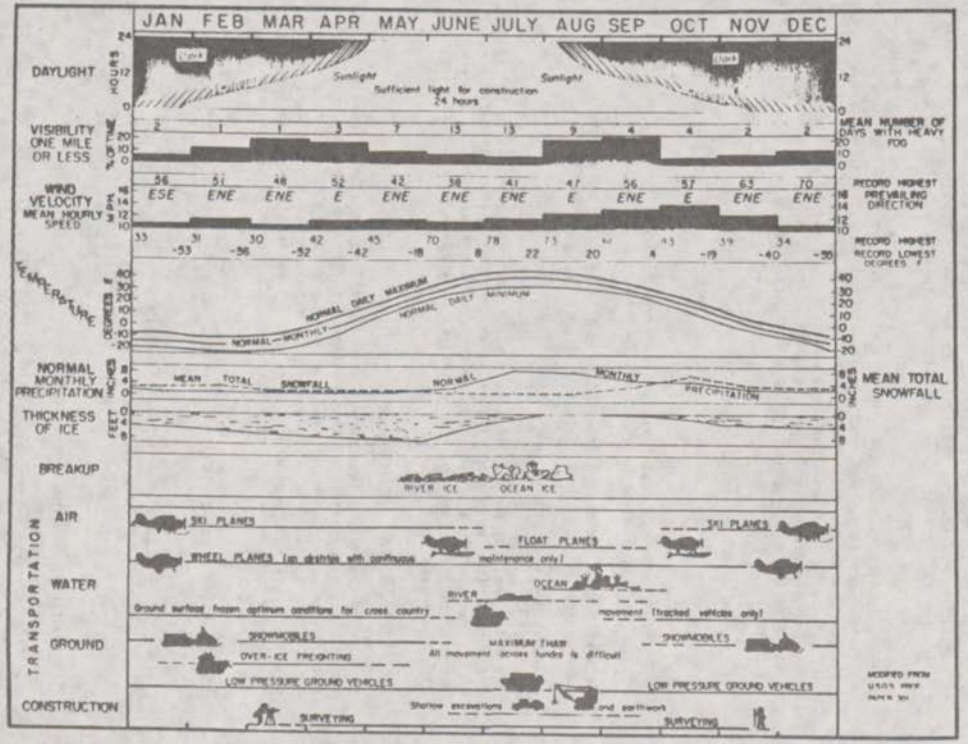
The estimated costs for drilling seasonal and year-round wells are as follows:

Costs for Seasonal and Year-round Drilling

Item	Medium Depth Well (Frozen season only)	Deep Well (Year-round drilling)
Construction & maintenance of drilling pads, roads, & airstrips	$1,667,000	$12,981,000
Transportation to Alaska of Construction and drilling materials (Cool Barge)	325,000	694,000
Communication & transportation within Alaska of materials & people	3,333,000	5,384,000
Drilling & drilling material	4,870,000	11,198,000
Field facilities (Camp Lonely)	522,000	1,547,000
Contractor & management costs	534,000	1,608,000
Total	11,251,000	33,412,000

OUTDOOR WORK FEASIBILITY CHART

BARROW, ALASKA



ENVIRONMENTAL RESTORATION

Senator STEVENS. Are you taking over the Naval Storage facility now?

Mr. COULTER. We will be taking over Camp Lonely, which is their primary operating base.

Senator STEVENS. That is a lonely camp; isn't it?

Mr. COULTER. Yes, sir.

Senator STEVENS. In terms of environmental restoration, in the same area, you have $2 million for cleanup. It is going to be transferred to the BLM; is that right?

Mr. COULTER. Yes, sir. This is cleanup from old operations. Cleanup for all new drilling and operations are within the expenditures for each individual well.

The $2 million request is to cleanup the residue of past operations throughout the Pet–4 operation area.

Senator STEVENS. The Navy is spending $2 million this year. Will you take over part of that in June?

Mr. COULTER. We will take over whatever the unexpended balance of that is in June.

Senator STEVENS. And you have $2 million in your budget for 1978 to continue?

Mr. COULTER. Right, sir.

Senator STEVENS. How much longer is that going to go on?

Mr. COULTER. Until the end of the program, in 1980.

Senator STEVENS. Why don't we just give the money to BLM directly? Why do you need control over that?

Mr. COULTER. It was an element in the Navy program. The Navy included it in their Husky contract. Now between us we decided this is most appropriate, as a BLM surface-management function. We have continued it in our budget with an agreement with BLM.

Senator STEVENS. That function is contracted-out to Husky for part-time employment in the summer; is that right?

Mr. COULTER. Yes.

POSITION REQUEST FOR NPR–A

Senator STEVENS. You are budgeting 27 positions for NPR–A, in addition to the 5 that will transfer from the Navy. Are these newly-recruited positions, or will they be shifted from your regular account?

Mr. COULTER. Some of them are transferred from elsewhere within the Survey. Many of them are, indeed, new hires.

Senator STEVENS. Are they going to be caught up in this new order?

Mr. COULTER. There are only six outstanding, which will be affected by the new order.

Senator STEVENS. Let me make sure we understand the new order. That order says you can fill three out of four vacancies. What does it say about newly budgeted positions for new functions that you acquire? For instance, the Navy is losing X billets as a result of this. Is this a direct transfer to you?

Dr. MCKELVEY. The transfer of positions related to a transfer of authority is permitted by the order, Mr. Chairman.

Senator STEVENS. But some of those people will stay with the Navy, and you will actually have billets that are unfilled. Are they covered by the limitation?

Dr. MCKELVEY. We would be able to fill those vacancies.

Senator STEVENS. On the whole? Or subject to the limitations of the three out of four?

Dr. MCKELVEY. Any vacancies transferring would be subject to the limitation. There are also six vacancies presently within the program that would not be excepted, and unless we can get some relief from that provision they would have to be filled on the basis of vacancies that would occur in other programs subsequent to February 28.

ENVIRONMENTAL RESTORATION

Senator STEVENS. Let me see if I understand the cleanup effort. Now, the cleanup is in tract A?

Mr. COULTER. Throughout the reserve, sir.

Senator STEVENS. On the whole reserve? You are going to clean up Umiat?

Mr. COULTER. Yes, sir.

Senator STEVENS. And those two off-loading areas where they brought the barges ashore during the Navy days?

Mr. COULTER. The ones that are outside of NARL. This does not include the NARL reservation; it is exempted.

Senator STEVENS. I want you to take my friend here to Alaska, and show him what you are talking about. Mr. Dyer is a very diligent and capable staff director. He has some questions about why it needs to be cleaned up.

I think it would be helpful for him to see, and see it in the summertime when he can get a whiff of those cans. All right?

Mr. COULTER. Yes, sir.

Senator STEVENS. I am sure he would have a couple of other volunteers to go along. But in all seriousness, I would hope that we could have staff go from the two committees that have not had jurisdiction in the past, but now do.

You would plan to do that; wouldn't you, sir? We will try to work that out. Take him in August.

ADDITIONAL COMMITTEE QUESTIONS

I have several questions which I will submit for the record.

I would appreciate it if you would answer them for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

TOPOGRAPHIC MAPPING

Question: The justification is a little sketchy in the area of modernization. You say you may acquire the equipment listed, and then you briefly mention new computer programs and an inventory system. Give us a detailed breakdown of exactly what you will be doing with this funding and the cost of each item.

Answer: The itemized cost breakdown is shown on the list below. The need to acquire new mapping equipment and develop new techniques is most important, because these new instruments and techniques will enable the Bureau to begin to produce new products such as digital map data that cannot at present be produced with the instruments and related operational techniques that now exist in the Bureau's inventory.

Our justification for equipment purchases was somewhat general in recognition of the necessity for some flexibility in the actual instrument purchases for a given year. Some critical hardware is still in the development stage and, therefore, may not be available as production instruments in sufficient time to consummate contracts for them within the FY 1978 obligating period. In addition, procurement-cycle lead times for ADP-related hardware now frequently exceed one year and could, therefore, feasibly preclude consummating contracts for some of the listed items within the FY 1978 obligating period.

The new computer programs relate to development of the programs and techniques required to collect map data with the new instruments, process the data, and structure it into form and format that is suitable for internal use as well as for potential dissemination to the general public upon request.

The new inventory system refers to planned modernization and automation of the existing labor-intensive map ordering and distribution procedures now used.

Modernization of Mapping Technology

Increase $+3,000,000

	(Dollars in thousands)	
	Equipment	R&D Contracts
Digital Slope Correcting Orthophoto Printer	$ 200	$ --
Digital Data Editing Hardware	50	--
Map Scanner Digitizer	--	350
Photogrammetric Digital Data Recording System	150	50
Automated Map Inventory System	300	200
High Density Digital Data Recording System	--	200
Laser Press Plate Maker	200	300
Automated Image Correlation Hardware	75	100
High Speed Graphic Output Plotters	525	--
Computer Program Development	--	125
	1,500	1,325
Sub-total		2,825
Personnel (5 pos.) and related costs		175
TOTAL		3,000

Question: You also ask for 5 new positions in the mapping technology program. What will they be doing?

Answer: The 5 additional positions are required for the development of a new concept for planning and management of the overall technology improvement effort. This involves the development of a digital data base structure, preparation of specifications, and monitoring contracts.

Question: Your request for intermediate mapping nearly doubles the funding from $3.4 million to $6.4 million yet your output figures don't show a corresponding increase. Shouldn't we expect a much larger output with this kind of increase?

Answer: We are compiling a more complete and complex product in FY 1978. In FY 1977 the program represents primarily 1:100,000-scale planimetric base maps. In FY 1978 the program will include many topographic editions which are more costly. In addition, the FY 1978 program includes more 1:50,000-scale topographic editions for Department of Defense and the states which cost more per square mile than the 1:100,000-scale.

Question: Your justification mentions that the increase for small scale and special mapping responds to special needs of BLM and SCS as well as the Department of Defense. What about non-Federal users?

Answer: There are many applications by non-Federal users. Although we have initially addressed the most urgent Federal needs, we have been and will continue to respond to State and local requirements. Colorado, Pennsylvania, Connecticut and Georgia have identified needs for intermediate-scale maps for their entire State areas and have provided funding support to expedite the program. In addition, North Carolina and Kentucky have expressed strong interest for complete State coverage at the intermediate scale.

Question: You propose a reduction of 11 positions in your mapping program which is related to an increase in the use of contracting for publication services. Is it more economical for you to do this work by contract? Why don't you give us the details for the record. Provide a cost comparison between in-house and contracting for publications.

Answer: Mapping work contracted out, which contains few details and colors, is approximately 20% more costly than similar mapping done by the Survey. Maps with complex printing requirements, those depicting great detail, many colors, requiring exact registration or high quality control through all printing processes can be printed by the Survey at an even greater savings when compared with the cost of contracting.

It is anticipated that the amount of less complex printing workload, planned for contract, will increase in FY 1978. This coupled with continued improvement in efficiency in-house is expected to allow a reduction of 11 positions in publications services associated with the mapping programs.

A comparison, from FY 1977 cost data, for production of a less complex map printing showed an average cost of $278 for the typical run of 2,800 copies when printed by the Survey. When similar work was done by contract the total cost was an average of $335 which included approximately $50 for preliminary work done by the Survey to prepare the data for the contractor.

Question: You are not seeking an increase for the National Cartographic Information Center. Is the funding adequate to keep up with your projection of having the Center totally operational by FY 1980, and did you request any additional funding at the Departmental level?

Answer: We did not request a budget increase for FY 1978 at the Department level.

The current funding level is adequate to support the program, and to allow for a limited operational program by 1980 in terms of including most Federally produced data and some from States and the private sector. By 1980 we will be able to answer inquiries by either providing the data or referring the customer to the appropriate source. Early in 1980 we anticipate a need for expansion to establish and operate a network of NCIC units, ideally one in each State, operated by State agencies. This network will provide more complete information convenient to local users.

GEOLOGIC AND MINERAL RESOURCE SURVEYS AND MAPPING

Question: Under land resource surveys you propose a $16.3 million increase along with 40 new positions for earthquake hazard reduction. You mentioned that this was a joint effort with the National Science Foundation. How much has NSF budgeted for this work.

Answer: Under Option B of the Stever panel recommendations the NSF earthquake studies budget for FY 1978 is increased to a total of $25.8 million.

Question: Within this increase, $6.4 million and 16 positions are for delineation and evaluation. How much of this will be for the proposed work at Anchorage?

Answer: We anticipate that approximately $250,000 to $300,000 of the increase would be added to existing efforts toward mapping and evaluation of earthquake hazards in Anchorage and vicinity.

Question: Another part of this effort is earthquake prediction, for which you are requesting a $9 million increase and 22 new positions. Is any of this increase related to your study of the Chinese program?

Answer: The increase in funds is not specifically related to studying the Chinese program. The success of the Chinese program in predicting the February 1975 major earthquake at Haicheng, and the immense saving in human suffering that resulted, have indeed given us encouragement that a capability for predicting major earthquakes can be achieved within the scope of modern science and technology. The need for a more comprehensive effort is demonstrated by the failure of the Chinese to predict the devastating Tangshan earthquake of July 27, 1976; and the need for greater reliability is brought out by the relatively high number of Chinese predictions for which emergency measures (including evacuations) have been taken, but for which no major earthquake followed. Interchange of scientific information in earthquake prediction and hazards reduction has been relatively open under the aegis of the National Academy of Sciences, and USGS and Chinese scientists have exchanged visits to laboratories and installations in the past couple of years. We would expect such mutually beneficial exchanges to continue.

Question: Where do we stand as compared to China? Are they far ahead of us in this area?

Answer: The Chinese program in earthquake prediction and hazards reduction began as a national effort in 1966, following disastrous earthquakes in the Hsingtai region. Funding for the U.S. effort dates, essentially, from the 1971 earthquake at San Fernando, California, which began at a funding level that allowed prototype development of prediction techniques. The Chinese have no known lead in kinds or quality of instruments, but they have, over several years of major national effort, deployed many more instruments and involved many more people, both scientific and nonscientific. Thus, much of their "lead" consists of: (a) deployment of greater numbers of instruments over many regions; (b) an effort involving perhaps as many as 10,000 paid workers, including several hundred trained scientists; and (c) a longer period of recorded observations on which to base their evaluations of the hazards to specific regions.

Question: What about Russia and Japan? You mention ongoing exchange programs with these countries - are they ahead of us?

Answer: Russia started working on scientific earthquake prediction about 25 years ago following a great earthquake in 1949, during which a village was buried by a landslide. By the early 1960's they were able to report some startling and convincing observations of geophysical anomalies preceding earthquakes. Japan had started a major national program in earthquake prediction by 1965. Our ongoing exchange programs have consisted largely of visits by U.S. scientists to Russian and Japanese laboratories and field installations, and return visits by scientists from these countries to U.S. laboratories and field installations. A joint project in prediction has begun--a study of the highly seismic Garm region in Tadzikistan, USSR, where a number of U.S. scientists have worked in the field with Russian scientists. As in the situation vis-a-vis China, the Russian and Japanese "leads" are chiefly in numbers of instruments deployed, numbers of trained scientific and technological personnel, and longer periods of record for observations in a greater number of regions.

Question: Where will this increase put us? What accomplishments do you envision as a result of this increase?

Answer: The expectations of an accelerated program are tabulated in the report of the Stever panel. Funding at the Option B level should permit: (1) the installation of dense seismic and strain instrumentation and surveys of land deformation in nearly all of the U.S. areas of high or unique seismicity by 1982; (2) completion of comprehensive studies of earthquake precursors other than seismic and strain, and evaluation of their potential as precursors, by 1982; (3) establish instrumentation and undertake surveys to monitor three large reservoirs for induced seismicity by 1982; (4) publish maps and evaluations of

earthquake hazards suitable for land use planning and emergency preparedness in western, midwestern, and Alaskan major urban areas at high seismic risk by 1984; (5) achieve more accurate characterization of earthquake ground motions as input to engineered structures by 1984; and (6) improve the national network of strong-motion instrumentation, develop improved techniques for investigating soil properties and foundation design by 1984. Also, with the funding level of Option B there is a target of achieving a prediction capability within about ten years.

Question: Can you give me a breakdown of the money and positions scheduled for Southern Alaska?

Answer: Approximately $250,000 to $300,000 of the increase is expected to go toward augmentation of the ongoing program of hazards evaluation and mapping in Southern Alaska. Significant additions may also be made if parts of Southern Alaska are targeted for instrumentation under experiments directed toward prediction of earthquakes in that tectonic setting. The latter, however, can be decided only after considerable technical discussion, now scheduled, and consideration of the best potential for achieving a pilot capability for prediction. It is not possible to identify new positions or new installations at this time, because much of the work will probably be done under contract with State, local, and other Federal agencies, and by USGS personnel shifted from other programs.

Question: When would the installation of the Southern Alaska facilities be completed if your budget is approved?

Answer: Specific new facilities are not contemplated at this time, except for installations of additional seismograph stations and telemeter communications early in the program.

Question: You say that the average pay for the 40 new positions is $22,100. Give us a breakdown showing the grade and job title for these new positions.

Answer:

EARTHQUAKE STUDIES

NUMBER	GRADE	JOB TITLE
4	GS-15	Geophysicist
4	GS-14	Geophysicist
4	GS-13	Geophysicist
3	GS-13	Geologist
7	GS-12	Geophysicist
6	GS-11	Geophysicist
4	GS-9	Electronic Technician
3	GS-7	Electronic Technician
2	GS-5	Secretary
3	GS-5	Clerk Typist
TOTAL 40		

Question: Under your volcano hazard activity you are asking for 1 new position and $300,000 to intensify the work at Mauna Loa. What is the grade level of that position?

Answer: GS-12 Geologist or Physical Scientist.

Question: With an additional high level position. why do you need $100,000 for research contracts and grants?

Answer: Because of personnel limitations, support from the Hawaiian volcanological community will be needed to develop and maintain monitoring network systems on Mauna Loa.

Question: Is your prediction of a major eruption by July of 1978 still accurate?

Answer: Yes. On the basis of the current rate of inflation (swelling) of the Mauna Loa summit region, there is no evidence to suggest a modification of the original prediction.

Question: Are you coordinating your work with local agencies, and will you be able to get warnings out in time?

Answer: Yes, we are coordinating our work with local agencies and we will be able to get a warning out in time. In the period April 1974, to July 1975, Hawaii public officials and citizens were advised that Mauna Loa was showing signs of reawakening after 25 years of quiet. In July 1975, following the July 5-6 summit eruption, Hawaii County and State officials were advised that a flank eruption might be expected within the next 3 years. Since July 1975, coordination has included (a) frequent meetings between USGS Hawaiian Volcano Observatory Staff and Hawaii County and State Civil Defense agencies for contingency planning (b) liaison established with Department of Defense units, including the Air Force and Corps of Engineers, regarding lava-diversion techniques, including earth-rock diversion barriers and aerial bombing.

Question: Under Environmental Aspects of Energy you are asking for an increase of $500,000 and two positions for Reactor Hazards Research. Is this research directed specifically to the Eastern U.S.?

Answer: The Reactor Hazards Research Program is a National program investigating hazards to nuclear reactors in all parts of the Nation. The requested increase, however, would be directed at enlargement of the program in the Eastern U.S. The increase would be focused on studies of the tectonic framework and anatomy of the earth's crust in New England, in an effort to better understand the causes of New England earthquakes and on studies of geomorphology and surficial geology in the southeastern states in order to learn more about relatively recent uplift and ground breakage and how long the evidence might be expected to survive. Much of the increase would be spent on grants to universities for related research and on contracts for geophysical data.

Question: What are the job titles and grade levels of the positions? You show an average salary of $25,175.

Answer: One geologist GS-14 with training and experience in tectonics and structural geology would be required to lead the effort in New England.

One geologist GS-11 would be assigned to begin the geomorphic studies in the southeast.

Question: Under energy resource surveys you have no increase for onshore oil and gas, oil shale, or geothermal activities. The only area that increases is coal in relation to the new coal leasing policy. Are you going to be able to keep up to par in these other areas with no increases?

Answer: Although the Geological Survey's budget includes no increases for onshore oil and gas, oil shale, and geothermal activities, we believe that the funds requested for work on these energy resources during FY 1978 represent a satisfactory level of effort. We anticipate also that additional funds for energy resource studies will be transferred to the Geological Survey by other bureaus and agencies, particularly the Energy Research and Development Administration. Such transferred funds are designated for specific research activities of concern to the agency that provides them. However, the geologic data that are needed to fulfill these commitments also are applicable to the Geological Survey's own energy resource investigations. Our total level of effort in FY 1978, therefore, should be adequate to meet anticipated National requirements.

Question: Did you seek additional funds for any of these other areas (oil shale, geothermal, onshore oil and gas) at the Departmental level?

Answer: Yes. A request for an additional $800,000 for geothermal investigations.

Question: Your requested increase in this area is for Federal coal leasing exploration, an increase of $2 million. The Bureau of Land Management has an increase of $6.1 million in their budget for coal leasing. How does your increase relate to that? Isn't this a duplication of effort?

Answer: The Federal coal exploratory program proposed by the Geological Survey is designed to provide information on Federal coal resources that will be used by the Bureau of Land Management and the Geological Survey in the selection of tracts of coal lands that will be offered for lease. The Geological Survey's program consists essentially of compiling regional coal resource and geologic environmental information, at a map scale of 1:100,000, and, where necessary,

in Known Recoverable Coal Resource Areas, supplementing this information with detailed resource and environmental analyses, at a map scale of 1:24,000. Using this information, the Geological Survey can characterize the properties of the coal and associated rocks and determine the quantity and quality of leasable coal, thereby directing lease tract selection into the most favorable areas and providing geologic input to EIS preparation. The coal leasing activities of the Bureau of Land Management, on the other hand, include the responsibility for preparing the comprehensive Environmental Impact Statements, developing lease management framework plans, obtaining State cooperation in regional lease management framework plans, identifying tracts for coal leasing, and determining lease sale schedules. The Federal coal leasing exploration programs of the Geological Survey and the Bureau of Land Management are complementary, rather than duplicative, and will continue to be so through coordination by the USGS-BLM Coordinating Committee.

Question: You specifically mention that a portion of the coal increase will be for work to assist in environmental analysis. (p. 66) BLM has earmarked $2.7 million of their increase for EIS work. How will your effort differ from theirs?

Answer: The proposed increase in funds for the Federal coal leasing exploration program will be used to conduct core drilling and geologic studies primarily for regional assessments of the quantity and quality of leasable coal on Federal lands. In the course of these coal resource investigation, the Geological Survey gathers much basic geologic data that are useful to those responsible for preparing Environmental Impact Statements. Our geologic data are routinely made available to the Bureau of Land Management as source information for environmental analyses. Coordination of the Geological Survey's contributions to the broad environmental studies conducted by the Bureau of Land Management is provided by the USGS-BLM Coordinating Committee which meets monthly.

Question: You also have coal related funding in your water resources activity and your Land Information and Analysis activity. How much of your total FY 1978 request is related to the Federal coal leasing policy?

Answer: The FY 1978 Budget for appropriated and non-appropriated funds includes the following amounts related to the Federal coal leasing policy:

Direct Appropriation	
Geologic and Mineral Resource Surveys and Mapping:	
Federal coal leasing exploration	$2,000,000
Water Resources Investigations:	
Coal leasing on public lands - coal hydrology	$2,000,000
Conservation of Lands and Minerals:	
Regulation of operations on Federal and Indian coal leases	$1,000,000
Coal land classification and evaluation	$5,070,000
Sub-total	$10,070,000
Advances and Reimbursable Funds	
Land Information and Analysis	$3,700,000
TOTAL	$13,770,000

Question: What level of revenue do your receive as royalties from the mineral discovery loan program?

Answer: Royalties received in 1976 were $12,300, which raises the total royalties received since the start of the program in 1958 to $447,000.

Question: Where do we stand on efforts to revitalize the loan program with legislative improvements?

Answer: Proposed legislation for authorization to provide additional incentives to spur mineral exploration and discovery of domestic minerals was turned down by

the Department last year. A draft to revitalize the loan program will be submitted to the Department in the near future.

WATER RESOURCES INVESTIGATIONS

Question: Your statement mentioned the severe drought situation in the Western part of the Country. Is there anything in your water-resources investigation activity that can be directed to this problem?

Answer: As well as drawing on the strong existing background to furnish hydrologic information and pursuing current pertinent investigations, Geological Survey representatives are joining with State, local and Federal officials in a number of States to assist with planning to combat the effects of the drought. This is being done through contacts at the working levels. As a result, the Survey, in consultation with cooperating agencies, is deferring some ongoing work and focusing its efforts to provide essential information on water quality and the location, distribution, and quantity of surface- and ground-water resources. For example, in Washington, Oregon, Idaho and California, the Geological Survey already is redirecting effort to higher priority activities associated with the drought. Additional work will be redirected in the remaining months of 1977 and in 1978.

Geological Survey activities in this regard will include the identification and appraisal of emergency water supplies; expansion of areal and temporal observations of streamflow magnitudes; determination of changes in ground-water, lake, and reservoir storage; synoptic sampling of water quality including fresh-water/salt-water interfaces in estuaries and the subsurface; modification and changes in wetland habitats; and changes in water-use practices. Ground-water digital models will be developed to determine the efforts of new water-supply wells, and data will be analyzed on duration and frequency of low flows to plan the proper management of the scarce water supplies presently available. The resulting information will assist (a) States in developing criteria for distribution of supplies among various claimants, (b) States and managers to identify targets for developing (including new wells) both emergency and new long-term water supplies, (c) States and others to manage their limited water supplies over time to meet highest priority needs, and (d) emergency preparedness organizations to prepare for potential eventualities based on projected hydrologic conditions.

The following are some specific examples of the types of assistance the Geological Survey is now providing:

- In California, State officials have asked USGS to assist communities and water districts to locate emergency supplies of ground water; to monitor the changes in water quality that are expected to occur as additional demands are placed on the system; and to delineate areas where subsidence may result from the lowering of the water table.

- In Idaho, USGS has been asked by State officials to evaluate the status of some 200 municipal water-supply systems.

- In Indiana, testimony before the State legislature in February indicated that more than 1,000 wells a month are going dry and must be redrilled. State officials have asked USGS to assist the affected communities and water-supply agencies in locating alternative ground-water supplies.

- In North Dakota, the State Water Commission is depending heavily on USGS in their evaluation of applications and determination of suitable locations for new wells for irrigation. The number of permit applications is more than double that of a year ago.

- In Washington, the Department of Ecology has requested that supplemental snow surveys be made and the data processed through mathematical models to project runoff expected from the snow pack. This information will be used to develop plans for the proper utilization of the available water during the summer months.

Question: Your request for Water Resources Investigations totals $68.6 million, an increase of nearly $5 million.

Within this amount you are seeking $1.4 million to increase the number of stations in the National Stream Quality Accounting Network. Why do you need Federally-operated monitoring stations? Can't you get data from State or private sources?

Answer: It is not possible to obtain all of the data needed from non-Federal sources. However, many state data-collection programs are conducted in cooperation with the Geological Survey, and these data are being fully utilized where possible to meet NASQAN objectives. Other water-quality data collection by state or private companies is generally for the purpose of solving local problems of short duration. These data are not suited to statistical analysis for long-term trends, which is one of the major purposes of the NASQAN program, because (1) record lengths are short, (2) there are changes in location and frequency of observations, (3) required water-quality variables are not always obtained, and (4) local programs seldom define the temporal variation of the specific constituents required for trend determinations. Another problem is the unbalanced areal distribution within the United States of stations having adequate data for statistical analysis. Data from state and private sources seldom meet data needs for uniform national assessments of water quality. NASQAN stations provide time continuity and are keyed to the major water resources regions of the nation to provide for water resources management and water quality planning.

Question: You also want an additional $400,000 for the National Water Data Exchange, which amounts to a 145 percent increase. If you plan to expand this effort, why the increase in Federal monitoring stations? As I understand it, the Data Exchange would allow you to acquire data from State and private sources.

Answer: The National Water Data Exchange is a centralized information referral service to help the potential user locate needed data. It is a system in which information is kept about the source and availability of water data collected by member agencies. Member agencies include Federal, State, private, university, interstate and river basin commissions. The National Water Data Exchange is not involved in field monitoring or data collection activities. The increase is the second step of the buildup of a new program initiative in an effort to greatly improve information service.

Question: Under Federal-State cooperative programs you are seeking an increase of $1 million to establish a water-use data acquisition program. How would this differ from your efforts in the National Water Data Exchange?

Answer: The difference between the two programs is that the National Water Data Exchange is a centralized information referral service containing information about which Federal, State or local agency has certain water data information. The water use acquisition program is a data gathering program to collect basic water data concerning how, where, by whom and in what quantities water is used throughout the Nation.

Question: What exactly will you be doing in this area? You say GS will manage the program, yet $760,000 is earmarked for contracting.

Answer: Water-use data is information on how much water is used by whom and for what; and by categories including domestic, industrial, agricultural, power, recreation, etc.

The Geological Survey will provide the methodology, techniques, and management for collecting water use data. Cooperating state agencies will collect the water-use data under the supervision of the Geological Survey. The cooperating state agencies will be reimbursed for half the cost of their services in this regard by the $760,000 identified as contractual services in the budget justification.

Question: The remainder of the increase under cooperative programs is for coal hydrology, up $1.1 million. Is this in response to the new coal leasing program?

Answer: The increase of $1.1 million for coal hydrology is not in response to the new coal leasing program. The funds are needed to study water supply and mine drainage problems as well as to document baseline hydrologic conditions on non-Federal lands subject to expanded coal development. The problems under study are of mutual Federal and State interest. Particular emphasis will be on coal development in the eastern and southeastern States which is the source of the bulk of the coal being presently mined in the United States.

Question: Under Critical National Water Problems you also have a $200,000 request related to coal leasing. What is the difference between these two items?

Answer: The request for $1.1 million in the Federal-State cooperative program is for hydrologic studies and assessments in areas of non-Federal lands.

The $200,000 increase provides a total of $2 million to maintain a viable water monitoring program in selected Federal coal leasing areas, principally in the Rocky Mountain and Northern Great Plain States.

Question: The Bureau of Land Management mentions in its justification (under coal leasing) that they require funds for water resources investigations. Why aren't you doing this work?

Answer: The Geological Survey will be doing a substantial amount of the work for the Bureau of Land Management for water resources investigations. Presently, Survey is collecting basic hydrologic data for BLM in connection with coal leasing activities. To avoid any duplication of effort, this work is closely coordinated by a GS-BLM Coordinating Committee. The projected level of transfer funding to the Survey from BLM in this program for FY 1978 is approximately $3 million, an increase over FY 1977 of about $1.3 million. The Bureau of Land Management also has internal needs for hydrologic expertise to convert the results of these basic water resource investigations into management decisions.

Question: What about oil shale hydrology? You are proposing a reduction of $74,000 in this area. Isn't the oil shale program still a high priority?

Answer: The oil shale program remains a high priority item in the Geological Survey's effort to find solutions to our Nation's energy shortfall. The reduction of $74,000 reflects some one-time costs associated with establishing the program. The funds requested are considered adequate for continuing operation and maintenance of the program at planned level.

Question: For nuclear energy hydrology, you propose a $700,000 increase. Is this in response to increased activity with ERDA and NRC?

Answer: The requested increase is in accordance with plans developed in collaboration with NRC. The Nuclear Regulatory Commission has licensed specific state-owned sites to be used for shallow land burial of non-ERDA generated solid low-level radioactive waste. In the low-level radioactive waste disposal studies the Geological Survey is (1) developing hydrogeological criteria to be used in establishing future commercial solid low-level radioactive waste disposal sites and (2) designing an effective monitoring system that will verify the containment of waste nuclides. Studies to reach these objectives are under way at six NRC licensed state-owned commercial waste disposal sites, each in a different state and in a differenc hydrogeological environment.

The Geological Survey's high-level nuclear waste disposal activities, which are funded in part by ERDA, are directed primarily towards assisting ERDA in identifying deep hydrogeological environments that may be a suitable host for use as high-level waste repositories. The Geological Survey is also working with ERDA to evaluate the integrity of ERDA low-level waste disposal sites which are located at the National laboratories.

Question: What is the status of the Madison limestone aquifer study? How much longer will the study continue?

Answer: The Madison Limestone Aquifer study was initiated in FY 1976 at a level of $2 million; in FY 1977 $2.5 million was appropriated for the study. Progress to date includes construction of a preliminary digital model of groundwater flow in the Madison Aquifer in the Powder River Basin based on data available at the start of the program. Other major activities under the program to date include acquisition of additional geological and geophysical data (mainly from petroleum industry sources), and drilling and testing of two deep water exploration wells under contract by the Geological Survey.

Madison Test Well No. 1, near the location where the Little Missouri River crosses the Wyoming-Montana boundary, was completed at 4,341 feet depth in October 1976. Preliminary geologic, geophysical, and hydrologic test data collected during drilling were made publicly available in January 1977, and a preliminary report on the well has been completed and is expected to be released during March 1977. Additional detailed testing of Well No. 1 is planned to begin in June 1977. Preliminary tests indicated high permeability in the Madison Aquifer and also in several other zones both above and below the Madison. The tests indicate that the well will be the most productive water well on the east side of the Powder River Basin.

Madison Test Well No. 2, in Custer County, Montana, which is projected to go to 10,000 feet, currently is drilling at about 8,000 feet. Drilling and preliminary testing are scheduled to be completed by the end of April 1977. Data from Well No. 2 will be released promptly to the public after completion of

drilling. A progress report incorporating findings from the first two wells and other ongoing studies is scheduled for completion in July 1977.

FY 1977 represents the second year of a five-year study recommended by the Old West Regional Commission. The plan of study, prepared in December, 1975, recommended funding of $11.4 million over the five-year period. The study is now in the second year of the five-year program. The program is on schedule and expected to be completed by the end of FY 1980.

CONSERVATION OF LANDS AND MINERALS

Question: Under OCS development you seek an additional $3.4 million. $2 million of that increase is for regulation of OCS operations. You say that this is needed for expansion into the six new areas proposed for leasing in FY 1978. Aren't some of those already delayed?

Answer: The only sale that has been delayed to date is the Cook Inlet sale. The $2 million in funds for regulation of OCS operations is necessary to establish positions in the "frontier" OCS area where recent sales have taken place and future sales are forecast prior to, or during FY 1978. The operations in these areas (Pacific, Alaska, and Atlantic) are all forecast to increase in the next few years as the oil and gas industry seeks to discover hydrocarbon accumulations and install production facilities as needed.

Question: You also state that OCS regulatory requirements are dictated by the number, location and dispersion of OCS leases. Since we now know some of the proposed six sales didn't occur, can you scale down this request? (Detail for the record.)

Answer: Not really, because the funds for 20 positions are needed to increase the staffs in the three areas where sales have recently been held (Alaska in April 1976, California in December 1975, and Atlantic in August 1976) and where future sales are forecast to occur prior to, or during, FY 1978. The activity of inspectors and many other OCS personnel generally commences several months after a lease sale and increases as lessees drill exploratory wells to discover accumulations of hydrocarbons. In the event that such discoveries are made, the inspection activities continue as drilling is undertaken to confirm the discovery and ascertain its size. At the same time, plans are made for the construction of platforms and production facilities--all of which must be reviewed in the planning stage and inspected after installation.

The inspections carried out in the "frontier" areas will probably be more frequent than in the more developed OCS areas. The 20 positions are all to be established in those frontier areas with recent sales and projected sales (Pacific-four inspectors and two professional and support; Alaska-four inspectors and three professional and support; Atlantic-four inspectors and three professional and support).

Question: The OCS cost factor explanation for this section is a little sketchy. What is included in the $1,580,000 for contracting? Why don't you provide a specific breakdown of that for the record?

Answer: The $1,580,000 requested for contractual services for OCS oil and gas operations is necessary for increased transportation requirements for inspections and increased support facilities and services as follows:

$1,118,000 in additional funds is needed to provide helicopter transportation in Alaska and Atlantic areas.

$462,000 in additional funds is required to install radio communication systems for the helicopters in the Alaska and Atlantic areas. Part of this amount will also be used for scheduling inspections and processing inspection data via computer means.

Question: You are requesting $1.4 million and three positions for seismic risk and ocean bottom studies. What portion of that is directed to the Gulf of Alaska study?

Answer: About 25 percent of the requested $1,400,000 for OCS seismic risk and ocean bottom stability studies will be directed to the Gulf of Alaska area. The work will include the sampling and analysis of sea-floor sediments to determine their engineering properties and the development and deployment of sea-floor instruments to measure wave/pore pressure and strong seismic motion.

Question: Is this your initial effort in this area? Haven't you done this type of work in your OCS program before?

Answer: Some pilot studies in this program area, of a limited nature, have been conducted in our OCS program for several years in the Gulf of Mexico and on the Atlantic Continental Margin. Their initial success indicates that a formal and geographically diverse program on OCS seismic risk and ocean-bottom stability can help determine the effects of earthquakes and other environmental factors on ocean-floor sediments in areas of potential offshore development.

Question: Why shouldn't seismic risk study costs be reimbursed by the industry?

Answer: The purpose of this new program is to understand the regional seismic risks and regional processes which affect bottom stability. The program is not a substitute for site- or case-specific studies, which OCS developers are required to perform. Rather, it will provide the Government with the information and technical expertise required to specify the type of site- or case-specific study that an OCS developer must undertake, and to evaluate the results of such studies. Regional OCS seismic and bottom stability studies thus are not limited to one tract or one operator or one industry.

Question: You are asking for 7 new positions and an increase of $428,000 for regulation of coal leasing operations. Can this be trimmed in light of the slow down on leasing?

Answer: Any slow down in leasing would not affect plans already being made by industry on the 566 existing coal leases under supervision by the Geological Survey. In addition, exploration licenses are authorized under the Federal Coal Leasing Amendment Act of 1975 and will likely result in increased workload for approving exploration plans on licensed areas.

Question: There appears to be some overlap with BLM in this area. For example, you mention mining plans (on page 110) and BLM indicates that they will be evaluating some 430 mining plans. How do you explain this overlap?

Answer: Both the Geological Survey and the Bureau of Land Management are involved in the evaluation of mining plans. The Geological Survey's responsibilities are to approve, disapprove, approve upon condition, or require modification of exploration and mining plans to insure compliance with the regulations and for purposes of supervising leases for industry operations. The Bureau of Land Management, prior to Survey's approval, reviews these plans to assure conformance with prescribed environmental and surface-use requirements.

Question: Would you please explain to the Committee exactly what your role is in the Federal coal leasing program, and tell us how it differs from, and coordinates with, the role of the Bureau of Land Management.

Answer: The Geological Survey has the responsibility for providing the Bureau of Land Management with basic geological, engineering, and economic data for use in the Energy Minerals Activity Recommendation System (EMARS) and for supervising operations on coal leases. The division of responsibilities between the Geological Survey and the Bureau of Land Management is defined in Secretarial Order 2948 (Copy attached).

The Geological Survey's coal leasing program funded in the Conservation of Lands and Mineral activity is divided into two areas:

Resource Classification and Evaluation which includes basic data gathering (drilling and strip mapping; classification of Known Recoverable Coal Resource Areas (KRCRA's) and preparation of mineral and waterpower resource maps, coal resource occurrence maps, and coal development potential maps; input into sub-regional environmental impact statements; tract selection and evaluation; evaluation of preference right lease applications (PRL's); and

Supervision of Operations which assures conformance of mining operations with existing laws, regulations, and lease terms. Pursuant to this responsibility, develops royalty rates, advance royalty, logical mining units, unit values, production requirements, and amounts of bonds and rentals. Mining plans are reviewed or developed and lease stipulations are developed to meet specific needs of individual tracts. All of these factors are needed in the tract selection and evaluation process. After a lease sale, supervision continues through the producing and abandonment phase of each lease, including the collection of royalties on production.

All of these activities will aid in fulfilling the requirement of the Energy Minerals Activity Recommendation System (EMARS) regulations as published in the Federal Register, January 25, 1977, V. 42, page 4453-7.

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

October 6, 1972

ORDER NO. 2948

Subject: Division of Responsibility Between the Bureau of Land Management and the Geological Survey for Administration of the Mineral Leasing Laws - Onshore

Sec. 1. Purpose. The purpose of this Order is to set forth the administrative and management procedures for Departmental onshore mineral leasing and operating activities. The spirit and intent of this Order flow from the Department's mineral management objectives of: orderly and timely resources development, protection of the environment, and receipt of fair market value for leased mineral resources.

Sec. 1(a) Orderly and Timely Resource Development includes the Department's responsibilities to:

(1) Foster, promote, and encourage the exploration for and the production of the mineral deposits from the leasable lands; promote competition;

(2) Encourage the active development of the mineral deposits in the leasable lands in a manner compatible with the use of the same lands for other purposes; assure that mineral developers receive the acreage necessary for economic plant investment, development, and production;

(3) Encourage the maximum ultimate recovery of the mineral deposit; prevent waste; promote the conservation of the mineral resources;

(4) Assure adequate minimum production and diligent development requirements for mineral deposits.

(b) Protection of the Environment includes the Department's responsibilities to:

(1) Assure that mineral exploration and production be conducted with the maximum protection of the environment;

(2) Assure the rehabilitation of disturbed lands;

(3) Assure that precautions are taken to protect public health and safety; and

(4) Assure full compliance with the spirit and objectives of the National Environmental Policy Act of 1969, other Federal environmental legislation, and supporting Executive Orders and regulations.

(c) Receipt of Fair Market Value for Leased Mineral Resources includes the Department's responsibilities to assure the public a fair market value return for the use of public lands and the disposition of its mineral resources.

Sec. 2. Agency Responsibilities. The BLM exercises at the Bureau level the Secretary's discretionary authority to determine whether or not leases, permits, and licenses are to be issued. The Bureau of Land Management is responsible for issuing mineral leases, permits, and licenses, and is the office of record in mineral leasing matters. The Geological Survey is responsible for all geologic, engineering, and economic value determinations for the Department's mineral management program. These determinations include: the mineral characteristics of lease and permit areas; parcelling; amounts of bonds; royalties; unit values; rentals; mineral resource evaluations; reserves; investment, diligent development, and minimum production requirements; and all other terms and conditions relating to mineral operations under leases and permits. Geological Survey exercises the Secretary's delegated authority regarding operations conducted within the area of operation by permittees, lessees, and licensees and determines the actions to be taken by them from the standpoint of the development, conservation, and management of mineral resources under the jurisdiction of the Department. GS will refer to BLM any instances of noncompliance with lease terms requiring cancellation action, and BLM will inititate the necessary action.

For the purpose of this Order, the area of operation is defined as that area of the present and planned mine, oil and gas field, or geothermal resource field exploratory, development, and production operations, as presented in an approved exploration or mining plan, drilling permit, oil, gas, or geothermal field development plan, or plan for the abandonment of wells or operations. The area of operation may cover a fraction of a lease or permit area, or it may cover several lease or permit areas. It encompasses the general area needed for storage piles, spoils piles, tailings ponds, on-project mill sites, flow lines, separators, surge tanks, storage tanks, on-project truck or rail-loading stations, drill pads, mud pits, workshops, compressors, generators, on-project power plants, and other such facilities used for on-project mine, oil and gas field, or geothermal resource field exploratory, development, and production operations.

(a) Environmental Protection. The Bureau of Land Management, in cooperation with the Geological Survey, formulates the general requirements to be incorporated in leases, permits, and licenses for the protection of the surface and non-mineral resources and for reclamation. The Geological Survey, before approving exploration and mining plans, drilling permits, oil, gas, or geothermal field development plans, or plans for the abandonment of wells or operations, consults with the Bureau of Land Management on the adequacy of the surface use, environmental protection, and reclamation aspects of the plans and will not grant approval if inconsistent with the BLM's recommendations without further discussions with BLM. If differences remain after these further discussions, the resolution is made by the Assistant Secretary--Mineral Resources and the Assistant Secretary--Public Land Management. If required, the Under Secretary resolves any remaining differences. The BLM is responsible for compliance examinations of environmental protection requirements outside the operating area and for reporting infractions to the GS for discussions with, or orders to, the permittee, lessee, or licensee. GS examines operations to ensure compliance with environmental protection and rehabilitation requirements inside the operating area. With respect to approval of access roads, pipelines, utility routes and other surface uses outside the operating area, the Bureau of Land Management has the primary responsibility but obtains the recommendations of the Geological Survey before taking final action. Orders to operators for any remedial action is the responsibility of the Geological Survey.

(b) Expertise. The Geological Survey is responsible for maintaining engineering, geologic, geophysical, economic, and other technical

expertise needed by the Department to assure compliance with applicable laws, operating regulations, and the objectives of the Department's mineral management program. The Bureau of Land Management is responsible for maintaining expertise needed by the Department for action on applications filed with BLM under the mineral leasing laws to assure compliance with applicable laws, leasing regulations, and the objectives of the Department's mineral management program.

(c) Contacts with Applicants.

(1) Prior to the issuance of mineral leases, permits, and licenses, the Bureau of Land Management will represent the Secretary in dealing with applicants.

(2) After issuance and during the exploration, development, and production phases of leases, permits, and licenses, and until a lease, permit, or license has terminated (at which time management is the sole responsibility of BLM) the Geological Survey is the sole representative of the Secretary in all matters relating to the supervision of operations.

Sec. 3. Issuance of Mineral Leases, Permits, and Licenses.

(a) Applications. Prior to the issuance of mineral prospecting permits, leases, or licenses, the Bureau of Land Management refers all applications for such permits, leases, or licenses to the Geological Survey for a report as outlined in (b) below.

(1) The Geological Survey is responsible for determining, under the mineral leasing laws and regulations, if sufficient information is known about a mineral deposit to warrant offering the deposit for lease by competitive sale and to notify the Bureau of Land Management of its determination. If the Geological Survey finds that sufficient information is not available to warrant competitive leasing, it notifies the Bureau of Land Management of its conclusions so that the Bureau of Land Management may issue a prospecting permit or noncompetitive lease, as appropriate. The Geological Survey establishes prospecting requirements for prospecting permits. When lands are to be leased, the Geological Survey determines and reports, as appropriate, on: the mineral characteristics of lease and permit areas; parcelling; amounts of bonds; royalties; unit values; rentals; mineral resource evaluations; reserves; investments; diligent development and minimum production requirements; and all other terms and conditions pertaining to lease operations, including environmental and surface rehabilitation stipulations relating to mineral exploration and extraction. With respect to applications for licenses, the Geological Survey determines and reports as to whether the license may be issued.

(2) The Geological Survey is responsible for determining whether a prospecting permittee has demonstrated that the lands contain a mineral deposit having the characteristics required by law and regulations to qualify for a preference right lease and to notify the Bureau of Land Management.

(3) The Bureau of Land Management refers to the Geological Survey all other type applications received which, if approved, may affect operations on existing permits, leases, or licenses.

(4) The Bureau of Land Management notifies the Geological Survey of known oil, gas, and geothermal resource geophysical exploration activity, including the area involved, the type of survey employed, and the name of the operator.

(5) All applications for noncompetitive oil and gas, mineral, and geothermal resource leases filed with the Bureau of Land Management will, prior to issuance of a lease, be referred to the Geological Survey for a determination as to whether the lands are within a known geologic structure (KGS), a known geothermal resource area (KGRA), or a known leasing area (KLA).

(b) Mineral Resource Evaluation Report. GS is responsible for submitting a report of its findings, mineral resource evaluations, and resultant recommendations to the BLM, together with a summary explanation of how the resource evaluations were developed from geophysical, geologic, economic, and engineering data available at the time of the evaluation. The BLM reviews these findings and recommendations in light of multiple-use management requirements and will not issue leases or permits inconsistent with the findings and recommendations without further discussion with GS. If differences remain after further discussion, the resolution is made by the Assistant Secretary--Mineral Resources and the Assistant Secretary--Public Land Management. If required, the Under Secretary resolves any remaining differences.

(c) Competitive Lease Sales. The Bureau of Land Management advertises and conducts competitive lease sales. The Geological Survey's resource evaluations will be used and the Geological Survey will have representatives at the sale and renders a post-sale recommendation to BLM regarding acceptance or rejection of the bids, which must be confirmed in writing.

(d) Files and Records. BLM maintains the official application, permit, and lease case files and forwards to the Geological Survey a copy of each permit, lease, and license, together with copies of relevant correspondence thereafter conducted by the Bureau. The GS forwards to the BLM copies of mining and exploration plan applications, drilling permit applications, and relevant items submitted by the applicants directly to the GS, except confidential proprietary information cited under paragraph (e) below.

(e) Security of Information. The Geological Survey is responsible for receiving and protecting for the confidential use of the Federal Government all proprietary geological, geophysical, engineering, economic, statistical, or other information, mineral resource data, and well logs required to be submitted under Title 30 CFR, Parts 200, 211, 216, 221, 231, 270, and related regulations. The Survey Office receiving such information is designated the Office of Control for those data. Authorized officials of BLM or other surface-managing agencies having a need to see such information will normally make appropriate arrangements to visit the Office of Control for access to such data and for technical advice based on it pertinent to their management responsibilities.

Sec. 4. Mineral Reports. The Geological Survey is responsible for preparing and submitting to the Bureau of Land Management mineral classification and evaluation reports with respect to the leasable mineral value of lands within proposed exchanges, withdrawals, sales, land entries, or other disposals and all other land transactions. The Geological Survey, upon request, also prepares and furnishes mineral reports and other information to the Bureau of Land Management needed for its use in long-range multiple-use planning or inventory of the public lands.

Sec. 5. General Relationships. Such additional references, reports, interchange of information, and advice shall be made by or between the Bureau of Land Management and Geological Survey as may be necessary to

perpetuate or improve current practice and provide effective administration of the mineral leasing laws.

The Bureau of Land Management and the Geological Survey must submit to each other for review and recommendations any proposed changes in standard lease terms, regulations, instructions, or other changes that would affect each agency's management responsibilities.

Sec. 6. Implementation of Order. It is intended that there will be no duplication by the BLM or GS of the functions assigned by this Order. BLM and GS will promptly bring their manuals and instructions into agreement with the terms and the spirit and intent of this Order.

Sec. 7. Revocation. The Secretary's instruction (procedures relating to the administration of the mineral leasing laws - General Land Office and Geological Survey) dated September 22, 1925 (51 L. D. 219) is revoked.

OCT - 6 1972

Secretary of the Interior

LAND INFORMATION AND ANALYSIS OFFICE

Question: Your statement mentions progress at the EROS Data Center. Would you please elaborate on this item. We note that you have not requested an increase for this effort.

Answer: A digital data handling and processing system at the EROS Data Center, which will permit output of production quantities of Landsat imagery of higher quality than has been available in the past, was procured in September 1976. Approximately $500 - $750 thousand will be used in FY 1977 to procure peripheral equipment and spare parts for the system. This will permit an approximately equal amount to be available for initial operation of the digital processing system during the last part of FY 1978.

The FY 1978 budget request, along with a substantial increase in the price of data products, is adequate to operate the EROS Data Center. New areas of research will be accommodated by terminating support for some research topics and by limiting participation in cooperative projects.

Question: What is planned for EROS in 1978?

Answer: A digital image processing system will be put into operation for Landsat at the EROS Data Center during the latter half of FY 1978. The digital system will permit production quantities of high-quality Landsat imagery, and retaining radiometric and spatial information that is not preserved with the photographic reproduction system used since the launch of Landsat-1 in 1972.

The EROS Program will redirect emphasis within resource limitations to support research related to new space missions that are of direct interest to the Department of the Interior. The missions include new characteristics of Landsat-C, Magsat, Heat Capacity Mapping Mission, and the Synthetic Aperture Radar to be flown on Seasat.

To the extent that resources permit, the EROS Program plans to implement a state-of-the-art remote sensing Applications Assistance Facility in the Denver Federal Center which will contain the capacity for formal classroom training and workshops, as well as digital analysis equipment to be used for training, demonstration projects, and use by organizations that are applying remotely sensed data to their operational programs.

Question: Under your Environmental Impact Analysis activity you list several coal regional EIS statements on which you will be working. Please explain the work you will be doing in this area and how it differs from that of BLM.

Answer: The listed regional coal EIS's reflect activity by the Geological Survey that is an integral part of the overall regional coal EIS activity described by BLM. Of the 7 regional coal EIS's currently underway in FY 1977, Geological Survey has lead responsibility for 3 and BLM for 4. Both Bureaus contribute members to each task force where responsibilities are divided according to the differing areas of expertise and jurisdiction of the Bureaus. The BLM budget request is intended to cover the needs of the Geological Survey in this effort; as noted on page GS-127 in the paragraph following the list of EIS's, the Geological Survey is reimbursed by BLM for this effort, and we expect this pattern of cooperation and reimbursement to continue in FY 1978. FY 1978 funds and positions requested by the Geological Survey for Environmental Impact Analysis cover EIS preparation and review costs exclusive of the regional coal EIS's.

Question: You propose a new activity this year called Land Resource Data Applications, which combines two former activities (Earth Sciences Applications and Resource and Land Investigations). The justification indicates that you will be doing studies related to OCS and coal activities. How does this differ from the efforts of BLM?

Answer: The OCS and coal activities of the Land Resources Data Applications (LRDA) subactivity will be directed mainly toward synthesizing available scientific data (for which tens of millions of dollars of Federal funds have been spent during the past decade or so and millions of dollars are continuing to be spent annually) obtained by the BLM, other Interior Bureaus, and other Federal, State, and local agencies. LRDA activities will focus on interpreting and presenting the technical data and derived interpretive products in languages and formats that will be directly usable by planners and decisionmakers at all levels of

government and in the private sector with regard to such problems as onshore impacts of OCS development, sequential use of land in areas of coal mining, and the achievement of appropriate balance between OCS and coal development and environmental concerns. In addition, existing analytical methods will be tested and, if needed, new methods will be developed to help further strengthen the link between Interior's scientific studies and their application to land resource and environmental planning.

FACILITIES

Question: Under facilities management you have an increase of $2.2 million. Part of this is for increased GSA space costs, but you also list special service charges. What type of space acquisition and alteration work do you plan for FY 1978? (page 140 of justification)

Answer: In FY 1978 the Geological Survey plans to acquire 24,000 square feet of additional warehouse space to serve the National Headquarters complex at Reston, Virginia. In addition, we plan to convert 5,000 square feet of warehouse space in the National Center to office space. Other increases in this item include: (1) Retrofiting of mechanical equipment for energy conservation; (2) installation of smoke alarm systems in mechanical space; (3) modifying switch systems in open office space areas to permit the turning off of unneeded lighting; and (4) replacing non-rated fire doors with approved steel fire 2-hour rated doors.

NATIONAL PETROLEUM RESERVE IN ALASKA

Question: Dr. McKelvey, now that Interior will be taking over the management of this reserve, why shouldn't the appropriation go directly to the Survey? Why appropriate it elsewhere, only to have it transferred to GS?

Answer: As presently proposed in the President's budget, the Congress is being requested to approve an authorization level of funding rather than direct appropriations, for activities concerned with Federal petroleum reserves -- namely the Naval Petroleum Reserves, National Petroleum Reserve in Alaska, and partial funding for the Strategic Petroleum Storage program of the Federal Energy Administration (FEA). Funds to finance these programs would not be derived from the general funds in the Treasury, but from a special account established in Treasury to which receipts from the sale of petroleum products from the Naval Petroleum Reserves would be deposited. Therefore, to coordinate these activities and ensure that sufficient funds are available for these programs, the President has directed that this appropriation be controlled and coordinated at the Presidential level.

Question: The bulk of the requested funding, some $196 million, and 27 positions is for evaluation and assessment, the exploratory program. Is this basically the Navy's exploratory program?

Answer: The FY 1978 program proposal is a continuation of the original Navy five year plan. The number of holes and their general location, and the proposed seismic surveys represent the Navy's exploration program. However, detailed decisions on the exact location of wells cannot be made until the FY 1977 seismic results have been received and evaluated.

Question: Your statement mentioned a new seismic exploration effort now underway. How was that funded?

Answer: For FY 1977 the seismic program being conducted on Navy funding is essentially that proposed in the original Navy program.

Question: Your statement also points out that plans for confirmation wells in Zone A in 1978 obviously wouldn't be drilled if exploratory wells now being drilled turn up dry. How would you utilize the funds budgeted for confirmation wells?

Answer: If confirmation wells are not required and scheduling difficulties preclude, as they may well do, diversion to alternate drilling targets, the funds available would not be expended but would be carried over to the following year's program.

Question: Please supply for the record a more detailed breakdown of the evaluation and assessment request, and give us the cost factors involved in that $196 million effort.

Answer: Cost factors involved in the evaluation and assessment request include:

Construction and maintenance of drilling pads, roads, and airstrips	$58,878,256
Transportation to Alaska of construction and drilling materials (cool barge)	$7,038,000
Communication and transportation within Alaska of materials and people	$38,322,520
Drilling and drilling material	$55,079,240
Seismic surveys and geologic studies	$23,924,161
Field facilities (Camp Lonely)	$3,422,300
Contractor and management costs	$9,329,523
Total	$195,994,000

Question: Your program and financing statement for NPRA estimates all the funds will not only be obligated in 1978 but outlayed as well. Can that be accurate? If it is, why would you need no-year funding?

Answer: It is anticipated that all of the funds will be outlayed during FY 1978. However, it has been Navy's experience that unforeseen events in an exploration program and adverse weather conditions affecting the delivery of supplies and equipment make no-year funding the most practical type of funding for this program.

Question: Can you give us a rough estimate of what your request for NPRA would be if pending legislation were passed by Congress to open NPRA immediately for competitive private exploration and development?

Answer: The estimated cost for NPRA activities would not change as a result of the passage of Congressional legislation to open the reserve immediately for competitive private exploration and development for the following reasons:

1. P.L. 94-258, Naval Petroleum Reserves Production Act of 1976, specifically requires the Department of the Interior to continue to supply gas to the Village of Barrow and other communities and installations near Point Barrow, Alaska.

2. The environmental restoration program must be continued if areas disturbed during previous petroleum exploration and construction are to be cleaned-up.

3. The evaluation and assessment program to determine the petroleum potential of NPRA is especially necessary to protect the public interest in aiding in the determination of the fair market value of leases offered for sale.

GENERAL ADMINISTRATION

Question: Your object classification for Surveys, Investigations, and Research shows increases for travel and other services, Please supply justification for these changes.

Answer: The increase in travel in FY 1978 is related to: (1) The additional positions being requested in the FY 1978 budget; (2) recent increases in subsistence allowances, air fares, and GSA and commercial vehicles costs; and (3) increased travel associated with changes in program direction to more field oriented efforts. Some examples of this include field intensive and expanded program coordination in diverse geographical locations in the National Mapping Program, the National Stream Quality Accounting Network, the Federal-State cooperative program, the coal and nuclear energy hydrology programs, the earthquake hazards reduction program, and the mineral resource surveys program which includes wilderness areas. Much of this travel will involve travel in western and Alaskan areas where travel costs are higher.

The increase in other services is related principally to program increases being requested in the FY 1978 budget for the Topographic Division's National Mapping Program, $6,700,000; earthquake hazards reduction, volcanic hazards,

and environmental aspects of energy in the Geologic activity, $14,700,000; water resources investigations for data collection and analysis, NAWDEX, coal hydrology, water use data, coal leasing, and nuclear energy hydrology, $3,415,000; and regulation of operations on OCS oil and gas leases, OCS seismic risk and sea bottom studies, and regulation of operations on Federal and Indian energy mineral leases in the Conservation of Lands and Minerals activity, $3,147,000.

These contractual services include aerial photography, helicopter services, research contracts, drilling, and computer services.

Question: Will you also give us a justification for the increases requested for SLUC and other rent and utilities, and for equipment?

Answer: The increase in SLUC reflects an increase of 6%, or $1,214,000, in SLUC rates projected by the GSA and approved by the OMB for inclusion in the FY 1978 President's Budget. The balance of the increase is related to space for the new positions being requested and other adjustments made by the GSA in Survey space at various locations.

The increases in other rents, communications and utilities includes increases for direct payment of space occupied by the Survey which is not under the GSA SLUC system; increases in postage costs, telephone and other communications services, utility services, and rental of ADP equipment.

The increase in equipment purchases is chiefly related to an increase of $1,500,000 for modernization of topographic mapping equipment, and $5,000,000 for purchase of equipment for the earthquake hazards reduction program. These increases are offset by a decrease of $1,700,000 for the purchase in FY 1977 of equipment destroyed by the Denver fire.

Question: Your FY 1977 object classification table as shown in the President's budget is significantly different from what you originally reported. You indicate that these changes are due to position ceiling constraints. Would you please explain that statement?

Answer: The amounts shown in the adjusted FY 1977 column of the table were based upon the requirement for an additional 192 positions related to the additional funding provided to the Geological Survey by Congressional action. However, only 72 of the 192 requested were provided. It then became necessary for the Survey to redistribute funds between the various object classes in response to the lower position ceiling. This was done principally by reducing the original amounts provided for permanent positions and for equipment, and providing for additional use of other-than-permanent positions and for contracting in order to accomplish program missions.

SUBCOMMITTEE RECESS

Senator STEVENS. The subcommittee will be in recess until 8:30 a.m. tomorrow, when the chairman will hear the fiscal 1978 budget request from MESA, and the 1977 and 1978 estimates for the new Institute of Museum Services.

[Whereupon, at 12 noon, Thursday, March 10, the subcommittee was recessed, to reconvene at 8:30 a.m., Friday, March 11, 1977.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

FRIDAY, MARCH 11, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:30 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Robert C. Byrd presiding.

Present: Senators Byrd, Huddleston, Leahy, and Stevens.

DEPARTMENT OF THE INTERIOR

MINING ENFORCEMENT AND SAFETY ADMINISTRATION

STATEMENT OF ROBERT E. BARRETT, ADMINISTRATOR

ACCOMPANIED BY:

THOMAS J. SHEPICH, DEPUTY ADMINISTRATOR
JOSEPH O. COOK, ACTING ASSISTANT ADMINISTRATOR, COAL MINE HEALTH AND SAFETY
DONALD P. SCHLICK, ASSISTANT ADMINISTRATOR, TECHNICAL SUPPORT
MICHAEL G. ZABETAKIS, SUPERINTENDENT, NATIONAL MINE HEALTH AND SAFETY ACADEMY
GILBERT O. LOCKWOOD, ASSISTANT ADMINISTRATOR, PLANS, ASSESSMENTS AND MANAGEMENT
RICHARD L. BAKER, CHIEF, DIVISION OF BUDGET AND FINANCE
FRANCIS M. WILES, DIRECTOR OF BUDGET, OFFICE OF THE SECRETARY

BUDGET REQUEST

Senator BYRD. The subcommittee will come to order. This morning we are scheduled to hear the budget request for the Mining Enforcement and Safety Administration. The request for fiscal year 1978 totals $105.8 million, an increase of $12 million over appropriations to date, and includes an increase of 103 positions. The justification has been included in the record. Mr. Barrett, we are pleased to have you with us this morning. Mr. Robert E. Barrett is Administrator, Mining Enforcement and Safety Administration.

We are glad to have you testify before the subcommittee. At this time please introduce those who are with you and proceed to give the highlights of your statement, with the understanding that the full prepared statement will be included in the record at this point.

[The statement follows:]

STATEMENT OF ROBERT E. BARRETT

Mr. Chairman:

I appreciate this opportunity to appear before you and members of your Committee to present MESA's program plans for fiscal year 1978 and to review with you our current activities and accomplishments. I would also like to thank you and the Committee for your strong support of our mine health and safety programs.

Before addressing our detailed budget request, I would like to comment on a number of items which are of significant value for improved mine health and safety.

1976 Injury Experience

If we look at the cold calculus of last year's statistics, the overall record shows a definite improvement over 1975. Fourteen fewer deaths were recorded in the coal mining industry in 1976 as compared to the previous year, and fatalities in metal/nonmetal mining reached an all-time low. According to preliminary figures, 141 fatalities were recorded in coal mining last year, compared to 155 in 1975. In metal/nonmetal mining, 113 deaths were recorded in 1976, compared to 123 in 1975.

Improved technology and enforcement have undoubtedly helped reduce the number of injuries associated with mining. In coal alone, fatalities have been reduced from almost 1,000 miners killed each year in the 1940's to 155 in 1975 and 141 in 1976. Nonfatal injuries have been reduced from about 38,000 in 1950 to about 10,000 annually today.

The rate of these injuries has also been significantly reduced since the enactment of the 1969 Coal Act. The rate of fatalities in coal mines has been reduced from 1.00 per million man-hours of exposure in 1970 to 0.41 in 1975 and 0.35 through December of 1976.

As inspector presence increases at metal/nonmetal mines, the miner's health and safeness of his working conditions have constantly improved. Accordingly, as enforcement activity has increased, the number and rate of fatalities have declined. The number of fatalities has decreased from 234 in 1972 to 113 in 1976. While the program expansion has helped bring about better mine health and safety conditions, we must continue to marshall our metal and nonmetal inspection resources to strike a prudent balance between covering as many mines and mills as possible and yet provide greater attention to special "problem" areas, such as mines with high injury frequency rates or significant health hazards.

Current Program Initiatives

Since my appearance before this Committee a year ago, MESA has initiated a mine profile rating system which rates mines on an individual basis for their performance over the past twelve months. Under this system, each mine is rated on the basis of three criteria: the disabling injury frequency rate; the record of compliance with mandatory Federal health and safety standards; and the individual mine's health and safety management system. The results of this rating system help us in determining several courses of action to be taken, among them the type and frequency of inspection for that particular mine. In addition, this system helps us determine how our resources in education and training and technical support can be used in the most beneficial and effective manner.

Another program initiated during the past year is our impact inspection program. In such inspections, a team of inspectors is dispatched throughout a mine to ensure that the entire mine is inspected simultaneously. This is especially important with respect to mine ventilation and permits us to ensure that air is not diverted from one section to another while air checks are being made. In addition, such a program reduces the opportunity

for "cleanup operations," which often can precede the inspector as he travels throughout the mine area.

As much as we would like to forget, we must also recall the pitfalls we experienced and build from our mistakes. After a period of 39 months without a disaster, MESA's enforcement program was marred by the Scotia mine disaster, which occurred in March of 1976. Although much has been speculated, it still will be several months before state and Federal officials complete their fact finding investigation.

Improving the health conditions of the Nation's coal miners became increasingly more difficult last year. Certification of the personal dust sampling devices used in about 40 percent of the country's mines was revoked because of manufacturing defects. As a result, dust monitoring and enforcement programs were temporarily affected in mines where these devices were being used until a "composite" unit was developed as an acceptable replacement.

In December, MESA faced another challenge when the Department's Board of Mine Operations Appeals made a ruling that in effect could have nullified and prevented enforcement of current dust standards. The Board upheld a challenge by the Eastern Associated Coal Corporation, which had been cited for respirable dust violations. Relief was received when the Secretary stayed the Board's order, which allows us to continue sampling and enforcing the dust standards.

MESA's Role in the Energy Program

Most indicators point to an expanding role for the coal industry. The use of coal--its mining, research and conversion to synthetic fuels--plays a large role in energy programs in the budget now before the Congress, and indications are that coal will play an even bigger role in the future.

In the next decade, uranium and oil shale are also expected to play an increasingly important role in our overall energy supply picture. According to a Bureau of Mines projection, by 1985 nuclear power will supply approximately 12 percent of the Nation's energy requirements. In addition, oil shale will account for about 1 percent.

Now--what does this have to do with MESA?

First, any increase in mining operations must be achieved without compromise on the health and safety of the miners.

Secondly, since we all foresee a government policy that recognizes coal, uranium, and oil shale as tremendous resources; one that commits more research and development money to better extraction, better safety, and a cleaner burning, more economical, and dependable fuel supply, let us look at how MESA fits into this scheme.

It is virtually certain that a strong effort will be made in the Congress to make significant changes in the existing Federal Metal and Nonmetallic Mine Safety Act and the Federal Coal Mine Health and Safety Act of 1969. A major thrust of this legislative activity seems to be to transfer MESA from the Department of the Interior to the Department of Labor.

It is my intention as Administrator of MESA not to become embroiled in the question of whether or not MESA should be transferred from the Department of the Interior to the Department of Labor. The real issue, which must be of concern to all of us, is that mine health and safety not be diminished by either administrative or legislative action.

Another legislative effort, surface mining reclamation legislation--H.R. 2 and S. 7--seems likely to be enacted into law. This legislation is of interest to us because many of the performance standards for reclamation

contained in the legislation must be viewed in light of the way they impact on mine health and safety. For example, the reclamation bills contain performance standards for the construction and reclamation of coal refuse piles and impounding structures which are somewhat different than the safety standards for such structures promulgated under the authority of the Federal Coal Mine Health and Safety Act of 1969.

Program Goals

Our major goal is to pull mining off the top of the list of the Nation's most dangerous occupations. This can be accomplished only if we fully implement our recent program initiatives, strengthen our standards and legal mandates, and continue to establish effective management throughout MESA.

More specifically in the following areas our goals are:

- Make the strongest use of existing legislation.
- Improve the quality of inspections and of inspectors.
- Upgrade the capabilities of management through management training and uniform management practices at both headquarters and in the field.
- Increase emphasis on occupational health.
- Better identify problem mines.
- Implement mandatory training regulations.
- Develop better methods to focus MESA's resources on specific problems such as interfacing enforcement programs with education and training efforts.
- Establish guidelines and implement a special assessments program aimed at operators who have a history of chronic violations of health and safety regulations.

Our FY 1978 budget program is built on these as well as other goals designed to continue this reduction in fatalities and injuries and to improve the working conditions that miners are subjected to on a daily basis. I believe that the modest budget request that we have presented to you will allow us to expand on these improvements.

Coal Mine Health and Safety

The primary objectives of the coal mine inspection program are to eliminate fatalities and reduce the frequency and severity of accidents as well as to minimize health hazards in the coal mining industry. The Act requires that a minimum of four complete health and safety inspections be made yearly in each underground mine and in addition, one spot inspection at each hazardous mine shall be made every five working days and as many additional inspections as necessary to assure compliance. Although the Act does not specify the number of inspections for surface mines, experience dictates at least three complete health and safety inspections each year.

In FY 1978 major effort will be directed toward improving our current program and management information systems. Presently all data connected with inspection events are recorded and retrieved through a manual information system. This system is time consuming and subject to the usual range of arithmetic and production errors. The system that we are proposing will allow for the computerization of this data. Once this is accomplished, we will have the ability to quickly recover all information pertaining to inspections, analyze this data accurately on a more timely basis and incorporate our findings into the inspection process.

We are also proposing to design and implement an effective computer processing system for health regulations contained in the Code of Federal Regulations, Parts 70, 71, and 90. This program will utilize the same computer network as the management information system and will allow us to enter information into the system at the original source. The current system requires that this information be handled at several different points and relies on the mail for delivery from our field installations to our central computer facilities. If an operator is in violation of these standards, he must continue sampling until our process is completed. The revised procedure will speed this process up, enable us to assure more accurate data, and be more effective in enforcing our health standards.

Metal and Nonmetal Mine Health and Safety

MESA has made significant progress in identifying conditions and practices contributing to the disabling injuries and occupational illnesses in the metal and nonmetallic mineral industry. Considerable effort has been devoted to the development of health and safety standards as a basis of preventing the occurrence of these injuries and illnesses.

In FY 1978 we are proposing to expand two special programs in metal and nonmetal. Last year we initiated a special accident prevention program of concentrated inspection effort of operations having a high injury frequency rate. This program has proven successful in reducing injuries at these operations and we are requesting additional resources to expand this program from 25 to 40 operations in FY 1978.

We also initiated a comprehensive health program designed to provide greater health inspection efforts at those metal and nonmetal operations most likely to be in violation of established health standards. The resources requested in our FY 1978 budget will allow us to expand this program from 600 to 1,000 operations.

Education and Training

Although the funding remains relatively unchanged, MESA's Education and Training programs will undergo significant changes. Mandatory training regulations currently at the public hearing stage will become law, guaranteeing for the first time every coal miner not only occupational training, but training in identifying and avoiding health and safety hazards.

In attempting to fulfill Government responsibilities in the education and training areas, MESA is moving from the role of platform teaching to a role of assisting in developing training plans and monitoring training programs. Problem areas pinpointed by using the mine profile rating system and accident frequency rates will receive special emphasis and assistance.

Formalized academic training will be continued through residential, seminar, and correspondence programs conducted by the National Mine Health and Safety Academy.

Technical Support

In the area of Technical Support we are requesting increases in several areas that will have a positive impact on health and safety.

One way to improve health and safety in the mines is to make sure that the equipment utilized in the mining process is safe. During 1976, 26 fatalities in coal and 32 fatalities in metal/nonmetal were directly attributed to machinery. With increased approval and certification of the mining equipment, a reduction can be made in these fatalities.

Mandatory illumination regulations for coal mines have been promulgated and there is a need for similar regulations in metal and nonmetal mines.

These regulations will be proposed by FY 1978. Our proposed increase will give us the resources to develop different methods and procedures to test and evaluate these illumination systems for compliance with the proposed regulations.

Although there has been a significant reduction in roof falls, I believe further improvement is imperative. In 1976, 48 lives were lost because of falls of roofs and ribs. The increase requested in FY 1978 will improve our capability for investigating roof and ground fall fatalities and increase our technical assistance to the enforcement activities in approving plans submitted by mine operators.

Improvement is also needed in mine ventilation. Monitoring ventilation on a section-by-section basis does not ensure that all sections are in compliance. I am proposing increased staffing in the budget for the purpose of ensuring adequacy of, and compliance with, mine ventilation plans by establishing teams to conduct simultaneous ventilation surveys of all sections of an entire mine.

The final area in Technical Support where we are requesting an increase is mine emergency operations. We are requesting resources to improve the capability of MESA's seismic equipment for locating trapped miners by acquiring and field-testing research-developed equipment and techniques.

Summary

I will now briefly summarize our budget request for FY 1978. We are requesting a total of $105,766,000. After adjusting for current year supplementals totaling $4,441,000, the net increase is $7,585,000. Nonrecurring decreases totaling $1,392,000 are offset against our requested increases. Activity increases as well as FY 1978 program totals are as follows:

	Increase 1978	Total Programs
Coal Mine Health and Safety.....	$3,522,000	$57,170,000
Metal/Nonmetal Mine Health and Safety.....	1,844,000	19,271,000
Education and Training.....	181,000	10,894,000
Technical Support.....	1,690,000	15,895,000
Program Administration.....	348,000	2,536,000
Total.....	7,585,000	105,766,000

This concludes my prepared statement. Members of my staff and I welcome this opportunity to answer any questions you or the Committee have regarding our budget request.

INTRODUCTION OF ASSOCIATES

Mr. BARRETT. Thank you, Mr. Chairman. I have with me today to my far left, Mr. Arthur Nelson, Assistant Administrator for Metal and Nonmetal Mine Health and Safety; then Mr. Donald Schlick, Assistant Administrator for Technical Support and Acting Assistant Administrator for Education and Training.

To my immediate left Joe Cook, Acting Assistant Administrator for Coal Mine Health and Safety. To my immediate right Mr. Thomas J. Shepich, Deputy Administrator and to his right Mr. Gil Lockwood, Assistant Administrator, Plans, Assessments, and Management.

To my far right, Dr. Michael Zabetakis, Superintendent of our National Mine Health and Safety Academy.

Senator BYRD. Which is located——

Mr. BARRETT. In Beckley, W. Va.

Senator BYRD. Right. Thank you very much, Mr. Barrett, for the introduction of your associates, and we certainly welcome you all here today.

I am particularly glad to see you here, Mr. Zabetakis. I want us to keep a very close eye on that Beckley Academy. I have every confidence that you will say that it is operated and will continue to be operated in a way that reflects pride upon the Senate, the House of Representatives and those of us who have supported the funding for that project, and also reflects pride on MESA and on yourself and the staff at the academy. Mr. Barrett, go ahead.

PROGRAM HIGHLIGHTS

Mr. BARRETT. Yes, sir. As you mentioned, our formal remarks will be entered into the record, and I would like to briefly highlight that statement.

First, I would like to personally and on behalf of the MESA organization again offer our congratulations on your having been elected as majority leader.

Senator BYRD. Thank you.

Mr. BARRETT. We all recognize, of course, that you have a very busy schedule, and we are especially appreciative that you continue to share our concern for the health and safety of our Nation's miners and particularly that you have personally taken the time to be present here at our budget hearings. With that in mind, I would like to highlight a few points that I feel are significant.

INJURY RATES

Our injury experience last year in the mining industry shows that we had 14 fewer deaths in coal as compared to 1975. We also had 10 fewer deaths in metal/nonmetal.

Last year we had the lowest fatality frequency rates in both the metal/nonmetal and the coal industry.

Last year we initiated several new programs. One of them was a mine profile rating system.

Senator BYRD. Mr. Barrett, with respect to your injury experience, what is the situation to date this year?

Mr. BARRETT. I do not have the figures as of this morning, but as of yesterday morning there were 20 fewer fatalities—total fatalities

in both coal and metal/nonmetal—than there were at this date last year.

Senator BYRD. Specifically with reference to coal, what is the comparison?

Mr. BARRETT. In coal we had 15 fewer fatalities than we did at this time last year and in metal/nonmetal there are 4 fewer fatalities.

So we have approximately 19 to 20 fewer this year than last year. That includes also the Tower City, Pa., disaster.

Senator BYRD. I was wondering. Thank you.

MINE RATING SYSTEM AND IMPACT INSPECTIONS

Mr. BARRETT. One of the initiatives we have undertaken in the past year has been a mine profile rating system. We rate individual mines based on criteria we have developed, so that we can have more impact and more inspections in the most hazardous operations.

We also initiated an impact inspection program, whereby we inspect simultaneously complete mines during one inspection period.

We have conducted 523 of these impact inspections, and depending on the size of the mine, have utilized from 3 to 20 inspectors at one time in one operation.

During those inspections we have issued over 10,000 notices of violations which is roughly 20 violations per inspection, as compared to about 1 or 2 violations per inspection for our regular inspections.

RESULTS OF NOTICES OF VIOLATIONS

Senator BYRD. What results are you having from the issuance of notices of violations?

Mr. BARRETT. Overall, we can show that the number of hours spent on a particular operation by our inspector does have a direct relationship to accident frequency records.

In other words, more presence normally lowers the frequency rates.

Senator BYRD. Do you find that the notices of violations result in corrections?

Mr. BARRETT. Yes. All notices that are issued have to be disposed of in some manner. That is, correction must take place, or there is a followup of a closure order, a closure of a part of a mine or an entire mine.

During those impact inspections, we did issue 519 closure orders.

Senator BYRD. What was the result?

Mr. BARRETT. The result is when a closure order has been issued all corrective measures must be taken before the mine can be reopened.

Senator BYRD. What is the record of reopenings and corrective measures?

Mr. BARRETT. I do not know of any mines right now that are closed permanently because of our issuance of such orders.

Usually the corrections take place immediately or shortly thereafter.

Senator BYRD. Supply for the committee a breakdown of the issuances of violations, the nature thereof as well as you can, the number of closings that have resulted, the average lengths of the closure, and any other comments that will give the committee an indication of what success you are having and what the results are.

Mr. BARRETT. We would be happy to do so.

Senator BYRD. The record will be left open for this material. Go right ahead.

[The information follows:]

IMPACT INSPECTION STATISTICS

As of March 18, 1977, MESA has conducted 544 impact inspections with 10,581 notices of violation and 534 closure orders issued. The average length of a closure order has been less than a full working shift. The majority of violations found during these inspections have been in the areas of roof control, ventilation, and electrical.

ROLE IN ENERGY EXPANSION

Mr. BARRETT. We feel that MESA is going to play a more important role than ever in the near future, because of the proposed acceleration of use of coal as one of our main sources of energy.

With the projections we have seen, we could be looking at 150,000 new miners entering the industry over the next several years. We at MESA will have a very difficult time during this period keeping the accident rates down, while industry expansion could potentially double output.

We feel we are going to be playing a very important part in this quest for energy independence, and increased usage of coal, because we cannot in any way compromise health and safety for the expansion of the coal industry.

In addition, any expansion in the nuclear field will increase production at uranium mines over which MESA has jurisdiction. We will have our work cut out for us to see that exposures and other dangers are at a minimum for the miners themselves.

QUALITY OF MESA INSPECTORS

Senator BYRD. Are your inspectors well trained?

Mr. BARRETT. Yes, sir. We feel we have the best inspectors in the world, so far as our industry is concerned.

Senator BYRD. They do not have the attitude that they constitute a law within themselves, do they?

Mr. BARRETT. No, sir. I have read articles that have been written by top mining officials in other countries, and they concede that we do have the best programs and the best inspectorate.

We have had many plaudits on our respirable dust program, for example; but in spite of the criticism, they are still the best in the world.

Senator BYRD. What is the nature of the criticism?

Mr. BARRETT. We have had criticism that the instrumentation is not as it should be, that the samples were tampered with and other problems in the system. But again, we feel with the multitude of samples that we collect, we do have very dependable results.

We have had several cases recently that we have had some problems with, where the whole program has been questioned by the courts and other administrative bodies.

We are continuing our respirable dust program. I still think it is a quite successful program.

Senator BYRD. Do your criticisms come mainly from industry or from the——

Mr. BARRETT. From the industry; yes sir. We are continuing to upgrade our programs. As far as our inspectorate is concerned, we continue to send them to the Academy for retraining.

We have committed ourselves to at least 80 hours of retraining annually for all of our inspectors, and we feel that they need this.

It may sound like an excessive amount of time, but with the changing situations, the changing scenes, the changing equipment and so forth, we feel that this is a necessary part of our total effort.

That summarizes my formal presentation. As you noted, we are requesting $105,766,000 to continue these important efforts.

Senator BYRD. How do you suggest that we proceed, now that you have summarized your statement?

Mr. BARRETT. Well, hopefully we are prepared to answer any questions that you might have.

NATIONAL MINE HEALTH AND SAFETY ACADEMY

Senator BYRD. First of all, I would like—in view of the fact that Mr. Zabetakis is here, and he is the Administrator of the Mine Health and Safety Academy—I would like especially to hear from him as to how the Academy is progressing, and how the selection of personnel is coming along, what the status of the classes may be at this time, and any problems that he may be having.

Why don't you give us an outline, Doctor. We are glad to have you travel up here from Beckley to visit us.

Dr. ZABETAKIS. The Academy is approximately 98 percent complete. We have a contractor who is doing some makeup work, correcting some deficiencies. We are fully operational, in the sense that we are running all of our classes now at the Academy. We are no longer using rented facilities.

We are operating at just about 50 percent occupancy on the average. In the next 2 months, we will be operating almost at full capacity.

Our staffing is at about roughly the 80-percent level. We have 78 full-time employees there now, and three part-time employees.

We are still recruiting, as we have been doing now for the better part of 1 year. Our main problem has been to find specialists in the technical area that we are interested in.

We have had very little problem recruiting the nonspecialist. We have had approximately 500 applications for our clerical and support jobs. But we have had some problems in finding explosives experts and mining specialists who not only have that specialty but also want to teach.

Senator BYRD. Are you getting those specialists?

Dr. ZABETAKIS. Yes, we are. Slowly. We are pleased with the staff we have recruited to date. We have approximately another 15 positions to recruit, at which time we will be up to our full complement for our present site.

We are in the process now of developing the balance of our programs that will be available at the Academy in the future.

But our main problems to date have been, as I say, in some of the specialty areas. However, we are well along the way to a full complement.

Senator BYRD. What is your enrollment now? You say it is about 50 percent of capacity?

Dr. ZABETAKIS. We have been averaging approximately 200 students a week. Of course, some of these stay for 1 week and some stay for 4 to 6 weeks, depending on the length of the program.

Ultimately, we would hope to average between 350 and 400 students per week.

ACADEMY ACCEPTANCE

Senator BYRD. Are you encouraged with the acceptance thus far on the part of the public, on the part of the industry, and on the part of the potential field of students?

Dr. ZABETAKIS. Yes, very much so. We are not only training our own people, we have now started training people from mining companies, the UMWA Safety Committee men and people from the States.

We have been asked by the state of Kentucky to consider training some of their safety specialists. We have been preparing text materials that have been extremely well received.

We have distributed some quarter of a million publications this past year to the various training centers and to the mining companies throughout the United States.

We have also received requests for these from overseas. So I believe we have been accepted quite well by the mining community, in that we are now in a position to certainly do the job for which the Academy was built—namely, to assist in the improvement of health conditions and the reduction of accidents in mining through education and training.

Mr. BARRETT. It might be well to add for the record also that we have had requests from seven foreign countries to send their inspectors over here for training, which reinforces what I said before, about the reputation our inspectorate and the Academy is getting worldwide.

DEMAND FOR INSTRUCTIONAL MATERIALS

Senator BYRD. Have you had much of a demand for instructional materials prepared at the Academy?

Dr. ZABETAKIS. Yes sir. The demand has rather surprised us, because we did not realize that it would come so soon.

We have had such a demand that it is almost beyond our capabilities to keep supplying it, not only from the mining companies but from a number of universities, colleges, vocational schools, and technical schools throughout the country.

Senator BYRD. When you speak of the demand, give us some idea of what you have had. Has there been a demand for 10 items, 20 items, 1,000, 1 million, or what?

Dr. ZABETAKIS. We have distributed this past year over a quarter of a million safety manuals. We have five safety manuals that we have written and the Government Printing Office has printed for us. The Government Printing Office also sells these, and has run out several times and has had to reprint them themselves.

I have no idea how many they have distributed. My guess would be that they have probably distributed as many as we have.

We have also distributed a number of our program instruction books; a number of the vocational school systems are now using them.

For example, the Raleigh County school system is using them. They are being used in Kentucky and Illinois as well. We have had requests from several mining schools, VPI, Penn State, and WVU for our materials. As a result of these damands, we have distributed over 250,000 of these publications.

Senator BYRD. You have quite an operation going there; don't you?

Dr. ZABETAKIS. Yes sir. It has exceeded our wildest expectations.

PUBLICATION DISTRIBUTION CENTER

Senator BYRD. What about your storage space? Does this create any problem for you?

Dr. ZABETAKIS. Yes, this has. As you can well imagine, just the materials handling problem alone has caused us some problems.

We are using several classrooms, that we have converted into storage areas, as well as our basement area. If this continues we will need additional space.

There is very little doubt that within the year, if this continues, we will not be able to keep up with the demand.

Senator BYRD. I take it when you say you need additional space, you need something over and above what you have now. Consequently, you must be talking about an additional facility.

Dr. ZABETAKIS. Yes. I think long-range-wise, we probably will be needing a publications distribution center. I have no idea at this time what size we would need.

However, I have recommended to Mr. Barrett that we do an initial study of our potential needs and perhaps get an architectural firm to determine what type of facility we need.

I have suggested to him that we should request an additional $150,000 to $200,000 for this study; beyond what we originally asked for in our 1978 budget.

Senator BYRD. Is there any money in the fiscal year 1978 budget for this purpose?

Dr. ZABETAKIS. No, sir; there is not at the present.

Senator BYRD. Why isn't there?

Dr. ZABETAKIS. We prepared these budgets so many months ahead that the demand, as I mentioned earlier, was unforeseen and we have not asked for it.

Senator BYRD. Suppose additional funds were made available for you now that the demand has been foreseen? Could you efficiently utilize additional funding during fiscal year 1978, Mr. Barrett?

Mr. BARRETT. Yes, sir; we could. This type of work is generally contracted out, and we could very easily contract out during fiscal year 1978 a feasibility engineering-type study, to determine size, cost, et cetera, of a building like this.

Senator BYRD. Suppose you supply for the record a memorandum or statement that would indicate your capability.

Mr. BARRETT. Yes, I would be happy to.

[The information follows:]

PUBLICATIONS DISTRIBUTION CENTER

Our best estimate of additional space requirements at this time would be approximately 30,000 square feet for an educational materials distribution center. At $60 per square foot, this represents a total construction cost of $1,800,000. For a job of this magnitude, $140,000 to $200,000 would be required for architectural and engineering services—8 to 11 percent. During fiscal year 1978, MESA could effectively utilize the architectural and engineering funds since this work would be done on a contract basis.

COMMITTEE INTEREST IN ACADEMY

Senator BYRD. Dr. Zabetakis, we are watching that Academy. We are very interested in that Academy. There is a lot of money invested in that Academy. I want to emphasize the pride that I, personally, take. I am sure that pride is shared by my colleagues. We want this Academy to produce results, and we want it to be something that the taxpayers of this country will feel has been a program and a facility for which their moneys have been expended wisely.

Let me say, Doctor, that I have every confidence in you.

Dr. ZABETAKIS.Thank you, Senator. I will extend your regards to the entire Academy staff.

Senator BYRD. I will be having members of the staff come down to visit the Academy from time to time. We want to know what your problems are; we want to be helpful if we can in connection with any problems.

It is a new facility, and I am sure you have growing pains, as does any new facility. But I am confident that you will give it your best attention, and that you will stay on the track and on course.

And when we next have a hearing on the budget you will be back to tell us some of the progress that you have made even over the present accomplishments.

DALLAS PIKE FACILITY

Now, the Dallas Pike facility. What progress have you made over the past year with the increased funding authorized?

Mr. BARRETT. Construction contracts were let for the construction of the laboratory, access roads, storage facilities, and the test track.

But there were a number of delays in construction during this very severe winter that we have had.

We expect the final construction to be completed by about mid-August. We had hoped for a May date, but again because of the weather problems—and they were very extreme in that area—there were considerable delays.

Senator BYRD. What are your plans for the laboratory in fiscal year 1978?

Mr. BARRETT. We are beginning to phase in a staff for the program. We are looking to fiscal year 1978 as our first year of operation doing mining equipment safety studies, such as braking of mining equipment, handling and steering of equipment, flammability of materials and so forth.

I think at this time I should point out that last year, between coal and metal and nonmetallic mining, there were 122 deaths associated with machinery and haulage.

We expect the laboratory's work to have an immediate impact on these types of fatalities. When considering the total number of fatalities, 113 in metal and nonmetal and 141 in coal, 122 is a very significant part of that total number.

We expect in fiscal year 1978 to be fully operational at the facility, and have an impact on those types of accidents.

ADVANTAGES OF UTILIZING DALLAS PIKE FACILITY

Senator BYRD. I understand that the Ohio Valley Industrial and Business Development Corp., has offered MESA the option of using site D at Dallas Pike.

If you had this additional property, how would you use it?

Mr. BARRETT. Our mine emergency operations group is based at a point near the Pittsburgh airport. We could very easily use this proposed site to house that MEO operation. We would be right along an interstate, Route 70, which provides good access to the midwest and also to the east, and with I–77 and I–79 available, we would have good access to the entire Appalachian region. So we could very easily move our MEO operations onto that site for consolidation purposes.

Senator BYRD. Other than for consolidation purposes, what would be some of the advantages of moving such functions to Dallas Pike?

Mr. BARRETT. There is a better access road there. We have some problems with the access road at the facility we have now.

It is a considerable distance off the main road. By having our own property we could also do some experimental work. We could do some drillings and keep our people sharp, keep them alert and able to respond quickly and efficiently to emergency situations.

So there are a number of advantages in being at that particular site.

Senator BYRD. Would it be conducive to better laboratory facilities?

Mr. BARRETT. Yes. There are no laboratory facilities where we are presently.

Senator BYRD. You have no laboratory facilities where you are currently located?

Mr. BARRETT. No, sir. We rent that property. It is an old building that was used for building mobile homes. We could not do any laboratory work in that particular area.

It is just an old shell structure.

Senator BYRD. What does the rent cost there?

Mr. SCHLICK. About $50,000 a year.

Senator BYRD. Over a period of time you would save quite a bit of money in rent.

Mr. BARRETT. By having our own facilities; yes, sir.

Senator BYRD. By having your own laboratory also.

Mr. BARRETT. Having our own laboratory also; yes, sir.

Senator BYRD. The additional land that has been offered could be used very advantageously, it seems to me, for this purpose.

Mr. BARRETT. Yes, sir.

FUTURE EXPANSION

Senator BYRD. If the decision is made to relocate at Dallas Pike, what would be the first step? What would be involved in such a move?

Mr. BARRETT. The first step would be to design a facility to provide office space, laboratories, and testing facilities for special purpose use.

I can envision, looking down a long trail, so to speak——

Senator BYRD. Do you have 20–20 vision now?

Mr. BARRETT. Yes, sir. That's why I have glasses.

Senator BYRD. What would you envision looking down the track?

Mr. BARRETT. Well, I have not been over to Europe to see their facilities. For example Germany, Poland and England.

But I understand that each of those countries has tremendously modern facilities that are almost showcases. SMRE, in England, for example.

Senator BYRD. What does that mean?

Mr. BARRETT. Safety Mines Research Establishment.

Senator BYRD. Don't you feel a little guilty throwing out acronyms and references to facilities that just have the initials? The Senator from Vermont and I would like to understand what you are talking about.

Mr. BARRETT. I am sorry. I only learned that since I have been in Washington. But looking ahead I think we need in this country a central location for laboratories and testing facilities.

We are the largest coal producer; we have the largest reserves. We should have the showplace of the world. I think we have that in our Academy at Beckley. But again looking ahead, I think we should have that kind of a facility somewhere in this country.

HEALTH AND SAFETY LABORATORY AND EXPERIMENTAL WORK

Senator BYRD. Now, for the record, what are you talking about? A showplace for what? I know, but I want you to state it for the record. This is in Wheeling, W. Va.

Senator LEAHY. Mr. Chairman, I gathered that quite some time back. [Laughter.]

Mr. BARRETT. A showcase for a mine health and safety laboratory, and experimental work. We could bore some holes into the side of a hill and make an actual mine—a simulated mine where we could use explosives and do technical work. For example, if we have an explosion we can simulate the conditions and glean a lot of information from that kind of facility.

If we are going to construct a facility such as that, it should be modern, it should be a functional facility, again, something that we, as a Nation, can be proud of.

Presently, when foreign visitors arrive, we have no central location where we can take them and say, "This is what we have to show you." Our mining laboratories are pretty well scattered.

Senator BYRD. Now, for the record, what are you showing? What is the ultimate objective of this type of facility?

What is your program? What does it produce for the taxpayer?

Mr. BARRETT. We now have scattered groups of programs. We have respirable dust work that is being conducted. Five or six years ago we were probably one of the more backward countries as far as respirable dust is concerned. Today we are probably the leader. We have the most stringent standards and they are being complied with, I think, more so than any other nation.

For example, we have a 2-milligram standard on respirable dust. The British and the Germans are at between 4 and 4.3 milligrams.

Senator BYRD. What other studies are being conducted?

Mr. BARRETT. We do noise studies. People look to us for the results of the studies we are doing to quiet mining equipment.

We are doing a lot of work on water impoundments, the disposition of mine refuse. We are looking at roof control, ground control, resin bolts, ventilation systems, and bleeding systems to bleed the gases off of mine gogs.

We have many different technical-type programs that are of interest to everyone worldwide. We should have a showcase facility to demonstrate these types of technological advances.

IMPROVING MINING EQUIPMENT

Senator BYRD. Would you elaborate on what you are doing and will be doing in connection with improving mining equipment from the standpoint of safety?

Mr. BARRETT. Yes, sir. We have done quite a bit in the past and I think this is something that we can be proud of. We have required canopies on all equipment that is operated in face areas. We have had a reduction in roof falls——

Senator BYRD. What will you be doing at the Wheeling facility?

Mr. BARRETT. Don, why don't you respond to that question? Mr. Schlick is familiar with what will be taking place at Wheeling.

Mr. SCHLICK. Senator Byrd, MESA must approve and certify all of the equipment that goes underground. This complete operation is called our Approval and Certification Center. The Mining Equipment Safety Laboratory, which is being built now at Dallas Pike, is part of that complex.

We now have about a 28-percent backlog of approving this equipment and we are anticipating a growth in coal production.

Another potential use of the property at Dallas Pike will be to consolidate all of these program elements which are now headquartered in Pittsburgh, in the Forbes Avenue building.

Senator BYRD. We have gone over that. We have already covered that. You see, I am a good listener. Mr. Barrett covered that, about the Forbes building.

Mr. SCHLICK. I think the point is we would like to consolidate all of these facilities and certify and approve all of the equipment that goes into the mines.

Senator BYRD. I see. Now you are talking about surface mining and deep mining.

Mr. SCHLICK. Yes, sir.

Senator BYRD. When you talk about equipment, are you talking about continuous miners?

Mr. SCHLICK. We are talking about moving equipment, doing tests on handling and steering of equipment, flammability materials used in equipment, and hydraulic fluids; and conducting continual studies on cables, splices, hoses, and diesels. All of these things may lead to injuries and fatalities in the mining business.

Senator BYRD. Have you ever been in a coal mine, Mr. Schlick?

Mr. SCHLICK. Many times.

Senator BYRD. Have you ever been in a coal mine, Mr. Barrett?

Mr. BARRETT. Many, many times.

Senator BYRD. Have you ever been in a coal mine, Dr. Zabetakis?

Dr. ZABETAKIS. Yes, sir.

Mr. BARRETT. I might add that we do approve all mining equipment that goes underground, but we are doing it more or less piecemeal now.

We are looking forward to the day when we can approve a piece of equipment in its entirety; that is, everything from the mechanical parts to hydraulic fluid to the electrical components, and the cable.

Right now we approve each of those parts individually, but our goal is to have one set of standards, so that we can look at an entire piece of equipment, and say, "This piece of equipment meets all of the requirements of the act."

FACILITY COSTS DESIGN

Senator BYRD. Your first step would be to design a facility?

Mr. BARRETT. Yes, sir.

Senator BYRD. What would this design cost?

Mr. BARRETT. It is difficult to speculate at this time. We can research that, if you so desire. Offhand, I probably would estimate a quarter of a million dollars as a starting point. However, cost overruns are common after initial estimates are made.

As you know, every time we make an estimate we usually have an overrun, or it costs more than what we initially think it might.

Senator BYRD. You do not have any funds for this purpose at this time?

Mr. BARRETT. No, sir; we do not.

Senator BYRD. Would you explore the matter, and give the committee an accurate estimate of the cost of the design?

Mr. BARRETT. Yes, sir, we will be happy to.

[The information follows:]

DESIGN COSTS FOR DALLAS PIKE FACILITY

If additional land and funds were provided for the expansion of the Dallas Pike Facility, it would be advantageous to MESA to combine its programs of: (1) heavy equipment safety; (2) approval and certification; (3) waste impoundments; and (4) the mine emergency operations equipment.

To consolidate these programs would require approximately 40,000 square feet of office and laboratory space for approval/certification and mine waste work. Estimating construction costs at $100 a square foot, this represents a structural investment of approximately $4 million. Architectural and engineering design work is generally estimated from 8 to 11 percent of the total estimated construction cost. Therefore, approximately $400,000 would be required for an architectural and design study at Dallas Pike.

TESTING PROGRAMS

Senator BYRD. How much is in your budget for heavy equipment testing?

Mr. BARRETT. $1.2 million, sir.

Senator BYRD. Do you feel that the equipment testing facility in Wheeling is adequately funded in this budget?

Mr. BARRETT. For this year I would say yes, sir.

Senator BYRD. You are asking for two new positions to handle illumination testing. Will this increase be adequate to handle the added workload from new illumination regulations for metal and nonmetal mines?

Your justification states that these regulations may be implemented in 1978.

Mr. SCHLICK. Yes, sir. We are now promulgating metal/nonmetal illumination regulations similar to those that have already been promulgated for the coal mining industry.

We feel we will follow in the metal mining industry as in coal and those extra positions are needed for the metal mining program.

VENTILATION PROBLEMS

Senator BYRD. How about ventilation problems? You mentioned ventilation a moment ago, and there is some indication that these problems have increased.

Why is this?

Mr. SCHLICK. Just by the mere fact that the amount of coal mining in our country has increased over the past several years.

We have kept our ventilation and ground control groups at the same level, and have not increased those programs.

We find now that there is a backlog, and there is a lot of work that we cannot quite do, because of the sheer expansion of the mining industry.

We are requesting eight positions in ventilation and eight positions in ground control, which will allow us to meet the current workload.

STATUS OF LEXINGTON TRAINING CENTER

Senator BYRD. Senator Huddleston is a great Senator from my sister State of Kentucky. I feel that he might be interested in exploring with you any developments in connection with the Lexington Training Center.

I would like to call on Senator Huddleston at this time.

Senator HUDDLESTON. Thank you, Mr. Chairman. We are certainly interested in the Lexington Training Center and its potential.

Perhaps Mr. Barrett could give us an update on the status of that center.

Mr. BARRETT. The training center in Lexington was established in June 1976, and at present there are nine employees at this center, and the other seven are presently being recruited.

So we should be up to full complement some time in May.

Senator HUDDLESTON. Sixteen positions?

Mr. BARRETT. Yes; there will be 16 employes at this center.

Senator HUDDLESTON. How is that center functioning at the present time?

Mr. BARRETT. Most of the people work out of the center itself. We also have people stationed in Barbourville, Pikeville, and in the high-density mining areas.

They also service western Kentucky. At Madisonville we have several instructors.

MANDATORY TRAINING REGULATIONS

Senator HUDDLESTON. The prospects of mandatory training are going to increase the need for that kind of a training center; is that correct?

Mr. BARRETT. That is true.

Senator HUDDLESTON. What is the status now of the mandatory training regulations?

Mr. BARRETT. We are currently reviewing the comments. We have had more comments on those particular regulations than any I have seen in the past.

Everyone is for training, but there are so many qualifications attached to the comments that we are having difficulty sifting through them all.

Mr. SCHLICK. Senator Huddleston, the mandatory training regulations have been proposed as rulemaking. We have had a public hearing which I chaired, and as Mr. Barrett said, we received many comments.

We are now reviewing those comments and we hope to publish a "finding of fact" in the Federal Register very shortly, which follows the prescribed regulations.

We hope to recommend to the Secretary that he promulgate these training regulations; certainly in the early summer.

Senator HUDDLESTON. These proposed regulations are also a provision in the new mining law; is there not?

Mr. BARRETT. Yes, sir; they are incorporated into the proposed legislation.

ADEQUACY OF PRESENT BUDGET

Senator HUDDLESTON. Our State of Kentucky has already passed a law requiring mandatory training in the State. Do you feel that your budget, the present budget, and your request for 1978 is adequate to provide the assistance that will be necessary in effecting total mandatory training?

Mr. Barrett No, sir; I do not think it will. The reason that we have not requested funds in the current budget is that the regulations have not been finally promulgated.

However, when they are, there will be a substantial increase in activity in education and training.

Senator HUDDLESTON. Will that require a request for supplemental funding at a later date?

Mr. BARRETT. I would think so; yes, sir.

Senator HUDDLESTON. Do you have any idea when you might be prepared to submit that request?

Mr. BARRETT. It will not be until after the regulations are promulgated.

Senator HUDDLESTON. They have actually gone into effect?

Mr. BARRETT. Yes, sir.

Mr. SCHLICK. To continue that point, Senator; if the regulations are promulgated towards the end of this fiscal year, there will probably be a 6-month period for the mines to prepare and submit their plan.

So we have that lag also in the cycle.

COOPERATION WITH STATE TRAINING PROGRAMS

Senator HUDDLESTON. Would it be your desire to work with the States in developing training programs for the vocational, educational, and technical institutions that the States may have, as has been done in Kentucky?

Mr. BARRETT. Yes, sir. Most of the States do have training plans which are funded through our State grant program. In Kentucky, of course, we have agreements through the State Department of Mines with Morehead and also Pikeville College.

For the first time the vocational and technical schools in Kentucky are involved in training. Other States have indicated, and there are about 26 coal-producing States, that they would like to get involved to the same degree that both West Virginia and Kentucky are in the training programs.

West Virginia has a very strong program that we fund through our State grant program. The programs in Kentucky, I would say, are probably landmark or model programs, especially the vocational and technical programs.

Senator HUDDLESTON. Are these the programs that were developed under the grant that we provided last year with a $2.5 million supplemental?

Mr. BARRETT. Yes, sir. The funds for those programs are directed through the Department of Mines of the State, and they, in turn, enter into agreements and contracts.

ADDITIONAL FUNDING FOR GRANT PROGRAM

Senator HUDDLESTON. Could you use additional funding this year, say, in the neighborhood of $1 million?

Mr. BARRETT. We have had requests from the various States for funds totalling about $4.1 million. Our limit has been $2.5 million. The States have asked for $1.6 million more than what we have available.

Senator HUDDLESTON. I have some other questions about Kentucky, but I will wait until you finish, Mr. Chairman.

Senator BYRD. Why don't you proceed with your questions about Kentucky?

MADISONVILLE DISTRICT OFFICE

Senator HUDDLESTON. All right, sir. Last year the Madisonville, Ky., subdistrict office was upgraded to a full district.

What did this entail, and what is the status of the staffing there at the present time?

Mr. BARRETT. Mr. Cook can address that better than I can. He is our Acting Assistant Administrator for coal programs.

Mr. COOK. It is fully staffed now for the workload they have at the present time. As you know, western Kentucky produces around 50 million tons of coal a year.

We have specialty groups established there for roof control, ventilation, electrical groups. So it is fully staffed for the present workload.

Senator HUDDLESTON. I just want to say that in that area, the producers and workers are all very appreciative of this upgrading of this office. It has greatly facilitated their operations and I hope that it will continue to receive the attention that you have already given it.

Mr. COOK. Thank you, Senator. It will.

STATUS OF SCOTIA MINE DISASTER

Senator HUDDLESTON. When will your investigation and fact-finding efforts on the Scotia mine disaster areas be completed?

Mr. BARRETT. Mr. Cook was underground at Scotia yesterday, and he can probably give you as good an update as anyone.

Senator HUDDLESTON. Fine. Tell us what you have learned at this point.

Mr. COOK. On the 9th of March, which was the anniversary of the first explosion at Scotia, we did ventilate the remaining section of the Scotia mine.

We had approximately 25 people investigating the two explosions there. We now have had access to everything underground. We have mapped everything. We have looked at all the equipment. We are planning to bring our 25 people together next week at the Academy and sit down and start analyzing all the information we have.

So we will be working on analyzing all of the information, starting next week. At the moment there was nothing that was really outstanding as a cause of the two incidents.

However, we do hope to analyze the material and come up with the best reasoning we can on the causes.

INSPECTION CHANGES RESULTING FROM SCOTIA DISASTER

Senator HUDDLESTON. What changes, if any, have you made in your inspection and enforcement procedures as a result of those disasters?

Mr. COOK. We have started the impact inspections which Mr. Barrett talked about earlier. So far this year we have issued over 10,000 notices and 500 orders.

We are also initiating our mine profile rating system, where we are talking to the industry about their management programs the number of violations they incur and their accident frequency rates.

Those are the major changes we have initiated, primarily as a result of Scotia.

SPECIAL ASSESSMENT PROGRAM

Senator HUDDLESTON. You indicate in your budget that a special assessment program has been initiated on a pilot basis, whereby mines with hazardous practices are identified and given special assessment that are designed to encourage improvement in the mine's compliance with health and safety standards. Explain how that works.

Mr. BARRETT. In the regulations we have promulgated, we do have the ability to assess special penalties in some areas.

In the past year and a half we have been assessing special penalties for all fatalities and serious injuries. During the last calendar year, we assessed about $850,000 in penalties for 380 such violations.

We are unable to assess every fatality and injury, because of the fact that occasionally there is no violation associated with the fatalities.

Last year for example, there were four fatalities attributed to the mining industry because of a helicopter accident. There is nothing in the law that addresses itself to that type of accident.

So even though there were four people killed, we certainly could not invoke the special assessment program in that instance. There were a number of accidents of that type, but the industry is being charged with four fatalities that are not necessarily mining accidents.

The pilot program that we are talking about here has two additional type penalties. First, we are looking at all 104-C violations.

A 104-C is the unwarnable failure provision of the act. That portion of the act directs itself to the operator who you might say flagrantly violates the law. Every time our inspectors issue those types of notices and orders they will be reviewed for the special assessment program.

The second area of special assessment that we will be addressing will be those mines included in our special mine profile rating system. Certain mines have a higher potential for disaster or accidents of a severe nature. Therefore, whenever a mine shows up very high on that particular list, we will be assessing those at a higher rate.

Senator HUDDLESTON. Will you also pay more attention to those mines with more frequent inspections?

Mr. BARRETT. Yes; those are the ones that we will be addressing in our accident prevention programs, and also our impact inspections.

IMPACT INSPECTION PROGRAM

Senator HUDDLESTON. What about your impact inspection program? How many of those have taken place?

Mr. BARRETT. We have conducted 523 impact inspections.

We issued 10,123 notices for an average of about 20 notices per inspection, and 519 closure orders for an average of about one closure per inspection.

Senator HUDDLESTON. You might explain for the record what the impact inspection really consists of.

Mr. BARRETT. What we do in these cases is more or less deluge a particular mine with inspectors.

For example, in our normal routine inspections, if a mine has five operating sections, an inspector would go in and inspect each section separately. The fact that he is on the property gives the operator the ability to cleanup, make changes, and prepare for the inspection in the other sections.

In the impact-type inspection, we would inspect that same five-section mine with five inspections concurrently. In that way air measurements can be taken at predetermined times to see if, in fact, the mine is being ventilated according to regulations and according to good mining practices.

Cleanup cannot be accommodated ahead of time, so we really get a true picture of the mine at one particular time.

Senator HUDDLESTON. That would prevent a mine, for instance, from closing one section of the mine and then feeding all of his air into another section to make it qualify, and then shifting to another section to make it qualify as the inspection progressed under the old procedures?

Mr. BARRETT. That is right. Every mine has very good underground communications systems. Each of the bosses has a phone on his particular vehicle.

Senator HUDDLESTON. So they have had warning, generally. They have known when you were coming? Or at least had some advance notice?

Mr. BARRETT. Yes, sir. But the advance notice is not in the form of our calling ahead. I would like to make that perfectly clear.

STATEMENT OF APPRECIATION

Senator HUDDLESTON. They have their own communications systems that seems to get that message through pretty good.

I just want to say, Mr. Chairman, being from Kentucky where we have had these disasters and where we have had, really, not too good a history of mine safety, I appreciate the efforts of Mr. Barrett and his agency.

Particularly, since the Scotia disasters, in moving in there with diligence in attempting to find the cause and instituting these other provisions, regulations, and activities that I think have helped to make the mines more safety conscious.

I have great expectations for the training programs. Kentucky is a great believer in them and the State has already moved in a number of ways to facilitate that.

Frankly, I hope that Mr. Barrett is permitted to continue his responsibilities and continues to give the agency the leadership and direction he has.

Senator BYRD. Thank you, Senator Huddleston. Mr. Barrett, you have received a fine compliment from a fine Senator.

We are fortunate to have two good Senators from Kentucky who are supporting your program.

Mr. BARRETT. I appreciate that, sir.

Senator BYRD. By the way, I would like to ask Senator Huddleston what else do you have in Kentucky? You have blue grass.

Senator HUDDLESTON. We have the greatest thoroughbreds breeding industry in the world.

Senator BYRD. Breeding industry in what?

Senator HUDDLESTON. The most beautiful horses and the fastest women that you can find anywhere. [Laughter.]

Senator BYRD. Do you have anything else?

Senator HUDDLESTON. We have the finest bourbon industry that money can buy. It is the greatest State in the Union. It represents all the good things in life.

Senator BYRD. Now, just don't go too far. [Laughter.]

IMPACT OF LEGISLATIVE PROPOSALS

Senator BYRD. Mr. Barrett, how would the creation of the proposed Department of Energy affect the MESA program and operation?

Mr. BARRETT. I really do not know. Our fate seems to be bandied around somewhat recently. There is a question as to whether we would remain in the Department of the Interior or be transferred to the Labor Department.

There is a possibility that we might end up in the new energy department. I really do not know. I have not had any correspondence with anyone who would indicate how we would relate to energy.

I must repeat the statement I made before, and that is that it is our intention that there will not be any diminishing of the health and safety of miners in this country regardless of where we are located. If there is a question at all about production versus health and safety, I will come down on the side of health and safety continuously.

COOPERATION WITH THE MINING COMMUNITY

Senator BYRD. Do you get the cooperation of the mine unions and miners themselves in connection with your safety programs which are, after all, basically for the benefit, welfare, and safety of the men who mine the coal?

Mr. BARRETT. Yes, sir. One of the first things I did when I took over this job was to establish a rapport with the unions.

I met with Mr. Miller on numerous occasions. I have met with the steelworkers who represent metal/nonmetal miners.

We conduct monthly meetings with the safety people from the unions. We thrash over our problems—we do not always agree, but we do have very good rapport with the union officials.

We also respond as an organization to requests from individual union members for special inspections. If a miner, for example, finds a situation or condition that he thinks is in violation of the act or a poor practice, he can notify our local people and they in turn respond immediately.

Yes, sir; we do have a very good working relationship with the miners themselves.

Senator BYRD. Do you find that the miners themselves are more conscious of their own responsibilities in regard to safety, and that they realize that not all accidents occur because of the faults of the industry or failures of the industry to correct situations involving faulty equipment and working conditions? And that some accidents, indeed, are caused by carelessness on the part of those who end up being hurt or killed?

Mr. BARRETT. Yes, I think miners today are more aware of the situation. There are a lot of different conditions today than there were 50 years ago, or even 20 years ago.

The miners are sharper people. They are better educated. They come into the mines, not with a second- or third-grade education, or having just come across on a boat.

They are very intelligent and very alert to what is taking place around them.

Senator BYRD. In other words, they understand that this business of safety is a matter in connection with which there are responsibilities which they also share, along with the industry, and management.

Mr. BARRETT. Let me say we are not satisfied with the progress we have made, and I need to qualify everything I have said so far.

The fact that we had 141 coal miners killed last year is certainly nothing to brag about. We could say, if we relate to the past, that we have made significant improvement. But I am sure that the families of the 141 who died will not agree with that. We are engaged with the coal operators and the mineworkers in training mine safety committeemen.

There are approximately 2,200 mine health and safety committeemen who are attached to members of the UMWA. Each of those committeemen in the past year has received 5 days of training, and it is a tri-party effort. The company pays the men; the union supplies the instructors; and we provide about 3 days of that instruction.

We feel that by training these individuals in the correct way to operate their equipment and so forth; that we are, in fact, training an inspector.

So we direct a lot of our efforts to that type of training. That is where we reach the individual miners, and I think that is the key to our whole training effort.

TOWER CITY MINE ACCIDENT

Senator BYRD. The recent Tower City, Pa., mine accident was the result of a water inrush. Can you tell us something about the incidence of such water inrushes?

Mr. BARRETT. I hate to say that the anthracite region is unique, because each of the particular areas in the country that have coal seams are unique. But the anthracite region is a region that has been mined for several hundred years. The coal beds stand on end in this particular region. As a matter of fact, in the Tower City mine, the coal in some areas stands on an 89 degree pitch, which is nearly vertical.

In the past, mines would open up on the surface, and the coal does come right to the surface. These mines were driven in as far as a mule could be used to pull the coal out, or men could wheel it out in wheelbarrows.

As a result, there are just large numbers of old mines that are not charted. In this particular mine, they knew there was an old abandoned mine above them.

They were mining at a particular level, and the coal had been mined out for several feet above them. They drilled holes through according to law, and tapped those old entries, then they would cut through and examine them.

We are not exactly sure yet, where the water did come from because we have not been able to get to the area in question.

But suffice it to say that the water did come in from an abandoned area. According to what we have heard they did drill their holes ahead of them, even though there were no indications that there was an old mine in the immediate area.

Senator BYRD. Was there any map repository that indicated an old working?

Mr. BARRETT. No, sir. To get back to the particular question—Joe, do you want to pick up there?

Mr. COOK. At the time of the inrush there were 85 men in the mine. Sixteen were in the area working where the water actually came in.

As Mr. Barrett said, the coal stands on end in this tunnel driven through the mountain. This one seam that was driven off the tunnel; the slope was such that when the water did run into the mine, it ran through the section down into the tunnel and right out the mine.

At the time there weren't any hazards there to people doing the work, other than covering the debris and retimbering the area.

Of course, as you know, three men were injured. One man was rescued alive and essentially unharmed. We have found four victims, and there are five still missing.

We put down one hole into an area where we thought there could be possible life, and unfortunately there wasn't. We put down a communications facility and we got no response from that.

We had a TV camera in the hole and all we saw was some debris. A second hole is now going down. We do have, as Mr. Barrett was talking about earlier, a mine emergency facility on site.

We have listening devices with seismic equipment on the surface, listening for any sounds underground that the miners might be making.

The company now has a conveyor rehabilitated. It was flooded out; a portion of it. Hopefully today we will start moving out the debris. Although we have not given up hope for the other five miners, it does not look good at this time.

MAPS OF OLD MINES

Senator BYRD. You indicated earlier there was an awareness of old mine workings in the area nearby. Aren't there maps that are usually kept of such old mining operations, so as to pinpoint anticipated water hazards to current mining?

Mr. COOK. There are two answers to that question, Senator Byrd. Now there are mining laws that require mine maps. As Mr. Barrett mentioned earlier, back in the late 1700's, 1800's, there was an awful lot of mining that was not mapped.

The industry goes through its cycles of good business and bad business, what they call bootlegging of coal. So there is an awful lot of underground mining that is not mapped.

In this particular case they did not know the specific areas where there had been previous mining. They were drilling in advance in those areas——

Senator BYRD. But there were no map repositories of the old mine?

Mr. COOK. Not entirely. There are some maps of the old mine, but not entirely; sir.

CAUSE OF DEATH

Senator HUDDLESTON. On that subject, the victims you found, did they die from suffocation or from the effects of the water itself?

Mr. COOK. There have been four recovered, and we do not have the results from the autopsies. The Department of Health, Education, and Welfare does that for the families and that is confidential information.

I would think most of them were killed as a result of being tumbled by the debris.

Senator HUDDLESTON. This water was not a running stream? It had just been water that was captured in the old shafts?

Mr. COOK. Yes; it was a large inrush of water that passed through the working areas right on out of the mine. The water is essentially out of the mine now.

Senator HUDDLESTON. When they dug into that trapped water it was released?

Mr. COOK. Yes, sir; and this working area was around 450 feet below the surface, so it had that kind of potential of water above it.

COAL MINING TECHNOLOGY

Senator BYRD. With respect to the shift of the Bureau of Mines programs in the new energy department; how about coal mining technology?

Mr. BARRETT. Are you talking about the health and safety research funds addressed in the act?

Senator BYRD. No, coal mining technology. You referred earlier to the expansion that would be required to double the production of coal.

What about coal mine technology? What will happen to that in the transfer, the research in connection with coal mine technology and any health and safety aspects in connection therewith?

Mr. BARRETT. I understand, at least from what I have seen, that the health and safety research funds that are presently being authorized to the Bureau of Mines will remain in the Department of Interior.

FIELD LABORATORIES AND CENTERS

Senator BYRD. How many field laboratories and centers does MESA now have?

Mr. BARRETT. We have about 180 different locations, but that ranges from about 400 people in Pittsburgh and Denver to 2 or 3 in some remote locations.

We have locations, at Beckley, with the Academy and we also have the mine illumination laboratory there.

We have a facility at Pittsburgh and one at Denver. The rest are mostly offices from which we conduct our inspection activities, and of course we will have the new Dallas Pike facility which will be a technology laboratory.

Senator BYRD. Do you feel that all of these various facilities are adequately funded in this budget?

Mr. BARRETT. Yes, sir; I think we are adequately funded for this year.

COAL WASTE DAMS

Senator BYRD. You had a release on February 15, 1977, indicating that coal waste dams are targeted for special inspections.

You said that some sites are now being inspected daily, others every 8 hours by Federal mine inspectors. These inspections are in addition to the regular inspections MESA makes of coal waste sites.

Your news release stated that in addition to ordering stepped-up inspections, letters are being sent to coal operators reminding them of their responsibilities for maintenance and upkeep of coal waste impoundments.

You referred to the coal waste impoundment near Buffalo Creek, W. Va., which claimed the lives of 125 persons. You indicated that the Interior Department has adopted strict regulations to guard against the failure of coal waste structures, and that these regulations spell out requirements governing the construction, maintenance, inspection, and abandonment of coal waste piles and impoundments.

You make no mention of this coal waste inspection activity in your justification. How much is in the current budget for this activity?

Mr. BARRETT. Well, in our budget justification we have asked for more people——

Senator BYRD. How much is in the current budget and how much in fiscal year 1978?

Mr. BARRETT. We have $600,000 and approximately 25 positions in that particular group. That is the group that addresses itself to impounding structures and refuse banks.

We are asking for an additional——

Senator BYRD. What is that you were going to say? You are asking for what?

Mr. LOCKWOOD. I'm sorry, Mr. Chairman——

Mr. BARRETT. Mr. Lockwood, bail me out.

Mr. LOCKWOOD. I misunderstood, and I was giving him a different answer, and I wanted to correct that before he erred in the record. I apologize for that, sir.

Mr. BARRETT. Our budget for fiscal year 1978 is $750,000 and 25 positions.

Senator BYRD. Is this sufficient in your judgment? How much did you ask for?

Mr. BARRETT. We can furnish that for the record.

Senator BYRD. You do not have the figure now?

Mr. LOCKWOOD. I probably do, but I cannot find it. I have too many pieces of paper in front of me.

Senator BYRD. Take a look. What do you have to say with respect to those impoundments? Let us take West Virginia, for example, and in specific, Buffalo Creek. Is there still an impoundment there?

Mr. BARRETT. Joe, do you want to address——

Mr. COOK. Sir, when the impoundment at Buffalo Creek was washed out, the company replaced that with a closed circuit water system. So in effect that one is not there.

Senator BYRD. There is no possibility then, of a recurring tragedy at Buffalo Creek?

Mr. COOK. No, sir.

IMPOUNDMENT STATISTICS

Senator BYRD. Why don't you supply for the record statistics with reference to such impoundments in West Virginia? I am sure that the Senator from Kentucky would want the same, what the status of those are, and how many you consider to be hazardous.

[The information follows:]

IMPOUNDMENTS IN WEST VIRGINIA AND KENTUCKY

At the present time there are 107 impoundments in West Virginia and 82 in Kentucky. There are no sites in West Virginia or Kentucky presently considered as an imminent danger by MESA.

Changes Since Buffalo Creek

As a result of the Buffalo Creek disaster, MESA revised and greatly enlarged the scope of its regulations designed to control the hazards associated with impoundments. These revised regulations require weekly inspections of all impoundments under MESA jurisdiction, yearly engineering certification, and detailed engineering and construction plans for any impoundment which meets certain size criteria and is on or affecting active mine property.

As part of the weekly inspection program required by the new regulations, MESA initiated a nationwide training program for industry personnel. In spring of 1976, over 1,000 individuals were trained to inspect dams for potentially hazardous conditions and were indoctrinated in the potential hazards inherent in coal waste impoundments. MESA also distributed an inspection manual for impoundments at these training programs and instituted dam inspection courses for all coal mine inspector trainees attending the National Mine Health and Safety Academy in Beckley, W. Va.

Prior to the effective date of the revised regulations, impoundment specialists were organized in each MESA district to ensure that the agency would be able to effectively respond to an emergency situation as well as to expedite the day-to-day requirements of the program. These individuals coordinate the efforts of MESA's technical support personnel in Denver and in Pittsburgh, make inspections at problem sites, keep the regular inspection forces aware of unusual site inspection requirements, and organize training programs for district personnel. These specialists also ensure that every site is inspected by MESA a minimum of four times a year if it is associated with an underground mine or three times a year if it is associated with a surface mine.

PROGRAM COORDINATION

Senator Byrd. What is being done to prevent a recurrence of the tragedy elsewhere, and what cooperation you are getting from the State authorities in this field? What State agencies and other Federal agencies do you work with in connection with a continuing study of such impoundments?

Mr. Cook. We are not in a continuing study, necessarily, but we do work with the Corps of Engineers.

Just last week we had corps people at eastern Kentucky and most of the coal-producing States have some people looking at impoundments, as West Virginia does, and Kentucky.

So we do work with those agencies. Primarily in the initial stages of identifying them. If they do not come under the Federal Health and Safety Act, then we work with them. I will provide a statement for the record.

[The information follows:]

State/Federal Cooperation and Coordination

Every effort is made to coordinate MESA activities with the State agencies responsible for health and safety in the mining industries. MESA takes special care to be certain that these State agencies are notified about sites over which MESA has no jurisdictional authority. Agreements have been made with West Virginia, Pennsylvania, and Ohio to exchange technical information and to confer on certain sites any time the need arises. Contact with West Virginia and Kentucky Departments of Natural Resources has also been established at the district level through MESA's impoundment specialists. Cooperation from both States has been excellent.

MESA also has worked with the Army Corps of Engineers, the Soil Conservation Service, and the Bureau of Reclamation. Lines of communication were established early in 1972 and all three agencies exchange technical information with MESA. The Bureau of Reclamation has provided MESA with several major computer programs and allows MESA engineers to use the Bureau's extensive soil testing facilities in Denver, Colo.

TECHNICAL EVALUATION OF WASTE DAMS

Senator Byrd. You are kept apprised of their findings?

Mr. COOK. Yes, sir.

Mr. SCHLICK. Senator Byrd, we have two groups within Technical Support that do the technical evaluations on the waste dam plans and one of those groups is in Denver, Colo., and the other is in Pittsburgh, Pa.

Their job is to provide technical evaluation to Mr. Cook's people in enforcement, and help them to approve the plan.

Senator BYRD. Is there any impoundment in West Virginia that you consider to be imminently dangerous?

Mr. COOK. No, sir. As you know, we had quite a heavy snowfall and a lot of snow on the ground, and in February we began to get some rain.

The Buffalo Creek disaster occurred in February, and that was the reason for the press release getting our inspectors out. We were anticipating a heavy runoff. Fortunately, that did not happen.

Under extreme conditions we would look at, I would estimate, 6, 8, or 10 in southern West Virginia as having a potential, but nothing that was real, as such.

Senator BYRD. Would you indicate for the record where they are?

Mr. COOK. Yes, sir. We can get that.

[The information follows:]

WASTE DAMS IN WEST VIRGINIA

The sites that could potentially be adversely affected by heavy runoff conditions in West Virginia are:

1. Consolidation Coal Company, Moundsville Operations, Ireland Mine, River Portal No. 1, Cresap, W. Va.
2. Consolidation Coal Company, Moundsville Operations, Shoemaker Mine, DuPont Run Hollow Impoundment, Benwood, W. Va.
3. Eastern Associated Coal Corp., Joanne Mine, Joanne Impoundment No. 1, Rachel, W. Va.
4. Consolidation Coal Company, Morgantown Operations, Humphrey No. 7 Mine, Humphrey No. 7 Impoundment, Maidsville, W. Va.
5. Sewell Coal Co., Sewell No. 4 Prep. Plant, Atkins Lick Creek Impoundment, Nettie, Nicholas County, W. Va.
6. Itmann Coal Company, Itmann Prep. Plant, Joe Branch Refuse Embankment and Impoundment, Itman, Wyoming County, W. Va.
7. Consolidation Coal Company, No. 1 Prep. Pit, Belcher Branch Coal Refuse Disposal Facility, Pageton, McDowell, County, W. Va.
8. United States Steel Corp., Alpheus Central Coal Prep. Pit, Grapevine Branch Active Slurry Impoundment, Gary, McDowell County, W. Va.
9. Armco Steel Corp., No. 8 Preparation Plant, Spruce Lick Fork Impoundment, Twilight, Boone County, W. Va.
10. Consolidation Coal Company, Lynco Preparation Plant, Lynco No. 2 Refuse Disposal Facility, Lynco, Wyoming County, W. Va.
11. Amherst Coal Co., MacGregor Prep. Plant, Big Lick Branch Impoundment, Slagle, Logan County, W. Va.
12. Bishop Coal Co., Bishop Preparation Plant, Dalton Branch Impoundment, Bishop, Tazewell County, Va.
13. Bethlehem Mines Corporation, No. 131 Preparation Plant, Van No. 131 Coal Refuse Disposal Facility, Van, Boone County, W. Va.
14. Eastern Associated Coal Corp., Wharton No. 2 Preparation Plant, Wharton No. 2 Coal Refuse Disposal Facility, Barrett, Boone County, W. Va.

CORRECTION OF IMPOUNDMENT DEFICIENCIES

Senator BYRD. What steps are you taking to rectify any situations such as these?

Mr. COOK. A lot of these are, or have recently come under the more stringent standard that we have for construction. A lot were constructed years ago. So we are in the process of having them put spillways in, diversion ditches, better compaction.

We have all of our coal mine inspectors, to some degree, capable of looking at them in each of our district offices. We have specialty groups that have a little better knowledge of the dam that we send out.

We are looking at them as part of our regular inspection. We do have a higher capability on the district level, and within Technical Support we have even a better capability for the more extreme cases.

COAL WASTE TESTING FACILITY

Senator BYRD. What happened to your plans for a coal waste testing facility?

Mr. BARRETT. That particular request was denied in the final congressional allowances the year before last, and we never got the facility.

Senator BYRD. Did you seek funding for such a facility at the departmental level in preparation of this budget?

Mr. BARRETT. Yes, we did.

Senator BYRD. Was it allowed?

Mr. LOCKWOOD. No, it was not.

Senator BYRD. How much did you seek?

Mr. BARRETT. $300,000 and six positions for that particular facility.

Senator BYRD. Do you feel that that was needed?

Mr. BARRETT. Yes, sir.

Senator BYRD. Can you justify the expenditure of such funds if they are provided?

Mr. BARRETT. Yes, sir; we can.

Senator BYRD. What were the reasons for the elimination of that request at the departmental level?

Mr. LOCKWOOD. Senator, that was one of the items that just did not make the cut. I do not recall the specific reason for its being taken out of the request.

Senator BYRD. Would you supply for the record justification for such funding?

Mr. BARRETT. Yes, sir.

Senator BYRD. Give us a clear picture; not just one sentence.

Mr. BARRETT. Yes, sir; we would be happy to.

Senator BYRD. How it would be spent, and why it is needed.

[The information follows:]

MINE WASTE PLAN APPROVAL

The approval of engineering design plans necessary for coal mine waste impounding structures has been slower than anticipated. To meet production and operational needs, these types of structures are constantly being modified and expanded by the industry. As a result, the number of revised design plans for existing sites keeps increasing and adding to the volume of plans that require technical evaluation. Highly complex technical data and engineering calculations are required for the design of a technically adequate and acceptable impounding structure. This is a new approach for the mining industry and over 50 percent of the submitted plans are found technically deficient and must be rejected and returned for redesign and resubmittal. These rejections also add to the volume of plan reviews not previously anticipated. In addition, the services and expertise of Technical Support mine waste engineers are in constant demand

to make field evaluations of impounding structures and to provide technical consultation to enforcement personnel. These requirements, equally important as the review of design plans, have caused a backlog in plan reviews. To reduce the backlog and prevent serious delay and hardship to the industry, an increase of $300,000 and six positions is needed.

INDUSTRY EXPANSION

Senator BYRD. Under your coal mine inspection activity you are requesting an increase of $4.6 million, and 45 positions.

Does this provide for anticipated new mine opening?

Mr. BARRETT. No, sir. Not for fiscal year 1978.

Senator BYRD. How many new mine starts do you anticipate?

Mr. BARRETT. I think it is dependent on whether or not we rely more heavily on coal. Again, the industry is just waiting for the word as to what direction they should take.

I would say that if the green light is given on coal there would be a large number of new strip mines opened, and the capability within the existing mines would have to be expanded.

It takes up to 6 six years for a new underground mine to come on stream. We have had an increase of about 1,000 mines per year, over the last 3 years. But most of those, of course, have been strip mines.

If a large number of new mines do open, we will probably request additional resources in the form of a supplemental.

There are about 53 new large mines on the drawing board that will come onstream shortly. Again, it takes several years to get a big mine producing.

We have gone from 3,000 mines in 1973 to about 5,300 presently.

Senator BYRD. Do you feel there should be some additional funds provided in anticipation of these new starts?

Mr. BARRETT. I do not think we need funds right now for new starts; no, sir.

COMPUTERIZATION

Senator BYRD. The largest portion of this increase, some $1.1 million, is directed toward computerization of the health program and the management information system. Will this be handled solely through contracts?

Mr. BARRETT. No, sir; it will not. The programing and development of the health program and the management information system will be accomplished with an efficient mix of contracting and in-house capability. For example, the use of contracts will allow MESA to accomplish a variety of one-time programing and development costs without increasing existing ADP costs. Using only MESA ADP capabilities for this purpose would require approximately 10 additional positions during fiscal year 1978 for nonrecurring work.

Senator BYRD. Can you assure this committee that this will be a cost effective program? You couldn't accomplish the same thing in-house at a savings?

Mr. BARRETT. Yes, sir; I can assure the committee. As I mentioned before, we plan to utilize both contracting and in-house capabilities to make this a cost effective program.

DUST CONTROL PROGRAM

Senator BYRD. $900,000 and 40 positions are directed toward your new dust control program. If this will avoid wasted time and effort, and become more efficient by tying to the computer system, why do you need 45 additional positions?

Mr. BARRETT. The tie into the computer system primarily benefits the mine operator. By using a telecommunications network, we estimate a 50 percent reduction in the number of dust samples taken by the industry. The 45 positions requested are for additional inspectors to conduct the special inspections during which five full-shift samples are taken instead of the single part-shift samples taken under the old dust system.

MINE PROFILE RATING SYSTEM

Senator BYRD. Do you feel that your mine profile rating system has contributed to the reduction in coal mine fatalities?

Mr. BARRETT. At the present time it would be difficult to assess whether or not the mine profile rating system has contributed to the reduction of coal mine fatalities. As of January 1, 1977, the first group of mines being audited was completed. This included that group of mines employing 150 or more miners.

Guidelines on how the scores will be used for each preceding group of mines to be audited will be developed and refined. The accumulated information will then be used to determine inspection activities at a rated mine.

It is anticipated that by October 1977, the mine profile rating system will be fully operational. We will be able to better assess its effectiveness after that date.

Senator BYRD. Would you elaborate on your plans to expand and refine this system in fiscal year 1978. We find no increases in your justification for this effort.

Mr. BARRETT. The mine profile rating system is aimed at furthering improvement in our enforcement and training operations. The rating system will allow us to deploy our inspection forces more effectively by concentrating on mines having the most serious safety problems. As this program becomes operational, we plan to reevaluate the entire system to determine what, if any, modifications should be made.

ASSESSMENT PROGRAM

Senator BYRD. Your request under the assessment program would only annualize the positions provided last year. Will this program level allow you to keep up with the workload?

Mr. BARRETT. Ye, sir; it will. Based on our current estimates of 140,000 violations, we feel that we have sufficient staff resources to keep pace with this workload.

Senator BYRD. When do you feel you will be able to judge the benefits of your pilot efforts in special assessments?

Mr. BARRETT. We feel that we should be able to judge the benefits of this program about 6 months after the proposed assessments are served upon the operators.

NONCOAL INSPECTION PROGRAM

Senator BYRD. The request for metal and nonmetal inspections is $19.3 million, an increase of $1.8 million, and an additional 37 positions. Is this increase related to new mines?

Mr. BARRETT. No, sir. The requested increase is for expansion of our accident prevention and comprehensive health programs. We are also requesting funds for annualization costs, promotion and within grade increases, and funds to cover the October pay increase.

Senator BYRD. You are requesting an increase to expand your special accident prevention program to cover 40 mines. Do you plan additional expansion in future years?

Mr. BARRETT. Yes, sir; we hope to be able to expand this program in the future.

Senator BYRD. When do you anticipate being able to cover the 150 targeted mines?

Mr. BARRETT. To cover the additional 150 targeted mines will require an additional 110 positions. If fiscal constraints permit, we would hope to reach this level within 2 years.

Senator BYRD. Your test program shows encouraging results in reduction of both fatal and nonfatal injuries. Why are you not seeking a larger expansion for fiscal year 1978?

Mr. BARRETT. The results of this program are encouraging, Senator. However, overall budget limitations and priorities in other program areas force us to limit our expansion in this area.

COMPREHENSIVE HEALTH PROGRAM

Senator BYRD. You want to expand your comprehensive health program to cover 1,000 mines. How often do you inspect these mines?

Mr. BARRETT. Our plan is to conduct at least two comprehensive health inspections a year at each of these mines.

Senator BYRD. Your justification states that with current resources this program cannot assure compliance with regulations. Will this increase of $600,000 and 25 positions get the program up to an adequate level?

Mr. BARRETT. What we meant to say was that current resources in our basic inspection program cannot assure compliance with current health regulations. With the requested increase, it would allow us to direct an adequate level of effort to assure compliance at 1,000 of the 4,000 targeted operations.

STATE PLAN AGREEMENTS

Senator BYRD. Are you actively pursuing any additional State plan agreements?

Mr. BARRETT. No, sir; we are not actively soliciting any additional State plan agreements. However, we actively work with State agencies when they indicate an interest in this program. In this connection, a new agreement was signed recently with North Carolina.

Senator BYRD. Do you feel this is a worthwhile program? Does it limit your ability to monitor health and safety standards effectively?

Mr. BARRETT. Our experience with State plans has been varied. While we have been successful in enforcing standards through State plans, uniformity of enforcement among the various States is difficult to obtain.

Perhaps a more serious problem is the difficulties encountered by the State agency to secure adequate or additional funding and personnel to keep pace with new programs implemented by MESA, such as our special accident prevention program and our comprehensive health inspection program. These programs must apply to the State plan States as well as the other States. Either the programs are conducted separately by the Federal agency, which would not be as effective or as efficient because the Federal inspector has no authority to issue notices of violations, or the States must reallocate some of their resources to the detriment of their established inspection activities in order to participate.

Under a State plan, our ability is limited to the extent that when a Federal inspector conducts an inspection his enforcement authority is diminished since he cannot cite violations of standards that do not present an imminent danger. In these instances, he must advise the State agency regarding the violation and the State inspector will then issue a citation.

STATE GRANT PROGRAM

Senator BYRD. Your example of the State grant program touches on Kentucky, West Virginia, Pennsylvania, and Alabama. How about other key States such as Illinois, Ohio, and Virginia?

Mr. BARRETT. All three of these States receive grants under our State grant program. The State of Illinois has utilized this program to expand their training programs to include handling of explosions for surface mines and mine committeemen training, as well as all other health and safety courses. The State of Ohio utilizes our grant funding to operate a simulated mine for the purpose of training new miners and mine machine operators. The State of Virginia has been very active in setting up additional training programs under this program. They now have seven full-time safety instructors and are utilizing two community colleges to conduct training courses at the mine sites.

Senator BYRD. Do you have any other State training centers like the one in Lexington, Ky.?

Mr. BARRETT. Yes, sir. MESA operates 10 training centers. They are located in Pittsburgh, Pa.; Beckley, W. Va.; Chicago, Ill.; Denver, Colo.; Dallas, Tex.; Albany, Oreg.; Boulder City, Nev.; and Lexington, Ky. At the present time there are no other training centers planned.

CONTRACTING FOR ACADEMY SERVICES

Senator BYRD. Back to the Beckley National Mine Health and Safety Academy. The only increase is $210,000 for contract service. How much of the total funding of the Academy is contracted?

While you are checking, I wonder if Mr. Lockwood has found the paper?

Mr. LOCKWOOD. I am happy to report that Mr. Barrett gave you the correct answer to your question.

It was the $750,000 and 25 positions. I am happy to confirm that. The Academy contracts right now, sir; look like they will be right around $600,000 this year and most of those are for support services—food services, janitorial, laundry, things of that nature.

Senator BYRD. You assured the committee last year that contracting is saving the Government money. Is that still your opinion?

Mr. LOCKWOOD. Yes, sir. We estimated that in order to hire people on the Federal payroll it would cost us about $150,000 in excess of the $600,000 we are expending through contracts.

So we are employing people, but through contracts, and saving about $150,000.

ACADEMY STAFFING LEVELS

Senator BYRD. You indicated a little earlier that you are not up to full staffing, Dr. Zabetakis.

Dr. ZABETAKIS. That is correct, Senator.

Senator BYRD. Do you feel you need any additional positions over and above the full staffing level?

Dr. ZABETAKIS. The positions we have scheduled for this year should be adequate for the present time. We do anticipate long-range-wise, particularly if we get the distribution center in, that we will need additional positions.

Senator BYRD. Senator Huddleston, would you continue to chair the meeting today? Senator Stevens, do you have any questions at this time?

Senator STEVENS. No, I don't think so. Thank you.

EXPENSE OF DISASTERS

Senator HUDDLESTON [presiding]. Mr. Barrett, when you have disasters like Scotia and Tower City, it must be a tremendous expense. Do you have any estimate on what the amount that these two disasters have required?

Mr. BARRETT. Yes, sir. Joe would you provide the details?

Mr. COOK. At the Scotia disaster, around $500,000. While we are working at the mine site at Scotia, which we completed yesterday, we were spending about $10,000 a week above and beyond normal operating costs.

We will be spending approximately the same amount at the Tower City mine, around $10,000 a week above and beyond what we would normally spend.

That does not include drilling equipment. That is just inspection costs. So it is quite expensive; yes, sir.

Senator HUDDLESTON. How does that affect your operation in terms of the budget?

Mr. BARRETT. It has a tremendous impact on our budget. Of course we do not usually anticipate disasters. I might add to the cost that Mr. Cook alluded to, we have spent about $200,000 at Scotia for mine emergency operations.

We have spent $40,000 at Bethlehem's mine in central Pennsylvania, and we anticipate spending about $225,000 at the Tower City mine site.

So we are going to be pinched. We backed off and took a look at our total budget. We can ask the Department for some reprogramming funds, and we have gotten assistance from them in the past. It is going to be a very tight year for us.

Senator HUDDLESTON. Does this require taking funds from other ongoing programs, and if so, which ones?

Mr. BARRETT. It could; yes, sir, but I don't know where yet.

Senator HUDDLESTON. It has not yet at this point?

Mr. LOCKWOOD. Senator, maybe if I relate what we did in our last fiscal year for Scotia, it might give you an example of how we handle it.

First, we have to look at our own programs and see what funding can be reprogramed, and we have to—we have to make that decision later, and I could not tell you where we are going to take it—it depends on the priorities at that particular time.

Our second alternative is provided by our appropriation language, which gives the Secretary authority to use other Interior funds.

We did request relief from the Department, and we did receive some additional funds for Scotia disaster assistance. Finally, we can request and did get some additional funds from Congress last fiscal year.

So we really covered all three ways that I am aware of that we can supplement our needs, if we have one of these unbudgeted disasters.

Senator HUDDLESTON. If Interior does allow you some additional funds, and Congress does appropriate specific funds for those purposes, then it would not affect your other programs?

Mr. LOCKWOOD. It would not do damage to our other programs in the way of funding reductions, sir.

Senator HUDDLESTON. It would affect it some. Do you have any questions Senator Stevens?

Senator STEVENS. Not of this group of witnesses, thank you.

Senator HUDDLESTON. I have no further questions of MESA.

ADDITIONAL COMMITTEE QUESTIONS

Senator BYRD. Mr. Barrett, we will have additional questions which we will submit for answers to the record.

Mr. BARRETT. I will be happy to answer them.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Question. Total funding for Program Administration in F.Y. 1978 is $14.2 million. How does that compare to 1976 and 1977?

Answer. The comparable figures for F.Y. 1977 are $12.7 million and $11.0 million for F.Y. 1976.

Question. The $14.2 million is about 13 1/2 percent of your total appropriation. Isn't that somewhat high for administrative expenses? Shouldn't it run close to 6 or 10 percent?

Answer. Centralized Common Services is not restricted to administrative overhead items. They not only include administrative services, but also facility space costs, ADP program costs and information services, which are considered direct program elements. These elements are common to all programs and are funded centrally for accounting simplicity and accuracy. If these program elements are subtracted from the common program services total, the administrative expenses are less than 5 percent of our total appropriation.

Question. The Education and Training and Technical Support activities are assessed at a higher rate for Program Administration than other activities. Why?

Answer. Based solely on a comparison of appropriation versus Centralized Common Service costs, it does appear that way. However, certain items are charged on a direct benefit basis rather than on a proportionate prorata basis. For example, Technical Support utilizes a disproportionate amount of space for the approval and testing of equipment and dust weighing laboratories. The State Grants funding is appropriated to the Coal activity, but is administered by our Education and Training office. Once these adjustments are made, the remaining costs are spread throughout our activities on a proportionate basis.

Question. Please furnish a comparison table on total program administration funding similar to that on page 66 for the 1976 and 1977 fiscal years. Explain any sizeable increases or decreases.

Answer. Yes, sir.

(The information follows.)

Common Program Services

Activity	FY 1976	FY 1977	Difference
Coal Mine Health & Safety.....	$4,476,000	5,382,000	+906,000
Metal/Nonmetal Mine Health & Safety.....	1,499,000	1,858,000	+359,000
Education & Training.....	1,100,000	1,364,000	+264,000
Technical Support.....	1,726,000	1,965,000	+239,000
Program Administration.....	2,236,000	2,188,000	-48,000
Total.....	11,037,000	12,757,000	+1,720,000

Explanation of Increase: When MESA became a separate organization in 1973, many of the necessary administrative functions continued to be performed by the Bureau of Mines until MESA could acquire the staff and expertise to carry out these responsibilities. This assumption of responsibilities was a phased process which was not fully implemented until fiscal year 1977. A large portion of this increase reflects the assumption by MESA of these administrative workloads, such as: accounting and payroll functions; ADP; and management services, which includes contracting, procurement, and records management functions. In addition, this increase also reflects increases in space requirements and the additional GSA 6 percent inflation factor on all MESA space.

Question. For what period in fiscal year 1978 are the requested 103 new positions budgeted?

Answer. The 45 new positions in Coal have been budgeted for 9 months or approximately 75 percent of the year. The 37 new positions in Metal and Nonmetal have been budgeted for approximately 7 months of employment. The remaining 21 positions in Technical Support have been budgeted for approximately full-year costs.

Question. Does your request for 75 motor vehicles take into account the proposed use of helicopters?

Answer. Yes, sir, it does. The automobile request corresponds to the 45 new inspectors associated with the Coal Dust Control Program and the 37 new inspectors in Metal/Nonmetal. The helicopter request is for inspecting strip mines in the Appalachian region for short periods of time during the year.

Question. Please provide for the record a detailed breakdown of the $2.6 million increase in object class 25, "other services."

Answer. Yes, sir, we will be glad to provide that information for the record.

(The information follows.)

Breakdown of Other Services

A large portion of the $2.6 million increase in object class 25 is associated with our coal computerization programs. A total of $917,000 is included for programing, terminal rental, and other contractual charges associated with the Management Information/Dust Control Program increase. A total of $300,000 is included for the continued use of helicopters to inspect surface operations in the Appalachian areas. In FY 1977, the Assessment Program will complete conversion of its current manual record keeping system to a new automated system and $269,000 is included for terminal rentals, line charges and computer time in maintaining this operation through FY 1978. $200,000 is included for the Academy in anticipation of increased operation and maintenance costs. An additional $200,000 is requested to upgrade our present Mine Emergency Operations equipment and $444,000 is included for contractual work associated with technical assistance and problems associated with the complex mining processes.

Senator BYRD. I wish to thank you again, and thank your associates. We have a continuing interest in your program.

Mr. BARRETT. We are aware of that, and we thank you for taking time to be with us today, sir.

Senator HUDDLESTON. Thank you.

Senator BYRD. Thank you, Mr. Barrett.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

INSTITUTE OF MUSEUM SERVICES

STATEMENT OF CHARLES E. HANSEN, DIRECTOR OF ADMINISTRATION AND MANAGEMENT, OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

ACCOMPANIED BY WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET, OFFICE OF THE ASSISTANT SECRETARY, COMPTROLLER

PREPARED STATEMENT

Senator HUDDLESTON [presiding]. We go now then to the Institute of Museum Services. In this case, we will hear, I understand, both the supplemental and regular appropriations request.

The budget estimate to establish the Institute, as newly authorized by the Museum Services Act, is for $100,000 in the current fiscal year. For fiscal 1978 the request totals $3 million. The justification for both requests will be included in the record at this point, and we will also print the prepared statement of Charles Hansen, who is the principal witness.

[The statement and justification follow:]

STATEMENT OF CHARLES E. HANSEN

Mr. Chairman and members of the committee, I appreciate the opportunity to appear in behalf of a request for $100,000 in fiscal year 1977, and $3,000,000 in fiscal year 1978 for the Institute of Museum Services. We are enthusiastic about the promise of the Institute and welcome the challenge associated with this new responsibility.

The Museum Services Act was enacted at the close of the 94th Congress to assist the Nation's 2,000 museums to expand and improve their services to the public. This legislation was under development for 5 years and is the first of its kind to help the Nation's museums. It establishes an Institute of Museum Services to administer a grant program with strong emphasis on the educational values, functions and potential of museums.

A 20-member Board of Museum Services and an Institute Director are stipulated in the act, to be appointed by the President with the advice and consent of the Senate. The Board will serve staggered terms of up to 4 years and represent the museum constituency, the cultural community, and the general public. A Chairman of the Board will be designated by the President from among the membership.

The act provides that the Institute Director, with advice of the Board, make grants to museums for several purposes. These include construction of displays and exhibitions; staff development; administration; development of traveling exhibitions; conservation of artifacts and art objects; and development of special programs for specific segments of the public.

The Institute is authorized to accept grants, gifts, and bequests in the name of the United States. The act also specifies that grants awarded to museums constitute no more than 50 percent of the cost of authorized activities. Further, to assure that the program is not duplicative of other Federal activities, close coordination with the Federal Council on the Arts and Humanities is stipulated.

Because of the educational emphasis of the Museum Services Act, the Secretary of the Department of Health, Education, and Welfare has assigned responsibility for the Institute to the Assistant Secretary for Education. As a first step in implementation of the new legislation, the Department published, on January 27, a Notice of Intent to Issue Regulations, asking for public reaction and comment. We plan to organize these comments, analyze the issues, and provide staff support for the Director and Board of the Institute when they are selected. Hopefully, the Board will be constituted fairly quickly, since it is our understanding that program policies and regulations must be established with the Board's full participation.

We are requesting for fiscal year 1977 an amount of $100,000 to cover the administrative costs of starting up the Institute and constituting the Board. The fiscal year 1978 appropriation request of $3,000,000 will provide $2,600,000 for the program of grants to museums and $400,000 for administrative costs. We have no clear estimate of the demand we can expect for the new program funds, but we believe that our request for $100,000 in 1977 and $3,000,000 in 1978 will provide appropriate support for the orderly establishment of a new and untested program. Subsequent funding requests will be based on the needs identified in this first full year of operation.

In laying the groundwork for the Institute, we will work in close collaboration with the National Foundation on the Arts and Humanities as well as the Smithsonian Institution, whose work in this field is longstanding and rich in experience.

In closing, let me say that we will also move energetically to establish liaison with the American Association of Museums and the International Council of Museums as well as other constituency leaders. We want to benefit from the best advice and judgment available, so that the quality of the Institute will merit your trust from its first day of operation.

Thank you very much.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of the Assistant Secretary for Education

Institute of Museum Services

Appropriation Title	1977 Supplemental Appropriation Estimate
Institute of Museum Services	$100,000

For carrying out, to the extent not otherwise provided, title II of the Arts, Humanities, and Cultural Affairs Act of 1976, $100,000.

HIGHLIGHT STATEMENT

Museums have become focal centers for American cultural life, attracting a population that makes an estimated 300-500 million visits to museums in one year. Museums have also become active "education agents," providing non-formal education opportunities to all segments of the community, and providing the formal education system with invaluable educational resources. It has become increasingly apparent that immense new demands have been placed on our museums to expand services to the public in recent years. The Museum Services Act (Title II of the Arts, Humanities, and Cultural Affairs Act of 1976), signed into law October 8, 1976, is the first legislation directed solely at helping this Nation's museums.

It is the purpose of this legislation to encourage and assist museums in their educational role; to assist museums in modernizing their methods and facilities so that they may be better able to conserve our cultural, historic, and scientific heritage; and to ease the financial burden borne by museums as a result of their increasing use by the public.

In order to achieve these purposes, the Museum Services Act establishes, within the Department of Health, Education, and Welfare, an Institute of Museum Services, which, because of the strong educational emphasis of its activities, has been placed by the Secretary in the Education Division under the responsibility of the Assistant Secretary. The Institute consists of a 20-member National Museum Services Board and a Director of the Institute. Fifteen of the members of the Board and the Director serve by Presidential appointment with approval of the Senate. The appointed members of the Board are to be broadly representative of all types of museums, including museums relating to science, history, technology, art, zoos, and botanical gardens, and also representative of the curatorial, educational, and cultural resources of the Nation. The five remaining members are non-voting and serve ex officio, by virtue of their positions as top officials of art-, science-, and education-related agencies of the Federal government. This broadly representative Board constitutes the policy-making body of the Institute, and has the responsibility not only for determining its general policies but also for assuring that the policies and purposes of the Institute are coordinated with other activities of the Federal government. The Director of the Institute is charged with providing information and advice to the Board to enable the members to carry out their duties.

The major activity of the Institute is to administer a program of grants

to museums for the purpose of expanding and improving museum services. This supplemental budget of $100,000 is requested in order to support the administrative costs of organizing the Institute so that it can begin program operations in fiscal year 1978. The most important start-up activities associated with the Institute will include recruitment of a Director and staff, and the appointment and initial meeting of the Board.

A 1978 budget of $3,000,000 has been requested to fund the program of grants to museums at a level of $2,600,000, and $400,000 for program administration.

Total amount presently available, 1977..... $ ---1/

Summary of Increases and Decreases, Revised 1977

Grants to museums

Net change..... ---

Program administration

Program increases..... +100,000

Net change..... +100,000

Net change, revised 1977..... +100,000

Budget estimate, 1978..... 100,000

1/ Initial funding of this program is now requested as a supplemental to 1977 appropriations.

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Institute of Museum Services

Analysis of Activities

Activity	Actual 1976	Presently Available 1977	Revised Estimate 1977	Proposed Supplemental 1977 [1]
Grants to museums...	$ ---	$ ---	$ ---	$ ---
Program administration.....	---	---	100,000	100,000
Subtotal, obligations.....	---	---	100,000	100,000
Budget authority....	---	---	100,000	100,000

1/ This supplemental request represents initial funding for the Institute of Museum Services.

1. GRANTS TO MUSEUMS

	Amount Available 1976	Appropriation 1977	Revised Estimate 1977	Proposed Supplemental 1977
Grants to museums.....	$ ---	$ ---	$ ---	$ ---

Narrative

No funds are requested for 1977. Initial funding of the grant program administered by the Institute of Museum Services is requested for fiscal year 1978.

2. PROGRAM ADMINISTRATION

	Amount Available 1976	Appropriation 1977	Revised Estimate 1977	Proposed Supplemental 1977
Program administration	$ ——	$ ——	$100,000	$100,000

Narrative

The 1977 supplemental budget request is for $100,000 and 7 permanent positions. This is the initial funding request for the Institute of Museum Services and will support the administrative costs of organization and staffing. The Museum Services Act (Title II of the Arts, Humanities, and Cultural Affairs Act of 1976) authorizes the Institute, which consists of the twenty-member National Museum Services Board and an Institute Director.

Plan of Work

In order to encourage and assist museums in enhancing their educational role, to assist them in using the most modern methods and facilities, and to ease the financial burden posed to them by increased public use, the 1977 budget request of $100,000 to administer the Museum Services Act will support the following activities:

1. Staff the Institute of Museum Services at a level of 7 full-time positions. This staff includes:

Position	Grade Level
1 Director	Level V
1 Project Officer	GS-15
1 Administrative Officer	GS-14
1 Museum Curator	GS-12
1 Museum Specialist	GS-11
1 Secretary	GS- 7
1 Clerk-typist	GS- 5

It is expected that recruitment and hiring to fill these positions will not be completed until close to the end of the fiscal year 1977; therefore, salaries and benefits have been computed for the positions for varying numbers of months.

2. Fund one meeting of the National Museum Services Board, including the members' travel expenses and salaries.

3. Provide for the normal costs of operating staff offices for approximately 6 months.

ITEMIZATION OF ESTIMATE
Program Administration

	Actual 1976	Estimate 1977	Revised Estimate 1977	Proposed Supplemental 1977
11 Personnel compensation..	$ ---	$ ---	$ 61,000	+$ 61,000
12 Personnel benefits.....	---	---	6,000	+6,000
21 Travel and transportation of persons....	---	---	10,000	+10,000
22 Transportation.. of things.....	---	---	---	---
23 Rent, communications, and utilities.....	---	---	17,000	+17,000
24 Printing and reproduction..	---	---	1,000	+1,000
25 Other services..	---	---	---	---
26 Supplies and materials.....	---	---	1,000	+1,000
31 Equipment.....	---	---	4,000	+4,000
Net obligations.....	$ ---	$ ---	$100,000	$+100,000
Total number of permanent positions.....	---	---	7	+7
Full-time equivalent of all other positions.....	---	---	---	---
Average number of all employees.....	---	---	2	+2

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of the Assistant Secretary for Education

Institute of Museum Services

Appropriation Title	1978 Appropriation Estimate
Institute of Museum Services	$3,000,000

For carrying out, to the extent not otherwise provided, title II of the Arts, Humanities, and Cultural Affairs Act of 1976, $3,000,000.

HIGHLIGHT STATEMENT

Museums have become focal centers for American cultural life, attracting a population that makes an estimated 300-500 million visits to museums in one year. Museums have also become active "education agents," providing non-formal education opportunities to all segments of the community, and providing the formal education system with invaluable educational resources. It has become increasingly apparent that immense new demands have been placed on our museums to expand services to the public in recent years. The Museum Services Act (Title II of the Arts, Humanities, and Cultural Affairs Act of 1976), signed into law October 8, 1976, is the first legislation directed solely at helping this Nation's museums.

It is the purpose of this legislation to encourage and assist museums in their educational role; to assist museums in modernizing their methods and facilities so that they may be better able to conserve our cultural, historic, and scientific heritage; and to ease the financial burden borne by museums as a result of their increasing use by the public.

In order to achieve these purposes, the Museum Services Act establishes, within the Department of Health, Education, and Welfare, an Institute of Museum Services, which, because of the strong educational emphasis of its activities, has been placed by the Secretary in the Education Division under the responsibility of the Assistant Secretary. The Institute consists of a 20-member National Museum Services Board and a Director of the Institute. Fifteen of the members of the Board, and the Director serve by Presidential appointment with approval of the Senate. The appointed members of the Board are to be broadly representative of all types of museums, including museums relating to science, history, technology, art, zoos, and botanical gardens, and also representative of the curatorial, educational, and cultural resources of the Nation. The five remaining members are non-voting and serve ex officio, by virtue of their positions as top officials of art-, science-, and education-related agencies of the Federal Government. This broadly representative Board constitutes the policy-making body of the Institute, and has the responsibility not only for determining its general policies but also for assuring that the policies and purposes of the Institute are coordinated with other activities of the Federal Government. The Director of the Institute is charged with providing information and advice to the Board to enable the members to carry out their duties.

The major activity of the Institute is to administer a program of grants to museums for the purpose of expanding and improving museum services. Funds are authorized for a variety of developmental activities such as special program development and staff training, as well as for the more basic activities such as construction or installation of displays and exhibits, conservation of collections, and general administration of the museums. This fiscal year 1978 budget of $3,000,000 is requested to support the program of grants to museums at a level of $2,600,000, and to support the administrative costs of funding the Board and staffing the Institute at a level of $400,000. It is expected that this budget will support program operations at a level that will allow the orderly implementation of a new and untested program. An amount of $100,000 was requested as a supplemental budget in 1977 to fund the administrative start-up costs of the Institute.

At present, no program priorities have been determined. It follows then, that the policy- and rulemaking process will be of utmost importance in resolving issues such as institutional eligibility, appropriateness of criteria used in application review, definition of terms, and a variety of other questions. It is hoped that comments, advice, and guidance will be generously offered from the general public, experts in the field, and any others especially concerned with the quality of American museum services.

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

Institute of Museum Services

Total amount available, 1977	$ 100,000[1/]

Summary of Increases and Decreases, 1978

Grants to museums	
Program increases	+2,600,000
Net change	+2,600,000
Program administration	
To provide for mandatory increases	+201,000
Program increases	99,000
Net change	+300,000
Net change, 1978	+2,900,000
Budget estimate, 1978	$ 3,000,000

1/ Assumes passage of the 1977 supplemental budget request of $100,000.

Institute of Museum Services

Analysis of Activities

Activity	Actual 1976	Appropriation 1977 1/	Estimate 1978	Increase or Decrease
Grants to museums.	$---	$ ---	$2,600,000	$+2,600,000
Program administration.....	---	100,000	400,000	+300,000
Subtotal, obligations.....	---	100,000	3,000,000	+2,900,000
Budget authority..	---	100,000	3,000,000	+2,900,000

1/ Assumes passage of the 1977 supplemental budget request.

1. GRANTS TO MUSEUMS

	Amount Available 1976	Appropriation 1977	Estimate 1978
Grants to museums.....	$ ---	$ ---	$2,600,000

Narrative

The fiscal year 1978 budget request for this program is $2,600,000. This will provide initial funding of the grant program which was newly authorized by the Congress in the Museum Services Act, enacted October 8, 1976.

The Museum Services Act (Title II - Arts, Humanities, and Cultural Affairs Act of 1976) provides for a program of grants to encourage and assist museums in their educational role in conjunction with all levels of the formal and non-formal educational systems; to assist museums in modernizing their methods and facilities so that they may be better able to conserve our cultural, historic, and scientific heritage; and to ease the financial burden borne by museums as a result of their increasing use by the public. Museums eligible as grant applicants include any permanently organized public or private nonprofit agency or institution whose purposes are essentially educational or esthetic, and must employ professional staff to maintain and exhibit their collections to the public. Such institutions may include museums relating to areas such as science, history, technology, or art, zoos, and botanical gardens.

Grants awarded under this program may not exceed 50 percent of the cost of the program for which the grant is made; however, of the total amount available for grants in any fiscal year, up to 20 percent may be awarded without regard to this restriction.

Plan of Work

The Institute of Museum Services will provide grants to museums of every kind to expand and improve their programs and also to provide financial assistance in meeting their operating expenses. It is estimated that more than 2,000 institutions throughout the country are eligible for support. Support will be available for a variety of activities allowed by law such as:

1) construction and installation of displays and exhibitions;

2) training of staff;

3) assisting museums in meeting administrative costs;

4) assisting museums in cooperative activities of developing traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

5) assisting in conservation of artifacts and art objects; and

6) developing and carrying out specialized programs for specific segments of the public, such as urban or rural areas, Indian reservations, and penal and other State institutions.

Since this is a newly authorized program, no selection criteria or specific program priorities have yet been established. As a first step in the resolution of these issues, a Notice of Intent to Issue Regulations was published in the Federal Register on January 27, 1977, with public comments due to the Secretary on March 15, 1977. Comments, advice, and guidance from the general public and experts in the field will be carefully reviewed in the development of program policy and procedures.

ITEMIZATION OF ESTIMATE
Grants to Museums

Obligations by Object	Amount Available 1976	Amount Available 1977	Estimate 1978	Increase or Decrease
41 Grants, subsidies and contributions	$ ---	$ ---	$2,600,000	$+2,600,000
Net obligations	---	---	2,600,000	+2,600,000

2. PROGRAM ADMINISTRATION

	Appropriation 1976	Amount Available 1977	Estimate 1978	Increase or Decrease
Program administration	$ ---	$ 100,000[1/]	$400,000	+$300,000

Narrative

The 1978 budget request is for $400,000 and 7 permanent positions. This is an increase of $300,000 over the 1977 request, and continues the same number of positions as requested in that budget. These administrative funds will support the salaries, travel, and related expenses of the Director and staff of the Institute of Museum Services, and of the National Museum Services Board, authorized in the Museum Services Act of 1976. The increase of $300,000 consists of:

Mandatory Increases:	
Annualization of positions filled for only part of fiscal year 1977.....	$114,000
Four mandatory meetings of the National Museum Services Board.....	55,000
Annualization of expenses for supplies, equipment, rent, telephones, mail, etc.....	32,000
Total mandatory increases.....	201,000

Program	
Increases:	
First-time costs of field readers.....	10,000
First-time costs for ADP, Working Capital Fund, and other reimbursable activities.....	12,000
Increase of one more meeting than required for the National Museum Services Board.....	14,000
Staff travel and transportation costs associated with program development, implementation, and monitoring.....	48,000
First-time costs associated with printing and mailing program information, applications, guidelines, regulations, etc.....	15,000
Total program increases	99,000
Net change.....	$300,000

1/ Assumes passage of the 1977 supplemental request.

Plan of Work:

In order to encourage and assist museums in enhancing their educational role, assist them in using the most modern methods and facilities, and ease the financial burden imposed on them by increased public use, the 1978 budget request of $400,000 to administer the Museum Services Act will support the following activities:

1. Staff the Institute of Museum Services at a level of 7 full-time positions, the same level as requested for fiscal year 1977. This staff includes:

Position	Grade Level
1 Director	Level V
1 Project Officer	GS-15
1 Administrative Officer	GS-14
1 Museum Curator	GS-12
1 Museum Specialist	GS-11
1 Secretary	GS- 7
1 Clerk-typist	GS- 5

2. Fund the 20-member National Museum Services Board. This Board consists of fifteen voting members appointed by the President, with the approval of the Senate, and five non-voting ex-officio members. These five are the Chairmen of the National Endowment for the Arts and the National Endowment for the Humanities; the Secretary of the Smithsonian Institution; the Director of the National Science Foundation; and the Commissioner of Education. The Board is required by law to meet at least four times a year and also whenever one-third of the appointed members request a meeting. It is expected that in this first year of operation of this program, the Board will need more than the minimum four meetings in order to determine the basic policies of the Institute. This request, therefore, contains expenses for 6 meetings of the Board.

3. Provide staff travel expenses for several purposes: (a) meetings at various locations around the country for

the purpose of soliciting expert comments on proposed regulations; (b) attendance at professional conferences to publicize the new program; and (c) site visits to about 30 projects for the purpose of monitoring and technical assistance.

4. Coordinate activities with other agencies and organizations of the Federal government having interest in and responsibilities for the improvement of museums, such as the National Endowment for the Arts, the National Endowment for the Humanities, the National Science Foundation, the Library of Congress, the Smithsonian Institution, and other units within the Department of Health, Education, and Welfare.

ITEMIZATION OF ESTIMATE
Program Administration

	Actual 1976	Estimate 1977 1/	Estimate 1978	Increase or Decrease
11 Personnel compensation...	$ ---	$ 61,000	$187,000	+$126,000
12 Personnel benefits.....	---	6,000	17,000	+ 11,000
21 Travel and transportation of persons.....	---	10,000	104,000	+ 94,000
22 Transportation of things.....	---	---	1,000	+ 1,000
23 Rent, communications, and utilities.....	---	17,000	46,000	+ 29,000
24 Printing and reproduction...	---	1,000	9,000	+ 8,000
25 Other services...	---	---	22,000	+ 22,000
26 Supplies and materials.....	---	1,000	4,000	+ 3,000
31 Equipment.....	---	4,000	10,000	+ 6,000
Net obligations	$ ---	$100,000	$400,000	+$300,000
Total number of permanent positions.....	---	7	7	---
Full-time equivalent of all other positions.....	---	---	---	---
Average number of all employees.....	---	2	6	+4

1/ Assumes passage of the 1977 supplemental budget request.

OPENING REMARKS

Mr. HANSEN. Thank you very much, sir. On my right is Wilford Forbush, Deputy Assistant Secretary for Budget in the Office of Comptroller, Department of Health, Education, and Welfare.

In October of 1976, Congress passed and the President signed the Museum Services Act which created the Institute of Museum Services to be located in the Department of Health, Education, and Welfare. The Institute is comprised of a 15-member Board appointed by the President, and confirmed by the Senate; and a Director of the Institute at an executive level V.

ROLE OF INSTITUTE

The purposes for the Institute are very broad and the legislation is very significant in this regard. The Institute can provide many different types of support, among them, general operating expenses to the many museums across the country. The board of the Institute is a policymaking board and would establish the general operating policies for the expenditure of any funds appropriated for the Institute.

In addition, the Institute is authorized to accept gifts and donations for the purposes of the act. And the funds to be allocated by the board are to be awarded on a matching basis for 80 percent of the funds. The other 20 percent can be allocated without regard to the 50 percent match required by the law.

The requests before you all, as you indicated, sir, are twofold. One for fiscal 1977 to implement the Institute, to establish the board, hire the staff, rent the space, and do the necessary administrative tasks to prepare the regulations for the funding cycle which would begin in fiscal year 1978. The $3 million that we are requesting for fiscal 1978 is in two parts; one part to support the continuation of the staff and the administrative support of $400,000 and $2.6 million for grants to museums. Museums are defined very broadly in the law and one of the first tasks of the board would be to define more clearly what is meant by a museum as well as the purposes for which this money can be used.

I will be happy to answer any questions you might have, sir.

BUDGET REQUEST FOR STAFF

Senator HUDDLESTON. You are anticipating seven positions for fiscal 1977?

Mr. HANSEN. That is correct, sir.

Senator HUDDLESTON. Did you anticipate a full 6-months' activity with this request?

Mr. HANSEN. No, sir. We budgeted for 6 months, but don't expect full activity until some time during the last quarter of the fiscal year. We are in the process now of reviewing our recommendations for the board and plan not to hire any staff until after the board is selected and the director is selected. We are anticipating that staff will not be fully in place until the last quarter.

PERIOD COVERED BY REQUEST

Senator HUDDLESTON. You only have about 3 or 4 months of actual operation and your request is tailored to that time frame?

Mr. HANSEN. Not quite, sir. We will have some one-time front-end expenses for such things as furnishings, equipment, and telephone installation, which must be paid at the start of whatever budget period we have; and we have budgeted salaries for varying numbers of months; that is, from 6 months down to 3 months for different staff members.

Senator HUDDLESTON. How did you compute the salaries for these 1977 requests?

Mr. HANSEN. I don't know the rate that was used. We anticipated having the board in place in roughly April or May and the director selected shortly after that, and the rest of the staff selected over the course of a few months. I can give you the actual work that was done for that if you would like.

Senator HUDDLESTON. That might be helpful to the committee.

[The information follows:]

Fiscal year 1977 salaries and benefits of the staff of the institute

Position	Grade	Annual salary	Expected period of employment (months)	Budgeted salary
Director	Level V	[1] $39,600	6	$19,800
Project officer	GS–15	33,789	3	8,447
Administrative officer	GS–14	28,725	4	9,575
Museum curator	GS–12	20,442	3	5,110
Museum specialist	GS–11	17,056	4	5,685
Secretary	GS–7	11,523	6	5,762
Clerk-steno	GS–5	9,303	3	2,326
Total budgeted salaries				56,705
Benefits computed on permanent positions (9.5%)				5,387
Total salaries and benefits for permanent positions, fiscal year 1977				62,092

[1] Computed for this budget before the executive level pay raise went into effect. With the Level V salary increased to $47,500 annually, this position would require an additional $3,950 in personnel compensation and $375 in benefits, for a total of $4,325 over the 6-month period.

PERSONNEL REQUIREMENTS

Senator HUDDLESTON. Do you anticipate that you will have all seven positions filled by the end of the fiscal year?

Mr. HANSEN. That is correct, sir.

Senator HUDDLESTON. Your justification states the supplemental request provides for normal operating costs for about 6 months. We can save a little money here, I would think, if you could recalculate that estimate based on 4 months.

Mr. HANSEN. If we were to recalculate our estimates to support an office and staff for 4, rather than 6 months, we could save about $15,000 to $20,000. Of course, if the director were hired for 4 instead of 6 months, then other staff would be employed for a shorter period of time than originally estimated. This accounts for part of the savings. Other items in the budget could also be reduced to account for a shorter budgeted period, but the reduction would not be quite as great as you might expect, since there are certain items, such as telephone installation and purchase of office equipment, which would occur whether the office existed for 4 or 6 months this fiscal year.

BUDGET FOR BOARD MEETINGS

Senator HUDDLESTON. How much of this $100,000 supplemental request is budgeted for the board meeting that you anticipate?

Mr. HANSEN. We are anticipating board meetings at roughly $15,000 per—that is the number that comes to my head but I want to check. I know we have an item in the fiscal 1978 budget of $14,000 per meeting. This includes what we anticipate on travel and honoraria. Board members are paid at the rate of a GS–18.

Senator HUDDLESTON. Per diem?

Mr. HANSEN. Per diem, that is correct.

SIZE OF BOARD

Senator HUDDLESTON. You would expect—how large a board are you anticipating?

Mr. HANSEN. The board by law is established at 15 members from the public at large, representative of the museum community, plus five ex officio members who are Government employees.

Senator HUDDLESTON. A 20-member board?

Mr. HANSEN. A 20-member board.

Senator HUDDLESTON. You expect all of those to be appointed by when?

Mr. HANSEN. I would hope they would be appointed by the end of May.

Senator HUDDLESTON. The end of May.

Mr. HANSEN. Those are, as I indicated, Presidential appointments with Senate confirmation.

LEVEL V DIRECTOR

Senator HUDDLESTON. I note you budgeted the institute director as an executive level V which conforms with the authorization. Do you know why it was felt this relatively small agency needed a level V director when much larger agencies in Federal Government manage to get by without any executive levels?

Mr. HANSEN. I would not want to presume what was in the Congress mind in legislating that position, but I think there are probably two explanations for that. One is that the Institute was going to be placed in the Department of Health, Education, and Welfare, which, as you know, is a $140 billion operation and it was designed to be a relatively small institute, even in its maximum funding stage.

The authorization is $50 million. I think also the Congress wanted to recognize the importance and autonomy of the institute through providing for Presidential appointment, and traditionally the lowest level for a presidentially appointed officer is level V. I think those two considerations went into that decision.

COMPOSITION OF THE STAFF

Senator HUDDLESTON. I note one of the staff you propose hiring would be a museum curator. Why do you need a curator?

Mr. HANSEN. We will be working largely with proposals from museums and we will have to provide advice to the board and consultation to those folks who will be reviewing those proposals regarding operations of museums, what is involved at the working level of a museum, the realism of this particular approach versus that particular approach. We thought it would probably be appropriate in that regard to have on the staff people who had had experience in museum operations to help the rest of us understand what is going on at that level.

Senator HUDDLESTON. You don't think the expertise could be found among the other top people in this staff?

Mr. HANSEN. I believe it could and I believe it will. But we are anticipating with estimates now of some 5,000 museums in the country. We are estimating that there will be a rather large demand

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for the minimal funds, and we want to have people at all levels of the staff who do have intimate knowledge of museums and their functions.

DUPLICATION OF EFFORT

Senator HUDDLESTON. Do you know of any Government agencies or organizations that are now providing assistance to museums? To what extent is there overlap or duplication?

Mr. HANSEN. The Congress recognized this and both committee reports indicate and recognize and applaud the efforts of the National Endowments for the Arts and Humanities, the National Science Foundation, and also the Smithsonian. Each of those groups provide some limited assistance to museums, usually for specific project purposes, one time activities, and usually for a particular segment of the museum.

In the case of Arts and Humanities Endowments, I think funding is primarily for museums of art and history. In the case of the National Science Foundation, they are interested in promoting science activities. In the case of the Smithsonian Institution, they are providing an upgrading of general professional qualities through training and publications.

But in none of those agencies are there funds or is there authority for general operating support for museums which this legislation authorizes.

Senator HUDDLESTON. So the thrust of this is in an area not presently covered. Some of the museum support of the Government, as you pointed out, is readily identifiable; some may not be. It would be helpful to the committee, I believe, if we had a rundown on which agencies are supplying what kind of assistance.

Could you supply that for the record?

Mr. HANSEN. Yes, sir.

[The information follows:]

Federal support to American museums is provided by 12 executive departments and agencies as well as the Smithsonian Institution and the National Trust for Historic Preservation, which are federally chartered entities. Most of the assistance, however, flows from only four agencies. These agencies and their aid during fiscal year 1976 and the transition quarter are as follows:

National Endowment for the Arts	$11,180,000
National Endowment for the Humanities	7,639,502
Smithsonian Institution	991,000
National Science Foundation	254,600

This represents a total of $20,075,102 over a period of 15 months.

No exhaustive compilation of total support to museums has yet been made, but it is known that museums also participate in more modest programs administered by these additional agencies: Department of Health, Education, and Welfare; Department of Interior; Department of Defense; Department of State; Department of Transportation; National Archives ; General Services Administration; and Library of Congress.

None of these departments and agencies provides general operating support. Museums are rather assisted in selected projects of special character as specified or approved by the agency concerned. Each Executive entity provides assistance to proposals which pertain to its unique administrative responsibilities.

The National Endowment for the Arts provides assistance under its museum program for a variety of projects related to exhibition, preservation, interpretation, and acquisition of artifacts. This includes training of personnel as well as conservation, renovation, and cataloging of museum collections. Museums are also funded through other endowment program areas, such as visual arts, public media, education, expansion arts, music, dance, and folk arts.

The National Endowment for the Humanities support to museums is directed toward humanistic activities. These include exhibitions and interpretative programs concerning humanistic topics of importance to local areas, use of historic sites to convey changing life patterns in selected regions, and the training of personnel with respect to the use of humanistic resources.

The Smithsonian Institution administers two programs. The National Museum Act of 1976 (P.L. 94–336) authorized $1 million annually through 1980 to meet the needs of museum conservation through training, research, and coordination. Emphasis is placed upon personnel development rather than institutional support. A small amount of foreign currency—$15,000—under Public Law 480 counterpart funds was devoted to research abroad by American museums—in addition.

The National Science Foundation funds museum exhibits through its program for public understanding of science. Support is available only for the development of new exhibits or to prepare travelling versions of science exhibits.

CONSOLIDATION OF SUPPORT

Senator HUDDLESTON. I note that the National Endowments for the Arts and Humanities which you mentioned are supporting these ends at about $12 million in programs that are identifiable. The Smithsonian Institution, as you mentioned, probably has some support and there are probably some support programs within HEW. Why shouldn't these efforts, at least as they relate to basic support, be consolidated in one agency?

Mr. HANSEN. There was some discussion early in the authorizing process of locating this Institute in the National Endowments for the Arts and Humanities in some fashion. And through a variety of compromises, with which I am not familiar, that alternative was rejected in favor of placing it in the Department of Health, Education, and Welfare. I for one, personally, like that approach because of the educational significance of museums. And the Congress clearly recognized that activity as being of importance, and I believe is trying to tie more closely education and educational institutions to museums.

Senator HUDDLESTON. You will have on your board the chairmen of the Arts and Humanities Endowments and the Secretary of the Smithsonian. Why shouldn't the basic museum assistance programs that they now administer also be under the institute? Wouldn't that be more logical and efficient?

Mr. HANSEN. I think it depends on which direction one comes from. The Arts and Humanities Endowments have as their purpose the promotion of the arts and humanities, and in that regard are providing funds. I think 80 percent of the money they have provided over the last several years has gone into museums promoting arts and history.

The Congress, from the committee reports, expect them to continue that level. The institute is required to consult with the Council on the Arts and Humanities and in that fashion articulate the two programs so we don't have overlap and duplication.

Senator HUDDLESTON. It still looks like the basic assistance might be consolidated. In the authorization act, one of the board's duties is to ensure that the policies and purposes of the Institute are coordinated with other Federal activities. I hope the board will give high priority to recommendations for consolidating museum assistance.

GIFTS AND DONATIONS

You mentioned your authority to receive gifts and donations. Do you have any indication at this time as to what level you might be able to achieve there? Have you had any indications from anybody that they would be interested in helping support this institute?

Mr. HANSEN. Absolutely no idea and no indication. I do know that across the country private giving accounts for approximately 50 percent of museum operation. I would assume that folks interested in supporting museums would continue supplying support for their local museum.

Senator HUDDLESTON. Will there be an effort to solicit gifts and donations?

Mr. HANSEN. That is a policy that will have to be decided by the board.

Senator HUDDLESTON. And how that would take place. You have grant ceilings for $15 million this year and $25 million next year, but you are seeking nothing for this year and only $2.6 million for next year. Isn't your startup program as it is now budgeted somewhat conservative, maybe even austere, in view of the authorization?

Mr. HANSEN. Yes, sir. I would agree with that. It is quite conservative. We are beginning a new program, and we don't know what the problems or major issues are going to be. We have never worked with this constituency before. We don't know what demands are likely to be placed on the program. I have seen estimates of need ranging from $50 to $150 million today. I think in contrasting the appropriations request with those statements, yes, it is quite conservative, but I think it is administratively sound.

Senator HUDDLESTON. You are more or less feeling your way here in the early stages?

Mr. HANSEN. That is correct, sir.

GRANT PROGRAM

Senator HUDDLESTON. The request for fiscal year 1978 is for $3 million—$2.6 million in grants and $400,000 for administrative expenses. First, how many grants do you think can be generated nationwide out of $2.6 million?

Mr. HANSEN. Of course, until the regulations for this program are completed, we can have no definite ideas about what the average size of a grant might be, or, more importantly, what kinds of proposals we will receive; however, this budget was developed with an eye towards making 50 to 75 awards with this $2.6 million.

Senator HUDDLESTON. I realize the institute is not in business yet and practices and procedures have not been drawn up. But do you have some idea how the grants will be administered?

Mr. HANSEN. That will depend a lot on the composition of the board and the ultimate appropriation level. I would suspect that there would be significant interest from the museum community to have some percentage go for general operating expenses in some fashion. Another percentage would be used for discretionary projects to supplement the activities of the national endowments. What that mix would be, I don't know.

Senator HUDDLESTON. Would you expect that some sort of formula might be devised?

Mr. HANSEN. Quite possibly, something of that sort or some amount of money keyed to some operating expense that museums readily identify as a high priority need.

Senator HUDDLESTON. What kind of museum support do you visualize as most important in initiating the program?

Mr. HANSEN. My personal bias is towards activities which would bring more closely together museums and schools, particularly at the elementary and secondary level. From my conversations with the museum community, and I am sure they would welcome an opportunity to discuss this more fully with you, their concerns are more for the basic operating expenses of museums: guards, maintenance, restoration, activities like that.

Senator HUDDLESTON. Day-to-day operations?

Mr. HANSEN. That is correct. I am reading figures that indicate 20 percent of the museums in the country are operating at a deficit; that they close 2 or 3 days a week because they can't afford to heat the building. They close at night for the same reason, or they can't afford to pay the guards on their tours of duty. They are faced with those kinds of problems and I think that is what they are primarily interested in right now.

They would tell me if you try to do discretionary programs to encourage participation in museums, what you are doing is putting a higher demand on us that we can't meet now. What we need is basic sustenance.

Senator HUDDLESTON. By the same token I think your suggestion is important. There is not much point in keeping a museum operating if it is not being utilized for the purpose of educating people and making their knowledge and information available.

Mr. HANSEN. That is why it is important for the board to work through the relative proportions of basic support and discretionary programs and what activities would be most appropriate in those discretionary programs.

MATCHING GRANTS

Senator HUDDLESTON. The direct museum grants under the act require 50-50 matching. Do you think museums would be in a financial position to match sizable grants under the program?

Mr. HANSEN. That gets into the question of what operating support might be provided. You will note 20 percent of the basic funds can be let without a matching requirement. Again that is another policy decision that the Board has to tackle. Under what guidelines would the 20 percent nonmatched funds be awarded, and under what guidelines the 80 percent would be awarded. The Federal share of a grant may not exceed 50 percent. It could be something other than that.

I don't know if the museums would be able to match that out of operating expenses. I would suspect that what they would do would be to go to their local sources for the other piece or a portion of that matching. That is usually a fairly good carrot to encourage local givings. That is usually a fairly good technique and I suspect they would be doing that.

Senator HUDDLESTON. Do you see that 20 percent discretionary funds as very important?

Mr. HANSEN. As a policy issue, because that 20 percent can get into new areas that may be more difficult to market from the museums standpoint. Things they would like to do, things they can't raise local money for, for one reason or another, but things that may be important in the general, overall scheme. That 20 percent is going to be very critical and very difficult to deal with because of policy implications of it.

Senator HUDDLESTON. Do you think it might have to be increased or should be increased?

Mr. HANSEN. I don't think we will know until we have had some experience with the program—at least 1, if not 2 or 3, years of experience.

ADDITIONAL COMMITTEE QUESTIONS

Senator HUDDLESTON. We have a few more routine questions relating to the budget that we would prefer to submit to you and ask for your response.

Mr. HANSEN. I would be glad to do that.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Administration of the Institute of Museum Services

Question. Your $400,000 request for administrative expenses amounts to more than 13 percent of the grant program. Isn't this somewhat high? Wouldn't 5 to 7 percent be more in line with normal administrative costs?

Answer. A lower rate would probably be more in line with an established operating program; however, there are three reasons why we feel these expenses are justified. First, this is a new program that must establish itself in office space and also must undertake many efforts to publicize its activities. It also must support the 20-member Board, which, while it may be legislatively mandated and programmatically desirable, is also very costly.

Second, since 1978 is the first year of its operation, we would like to start the program slowly, with a limited amount of money invested in grant awards. We expect that the program will grow in future years and benefit from our first years' experience; however, in the meantime, the administrative budget will look high in relation to the amount of program funds we have allocated to the Institute's activities.

Question. I note that you have budgeted for one more board meeting than the required 4 annual meetings in 1978. What makes you think you'll need 5 meetings?

Answer. In fact, our budget justification includes plans for 6 board meetings in FY 1978. Since we recognize the importance of the board in its policymaking function, we wanted to be able to have the board meet more than required by law in the first year of the program's operation. We expected that the promulgation of regulations, and the publication of program guidelines, as well as the necessity to determine other general program policies would necessitate a more active participation of the board than might normally be required.

Question. How did you estimate the $67,000 for the five board meetings?

Answer. Our estimate for the 6 board meetings amounts to about $82,000. It was calculated as follows:

Personnel compensation - for 15 non-Federally employed members at $100/day, for 6 meetings of 3 days each.....	$27,000
Personnel benefits - at 5% of direct compensation.....	1,350
Travel - computed at $600/trip, including fares, standard per diem expenses, and miscellaneous expenses for 15 members for 6 meetings.....	54,000
Total cost of 6 board meetings.....	82,350

Question. You have budgeted $48,000 for staff travel in 1978, which is in addition to field readers expenses. Why so much staff travel?

Answer. We have budgeted $49,000 for staff travel, some of which concerns meetings pertaining to regulation, some pertaining to professional conferences at which we would hope to publicize the program, and some to site visit expenses. It breaks down as follows:

5 "regulations" meetings for 2 staff members at $700/trip...	$ 7,000
15 trips to professional conferences by 2 staff members at $700 per trip.....	21,000
30 site visits at $700 per visit.....	21,000
Total staff travel.....	49,000

Question. For a seven-member staff, you are requesting $14,000 for equipment in 1977-78. What kind of equipment will you be buying?

Answer. We have budgeted $4,000 in 1977 and $10,000 in 1978 for equipment. Included in these estimates are not only our expenditures for office equipment, but also for furniture. When we developed this budget, we went so far as to enumerate the desks, chairs, tables, and typewriters necessary for a staff this size, and determined that for typewriters and filing cabinets alone, we would need $5,500. For furniture we budgeted $8,500, and I might add that these estimates are not at all inflated. The $14,000 will provide funds to purchase only what is really necessary.

Question. What's involved in the $22,000 request for other services?

Answer. "Other services" includes any contractual work the staff must pay for. This includes $10,000 for field readers, which was estimated at $6,000 for reading 1,200 initial proposals at $5.00 each; $2,500 for reading 100 final proposals at $25.00 each; and $1,500 for miscellaneous expenses incurred by field readers, such as for meals and travel.

"Other services" also includes $12,000 for a variety of miscellaneous operating costs that are normally paid for through contractual arrangements. We estimated these at 3 percent of the total administrative budget, and they include payments to the HEW Working Capital Fund, cost of automatic data processing, payments to Bureau of Employees Compensation, costs of the Institute's contribution to interagency activities and other such expenses normally supported by any operating HEW program.

Question. Please supply for the record the standard detail of permanent positions and a complete personnel summary for your 1977 and 1978 estimates as well as program and financing statements for each year.

Institute of Museum Services

Personnel Summary

	1976 actual	TQ actual	1977 estimate	1978 estimate
Total number of permanent positions	---	---	7	7
Full-time equivalent of other positions	---	---	---	---
Average paid employment	---	---	2	7
Average GS grade	---	---	10.6	10.6
Average GS salary	---	---	$20,140	$20,140
Average salary of ungraded position	---	---	$39,600[1/]	$39,600[1/]

1/ Budget computed before the effective date of the Executive Level pay raise. The Level V position would be compensated at an annual salary of $47,500.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION
INSTITUTE OF MUSEUM SERVICES

DETAIL OF PERMANENT POSITIONS

	19 76 actual	19 77 estimate	19 78 estimate
Executive level V	---	1	1
GS-15	---	1	1
GS-14	---	1	1
GS-12	---	1	1
GS-11	---	1	1
GS-7	---	1	1
GS-5	---	1	1
Total permanent positions	---	7	7
Unfilled positions, end of year	---	---	---
Total permanent employment, end of year	---	7	7

Program and Financing (in thousands of dollars)

Identification code	19 76 actual	19 TQ	19 77 estimate	19 78 estimate
Program by activities:				
1. Grants to museums.....	---	---	---	$2,600
2. Program administration.....	---	---	100	400
10.00 Total obligations.....	---	---	100	3,000
Financing:				
Budget authority.....	---	---	100	3,000
Budget authority:				
40.00 Appropriation transmitted herein.....	---	---	100	3,000
Relation of obligations to outlays:				
71.00 Obligations incurred, net.	---	---	100	3,000
72.00 Obligated balance, start of period.....	---	---	---	13
74.00 Obligated balance, end of period.....	---	---	13	1,785
90.00 Outlays.....	---	---	87	1,228

SUBCOMMITTEE RECESS

Senator HUDDLESTON. That will conclude the testimony. Thank you very much, Mr. Hansen, we appreciate your appearance.

The subcommittee will recess until Tuesday when we will hear the fiscal year 1978 budget request of the Trust Territory of the Pacific Islands.

[Whereupon, at 10:35 a.m., Friday, March 11, the subcommittee was recessed, to reconvene on Tuesday, March 15.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

TUESDAY, MARCH 15, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 11:05 a.m. in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

DEPARTMENT OF THE INTERIOR

TERRITORIAL AFFAIRS

TRUST TERRITORY OF THE PACIFIC ISLANDS

STATEMENTS OF:

EMMETT M. RICE, ACTING DIRECTOR, OFFICE OF TERRITORIAL AFFAIRS, AND

J. BOYD MACKENZIE, ACTING HIGH COMMISSIONER TRUST TERRITORY OF THE PACIFIC ISLANDS

ACCOMPANIED BY:

HUGH J. GALLAGHER, BUDGET OFFICER, OTA

JOHN E. DeYOUNG, SENIOR STAFF ASSISTANT FOR PACIFIC AFFAIRS, OTA

THOMAS B. CROSSAN, PROGRAM AND BUDGET OFFICER, TTPI

HARUO N. WILLTER, BUDGET OFFICER, TTPI

SENATOR BAILEY OLTER, CONGRESS OF MICRONESIA

REPRESENTATIVE RAYMOND SETIK, CONGRESS OF MICRONESIA

HARRY U. BROWN, BUDGET OFFICER FOR THE CONGRESS OF MICRONESIA

ROBERT TRUSK, UNITED NATIONS, SENIOR ADVISER AND PROJECT MANAGER IN MICRONESIA

LEO FALCAM, CONGRESS OF MICRONESIA LIAISON OFFICE, WASHINGTON D.C.

DEL PANGELINAN, STAFF ASSISTANT, CONGRESS OF MICRONESIA LIAISON OFFICE, WASHINGTON, D.C.

CAPT. R. A. SMITH, CEC, USN, OFFICER-IN-CHARGE OF CONSTRUCTION, MARIANAS

FISCAL YEAR 1978 TRUST TERRITORY BUDGET REVISIONS

Senator STEVENS. Under Territorial Affairs, we will now hear the budget estimates for the Trust Territory of the Pacific Islands.

The regular fiscal 1978 budget request totals about $98.7 million. It is an increase of $19.6 million over appropriations to date for 1977. This is an increase of 25 percent. The justifications that were originally submitted have been included in part 1 of our hearing record. Some revisions have been made and I want to request that the Department submit the changed pages for the record so that we can make sure that it is correct.

[The information follows:]

Analysis by Activity (cont'd).

Activity	FY 1976 Amount Available	FY 1977 Amount Available	FY 1978 Estimate	Increase (+) or Decrease (-) 1978 Compared With 1977	Page Ref.
14. Legislature.....	645,000	624,000	--	- 624,000	--
15. Material Management.....	375,000	382,000	--	- 382,000	--
16. Manpower Resources.....	320,000	286,000	--	- 286,000	--
17. Public Defender.....	40,000	--	--	--	--
18. Local Government.....	370,000	369,000	--	- 369,000	--
19. Audit.....	50,000	59,000	--	- 59,000	--
20. Samoan Information.....	100,000	86,000	--	- 86,000	--
21. Local Judiciary.....	55,000	--	--	--	--
22. Claims & Damages Fund.....	--	--	--	--	--
23. Management Task Force.....	--	--	--	--	--
24. Small Village Project Fund.....	--	--	--	--	--
Totals. Operations.....	18,963,000	18,027,000	16,253,000	-1,774,000	
25. Construction	7,790,000	4,845,000	4,248,000	-597,000	
Total Interior Funding	26,753,000	22,872,000	20,501,000	-2,371,000	

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
No. of staff leadership meetings	50	50	--
No. of school & activity visits per week	2	2	--

2. Early Childhood Education, -$14,000; total, $207,500.

This activity is responsible for providing opportunities for intellectual, physical, social and emotional development for Samoan children below the age of six.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Target population enrolled in village & home centers	1,952	2,300	+ 18 %
No. of village ECE Centers & Home Centers	160	160	--

3. Elementary Instruction, -$28,500; total, $2,100,000.

This activity is responsible for the education of all public school elementary level children and for the continuing improvement of ongoing in-service teacher training for the professional growth of the teaching staff.

In FY 1978, specific goals are:

(1) To continue utilizing community resources in school planning.
(2) To improve kitchen areas and playground facilities.
(3) To strengthen communications between principals and teachers.
(4) To provide workshops and training sessions for teachers at all levels of instruction.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Enrollment	5,614	5,353	- 5 %
No. of employees	290	290	--

4. Secondary Instruction, +$29,000; total, $997,000.

This activity is responsible for the education of all secondary public school students.

In FY 1978, specific goals are:

(1) To continue to provide each high school student with the best possible quality education.
(2) To increase the number of degreed and certified teaching personnel.
(3) To replace worn-out classroom furniture and equipment.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Enrollment	2,204	2,310	+ 5 %
No. of graduates	447	407	- 9 %

5. Instructional Development, -$19,000; total, $342,000.

This activity is responsible for providing professional leadership and assistance in curriculum development, instruction, and materials usage for grades 1-12.

In FY 1978, specific goals are:

(1) To improve the development of curriculum and materials.
(2) To improve reporting and utilization of information from curriculum tests.
(3) To improve interdisciplinary coordination and planning.
(4) To improve performance-based, curriculum-oriented in-service and pre-service training.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Contact hours with teachers for program development, modification, or maintenance	5,600	5,800	+ 4%
Contact hours with teachers in in-service and demonstration teaching	1,500	1,800	+20%

(6) Library Services - provides professional and efficient assistance to both school and public libraries to meet the educational, informational, recreational, and cultural needs of the people of American Samoa.

(7) Financial Aid - provides scholarships to qualified American Samoans.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
No. of requests for minor repairs	200	200	--
No. of items of inventory to be issued	5,100	5,300	+ 4%
No. of deliveries	1,300	1,300	--
No. of printing requests processed	875	900	+ 3%
No. of students transported per day	9,000	9,000	--
No. of books circulated	60,000	75,000	+25%
No. of bookmobile stops	1,300	1,300	--
No. of students receiving financial aid	95	76	- 20 %

Beyond the O&M budget increase requested for the College in FY'78, budget increases over the next five years (1979-1983) should increases over the next five years (1979-1983) should be limited to normal salary increases and inflationary increases on other costs of services provided. A tuition/fee structure will be under study, particularly for non-residents. The present economic circumstances of the majority of American Samoans dictate a rather low tuition/fee structure. Overall, GAS off-island educational and training expenses will probably be reduced, although the present level of scholarship funding would likely be maintained to provide for professional, specialized, and graduate study. At this time, we have no reliable estimates on possible new costs of "housing, social services, etc.

Only one additional contract position, a teacher education instructor, is requested for FY'78. This individual should be recruited for the 1977-1978 school year to cover an anticipated increased enrollment in teacher education classes prior to availability of the new facilities. The majority of the equipment for the new college facilities will be funded under the EDA grant. The $83,000 of equipment now requested under the College's O&M budget for FY'78 is either replacement equipment or additional equipment needed for the present facilities during the 1977-1978 school year. This equipment would be purchased during the first quarter of FY'78. The dollar amounts requested for the 23 new local positions requested for FY'78 reflect that portion of the fiscal year. that those positions are anticipated to be filled.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Students in credit courses other than vocational	513	640	+ 25 %
Students in vocational courses	265	340	+ 28 %
Students in adult education, continuing education, cooperative education, and vo cational skills upgrading	50	400	+ 700 %

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grantor agencies.
(2) To coordinate grant planning with overall GAS objectives.
(3) To assess performance under individual grant programs.

During FY 1978, it is estimated that approximately 40 Federal grant applications and annual work programs will be reviewed.

3. Comptroller's Division, -$6,500 total, $518,500.

This activity is responsible for the following functions:

(1) Accounting
(2) Disbursing
(3) Revenue collection
(4) Document control
(5) Credit control
(6) Weights & measures inspection

In FY 1978, specific goals are to continue refinement of the new accounting systems and training of local personnel in the maintenance of these systems, reduce the level of accounts receivable through more aggressive collection practices, and continue expansion of weights and measures activities into the areas of packaging and labeling.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Disbursement warrant payments (monthly)	2,500	2,500	--
Payroll checks (monthly)	8,500	8,500	--
Data processing entries (monthly)	45,000	50,000	+11%
Average level of accounts receivable	$1,750,000	$1,000,000	-43 %
Weights & measures inspections	1,800	1,800	--

4. Information Systems Division, +$153,000; total, $651,000.

This activity is responsible for the development and maintenance of all information systems within the GAS. Specific functions are:

(1) Data processing
(2) Systems design
(3) Programming
(4) Records management
(5) Mail service
(6) Printing service

In order to simplify government operating procedures, the GAS Print Shop, previously operated as an intragovernmental service fund, is requested to be directly budgeted in FY 1978 at an estimated cost of $166,500. Revenues from full-cost charges to enterprise funds and Federal grant programs, and materials charges to basic operating programs, will be credited to the General Fund.

In FY 1978, specific goals are:

(1) To complete automation of the new financial systems.
(2) To review existing applications and effect any necessary or desirable changes.
(3) To design and implement, on a priority schedule, such new systems as inventory control, medical records, and classroom scheduling.
(4) To expand records management to include organizations other than Administrative Services.
(5) To improve the reliability and timeliness of the GAS mail and messenger service.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Computer time used	3,552	3,600	+ 1 %
Keypunch time	8,160	8,950	+10 %

5. Tax Office, +$500; total, $197,000.

This activity is responsible for the collection of all individual and business income taxes within the Territory.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Tax returns processed	9,000	9,300	+3%
Audits of business & individuals	2,000	2,000	--

2. Immigration Division, +$14,000; total, $165,000.

This activity is responsible for the control of non-American Samoans' entry into American Samoa and for the issuance of United States passports and visas.

Specific goals for FY 1978 are to revise and improve the immigration control system and continue training/familiarization of personnel on immigration functions and objectives to upgrade efficiency and capability.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
No. of persons entering	126,000	144,000	+ 14 %
Visas issued	2,500	2,800	+ 12 %
Passports and letters of identity issued	4,000	4,000	--
Board Hearings	2,200	2,200	--

3. Territorial Registrar, -$2,500; total, $16,500.

This activity is responsible for recording & preserving all legal documents pertaining to matai titles, land titles, separation agreements, conveyances, leases and other legal documents.

Specific goals for FY 1978 are to efficiently process an anticipated substantial increase in instruments for registration.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Registration of matai titles	250	275	+ 10 %
Registration of land titles, separation agreements, conveyances & leases	2,250	2,750	+ 22 %
Registration of other documents	3,550	3,900	+ 10 %

GOVERNMENT OF AMERICAN SAMOA

FY 1978 ENTERPRISE AND SPECIAL REVENUE FUNDS

Activity	Estimated Revenue	Estimated Expenditures	Surplus/ (Deficit)
Airport [1]	961,000	961,000 [3]	-0-
Electric Utility [1]	2,950,000	2,890,000	60,000
Communications [1]	1,090,000	990,000	100,000
Public Market [1]	41,600	33,500	8,100
Liquor Store [1]	778,500	447,500	331,000
Marine Railway [1]	1,040,000	1,038,000	2,000
Driver Training [2]	45,000	45,000	-0-
Road Maintenance [2]	206,500	206,500	-0-
TOTALS	7,112,600	6,611,500	501,100

[1] Enterprise Fund
[2] Special Revenue Fund
[3] Includes both operating expenses and partial repayment of loan from General Fund.

PREPARED STATEMENT

Senator STEVENS. This year the presentation of the trust territory budget is changed somewhat to reflect the establishment of the Northern Marianas Government. Of the total budget request, $73.1 million is for the trust territory and $13.5 million for the Northern Marianas. In addition, it incorporates requests of $8.4 million for Enewetak rehabilitation and $1 million for Rongelap and Utirk compensation.

Let's try to keep the record as clear as possible. We will hear the basic trust territory request first. Then we will go separately to the Northern Marianas and the others in order.

Mr. Rice, are you presenting this part of the request?

Mr. RICE. Yes, Mr. Chairman. And with the Chair's permission, I will just put my prepared statement into the record and you can proceed with whatever questions you may have.

[The statement follows:]

STATEMENT OF EMMETT M. RICE

Mr. Chairman:

The total budget authority requested in fiscal year 1978 is $140,034,000. This amount represents a net decrease of about $16.7 million from FY 1977 for the Trust Territory of the Pacific Islands, American Samoa, Guam, and the Virgin Islands. A decrease of $22.3 million represents one-time funding from requested FY 1977 supplemental for the Virgin Islands of $8.5 million, $11.2 million for Guam assistance, and $2.6 million for logistic support for a radiological survey in the northern Marshall Islands in the Trust Territory. Additional decreases from FY 1977 are $500 thousand for Guam Economic Development Fund, $2.3 million for American Samoa, and $13.9 million for the Trust Territory. Increases consists of $16.2 million for the new Government of the Northern Mariana Islands, $4.4 million for Enewetak rehabilitation, $1.0 million for ex-gratia compensation for residents of Rongelap and Utirik Atoll in the Marshall Islands and $895 thousand for the permanent appropriations for Guam and the Virgin Islands. Also requested in the President's budget are additional supplementals for FY 1977 of $7.8 million for Trust Territory operations, and $4.0 million for Enewetak rehabilitation.

$98,697,000 requested for the Trust Territory

The United States, through the Department of the Interior, administers the Trust Territory under a trusteeship agreement with the Security Council of the United Nations. As administering authority, the United States has obligated itself to promote political, economic, and educational development and improve the health and well-being of the Micronesians through better community facilities and services. The Trust Territory covers a water area of 3 million square miles with a total land area of 687 square miles. The population is approximately 115,000.

In March 1976, the Northern Mariana Islands which formed a part of the Trust Territory, entered into a "Covenant To Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America," Public Law 94-241. Funding for the new Government of the Northern Mariana Islands is included in the Trust Territory total request.

Funds for FY 1978 regular Trust Territory grant appropriations for operations and capital improvements total $73,110,000, a decrease of $13,991,000 from FY 1977 if a proposed FY 1977 supplemental request of $8,024,000 is approved in full. Funding for the Government of the Northern Mariana Islands is $13,515,000, of which $9,582,000 is for governmental operations, and $3,933,000 is for construction. In addition, $2,614,000 will be requested later in FY 1978, once all Covenant requirements for separate funding are met. Also included in the Trust Territory request is $8,400,000 for the rehabilitation of Enewetak Atoll, and $1,058,000 for compensation to certain residents of Rongelap and Utirik Atolls who have suffered thyroid abnormalities, including cancer, resulting from radioactive fallout from the thermonuclear testing program.

The FY 1978 budget proposed for Trust Territory operations is $52,011,000 and will provide for the following significant items: $7.7 million for medical services; $12.1 million for educational programs; $5.5 million for resources and development; $9.0 million for public works operations and maintenance; $4.9 million for transportation and communications; $2.6 million for protection of persons and property; and $10.2 million for other areas. The proposed appropriation for capital improvements is $21.1 million and includes the following work:

Major Capital Improvements FY 78

Resources and Development Facilities	$3,592,000
Water, Sewer, and Power Projects	7,762,000
Transportation and Communications	9,418,000
All Other Projects	327,000

$20,501,000 requested for American Samoa

The FY 1978 request for American Samoa provides for a reduced support level for operations and a capital improvement program of approximately $4.2 million. The decrease of $2.2 million from FY 1977 in direct support of the operations program is partially offset by an estimated increase of local revenues of $1.1 million over FY 1977.

$500,000 for Guam Economic Development Fund

This money is slated, as in the past, for Guamanians who are working to develop local resources such as fishing and agriculture.

Comptrollers

The Government Comptrollers for Guam and the Virgin Islands will be funded from tax funds which would otherwise be returned to these territories.

This concludes my formal remarks, I will be glad to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Senator STEVENS. We will miss Mr. Zeder. The committee was pleased with him during his brief tenure. He brought about important improvements in the Government's development of the trust territory.

We will print your statement in the record in full.

Are all of your associates identified for the record?

Mr. RICE. They have previously been identified. If you would like me to, I will.

Senator STEVENS. Just for the record, please.

Mr. RICE. To my left is Hugh Gallagher, our budget officer, Office of Territorial Affairs. To my immediate right, Mr. J. Boyd Mackenzie, Acting High Commissioner, Trust Territory. To his right is Mr. Tom Crossan, program and budget officer of the trust territory and to his right is Mr. Haruo Willter, budget officer of the trust territory.

DELAYS IN APPOINTMENTS AND SUBMISSIONS

Senator STEVENS. We have an acting director and an acting high commissioner. Do we have any idea when we are going to get permanent appointees?

Mr. RICE. Soon, both of us hope, Mr. Chairman.

Senator STEVENS. Have any names been sent forward yet?

Mr. RICE. I believe that some names have been sent forward, Mr. Chairman. Those appointments are under consideration by the Secretary at this time.

Senator STEVENS. The staff tells me we are a little confused because of the series of late budget revisions, not only for the trust territory but also for the administration of the territories account. We didn't get our statements in time to be prepared for this hearing.

What was the problem that led to that?

Mr. RICE. The problem, Mr. Chairman, is one within the bureaucracy. These various submissions have to go to various divisions within the Department and then through OMB and I am happy to state that Mr. James Joseph, the new Under Secretary of Interior, has taken a personal hand in this and has expedited the entire process for some of these late submissions.

I believe that the Senate may expect to receive fiscal year 1978 authorizing legislation no later than the end of this week.

STATUS OF AUTHORIZATION

Senator STEVENS. What is the status of that now? I understand that none of the authorizations for the trust territory has passed; is that right?

Mr. RICE. That is correct, Mr. Chairman. The Department finally sent out the draft authorization to OMB on March 7. OMB is attempting to get clearance by Monday, March 15—March 14, and hopefully the legislation will be in Congress this week.

Senator STEVENS. Can we hope that you will try to get a 2-year authorization instead of just 1 year, so that we don't have this lag next year?

Mr. RICE. I believe that we are going for a 1 year authorization this time.

Senator STEVENS. Under the pressure of the budget ceilings, you are going to get shortchanged because we have to get this bill out earlier now. If you are going in for legislative authorization commencing the first of the year, it can't possibly be passed until June 1 and we get our bill out before that. I would hope that you have talked——

Mr. GALLAGHER. May I make a remark, Mr. Chairman, particularly for the trust territory. The original draft bill was for a 2-year authorization, but when the new administration came in we requested readdressal of the 1979 authorization, although we had to stay with the 1978, so we got the new administration to review the 1979 authorization. Hopefully, they can submit something for 1979 and 1980, but at levels that the trust territory can handle.

Senator STEVENS. I understand that and we are all very aware of the transitional problems, but I don't think that next year you can expect us to react the same way with the basic authorizing legislation being introduced in March when our hearings are going on.

Mr. GALLAGHER. We would hope to address the 1979 authorization within the next couple of weeks at least from our office to the Department in order to get this addressed earlier.

FUTURE AUTHORIZATIONS

Senator STEVENS. We urge you to try to work with the authorization committee to get the authorization bill passed by this time for 1979. Will you try that?

Mr. GALLAGHER. Yes, sir.

Mr. RICE. One of the problems, Mr. Chairman, is that we in the Office of Territories were not entirely satisfied with the projection for 1979. Therefore, instead of having a 2-year authorization, we asked for the 1-year authorization so we could go back and get the new administration to review the funding levels, authorizing levels for 1979 so that the Office of Territories can present a more realistic estimate for the trust territory.

Again, may I advise you, Mr. Chairman, that the Under Secretary——

Senator STEVENS. You can go back and get an amendment for an authorization if you want to add something to it later. Again, we just don't understand a 1-year authorization for the territories. And, again, having lived in a territory, I don't know how the legislature of the territory can react to a 1-year authorization.

They ought to be able to see a guideline and make a path ahead for what they can rely on, and react on, to an authorization schedule. We think that we should have a multiple-year authorization plan for these territories, and we urge you to try it.

We would be happy to speak to the funding of the authorization for you if you have any trouble with them. We don't have any problem with Congress, however. You are just submitting an annual authorization for that.

Mr. RICE. We understand the problems that you have with it, Mr. Chairman. We will do our best to correct this in the future.

Senator STEVENS. Thank you very much.

NORTHERN MARIANAS

The Northern Marianas is being displayed separately in the budget justification, but it is still contained in the trust territory account. Why wasn't the Northern Marianas funding given a separate appropriation account?

Mr. GALLAGHER. Mr. Chairman, we attempted to do this in September with the Office of Management and Budget. We put a formal request in to change it to a separate account. At that time, the administration decided that since the funding provisions of the covenant were not in effect, they would wait until fiscal 1979, but we did attempt to get it changed.

Senator STEVENS. Why shouldn't we put the Northern Marianas into the appropriation bill under its own separate account?

Mr. GALLAGHER. It is fine by me, sir. I don't think that there will be any objection.

ADDITIONAL FUNDING NEEDS

Senator STEVENS. Maybe you could work with the staff to see if we could get that broken down.

Now, $2.6 million in additional Northern Marianas funding will be requested later when the requirements of the covenant are met. Is that right?

Mr. GALLAGHER. Yes, sir.

Mr. RICE. That is correct.

Senator STEVENS. You are seeking other appropriations on a contingency basis. Why wasn't that requested on a contingency basis subject to that covenant being met?

Mr. GALLAGHER. The $2.6 million will come under the authorization in January, hopefully, when the constitution is in full effect. This is the reason that we had to pull $13.5 million in in the trust territory authorization for 1978 because according to the legal types the Northern Marianas had no authorization until that provision was made.

So the $2.6 million——

Senator STEVENS. You don't have any authorization for the whole account until legislation is passed.

Mr. GALLAGHER. That is true.

Senator STEVENS. Why isn't this subject to a contingency just like the rest of the request?

Mr. GALLAGHER. I can't answer that.

Mr. RICE. The entire issue was raised with OMB, Mr. Chairman. This is the guidance that we received, how it will be done.

CONVENANT REQUIREMENTS

Senator STEVENS. What is the time frame for the requirements of the covenant being complied with, do you know?

Mr. GALLAGHER. Hopefully, January of 1978.

Senator STEVENS. January of 1978?

Mr. RICE. We hope that it will be approved, as stated previously in the record.

The constitution was approved by a 93-percent vote, hopefully, an election will occur in November and the constitutional government, an elected Governor installed by January 1, 1978.

Senator STEVENS. When they come into being, they will need the $2.6 million. How will they get it? How are they going to get funded in the transitional period?

Mr. GALLAGHER. The money in the $13.5 million under the clause of the covenant is pro rata under their authorization and they pick it up under that.

Senator STEVENS. You are going to give them full funding and come in here for the last month of the 1978 fiscal year?

Mr. GALLAGHER. That is correct.

Senator STEVENS. It seems like a strange way to do it. Again, I don't know how they can plan. It seems to me we ought to move on a contingency basis.

Mr. GALLAGHER. Most of their activities in the Northern Marianas will be fully funded. Most of the $2.6 million under the special covenant provisions will be for their economic development loan fund, which is I think $1.5 million of the $2.6 million. So they don't need that in a hurry. But their operations of the government functions, they should be—well they should have sufficient funding.

UNITED NATIONS ADVISER'S RECOMMENDATIONS AND PREPARED STATEMENTS

Senator STEVENS. Is the United Nation's adviser to the trust territory here? Mr. Trusk?

Mr. TRUSK. Yes, Mr. Chairman.

Senator STEVENS. You have a statement, also. Can we place that in the record?

Mr. TRUSK. I believe we submitted our statement to the staff. I have no further statement to make.

Senator STEVENS. All right. We will print it in the record in full, along with Mr. Mackenzie's statement.

[The statements follow:]

STATEMENT OF JAMES B. MACKENZIE

I am honored to appear on behalf of the Trust Territory Government as the Acting High Commissioner to support the Fiscal Year 1978 Budget. I feel comfortable here with you today because I have worked in Micronesia for the past 23 years and prior to my appointment as Acting High Commissioner served most recently in the High Commissioner's Cabinet as Special Assistant for District Affairs. I know first hand the problems of each of the districts, the desires of the people of Micronesia, and I feel I am well aware of the needs which have to be met to fulfill our obligations to the good people of these islands.

I won't go into a lot of the budgetary details at this time because they can be found in the budget books, but I would like to highlight some major changes both in the philosophy in Micronesia and how they are beginning to be reflected in the budget request before you. These changes have been arrived at with full coordination with the Congress of Micronesia -- Indeed, many of the changes in philosophy and direction have come about largely through their efforts. First of all, the Congress of Micronesia and the High Commissioner's Office along with the Office of Territorial Affairs developed and accepted a five-year indicative development plan for the citizens of Micronesia. This major effort, involved with a great amount of United Nations Development Program expertise, sets forth for the first time the goals and objectives of the National and District Governments as approved by the people of Micronesia themselves. The plan recognizes the commonly shared goal of ending the Trusteeship Agreement and the fact for the next few years financial and manpower resources must be redirected from the social sectors of our economy to the development sectors. Only in this way can Micronesians achieve their stated objectives of maximum self-support.

The budget before you is one which can be used as a tool to achieve those goals. Specifically, comparing Fiscal '78 against Fiscal '77 the cost to administer the government has been reduced. This, then, will make additional money available to fulfill our obligations to install a basic infrastructure. As Mr. Rice pointed out, the Navy who now has the responsibility to handle this task, has a comprehensive five-year plan and is ready to begin letting contracts. These projects are vital in order that Micronesia will have the physical facilities to support its development through private investments which will help provide a solid economic base to support it for the years ahead.

With regard to the two special programs, the $8.4 million requested for rehabilitation of the Enewetak Atoll and the $1,058,000 requested for ex-gratia payments to Rongelapese and Utirikese affected by radiological fallout from U.S. Themonuclear Testing, the first is the second and final increment of a two-year program (FY's 77 and 78), and the second is a follow-on payment to the $950,000 appropriated in 1964 for that purpose.

Specialists who are well versed in the details of both programs are here to respond to the Committee's questions on this part of the Trust Territory Government's FY-78 budget estimates.

In conclusion, I would like to say that I've seen the construction programs in Micronesia at a virtual standstill over the last two years. This was due in part to formulating changes in the whole approach to our construction program. Also, having turned the entire program responsibility over to the Navy, it took time to scope out all the basic infrastructure projects and get them to the point where large efficient contracts can be let. I view this infrastructure program as vital, and I can guarantee that whatever money you appropriate for this construction program will be fully obligated and prudently used.

Thank You.

Statement of Robert J. Trusk

Introduction

With an income of about $850 per capita Micronesia is today still within the ranks of the lower 70% of the developing countries in the world. Furthermore, the economy is structurally imbalanced in favor of the Government sector with hardly a discernible level of output from indigenous resources to support the current level of income. Despite the past generous grants of the U.S. Government to support the economy of Micronesia, these grants have been heavily biased in favor of Government operations and welfare programmes rather than infrastructure and income producing activities to promote the development of the economy, with the result that Micronesia today is nowhere near the stage of development that could sustain the present income levels or to support a viable Government in the near future without continued massive foreign assistance.

The Five Year Indicative Development Plan (1976-1981) passed by the Congress of Micronesia in August, 1976, and approved by the High Commissioner in November, 1976, calls for more balanced economic growth and an increase in Gross Domestic Product (GDP) of 6% annually, decentralization of decision making authority to the district level, more trained manpower, preservation of the environment and social and cultural values. To bring the economy back into balance, the plan calls for more food production, a reduction in Government operating expenditures, increased exports and less imports, higher taxes and educational programmes better suited to Micronesia's needs.

The Plan places a high priority on the development of agriculture, marine resources, small scale industry and tourism, all of which could contribute substantially to the development of Micronesia's resources and to higher income and more employment. The lack of transportation facilities, both land, sea and air, has been a serious bottleneck for expanding intra-district and inter-district trade, as well as to foreign market centers, and it has the highest priority in the development plan. Other infrastructure required to implement the plan are electricity and communication, water and sewage, docks and harbors, airports, and industrial sites.

The Plan also emphasizes that the private sector will be encouraged, but required infrastructure must be in place before Micronesia will become attractive for private investors.

In addition to physical infrastructure, the plan calls for the reorganization of present Government structure and for establishing new institutions to promote marketing, tourism, banking, community development, traditional culture and values, and for strengthening the planning process, both at the headquarters and district levels.

The investment required to increase GDP by 6% per year amounts to some $86 million over the five year period. One year has already gone by with virtually no private or public investment, thus, the annual required expenditures for investment for 1978 through 1981 will need to be about $47 million per year. To maintain the present level of Government services, an additional $46 million will be needed annually until 1981. This is a decrease of some $5 million over the 1976/77 level of expenditures. If economic development is accelerated, the taxable income base will also increase and bring forward the date when tax revenues will be sufficient to support a Micronesian Government.

The Economy of Micronesia

In FY 1975, the GDP of Micronesia amounted to about $85.4 million. However, private and Government consumption amounted to $100.7 million, ($46 million by Government and $54.7 million by the private sector), leaving a deficit of consumption over income of $15.3 million. This deficit was made up solely by transfer payments from the U.S. Government. Investment in that year amounted to $24.4, almost entirely in the Government sector. Imports into Micronesia were over $50 million, while exports (mainly copra) and from receipts from tourism amounted to only $11 million, leaving a deficit in foreign trade of $39 million. This was also financed by U.S. Government transfer payments to Micronesia. This huge deficit in foreign trade is caused mainly by the low level of production and the high propensity to import, mainly food and other consumer goods, plus Government purchases abroad.

These structural imbalances in the Micronesian economy are largely the result of the pattern of Government expenditures over the past seven years. From 1969 through 1975, approximately $269 million was spent for Government operating expenditures (49% for education, health and administration). Only $116.6 million or 30% of total Government expenditures, was spent for capital improvement projects, of which 30% was spent on schools and hospitals and 49% for transportation and communications. There were no capital improvement expenditures for agriculture, marine resources, manufacturing or other infrastructure that would increase production from local resources or encourage investment in the private sector.

Government payments for salaries and wages and employee benefits accounted for an average of 34% of district incomes. Income generated in the private sector averaged almost 55% of GDP, mostly from production for self-subsistence. Government operating expenditures in the districts went mostly for education, health and administration salaries.

In effect, past Government expenditures, both for infrastructure and Government operations were used almost entirely to encourage consumption, mainly imports. This, I believe, is the main reason why, despite the generous grants of the U.S. Government over the past decade, Micronesia is still largely an undeveloped economy. The imbalances in the economy are also reflected in all the district economies.

Population and Employment

The total population of Micronesia is estimated at 109,000 people in 1977, and increasing at the rate of approximately 3.5% per year. At this rate of growth, the population will reach about 158,000 in 1988, or almost 50% more than in 1977. About half the population are under age 16 years, and the proportion will remain at this level for at least the next ten years.

Perhaps of greater significance is the estimated increase in the work force between 1977 and 1988. There are approximately 55,600 people in the working age population (16 to 64 years). The

present unemployment rate is about 13%. About 10,000 people, (18% of the work force) are employed in self-subsistence agriculture and fishing and another 18,300 are employed in the monetary sector of which approximately 7,000 or 38% are employed by the Government. The remaining 20,100 people of working age are in school or not visibly employed (this would include housewives).

Over the next ten years, of the anticipated 35,000 people entering the working age population about 15,000 will be looking for jobs. This number, plus the presently estimated 7,200 unemployed workers means that over 22,000 jobs (or a 61% increase over 1977) must be created in Micronesia to absorb the presently unemployed workers and the expected new entrants in the labor force by 1988. The social and economic implications of this magnitude of unemployment can indeed be serious and could adversely affect the future well-being of the people of Micronesia if development does not accelerate at a rate faster than over the past decade.

The past policy of absorbing the excess labor force into the Government sector has led to a large and extremely costly Government in Micronesia, and to further add to Government payrolls would only be counter-productive. Also, the cost of Government is already beyond the capacity of the Micronesian economy to support and will remain in this condition for several decades to come. The burden of creating new employment opportunities must therefore rest largely with the private sector. But as mentioned above, while resources are available in Micronesia, the infrastructure is not adequate at the present time to support any large scale productive enterprises let alone to attract the private investment needed to develop these resources and create the employment necessary to absorb the expanding labor force.

Plan Implementation

Since the adoption of the Five Year Indicative Plan, the Congress of Micronesia has passed amendments to the present income tax laws that will broaden the income base for tax purposes, establish a progressive tax schedule with increased tax rates, and eliminate the gross revenue business tax in favor of a tax on corporate profits.

This tax measure could increase revenues from income taxes by as much as 50% a year. A bill was also passed to reorganize and strengthen the Planning Office at headquarters. Another bill was passed incorporating the College of Micronesia under a Board of Regents which is the first step in the re-organization of the post-secondary education system in Micronesia. An import tax bill and an economic development incentives act were passed by the Senate, and they are now under study by the House of Representatives.

The Executive Branch has initiated several new projects to expand agriculture and livestock production. Other projects are now under study and will be started once they prove to be economically viable.

All these measures are in line with the priorities of the Development Plan. However, to implement other provisions of the Plan, considerable technical assistance will be needed. The priorities for 1977/78 are in marine resources, copra replanting, food processing, utilization of forest products, and for the formulation of a new post-secondary educational programme at the College of Micronesia. Another high priority will be on reorganizing the Executive Branch of the Government and on manpower training programmes.

The full implementation of the Development Plan, particularly with respect to economic development, will depend, to a great extent on the level of private investment which in turn will be a function of the profitability of investment. Production costs in all district centers and outer islands in Micronesia are much too high to warrant any large scale investment in productive enterprises. An investor today would be required to install his own electrical generators, water and sewerage systems, access roads, ships and docking facilities, training programmes and housing for employees and security for his property. These additional costs could, of course, be reduced considerably if these facilities could be financed and installed by the Government sector, and thereby, making private investment more attractive. In the long run, this Government investment would lead to higher income levels and more employment opportunities in Micronesia and to an economy that could sustain a self-supporting Government within the foreseeable future.

March 1977

UNITED NATION'S ADVISERS ASSESSMENT

Senator STEVENS. The staff tells me that your statement comments that we have been doing everything wrong in the trust territory, spending too much money on overgovernment and neglecting basic economic development projects and programs in favor of expensive hospitals and schools.

Is that your view?

Mr. TRUSK. Yes, sir.

Senator STEVENS. We have generally followed the recommendations of the High Commissioner and the Department's budget proposals. Where did we get the misguided information? Where did it originate?

Mr. TRUSK. I am sorry, Mr. Chairman. I don't know much of the history that led up to the situation in the trust territory. We were only able to analyze the situation as of 1975.

Senator STEVENS. What we are trying to find out is whether the people of Micronesia want this change in terms of the type of proposals that are placed before us. What assurance do we have that the people of Micronesia want this American technology and modern highways and harbors and airports? Do you have an endorsement from the people of Micronesia on your proposal?

FIVE-YEAR INDICATIVE DEVELOPMENT PLAN

Mr. TRUSK. The Congress of Micronesia and the High Commissioner have adopted the 5-year indicative plan which does spell out the guidelines for the economic development of the trust territory for the next 5 years.

Mr. RICE. May I add, Mr. Chairman, some clarification on perhaps some of this.

As you are aware, some 2 years ago the Jackson committee conducted overview hearings in response to the concerns of the committee relative to a question of infrastructure improvement projects. Mr. Zeder went to Micronesia with a task force and wrote a report.

Following that, I went out for almost 6 weeks last year accompanied by Commander Wood, Deputy, OICC in Guam.

We visited each and every district and talked to the Congress of Micronesia. Each district legislature, traditional leaders and all staffs in the executive branch. We developed pursuant to the request of the Jackson committee a list of priorities of what the people actually wanted. That list of priorities is currently included in the OICC's plan for construction for the trust territory. I believe at this time we have a consensus of the people from Micronesia that this is the type of thing they want for that period of time.

However, there may be some changes brought about as a result of UNDP recommendations. The people were advised at that time that they want changes in the last year's funding, that we will do everything possible to secure reprograming, so give the people of Micronesia what they want.

CONGRESS OF MICRONESIA'S POSITION

Senator STEVENS. I understand that we have some representatives from Micronesia's Congress here. Do you have a statement, Mr. Setik?

Mr. SETIK. Yes, we do.

Senator STEVENS. Why don't you come up and join them here. We will print your statement in the record, Senator.

[The statement follows:]

Statement of Raymond Setik

MR. CHAIRMAN:

AS ALWAYS WE ARE GRATEFUL TO YOU AND THE MEMBERS OF YOUR COMMITTEE FOR ALLOWING MEMBERS OF THE CONGRESS OF MICRONESIA TO FREELY EXPRESS THEIR VIEWS ON HOW THE MICRONESIANS REACT TO THE HIGH COMMISSIONER'S BUDGET. WE HAVE PREPARED A DOCUMENT THAT YOU NOW HAVE, ENTITLED "BUDGET REQUEST FOR FISCAL YEAR 1978, CONGRESS OF MICRONESIA." WE HAVE NOT PREPARED A SEPARATE BUDGET THIS YEAR PRIMARILY BECAUSE, SINCE OUR PRESENTATION TO YOU LAST YEAR, WE HAVE BEEN ABLE TO WORK MUCH MORE CLOSELY WITH THE DEPARTMENT OF THE INTERIOR IN COORDINATING THIS REQUEST. THE DOCUMENT YOU HAVE FROM THE CONGRESS OF MICRONESIA SHOWS THE DIFFERENCES WE HAVE WITH THE ADMINISTRATION AND PROVIDES A JUSTIFICATION FOR THESE DIFFERENCES. AS A MATTER OF FACT, MR. CHAIRMAN, WE ARE NOT EVEN SURE THAT WE DO ACTUALLY HAVE ANY DIFFERENCES TO SPEAK OF WITH THE HIGH COMMISSIONER'S PRESENTATION. WHAT WE ARE REQUESTING IS ESSENTIALLY THE HIGH COMMISSIONER'S ORIGINAL BUDGET, BUT AS LAST YEAR, WITH MODIFICATIONS SET FORTH PRIMARILY BY OMB. OUR MAJOR CHANGES ARE ADDITIONS TO OUR BASIC INFRASTRUCTURE CONSTRUCTION PROGRAM, AND OUR REQUEST IS COMPLETELY CONSISTENT WITH THAT WHICH OUR MILITARY FRIENDS HERE FROM OICC HAVE PROPOSED FOR COMPLETION OVER THE NEXT FIVE YEARS.

OUR ONLY DIFFERENCES IN THE CATEGORY OF OPERATIONS OCCUR BECAUSE WE ARE REQUESTING $1 MILLION TO BE PUT IN THE MICRONESIA DEVELOPMENT BANK TO BE USED FOR PROJECTS WHICH WILL GENERATE INCOME AND EMPLOYMENT TO OUR CITIZENS. FRANKLY, WE COME HERE MORE THAN SLIGHTLY CONFUSED WITH ACTION TAKEN BY THE PAST ADMINISTRATION. THE FORMER DIRECTOR OF TERRITORIAL AFFAIRS HAS TOLD YOUR CONGRESS AND OURS THAT THE TRUSTEESHIP AGREEMENT WILL BE TERMINATED

IN 1981, BUT PRIOR TO THAT A BASIC INFRASTRUCTURE WOULD BE INSTALLED WHICH WOULD PROVIDE THE GROUNDWORK LEADING TO PRIVATE INVESTMENT TO OFFSET PLANNED REDUCTION IN FEDERAL FUNDS IN MICRONESIA. I DON'T HAVE TO TELL THE MEMBERS WHO HAVE VISITED US, OF THE ALMOST TOTAL LACK OF ECONOMIC DEVELOPMENT IN OUR ISLANDS. WE HAVE SEEN OUR CONSTRUCTION PROGRAM IN MICRONESIA AT A VIRTUAL STANDSTILL FOR OVER TWO YEARS NOW, WAITING FOR MANAGEMENT PROBLEMS TO BE SOLVED AND FOR OICC TO COME UP WITH A WELL DESIGNED PACKAGE FOR CONSTRUCTION. OMB WAS IN ON THIS PLANNING PROCESS FROM THE BEGINNING, BUT FOR REASONS UNCLEAR TO US, THEY DECIDED TO DELETE THE NICE ROUND FIGURE OF $20 MILLION FROM THE HIGH COMMISSIONER'S FISCAL YEAR 1978 CONSTRUCTION PLAN. SECRETARY KLEPPE APPEALED THIS REDUCTION TO PRESIDENT FORD, BUT IT WAS TURNED DOWN.

LAST YEAR WE PROMISED YOU A BUDGET THAT IS MORE DEVELOPMENTAL IN NATURE, AND THE ONE BEFORE YOU, WE BELIEVE, TAKES A LARGE STEP TOWARD FULFILLING THAT PROMISE. FUNDS FOR ADMINISTRATIVE COSTS CONTINUED TO BE SLASHED AND MANY OF THOSE FUNDS LISTED UNDER THE CATEGORY OF OPERATIONS ARE BEING USED FOR DEVELOPMENT PROJECTS IN THE MARINE AND AGRICULTURE FIELDS. THIS EVENTUALLY WILL LEAD TO LESS DEPENDENCE ON IMPORTED GOODS AND HELP BRING OUR ECONOMY INTO SOME SEMBLANCE OF BALANCE.

IN THE CONSTRUCTION AREA, WE HAVE INCLUDED $12 MILLION FOR THE KUSAIE AIRPORT/HARBOR COMPLEX. WE HAVE DONE THIS BECAUSE THE FAA MATCHING FUNDING WHICH OICC WAS COUNTING ON WILL NOT BE FORTHCOMING, THEREFORE, THESE INFRASTRUCTURE PROJECTS WILL HAVE TO BE FUNDED ENTIRELY FROM GRANT FUNDS. OTHER THAN THIS ADDITION, THE INFRA-STRUCTURE PROGRAM THAT IS PRESENTED IN OUR BOOKLET IS IDENTICAL WITH THE HIGH COMMISSIONER'S ORIGINAL SUBMISSION

TO THE DEPARTMENT OF THE INTERIOR.

WE WOULD LIKE TO INFORM YOUR COMMITTEE THAT FOR THE PAST TWO YEARS THE CONGRESS OF MICRONESIA HAS BEEN GIVEN VIRTUALLY A FREE HAND IN DEVELOPING THE BUDGET REQUEST WHICH GOES TO THE DEPARTMENT OF THE INTERIOR. IT IS THE CONGRESS OF MICRONESIA THAT CONDUCTS A DETAILED REVIEW OF EACH DISTRICT'S BUDGET BROUGHT IN FROM THE FAR REACHES OF EVERY CORNER OF MICRONESIA. WITH THE UNITED NATIONS DEVELOPMENT PROGRAM ASSISTANCE, WE HAVE PUBLISHED A FIVE YEAR INDICATIVE DEVELOPMENT PLAN FOR MICRONESIA AND HAVE TRIED TO GEAR THE DISTRICT AND HEADQUARTERS BUDGET TO THIS. WE ARE PROUD TO SAY THAT THE CONGRESS OF MICRONESIA RECENTLY ENACTED A PROGRESSIVE INCOME TAX SYSTEM WHICH WILL ALMOST DOUBLE OUR LOCAL REVENUE, THIS WILL BE USED TO FIT IN TO THE DEVELOPMENT PLANS OF EACH OF OUR DISTRICTS.

IN SUMMARY, MR. CHAIRMAN, WE ARE SATISFIED THAT THE CONSTRUCTION PLAN IS FINALLY READY TO LAUNCH AND CAN AND WILL BE PRUDENTLY MANAGED WITH SOUND PROJECTS GEARED TOWARD ECONOMIC DEVELOPMENT. WE ARE CONVINCED NOW THAT THE FUNDS YOU MAKE AVAILABLE TO US WILL BE FULLY OBLIGATED WITH FULL VALUE RECEIVED. WE MICRONESIANS ARE ALSO TRYING TO DO OUR SHARE IN ASSUMING A GREATER SHARE IN PARTICIPATING IN THE SUPPORT OF OUR GOVERNMENT.

IN CLOSING, WE MUST SAY TO YOU TRUTHFULLY THAT WE HAVE NOT BEEN ABLE TO ASCERTAIN EXACTLY WHAT PRESIDENT CARTER'S POSITION IS ON OUR REQUEST. WE ARE NOT SURE WHERE MR, CARTER'S ADMINISTRATION STANDS ON THIS ISSUE AS WE HAVE ASKED FOR THE POSITION OF THE DEPARTMENT OF THE INTERIOR, BUT SINCE MANY OF THE KEY POSTS ARE STILL UNFILLED WE HAVE NOT YET GOTTEN ANY RESPONSE. WE ARE AWARE OF MR. CARTER'S EFFORT TO BALANCE THE FEDERAL BUDGET,

BUT DO NOT KNOW HIS INTENTIONS AS TO MICRONESIA. WE MICRONESIANS WOULD LIKE TO SEE THIS ACCELERATED INFRA-STRUCTURE PROGRAM BE CARRIED FORTH QUICKLY SO THAT WHEN THE TRUSTEESHIP AGREEMENT TERMINATES, WE WILL BE IN A MUCH BETTER POSITION TO HELP OURSELVES AND NOT IMPOSE SO MUCH OF A FINANCIAL BURDEN ON THE UNITED STATES. IF YOU ARE INCLINED TO MAKE REDUCTIONS IN OUR BUDGET, WE RESPECTFULLY REQUEST THAT YOU START TO DO IT IN THE OPERATIONS COSTS. WE WILL DO OUR BEST TO LIVE WITH ANY CUTS IN THAT AREA, BUT WE SINCERELY ASK THAT YOU KEEP OUR CONSTRUCTION PROGRAM IN TACT AND ALLOW ITS COMPLETION SOON.

THANK YOU.

RECOMMENDED CHANGES

Senator STEVENS. Senator Olter and Representative Setik, let us print your statement in view of the time frame problems.

What are the changes that you recommend in connection with the budget request?

Mr. OLTER. We have our position to submit for the record. I would like to summarize it for you.

Senator STEVENS. Thank you.

Mr. OLTER. Our summary to you is very short, and uncomplicated. I hope. The High Commissioner for the past 2 years has given the Congress of Micronesia greatly increased responsibility for development in your budget request with an overall ceiling. We asked for this responsibility and we got it, and believe that we have developed requests consistent with the idea of reducing administration and implanting a very basic infrastructure.

This year we prepared a budget that was agreed to by the High Commissioner. OMB then cut $20 million from our construction program and that is where we stand today.

Our people are confused. The Department of the Interior in consultation with us, developed a 5-year construction program to put a very basic infrastructure in place to coincide with the proposed termination of the trusteeship. OMB agreed to the plan as prepared and presented to them by the Navy OICC, and appeared satisfied that the plan answered the criticisms and suggestions contained in Senator Jackson's report.

Then OMB proceeded to cut the $20 million and we have not received an answer to our question as to why. We feel that having an answer is not an unreasonable request.

Our economy is a joke, Mr. Chairman, but not the kind of joke we or you can laugh at. Dr. Trusk from the UNDP can verify this and can give you his thoughts on what must be done to turn the situation around.

In short, we respectfully ask you to restore the original capital development plan as set forth in the justification we gave you. We believe the government can live with reductions in operations, but we desperately need safe airfields, adequate docks, roads, power and water so our economy can be something other than a complete subsidy.

ADMINISTRATION REDUCTIONS

Senator STEVENS. While you are here I want to know from the other witnesses if this statement is correct about the OMB deletion from the developmental fund and the $20 million for construction? Has that been deleted?

Mr. RICE. That is correct, Mr. Chairman.

Senator STEVENS. With regard to authorization, is it included in the authorization level that is before the committee?

Mr. GALLAGHER. Yes, sir. Yes, Mr. Chairman. The reduction is on that level.

Senator STEVENS. Is the money that representatives of the Congress of Micronesia seek to add covered by authorization bill?

Mr. RICE. No, sir. It would not.

Mr. GALLAGHER. No. It would not.

DIFFICULTIES WITH AUTHORIZATION

Senator STEVENS. Do you gentlemen understand that? That you have a task with regard to authorization level?

Mr. OLTER. Yes.

Senator STEVENS. Are you scheduled to appear before the authorization committee?

Mr. SETIK. So far we haven't heard as to when the hearing is going to be, but we are going to meet with the staff on the authorization committee.

Senator STEVENS. Do you understand our problem? We cannot appropriate in excess of the authorization level. We are asked to appropriate contingent upon the passage of that authorization bill.

As I understand it, even if it passes as currently presented, we would not be able to meet your request because the authorization limit would be too low.

Mr. SETIK. That is understandable. Our concern is to propose commitments to accelerate construction per OICC's plan. If we don't get the additional $20 million, that means that we are going to have another delay, of 2 or 3 years, until the basic infrastructure is put in place.

Senator STEVENS. While you two gentlemen are here, it looks to us like you are shifting, and I think that is the request of the United Nation's adviser, to more construction, roads, and docks. What is going to happen to those education and health needs that we were concentrating on before? How are they going to be met?

I am asking you. Are you satisfied with this approach?

Mr. SETIK. We are satisfied, but we Micronesians are going to take more responsibility. We need this infrastructure in place to promote the development money in private sector where the revenue can be generated. Just for your information, in the recently concluded session of the Congress of Micronesia, we passed a graduated income tax law which will enable us to start taking more responsibility as we go along. With this money we will have money from within to maintain and expand schools and medical care.

Senator STEVENS. Do you agree with that, Mr. Trusk?

Mr. TRUSK. Yes, sir.

CONSTRUCTION FUNDING

Senator STEVENS. Regarding the $20 million that OMB took off the construction budget, I understand that was done because of an $11.5 million carryover and a $21 million budget request. Are you involved in this, too, Captain?

Can you spend that kind of money in fiscal year 1978 if you had to do it?

Captain SMITH. I can give you an unqualified yes, Mr. Chairman. We have a schedule for design of the entire capital improvement program as it is planned through fiscal year 1980 funding.

Architect and engineer firms have been selected and upon receipt of reprograming authority, we will be ready to award the design contracts. We will also be able to obligate some of these funds for construction contracts by the end of the current fiscal year. However, we do not plan to complete all of the design work for fiscal year 1978 and prior year projects until after September 30, 1977.

Senator STEVENS. We are in another year now. We are talking about 1978. The request is for $20 million that OMB took out of construction.

I want to know if you can use that $20 million in addition to the $11.5 million carryover and the $21 million budget request?

Captain SMITH. By the end of fiscal year 1978 we will have all that money obligated. Yes, sir.

Senator STEVENS. Is there any more of this grant loss in 1978? We have the record for 1977. What is the situation with regard to grant loss in 1978?

Captain SMITH. The entire capital improvement program we have identified through fiscal year 1980 funding totals $170 million. It will provide the currently envisioned basic infrastructure. $57 million of that total was planned to be Federal Aviation Administration funding and $15 million from EPA grant funds. The balance is the capital improvement program budgets that come before this committee.

Senator STEVENS. And this additional funding would come under the grant-loss authorization? What are the terms of that authorization?

Mr. MACKENZIE. Yes, Mr. Chairman, that additional funding would come under the grant-loss portion of the Public Law 94–255 Authorization Act. The terms of that authorization are that up to $10 million may be appropriated to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the trust territory by other Federal Agencies. I might add that this portion of our fiscal year 1977 authorization, like the other portions, is subject to adjustment pursuant to changes in the gross national product implicit price deflator index to offset changes in the purchasing power of the dollar. Based on the index figures reported for September 30, 1974, the base year, and for September 30, 1976, the budget year, the adjusted grant-loss authorization is $11,419,000. However, the Congress of Micronesia has requested the appropriation of only the $10 million base authorization.

Senator STEVENS. How much has been committed by FAA and EPA?

Captain SMITH. The FAA has provided us with approximately $100,000 so far for an airfield lighting project in Ponape district. This money has been obligated and the work is in progress. The rest of the money has not been forthcoming.

Senator STEVENS. Was this all discretionary money?

Captain SMITH. The $57 million was planned to be all discretionary money.

CONSTRUCTION PROGRAM AND REPROGRAMING

Senator STEVENS. I have difficulty, with this construction program and the differing requests and reprogramings.

Captain SMITH. May I explain?

Senator STEVENS. Let me make this request. Give us a comprehensive statement for the record with an extra copy of it for the staff on just what you contemplate. Give us 1977 and 1978 programs and projects. Note existing funds, budgeted funds and how you would use the money that these gentlemen request for the Congress of Micronesia in terms of the additional amounts. We need construction

schedules. We need to identify the funds for the projects that are already there, the carryover funds, the budgeted funds and the extra requests of the Congress of Micronesia. Would you try to work into that the outyears of the 5-year funding program so that we can look at it and see what we can do?

Again, gentlemen, we are sympathetic to your problem, but I hope you understand we can't do much about it unless you get the authorization.

[CLERK'S NOTE.—Due to size, the detailed analysis of the construction program will not be printed in the record. The material is available in the subcommittee files.]

CAPITAL RELOCATION

Senator STEVENS. Before you leave, we have some other questions we will submit to you, to Mr. Rice and Captain Smith.

What is the new capital problem? Are you going to vacate the Saipan headquarters and make way for the new Marianas Government?

Mr. RICE. At the present time, Mr. Chairman, there is no funding for the new trust territory capital. Funding assistance from the United States for a transfer of the capital is in the Ambassador for Micronesia's status negotiations Presidential authority. And it is definitely status related at this point.

Senator STEVENS. What about the gentlemen from the Congress of Micronesia? Where are you going to relocate? Are there any costs budgeted for that?

Mr. OLTER. Mr. Chairman, we requested and received a year back, $200,000 for A. & E. work from the U.S. Congress. Last year in a special session of the Congress of Micronesia we passed a bill which is now law to move the capital. The site has been tentatively selected. The Congress of Micronesia during the last session also passed an appropriation of $250,000 to start renovation of the buildings for temporary use in Ponape by the Congress

Senator STEVENS. Do you have any estimate of those relocation costs now?

Mr. OLTER. We do not now have definite figures at this point. We are awaiting the selection of a firm to do the price costing for us.

Senator STEVENS. The trust territory is going to move its capital, too?

Mr. RICE. There is no funding at this point in time for the moving of the trust territory capital. But we will move ultimately.

Senator STEVENS. What is the time frame for that?

Mr. RICE. It is in political negotiations. It has been sufficiently determined to bring into the forum the discussion levels of funding the U.S. Government would provide for assistance.

That has not been addressed and there have been no formal rounds of negotiations for the past 2 years, I believe.

As I understand it, the entire policy on the trust territory, is being addressed within the new administration. Hopefully, with the new administration we are going to get off to a fresh, new start and be able to resume status negotiations in the near term at which time this will be addressed along with other issues.

Senator STEVENS. Will you stay in Saipan for the time being?
Mr. RICE. Yes, sir.

COLLEGE OF MICRONESIA

Senator STEVENS. Regarding the College of Micronesia, we have a report from Douglas Harlan on the postsecondary education study. He believes that an $8 million campus is not the answer. There is a 5-year development program using a sister-relationship with the University of Hawaii. The goal apparently is a college extension service for Mircronesia with an independent governing board.

What is the status of the College of Micronesia and where does it stand with regard to the program of the trust territory?

Mr. RICE. Mr. Chairman, the authorizing legislation of $8 million was not an administration initiative. This was an add-on to the President's budget, the initiative of the House. Pursuant to that legislation, it was mandated that a study be done. Dr. Harlan has completed his study.

As a matter of fact, I think today is his last day aboard. The study will be sent to OMB for circulation, and throughout the government then transmitted by the President to the Congress.

FUNDING FOR COLLEGE OF MICRONESIA

Senator STEVENS. Is there any funding in the 1978 budget for the College of Micronesia?

Mr. RICE. No, sir.

Mr. GALLAGHER. Just the regular operational budget that they have had.

Senator STEVENS. Is it true the 1978 budget reduces funds for the community college of Micronesia and the occupational center?

Mr. CROSSAN. I don't believe there is a substantial reduction. There have been decreases in all operating programs in accordance with the Congress of Micronesia's desires to reduce operating costs. The cuts applied across the board are relatively nominal this year.

So the reductions in the community college of Micronesia, and Micronesian occupational center are not substantial enough to impair operations, Mr. Chairman.

Senator STEVENS. Why are they being cut now if we don't have any money for the College of Micronesia plan?

Mr. CROSSAN. As I said all operations are being reduced in the fiscal 1978 budget because of the plan to cut back on the cost of the operating government out there and the reductions are spread among all activities so that no one activity took a substantial reduction, Mr. Chairman.

Senator STEVENS. Will the community college be able to function at this level?

Mr. CROSSAN. Yes, sir. It is simply a matter of tightening a belt rather than cutting off a department or an arm or something like that, sir.

Mr. SETIK. Regarding the community college of Micronesia we do have a statement that we can also provide to the committee at a later date.

[CLERKS NOTE.—The statement, when available, was to be retained in the subcommittee files.]

PALAU SUPERPORT

Senator STEVENS. There isn't any proposal for an oil superport for Micronesia in your budget. Are you familiar with it at all, gentlemen?

Mr. MACKENZIE. There is nothing in our budget for a superport in Micronesia.

Mr. RICE. It is comtemplated for the district of Palau. There is, as of now, no proposal for a superport. A consortium of Arabian and Japanese are currently conducting a feasibility study in Palau to determine if a superport concept would be feasible, economic, and profitable there.

There has been quite a bit of news generated about this concept and by this feasibility study. The Department of Interior and the executive branch is entirely neutral at this point about it. Once the feasibility study is completed, and if an application is made for a business permit to construct the superport, the National Environmental Protection Act will be triggered. At that point in time an environmental impact statement will be required.

It will run through the full range of circulation. Everyone who has an opinion at that time will be able to submit his input and the Secretary of the Interior will make no decisions until he can make a knowledgeable one.

But I might add that the first instance decision will be made by the Palauans themselves. If the Palauans say no to this superport, there will be no superport.

RONGELAP AND UTIRIK COMPENSATION

Senator STEVENS. That is what we wanted to hear.

While you are here, Mr. Rice, there is $1 million requested for Rongelap and Utirik compensation. Are you the witness on that?

Mr. RICE. Mr. DeYoung is the specific witness on that, Mr. Chairman. But I would like to add my enthusiastic endorsement for this sum of money. Mr. DeYoung will explain the particulars of it.

Senator STEVENS. Thank you.

Mr. DEYOUNG. You might recall, Mr. Chairman, that on March 1, 1954, the United States had a rather unfortunate accident in one of its formal nuclear tests. This resulted in accidental fallout on the islands or rather the atolls of Rongelap and Utirik in the Marshall Islands district. The people of Rongelap and Utirik were subjected to fallout much heavier in the case of Rongelap than the people of Utirik.

Senator STEVENS. How did the $25,000 for individual compensation figure into that?

Mr. DEYOUNG. The Congress of Micronesia several years ago provided a special committee on Rongelap and Utirik. This committee conducted hearings, met in the Marshalls. They also came here to the United States and met with a considerable number of Senators and Congressmen.

The draft proposal we have is essentially the draft proposal as prepared by the Congress of Micronesia special committee on Rongelap and Utirik.

Senator STEVENS. Tell me about the timing now. This is not authorized, I understand. Is that right?

Mr. DEYOUNG. That is correct. The authorization proposal is being submitted, I believe this week on this particular proposal.

Mr. RICE. We received final OMB clearance on that as of Friday, March 11. It is still in the Department, but should be signed by the Secretary and transmitted this week.

Senator STEVENS. Is there any deadline for payment?

Mr. DEYOUNG. In the bill, I believe that there is a provision that sets—I don't have a copy of the proposed bill here in its final form. It sets a time limit, however, I believe there is provision also for examination of that time limit if cases are still turning up at the time of the deadline period.

Senator STEVENS. Is there any reason why this can't go over to a supplemental so we can see what the authorization looks like?

Mr. DEYOUNG. The only reason we have brought it in now is this has been a long delayed action. It actually has been under review and study for the last 2 years.

The people of Rongelap and Utirik are becoming increasingly concerned because—and I will be very candid on this—the cases of cancer are increasing continually.

LATE SUBMISSION OF AUTHORIZATIONS

Senator STEVENS. I understand the concern, but here we have one item that is not authorized and it is in the budget. We have others that the contingency has already occurred, yet they are not in the budget. Funding to meet the disaster relief for the typhoon that took place is not here. I just think that this thing seems to be confused as far as your request and various authorizations.

Why has it taken so long to get this authorizing legislation up here?

Mr. DEYOUNG. It is a combination of working through the Office of Management and Budget. This authorization should have been and was proposed to be submitted last fall. The Congress, however, adjourned in September and at that time the executive branch decided, to hold the authorization until the 95th Congress came into being.

Senator STEVENS. We don't understand the time frame. Where was it delayed? Where was this legislation delayed?

Mr. DEYOUNG. The legislation was under review by various agencies involved. In other words, we prepared proposed legislation based essentially on the recommendations of the special committee of the Congress of Micronesia. Then it was submitted to other agencies such as ERDA which has the responsibility for looking after the medical care of the fallout victims. It was submitted to the Department of Justice and other departments within the executive branch.

Senator STEVENS. When did the Congress of Micronesia act on this matter?

Mr. DEYOUNG. The Congress of Micronesia special committee, I believe, submitted its recommendation at least 1½ years ago.

Senator STEVENS. So Congress is supposed to jump through a hoop in 3 weeks and you can work for 18 months? We really don't quite understand how you got this in the budget when you didn't get the other items.

We understand the urgency behind it. It is a complex situation. I think I was involved in this at another time. Senator Olter and Representative Setik, we appreciate your concern and want you to know that we would like to come out to see what you are doing.

I am going to ask Mr. Rice that you or your successor work with the staff to figure out a timetable for a visit so that some members of this committee might see what is going on out there.

We might get additional support if we can work that out. So if you could, work with Mr. Dyer to see how long a time such a visit would involve. We expect to be finished sometime in October. Perhaps we could arrange for some of us to visit you to see if we can work with the Congress of Micronesia more closely.

Mr. SETIK. Micronesians always welcome any Member of this Congress to come and visit.

Senator STEVENS. You were very courteous to us when we were there before. That was about 8 years ago I think.

Thank you very much.

SUBMITTED QUESTIONS

As I mentioned earlier, we will submit questions and ask that you answer them for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Five Year Plan

Question. Let's get into this five-year plan since it has such a major impact on budgeting for the Trust Territory. As I understand it, this is an effort to reduce government operations and employment and concentrate on developing such basic facilities as utilities and transportation. Is that correct?

Answer. The Five-Year Indicative Development Plan for the Trust Territory, which the Congress of Micronesia prepared with the assistance of experts on loan from the United Nations Development Program and which the Acting High Commissioner has endorsed, does provide for the reduction of governmental administrative and social program costs. It also provides for the emplacement of the basic infrastructure (harbors, docks, airports, roads and utilities) required to promote economic development primarily in the district centers.

Question. If the idea is to cut government operating costs, why is the request for operations grants going up nearly $500,000?

Answer. The increase of $494,000 requested in FY78 grant-operations funding over the basic FY77 funding level is due primarily to: (1) the transfer of Civic Action Team funding from the Capital Improvement Program to grant-operations since such costs are more in the nature of operating costs rather than investments in facilities; (2) the need to man and operate new inter-island ships, two of which have already been acquired and others are under construction; and (3) a requirement to provide additional Development Technical Assistance in consonance with the Five-Year Indicative development Plan. It might well be noted that if the requested FY78 grant-operations funds are compared with the requested total FY77 funding (including the supplemental funds), there is a $2.6 million reduction rather than a $.5 million increase.

Question. How do you bridge this five-year gap between too much dependence on federal support and more economic independence. What happens to all these Micronesians who will be losing their government jobs?

Answer. We have recently concluded a study which indicates that there will be an increasingly serious unemployment problem in the Marshall and Caroline Islands over the next several years unless the economic development efforts are successful in creating more jobs in the private sector of the economy. This is why it is urgently required that requested funding to support the planned economic development program be provided as soon as possible.

Government Employment

Question. How much do you anticipate government employment will drop over the five years you have laid out? I note you already have a significant drop budgeted--down 215 Micronesian positions.

Answer. Every effort is being made to reduce TT Headquarters employment to an absolute minimum so that when the Headquarters is relocated to the Ponape District the cost of the move will be minimal. To reduce the impact of these reductions on the economy and to assist in promoting economic development projects, district center employment levels may be temporarily increased. As economic development progresses and new jobs become available in the private sector, however, it is planned to gradually reduce government employment to a level commensurate with planned reductions in government support levels. Present government employment which is on the order of 6,000 is expected to be reduced to less than 5,000 over the 5-year period.

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Question. Do the government employment figures in your justification include only the Trust Territory, or does the Northern Marianas figure in?

Answer. The government employment figures presented on pp. 70-75 of the FY78 budget justification do not include employees of the Northern Marianas Government.

Local Revenue

Question. You have also spoken about tax revisions designed to boost local revenues. Why then are your projected revenues declining from the FY 1976 level?

Answer. The tax revenue data provided in the FY78 budget justification at page 79 includes the Northern Marianas Government in the FY76 column but not in the FY77 and 78 columns. When the NMG figures are deducted from the FY76 column, the net figure is $4,459,009.

Question. What kind of local revenues are you estimating over the five-year plan period, assuming reasonable Federal support? Have any figures been worked out?

Answer. The Five-Year Indicative Development Plan provides an estimate of tax revenues over the 5-year period which generally rise about 12% per year. However, these figures need to be revised upward by about 50% due to legislation passed in the First Session of the Sixth Congress of Micronesia which provides for increased income and import taxes. Assuming reasonable levels of Federal support during the 5-year period required to emplace the required basic infrastructure needed for economic development and to promote economic development projects, it is estimated that local revenues could total $75/80 million over the 5-year period.

Question. What kind of a budget picture will we be looking at in five years, if this plan is reasonably successful? What would be the anticipated Federal-local funding ratio?

Answer. The anticipated Federal-local funding ratio, if the 5-year plan is reasonably successful, is a change from the present Federal 90%/local 10% ratio to a 65/35 ratio, at worst, and possibly a 50/50 ratio if all goes well.

Operations

Question. A few general questions on the operating budget: First, with such a large drop in government employment planned, why are the operations grants going up in total dollars?

Answers. The increase in grant-operation costs was addressed in the answer to the second question, above. The programs for which increased support is requested do not require additional personnel.

Question. The biggest single increase in your operating budget is some $1 million for transportation and communications. I understand a good portion of that involves operation of the new inter-island ships. Why is that a cost increase? Weren't these essentially replacement ships?

Answer. The $715,100 increase requested for sea transportation costs is primarily needed to man and operate 2 M-50 special purpose ships acquired to provide service to outer islands which lack harbor and docking facilities. These ships were not replacement ships since no ships of this special purpose nature were in service.

Question. Don't these inter-island ships turn up any revenues for all their services? (If not, why not?)

Answer. Many of the inter-island and all four of the TT ships providing service to and from the Trust Territory are chartered to various operators. These charters do produce revenues which help offset 77 sea transportation costs so that the costs shown in the budget are net costs. While it has not been the practice heretofore to show earned reimbursements received to offset operations costs, it is planned to provide for the full disclosure of all sources and applications of TT funds in the FY79 budget presentation.

Question. Both health and education funding requests are down slightly from 1977 but down significantly from 1976. How are you managing to cut back on these important services?

Answer. The enacted budget authority for FY76 shown in the schedule on page 18 of the FY78 budget justification includes not only $7.2 million for the Northern Marianas Government, it also includes $2.2 million supplemental funds provided for both the TTG and NMG for the Transition Quarter between Fiscal Years 1976 and 1977. The inclusion of those sums in the FY76 column of that schedule precludes comparability of the FY76 figures with the FY77 and 78 figures which are on a 12-month basis for the TTG only. The reductions in the FY78 support levels planned for health and education result not from reducing the necessary level of services provided but from savings expected as the result of better management in providing those services.

Direct Appropriations

Question. The budget requests for the High Commissioner and the Judiciary decline only slightly, and the total request for direct appropriations for Trust Territory government is up. Why can't those federal government costs be reduced considerably with the departure of the Northern Marianas? Won't your workload be down significantly?

Answer. The $148,000 increase requested in direct appropriation support is a net increase resulting from decreases planned for the Office of the High Commissioner (($2,000) and the Judiciary ($36,000) which are more than offset by the increase of $186,000 requested for support of the Interior Department's Federal Comptroller for Guam/TTPI audit work in the Trust Territory. The separation of the Northern Marianas Government from the Trust Territory Government has not significantly reduced the workload in the Office of the High Commissioner nor has it affected the Judiciary since that branch of the Trust Territory Government will continue to service the Northern Marianas Government.

Construction

Question. The main feature of this budget request is construction grants. The request is for $21 million, which is $4.2 million over 1977. First, what kind of an unobligated balance do we have now in Trust Territory construction?

Answer. The following speaks only to unobligated CIP funds transferred to the OICC, Marianas for the execution of the TTPI-CIP approved by DOTA on 7 June 1976. A summary of funds received by OICC, Marianas and allocations made follows:

FY Funds	Amount ($000)	Allotted To	Amount ($000)
76 & prior	10,998	Design and planning	3,200
		Returned to TTPI (Force Acct.)	679
		Retained for Construction	7,119
77	11,703	Design & planning	5,000
		Returned to TTPI (Force Acct.)	605
		Retained for Construction	6,098
Total	$22,701		$22,701

Monies retained above for construction will be combined with the FY 1977 supplemental $3,773,900 (when received) or combined with FY 1978 appropriations to advertise construction between March and January 1978. A detailed breakdown of all funds received and expected to be received by OICC, Marianas is contained as Appendix "F" to the comprehensive statement summarizing the TTPI-CIP by the Officer in Charge of Construction, Marianas, a copy is being provided to the committee.

Question. We are told in these statements presented for the record that construction has been at a standstill for two years while the Navy OICC recasts the whole program. Meanwhile, appropriations have continued. Do you really believe that all these unobligated funds can be spent effectively along with $21 million new dollars in fiscal 1978?

Answer. For the record, the Navy OICC, Marianas, was tasked with the execution of the TTPI-CIP in February 1976 (one year ago) when the Memorandum of Agreement was signed by the High Commissioner, TTPI and the Commander, Naval Facilities Engineering Command. In April 1976 the OICC, Marianas recommended a five-year TTPI-CIP to Director, Office of Territorial Affairs, which was subsequently approved for execution on 7 June 1976. A complete construction program has been scheduled and is in the final phase of design contract award. All funds available from prior year appropriations along with funds to become available in FY 1978 will be obligated during FY 1978.

Question. For two years we have been told that once the Navy gets the construction program squared away we will see a major reprogramming that will put the money where it will be most effective. Where is that reprogramming?

Answer. A reprogramming request for $3,000,000 for planning, project scope preparation, administration, and Architect/Engineer design costs was forwarded by OICC, Marianas to DOTA on 23 July 1976 and subsequently approved on 1 October 1976.

A second reprogramming request to realign all currently appropriated construction funds (through FY 1977 base appropriations) in the TTPI-CIP to provide the balance of design funds required for full program design in the amount of $5 million was forwarded to DOTA on a revised request on 21 January 1977.

The design effort will be brought to a standstill if these urgently required design funds are not made available quickly through the reprogramming action.

An advance summary of the reprogramming action requested has been provided to the committee. Formal approval by the Department and OMB is expected shortly and should be before this committee within a week.

Question. How can we judge a 1978 construction program when we don't know what the 1976 and 1977 programs look like?

Answer. The original entire five-year program (FY 76 through FY 80) is shown in the TTPI-CIP Funding Program dated 31 August 1976. The TTPI-CIP Funding Program dated 25 December 1976 was developed to accommodate the President's January 1977 budget submission of $21,099,000 for TTPI-CIP. The above programs are contained in the OICC statement which is being provided to the committee. Both Funding Plans were developed based on targeted fund availability.

Question. What about the numbers presented in the budget justification for 1977? Do they reflect the reprogramming?

Answer. The FY 1977 budget request was submitted by the TTPI prior to the Navy's involvement in the TTPI-CIP and does not reflect the reprogramming. However, in developing the new TTPI-CIP to provide a mutually agreed upon basic infrastructure, the total dollar value of the FY 1977 base appropriation and the FY 1977 base supplemental was used for developing the five-year program.

Question. We can see the shift in construction--less education and health facilities, more roads, docks, utilities in the like. We don't argue with that approach, but what has happened to the needs for education and health that we were told were so vital and pressing?

Answer. From FY69 through FY76, approximately $167 million was provided in construction funds to meet the vital and pressing needs for health and education facilities which are now in place. Those urgent social needs having essentially been met, we are now placing emphasis on emplacement of basic infrastructure (harbors, docks, airports, roads and utilities) needed to promote economic development.

Consolidated Funding

Question. We note in your justifications that an effort is being made to consolidate all funding sources for the Trust Territory. That would indeed be helpful to the committee's budget review. Where does that stand?

Answer. On March 17, 1977, the Office of Management and Budget approved a proposed FY79 budget presentation format for the Trust Territory which shows all sources and applications of available and requested or estimated funds. It is expected that the new format for the Trust Territory budget will provide for the full disclosure of support proposed to be provided for each program in the budget year as well as actual support provided in the past year and being provided during the current year.

Cost Reductions

Question. Throughout the operations justifications we see the phrase "travel reduction" and "reductions in other support costs." We applaud this effort, but how are all these reductions being achieved?

Answer. The Acting High Commissioner has issued an administrative order which limits obligations which may be incurred during FY77 for official travel to not more than 75% of such obligations incurred during FY76. Further, requests for supplies and equipment, as well as for contractual services, are being carefully screened to ensure that only those requests are being approved which would result in a reduction in necessary services if they were not approved. In general, a "belt-tightening" process is being applied to achieve greater cost/effectiveness ratios in all programs.

Question. How much in total is travel being cut in the 1978 budget?

Please give us the specifics and compare the total budget to that of 1976 and 1977?

Answer. The following schedule shows the official business travel data requested (obligations, in thousands of dollars):

Activity	FY76 Act	FY77 Est.	FY78 Est.
Office of the High Commissioner	83	62	50
Judiciary Branch	77	75 1/	75
Health	512	384	275
Education	238	179	125
Public Affairs	163	122	100
Resources and Development	290	218	200
Protection of Persons & Property	181	136	125
Administration	304	226	200
Transport and Communic.	153	115	100
Public Works	89	67	50
Total	2,090	1,584	1,300

1/ Judiciary Branch is not subject to 75% limitation for FY77

GOVERNMENT OF THE NORTHERN MARIANA ISLANDS

STATEMENT OF MR. ERWIN CANHAM, RESIDENT COMMISSIONER

ACCOMPANIED BY:

INGNACIO SABLAN, PROGRAM AND BUDGET OFFICER

SENATOR FRANCISCO M. DIAZ, VICE CHAIRMAN OF THE COMMITTEE ON BUDGET AND APPROPRIATIONS, NORTHERN MARIANA ISLANDS LEGISLATURE

SENATOR JULIAN S. CALVO, MEMBER OF THE FIFTH NORTHERN MARIANA ISLANDS LEGISLATURE

SENATOR JESUS V. DELEON GUERRERO, CHAIRMAN OF THE COMMITTEE ON BUDGET AND APPROPRIATIONS, NORTHERN MARIANA ISLANDS LEGISLATURE

MR. PEDRO A. TENORIO, DIRECTOR, OFFICE OF TRANSITION STUDIES AND PLANNING

OPENING REMARKS

Senator STEVENS. Let us go to the Northern Mariana Islands government now. Mr. Canham, we will put your full statement in the record. Please introduce those with you and give us a summary of your request.

[The statement follows:]

STATEMENT OF ERWIN D. CANHAM

Mr. Chairman and Honorable Members of this Committee:

I consider it a great privilege to appear before your Committee today to present for your consideration the Government of the Northern Mariana Islands FY 1978 Budget Estimates for the Operations and Capital Improvement Programs.

Before we proceed further on this hearing, I would like to introduce the members of the delegation who are here today: I am Erwin D. Canham, Resident Commissioner of the Government of the Northern Mariana Islands and to assist in my testimony, I have with me Ignacio M. Sablan, Program and Budget Officer for the Government of the Northern Mariana Islands, Pedro A. Tenorio, representating the Office of Transition Studies and Planning and Senator Jesus V. Deleon Guerrero, Chairman of the Committee on Budget and Appropriation, Senator Francisco M. Diaz, Vice-Chairman, and Senator Julian S. Calvo, member of the Fifth Northern Mariana Islands Legislature.

Although the main intention of our meeting here today is to present our budget estimates, explanations and justification for the funding requested for governmental Operations and Capital Improvement Programs for FY 1978, I feel it useful to review certain important events that have taken place during the past year, which may be borne in mind when considering our FY 1978 budget presentation. Events that have transpired since April 1, 1976, when the Northern Mariana Islands separated from the rest of the Trust Territory have been of utmost significance and historical impact to our people and islands. On October 18, 1976, a Constitutional Convention began the task of drafting the Constitution of the Commonwealth of the Northern Mariana Islands which was com-

pleted and was signed by the delegates to the Constitutional Convention on December 5, 1976. As may be expected, there was much healthy discussion and disagreement over details but there was firm agreement on basic Constitutional principles, already ratified by the Marianas people and the Congress of the United States in the Covenant for Commonwealth status. The Constitution itself is a giant stride forward to good and responsible government by the people.

On March 6, 1977, a "referendum" to ratify the draft Constitution was held throughout Marianas and it is most gratifying to inform you that of the 3,815 votes cast, 3,552 votes or 93.2 percent were affirmative. I have already transmitted this result to the President of the United States and perhaps you have already been informed through an appropriate channel. Another event that took place during the early part of FY 1977, is the tranferring of most Marianas functions previously controlled and funded at the Trust Territory Headquarters level to Marianas accountability and direct management. The transfer of Marianas functions from the Trust Territory Government to the Government of the Northern Mariana Islands is progressing very well and all aspects of this transfer should be completed soon, giving the Northern Marianas total governmental self-sufficiency and accountability.

As a consequence of the Marianas separation, Congress and the Executive branch of the federal government have set up and funded the Office of Transition Studies and Planning to assist the Northern Marianas Government in the vital task of preparing for Constitutional government.

Let us turn our attention to the FY 1978 Budget request. Our FY 1978 Budget for Governmental Operations is built upon four (4) basic premises, these being: (1) A continuation of essential ongoing programs, (2) Consideration of the additional funding, manpower and equipment requirements for those functions recently transferred from TT Headquarters to the Northern Marianas, as a result of the Northern Marianas separation; (3) Providing funds for those additional functions created by the Northern Marianas Constitution, and (4) To incorporate recommendations of the Office of Transitional Studies and Planning, where appropriate, in those areas where changes and upgrading seems in order for a smooth transition into the new Constitutionall government. The total amount initially requested for FY 1978 was $16,129,000. The U.S. Office of Management and Budget's allowance, however, has been set at $13,515,000 which is broken down into $9,582,000 for Governmental Operations and $3,933,000 for Capital Improvement Programs. The difference between our original Budget Estimates of $16,129,000 and the OMB Allowance of $13,515,000 is $2,614,000. This OMB reduction from the Covenant-based allowance level of $16,129,000 is presumably because of the fact that we do not expect the Constitutional Government to be in place until at least January 1, 1978 or the beginning of the Second Quarter of Fiscal Year 1978. In other words, the First Quarter of Fiscal Year 1978 is still pegged to the pre-Covenant U.S. financial support level. The balance of $2,614,000 to reach the Covenant-established figure is now proposed for later appropriation. This will include $434,000 for governmental Operations, $927,000 for the Capital Improvement Programs and $1,253,000, earmarked for the economic development loan fund, for small loans to farmers and fishermen, agricultural and marine cooperatives and a special program of

low interest housing loans for low income families.

All the amounts I have cited are based on the assumption that all Covenant requirements for separate funding will be met by January 1, 1978. The amounts provided for in the initial Fiscal Year 1978 Operation and Maintenance Budget allowances are based on the level of U.S. Government Financial Assistance, guaranteed under Article VII of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America.

The overall Marianas-wide physical plans are now being developed by the Office of Transition Studies and Planning, in close cooperation with my Administration and the Northern Marianas Legislature. We should be seeing the results of the planning and programming efforts in the near future. Some of the recommendations made by the Office of Transition Studies and Planning have already been included in the Operation and Maintenance Budget allowances.

I wish to thank you, Mr. Chairman and the members of this Committee for this opportunity to appear before you to explain and justify our FY 1978 Budget Estimates and I am now ready to clarify or explain any portions of the estimates that you may desire.

****

INTRODUCTION OF MARIANAS DELEGATION

Mr. CANHAM. Very good. May I again present, Mr. Chairman, on my right Ingnacio Sablan who is the program and budget officer for the Government of Marianas. Still further to my right are two members of the Marianas Legislature, Senator Francisco Diaz and Senator Julian Calvo.

On my left, Senator Guerrero, who you have already met and Mr. Pedro Tenorio who is the head of the Office of Transition Studies and Planning.

SEPARATION FROM THE TRUST TERRITORY GOVERNMENT

May I briefly tell you how things are and summarize the sequence of events in the past, the present, and immediately ahead.

A year ago this week the President signed the covenant which Congress had enacted and the separation of the Marianas process began. It took place formally on April 1.

Then a few months later the elections were held for the constitutional convention to write the constitution. This took place in November and December. The constitution for the new government was completed in the first week of December.

And, as you have already been told, it has already been called for a referendum a week ago Sunday. The total support was 93 percent and some 58 percent of the voters came out to vote. I considered this a good total since it was not a very controversial matter. Everybody knew how it was going to come out.

No political parties and no individual candidates were involved to get out all the people to vote. So I thought 58 percent compares pretty well with some other constituencies which I have heard.

At any rate, a constitution has been approved. It is here in Washington and before the Federal Government for scrutiny and examination. There are 180 days running from a week ago Sunday in which this scrutiny process can be completed and the executive and presumably the legislative branch of the Government will pass judgment on the constitution.

Assuming that it is approved, even if it is not acted upon, it will come into effect in 180 days from the referendum. In the meantime the separation process between the Marianas government and the trust territory government has been going forward and in a sense is completed, except that there is a lot of implementation steadily going forward.

I would like to say as the resident commissioner for the Marianas we couldn't have had a more ready and understanding cooperation from the trust territory government in the development of the document and memoranda of understanding between us.

It looked on the surface like dividing the family property under the will. But it was not as unpleasant as that process usually is or often is.

It was constructive and has been virtually complete or is complete as far as the memorandum of understanding is concerned.

In the meantime, through the action of this Congress, the Office of Transition Studies and Planning was set up and funded $1½ million and is very actively underway working in support of the constitution

and the plans for the new government. Mr. Tenorio is here and can be questioned directly by you if you wish.

INSTALLATION OF CONSTITUTIONAL GOVERNMENT

Once the constitution has been approved by the American Government or by the Washington Government, it will be possible to set up a timetable for elections and I would expect that the elections may well, before the constitutional government may take place in early November. The lieutenant governor, governor and members of the new legislature will be elected at that time and I suppose would take office in January 1978. And the constitutional government would come into complete operation. This process, I think I can say, Mr. Chairman, has been conducted with immense sense of enthusiasm and cooperation and support.

I am very grateful for the constant support of the Marianas Legislature and I am glad that several of them are here this morning.

To clarify a little bit, the point that you raised in discussion about the possible additional appropriation, the so-called covenant money total should, by the covenant, has been held 3 months since it is not expected that the constitutional government will be in office until the first of the year.

That means the 3 months are under the previous kind of operation. I believe, however, that the amount that we are requesting, is, as I think was said also, entirely adequate to establish the new government and to meet its needs as far as I know in a full manner. But that the additional covenant money to be added will help in economic development funding and other matters of that sort which will come along as the covenant year comes into being, but for the first few months of fiscal 1978 will not be in the covenant year, and will be at the lower level of funding.

I am delighted to respond to any questions that you may have.

Senator STEVENS. I think that this is your first time to appear before this committee as the Resident Commissioner, Mr. Canham. We will print your biographical sketch in the record.

[The biographical sketch follows:]

BIOGRAPHICAL SKETCH—ERWIN D. CANHAM, RESIDENT COMMISSIONER, GOVERNMENT OF THE NORTHERN MARIANA ISLANDS

Erwin D. Canham has been Resident Commissioner of the Northern Mariana Islands Government since the office was established. In 1975 he had administered the plebiscite in which the citizens of the Northern Mariana Islands voted in favor of Commonwealth status in political union with the United States.

Mr. Canham was for many years editor and editor-in-chief, of The Christian Science Monitor, and is now editor emeritus. He has held many public posts, having been appointed to various commissions and boards by Presidents Truman, Eisenhower, Kennedy, Johnson, Nixon and Ford. He was an initial member in 1949 of the United States Advisory Commission on Information, responsible to the Congress. He was also vice chairman of the U.S. Delegation to the Conference on Freedom of Information in Geneva in 1968 and a deputy delegate to the United Nations General Assembly in 1949.

Mr. Canham was a member of President Eisenhower's National Goals Commission, and of President Nixon's Commission on Campus unrest. He served as President of the American Society of Newspaper-Editors, President of Chamber of Commerce of the United States, Chairman of the National Manpower Commission, Chairman of the Board of the Federal Reserve Bank of Boston. He has served on the Board of Directors of several corporations and is a trustee of various foundations and colleges.

He was born in Auburn, Maine in 1904, was graduated from Bates College, and was a Rhodes Scholar at Oxford University.

ESTABLISHMENT OF NEW GOVERNMENT

Senator STEVENS. Speaking for the chairman as well as myself, we are pleased that you would undertake this assignment.

When did you actually go to the Northern Marianas?

Mr. CANHAM. I was the plebiscite commissioner in 1975. I had a very exciting and busy and unexpected experience administering the plebesites. I was there for 3 months in 1975. Then I went to take up my job at the end of May in 1976.

Senator STEVENS. There seems to have been considerable progress in the establishment of the Northern Marianas government over the past year, Mr. Canham. Since the covenant was ratified by the people in June of 1975, a constitution has been written and adopted, and your interim government seems well along in establishing its independent operation. Have there been any particular problems?

Mr. CANHAM. The government of the Northern Mariana Islands is faced with many problems and requirements as a direct result of the separation from the trust territory government. Some of these problems are: first, the transfer of various new responsibilities and higher levels of decisionmaking to the Marianas which were originally provided by trust territory headquarters staff prior to separation; and second, the requirement of additional and stronger staffing for various public service areas such as health services, education, economic development, agriculture, and public works. These new responsibilities require new personnel in order to more effectively cope with increased public services and to reduce considerably Marianas dependence on trust territory headquarters for governmental direction, supervision, and assistance.

Senator STEVENS. You state that 3,815 votes were cast for the constitution—only about 25 percent of the total population. What percentage of the eligible voters took part?

Mr. CANHAM. Fifty-eight percent.

REFERENDUM ON THE DRAFT CONSTITUTION

Senator STEVENS. Are you sure that those who voted for the covenant and the constitution had a firm grasp of the issues?

Mr. CANHAM. Yes. They know them backwards and forwards. They are very apt, political society. The covenant was discussed very freely. The basic materials are circulated not only in English, but in the two vernacular languages and also the same applied to the constitution itself. The dogmas of the constitution were a very active and well-informed, sharp group of political leaders and they communicated to the people the nature and meaning of the constitution. Village meetings, neighborhood meetings were held over the last couple of months by which the details of the constitution were presented by people in various languages and also on radio and television, a very active campaign of political education took place.

I would consider it a very well-educated political community.

Senator STEVENS. Senators, do you agree that the issues were well defined and people knew what they were doing when they voted for the constitution?

Mr. GUERRERO. That is correct, sir.

Senator STEVENS. There were no parties involved. How were the issues framed? Did anybody oppose them?

Mr. GUERRERO. We have very few oppositions, sir. The interesting part about this is the leadership of both parties united to educate the people and to help the people make up their minds.

PREPARATION FOR ELECTION OF NEW GOVERNMENT

Senator STEVENS. What remains to be done, Mr. Canham, to transfer the government functions from the trust territory?

Mr. CANHAM. The continuing implementation of the transfer has to take place, but that is very well on its way.

The elections of the new government are still ahead of us. Preparation in the brief transition period for the new government has taken office. That is one phase of the task.

But on the other hand, the Office of Transition Studies has been doing a very thoughtful and careful job in developing long-range programs and plans. Perhaps Mr. Tenorio would say a word or two about that.

Mr. TENORIO. Thank you, Mr. Chairman. I just wanted to briefly summarize some of the important activities that the Office of Transition Studies and Planning has been undertaking for the past 8 months now.

The office is conducting several series of studies related to the planning of the new government. One of them is the technology and social development planning which we hire expert consultants to help us out in projects for the various economic programs that we anticipate in the Marianas.

Also, as Mr. Canham already indicated, we have completed the planning for the constitutional convention and the referendum. The other aspect of our task is the preparation of master plans, physical development plans, infrastructure development for the major islands in the Marianas to put in place—and it is essential that utilities, and development in the area of tourism and other industries are implemented.

At the same time, we are also conducting a study in the area of government organization and public administration. The constitution provides for the basic framework of the new government. What the consultants are, who can at various levels of government, the existing government, as well as the requirements of the constitution and the consultants have made papers and outlines on how the government under the constitution will come about.

We are hoping that all of these plans will be completed prior to the installation of the new government so that we will have the opportunity to review the leadership as well as the new administration and the new congress. And we are hoping also that the new congress would adopt these plans and studies as guidelines for the long-range development of the new Marianas Islands.

TRANSFER OF TRUST TERRITORY GOVERNMENT

Senator STEVENS. You are going to move the trust territory out of Saipan. Meanwhile you are sharing space; is that right?

Mr. TENORIO. Mr. Chairman, I think the movement is perhaps voluntary. We are trying to encourage them to stay.

Mr. CANHAM. Of course we would be very happy if they would stay on.

Senator STEVENS. What is the economic impact of their leaving Saipan?

Mr. CANHAM. I think that it is hard to tell. There are widely varied estimates. Obviously, there will be an impact, several hundred people will move. Their purchasing power will depart with them. That is important.

But we are, as Mr. Tenorio said, making plans to fill the gap by normal development and, frankly, we don't know any better than anybody else when the trust territory government may move.

We remind ourselves that we are still a part of the trust territory.

Senator STEVENS. Your interim government has only been in business since last April, as I understand it. Have you had sufficient time to develop a good budget request, or is this one something of a trust territory passthrough?

Mr. CANHAM. To develop a good budget request for fiscal year 1978 was found extremely difficult to achieve within the time frame allowed the Government of the Northern Mariana Islands to compile its budget estimate and submit it to reach the Office of Territorial Affairs no later than February 15, 1977. The constitution for the Northern Marianas has just been approved by the delegates to the constitutional convention and later by the Northern Mariana Islands Legislature in its draft form. The section-by-section analysis of the draft constitution was not available until the latter part of January 1977. Certain provisions of the draft constitution dealing with funding aspects of various new functions of the executive branch of our government should be determined by legislative actions. The fiscal year 1978 budget estimates reflect in general terms the cost of the new government. Because of the lack of details in the area of government organization and structure in the constitution, the budget estimates are developed to reflect as closely as possible the expected operational cost under the new constitutional government. It is expected, however, that by the next fiscal year submittal, the legislature will participate fully in the formulation of the budget.

BUDGET CHANGES

Senator STEVENS. The Northern Marianas budget request was revised just last week to reflect changes requested by the new government. Could you highlight the changes for us and explain why they're recommended?

Mr. CANHAM. The major changes are highlighted in my prepared statement. Two in particular are: First, the requirement for additional personnel to perform services lost to the Marianas from the TTPI due to administrative separation; second, incorporation of recommendations from the Office of Transition Studies and Planning, and the Marianas Legislature of necessary public service positions and capital improvement projects. In addition, there are many other serious problems and needs associated with the transferring of various functions from the trust territory government to the government of the Northern Mariana Islands. These must be resolved immediately in fiscal year 1977 or the desired rate of progress under the transitional government, leading to the constitutional government, and ultimately, the Commonwealth status, will be seriously hampered. In order to

alleviate this situation, the administration and the Office of Transition Studies and Planning have met on several occasions to assess the impact of the separation on the present transitional government and agreed that additional staffing must be recruited to improve and strengthen the ongoing programs and to replace and make available some of those services lost by the Northern Marianas as a result of separation from the trust territory government. Reduction of $304,000 in public works operations funding was made and distributed among the various program areas which we considered required strengthening. Shifting in our original estimates in capital improvement programs fundings were also made mainly from power generation programs to help fund some of the most needed projects considered essential as basic infrastructure needed to support the local economy envisioned in the economic/social and physical development plans presently being developed by the Office of Transition Studies and Planning.

IMPLEMENTATION OF NEW GOVERNMENT

Senator STEVENS. Is January still the timetable to put the government into effect?

Mr. CANHAM. Yes. I think that there is no problem about that.

Senator STEVENS. Who chose that date?

Mr. CANHAM. I did. That is a little bit rash. Let me also say that the constitution said that January, but any January as the time in which a new government would be inaugurated. It seems that we were allowing 180 days for Washington to deliver it or act on the constitution, then a couple of months for nominating and electoral campaign, then 6 weeks or so, 8 weeks, 7 weeks for the transition between the elected Governor and my own office.

Senator STEVENS. And if the Commonwealth is proclaimed in September, do you have arrangements for transitional government until January?

Mr. CANHAM. Yes. I will remain as the chief executive until I turn over the authority to the elected Governor.

Senator STEVENS. The funding of the covenant becomes operative when the President proclaims the covenant; is that right?

Mr. RICE. No, sir. The Marianas will not achieve Commonwealth status until the termination of the trusteeship agreement. The covenant moneys become available and the constitutional government is installed.

Mr. CANHAM. I think I should add that we don't become a Commonwealth until the trusteeship is concluded.

Senator STEVENS. We are told that the effective date might be construed to be either the ratification of the covenant or the approval of the constitution. Which is it?

Mr. CANHAM. The ratification of the covenant is way behind us. The constitution has not yet been approved by the American Government. It will be approved presumably at some point in these 180 days, extending from the 6th of March of this year forward.

Again, the President of the United States has the responsibility of proclaiming the existence of the constitution. Then under that constitution a government has to be elected and my interpretation

is that I continue to operate until the new Governor is elected and can be inaugurated.

COMMONWEALTH FUNDING

Senator STEVENS. I see. And the obligation for the United States is $14 million a year in 1975 constant dollars; is that right?

Mr. CANHAM. That is right.

Senator STEVENS. For how long?

Mr. CANHAM. For 7 years.

Mr. RICE. Seven years or until changed by the U.S. Congress.

Senator STEVENS. You anticipate a supplemental budget request for the $2.6 million that will be sought after the Commonwealth government is in place?

Mr. CANHAM. Yes.

Senator STEVENS. And $1.2 million of that will be for a supplemental for an economic development loan fund; is that right?

Mr. CANHAM. Correct.

Senator STEVENS. Would you give us a statement for the record about that plan?

Mr. CANHAM. Yes. We will provide that.

[The information follows:]

The $1,253,000, a portion of the $2,614,000 proposed for later transmittal is intended for the following areas: (A) economic development loan fund, (B) small loans for farmers and fishermen, (C) agricultural and marine cooperatives, and (D) as a special program of low-interest housing loans for low-income families. The distribution of this funding among the above program areas will be determined at a later date by Administration, Marianas Legislature, and the Office of Transition Studies and Planning.

PREMISES ON PREPARATION OF FISCAL YEAR 1978 BUDGET

Senator STEVENS. Your 1978 budget request is based on several premises, including the funding of additional functions created by the constitution.

Mr. CANHAM. Right.

Senator STEVENS. What are those additional functions?

Mr. CANHAM. The Governor and the Lieutenant Governor and mayors of municipalities, similar functions.

Senator STEVENS. It is said to be based upon certain recommendations of the transition planning group.

Mr. CANHAM. That is right.

Senator STEVENS. Can you identify what recommendations those are?

Mr. CANHAM. I think Mr. Tenorio, who heads that, can do that.

Senator STEVENS. All right, sir.

Mr. TENORIO. Mr. Chairman, the present progress studies that have been undertaken by the various consultants—we have not totally identified the various program areas that we want to implement in the future. We have been identifying various programs, small-type farming programs, agricultural programs, some commercial farming on a small scale. Also we have identified programs in the area of fisheries, small boat operations.

Also, we are looking into plans for various open spaces, park and recreational facilities. These will be identified in the final plan, final master plan of the consultants.

Senator STEVENS. Your 1978 budget seems to be weighted heavily toward operating costs—$9.5 million for operations against $3.9 million for construction. Why?

Mr. CANHAM. The $9.5 million for the operations and the $3.9 million for constructions are the OMB allowances and based on the ratio of funding levels for operations and capital improvement programs guaranteed under the covenant.

Senator STEVENS. No one really knows what the new constitutional government will cost. How good an estimate is the operating budget?

Mr. CANHAM. As mentioned earlier, the amount requested in fiscal year 1978 is based only on the information available up to the latter part of January 1977. Although we are cognizant of the fact that there are additional requirements that must be added, we were restrained by, first, OMB allowances and, second, certain legislative actions whose review of the budget brought out additional requirements mandated by the constitution of the Northern Mariana Islands.

Senator STEVENS. Is the Northern Marianas government mindful of the changes being recommended for the trust territory? Is there coordination there for government cutdown in overhead to develop basic projects? Is that part of your plan?

Mr. CANHAM. We seek to keep the government overhead down to a prudent minimum, but our thinking has not been quite the same as that. The economic development in the Marianas is not the same as the prospective economic development elsewhere. So there isn't, I wouldn't think, a close coordination, nor has the United Nations plan been applied.

NEW POSITIONS BUDGETED IN FISCAL YEAR 1978

Senator STEVENS. You have budgeted 144 new positions, 13 percent more than your 1977 level.

Mr. CANHAM. These are mainly transferred positions. A large part of them are mechanical positions transferred from the repair shops and similar functions previously handled by the trust territory government. These are not new jobs being created.

Senator STEVENS. Identify for the record any new jobs that are included in that area.

Mr. CANHAM. Yes, I will. I think perhaps a few of them—we have had to enlarge our attorney general's office to cope with the legal problems that were formerly handled by the trust territory.

Senator STEVENS. I am told there are 87 jobs in public works. Are those transfers?

Mr. CANHAM. Yes. They are not new jobs. In fact, we may have fewer jobs now than there were before.

[The information follows:]

PROPOSED ADDITIONAL POSITIONS UNDER FY 1978 BUDGET

Health Services

1 Prime Contract Medical Doctor
1 Micronesian Federal Programs Coordinator
1 Micronesian Medical Supply Specialist
1 Micronesian Maintenance Foreman
2 Micronesian Tradesmen
2 Micronesian Registered Nurses
2 Micronesian Laboratory Technicians
1 Micronesian Business Manager
11 Total

Education

1 Micronesian Federal Programs Coordinator
1 Micronesian Accountant
1 Micronesian Testing Coordinator
1 Prime Contract Principal M.H.S.
4 Micronesian Clerk Typists
10 Micronesian Substitute Teachers
1 Micronesian Maintenance Foreman
19 Total

Resources and Development

1 Micronesian E.D.L.H. Specialist
1 Micronesian Investment Specialist
(1) Prime Contract Cartographic Specialist
1 Prime Contract Sr. Land Commissioner 1/
1 G.S. Secretary
27 Micronesian Jr. Land Commissioners, Land Title Investigators 1/ and Clerical St
1 Micronesian Employment Service Technician
1 Micronesian Clerk Typist
1 Prime Contract Plant Pathologist
1 Prime Contract Veterinarian
2 Micronesian Plant Pathology Technicians
2 Micronesian Veterinary Technicians
38 Total

Public Defender

1 Micronesian Attorney at Law
1 Micronesian Administrator
2 Micronesian Researchers
2 Micronesian Investigators
1 Micronesian Secretary
7 Total

Office of the Attorney General

1 Prime Contract Attorney General
1 Prime Contract Legal Secretary
1 Prime Contract Attorney at Law
2 Micronesian Trial Assistants
5 Total

General Administration

1 Prime Contract Federal Programs Coordinator
1 Micronesian Accountant
1 Micronesian Procurement Officer
1 Micronesian Assistant Procurement Officer
4 Total

Public Works

1 GS Automotive/Heavy Equipment Repair Shop Superintendent 1/
86 Micronesian Mechanics, Body Repairmen, Painters, Machinists, Upholsterers, Clerical Staff, etc..... 1/

1 Micronesian Federal Programs Coordinator
1 Micronesian Cost Accountant
1 Prime Contract General Utility Manager
90 Total

167 Grand Total

2 GS
9 Prime Contract
163 Micronesian
174 Total

1/ The majority of the above positions are not necessarily new ones, but are actually transfers from the TTPI to NMI as mandated by the various Memoranda of Understanding separating responsibilities between the two governments. The few new positions have been necessitated by the new responsibilities of the Marianas government and in preparation for its eventual political status.

Government of the Northern Mariana Islands

AVERAGE NUMBER OF PERMANENT
Personnel On-Board by Activity and Personnel Category

Activity	FY 1976 Actual	FY 1977 Estimate	FY 1978 Estimate	Inc(+) Dec(-) 78 Compared to 77
GRANTS				
Operation				
Total, Grant-Operation	990	1023	1197	+174
U.S. Civil Service	9	8	10	+ 2
TT Public Service, total	981	1015	1187	+172
Non-Micronesian, total	40	37	46	+ 9
Contract	22	29	38	+ 9
Local	18	8	8	----
Micronesian, total	941	978	1141	+163
Contract	7	15	15	-----
Local	934	963	1126	+163

Government of the Northern Mariana Islands

AVERAGE NUMBER OF PERMANENT
Personnel On-Board by Activity and Personnel Category

Activity	FY 1976 Actual	FY 1977 Estimate	FY 1978 Estimate	Inc (+) Dec (-) 78 Compared to 77
GRANTS				
Operation				
3. Health Services, total---	152	154	165	+11
U.S. Civil Service-------	-	-	-	-
TT Public Service,total--	152	154	165	+11
Non-Micronesian, total---	3	3	4	+ 1
Contract----------	3	3	4	+ 1
Local----------	-	-	-	-
Micronesian, total-------	149	151	161	+10
Contract----------	1	1	1	-
Local----------	148	150	160	+10
4. Education, total----------	278	286	305	+19
U.S. Civil Service--------	1	1	1	-
TT Public Service, total--	277	285	304	+19
Non-Micronesian,total-----	26	18	19	+ 1
Contract----------	13	13	14	+ 1
Local----------	13	5	5	-
Micronesian, total--------	251	267	285	+18
Contract----------	3	10	10	-
Local----------	248	257	275	+18
5. Public Affairs, total--	22	24	24	-
U.S. Civil Service-----	-	-	-	
TT Public Service,total--	22	24	24	-
Non-Micronesian, total----	-	-	-	-
Contract----------	-	-	-	-
Local----------	-	-	-	-
Micronesian, total--------	22	24	24	-
Contract----------	-	-	-	-
Local----------	22	24	24	-

Government of the Northern Mariana Islands

AVERAGE NUMBER OF PERMANENT
Personnel On-Board by Activity and Personnel Category

Activity	FY 1976 Actual	FY 1977 Estimate	FY 1978 Estimate	Inc (+) Dec (-) 78 Compared to 77
GRANTS				
Operation				
6. Resources & Development, total	95	106	144	+38
U.S. Civil Service	3	2	3	+ 1
TT Public Service, total	92	104	141	+37
Non-Micronesian, total	3	5	7	+ 2
Contract	3	5	7	+ 2
Local	-	-	-	-
Micronesian, total	89	99	134	+35
Contract	2	2	2	-
Local	87	97	132	+35
7. Office of the Attorney General	-	88	93	+ 5
U.S. Civil Service	-	-	-	-
TT Public Service, total	-	88	93	+ 5
Non-Micronesian, total	-	-	3	+ 3
Contract	-	-	3	+ 3
Local	-	-	-	-
Micronesian, total	-	88	90	+ 2
Contract	-	1	1	-
Local	-	87	89	+ 2
8. Administration				
General Administration, total [1/]	19	47	51	+ 4
U.S. Civil Service	1	1	1	-
TT Public Service, total	18	46	50	+ 4
Non-Micronesian, total	1	2	3	+ 1
Contract	1	2	3	+ 1

[1/] In Fy 76 a portion was reflected under District Administrator

Government of the Northern Mariana Islands

AVERAGE NUMBER OF PERMANENT
Personnel On-Board by Activity and Personnel Category

Activity	FY 1976 Actual	FY 1977 Estimate	FY 1978 Estimate	Inc (+) Dec (-) 78 Compared to 77
GRANTS				
Operation				
Local----------	-	-	-	-
Micronesian, total------	17	44	47	+ 3
Contract----------	-	-	-	-
Local----------	17	44	47	+ 3
Office of the ResCom, total 1/	24	7	7	-
U.S. Civil Service------	2	2	2	-
TT Public Service, total	22	5	5	-
Non-Micronesian,total	2	3	3	-
Contract----------	-	3	3	-
Local----------	2	-	-	-
Micronesian, total------	20	2	2	-
Contract----------	-	-	-	-
Local----------	20	2	2	-
Prog. & Bud., total---------	2/	8	8	-
U.S. Civil Service-------	-	-	-	-
TT Public Service,total--	-	8	8	-
Non-Micronesian, total---	-	1	1	-
Contract----------	-	-	-	-
Local----------	-	1	1	-
Micronesian,total--------	-	7	7	-
Contract----------	-	-	-	-
Local----------	-	7	7	-

1/ FY 76 Office of the District Administrator

2/ FY 76 Combined under District Administrator

Government of the Northern Mariana Islands

AVERAGE NUMBER OF PERMANENT
Personnel On-Board by Activity and Personnel Category

Activity	FY 1976 Actual	Fy 1977 Estimate	FY 1978 Estimate	Inc (+) Dec (-) 78 Compared to 77
GRANTS				
Operation				
Public Defender	-	-	7	+ 7
U.S. Civil Service-------	-	-	-	-
TT Public Service, total	-	-	7	+ 7
Non-Micronesian, total	-	-	-	-
Contract----------	-	-	-	-
Local----------	-	-	-	-
Micronesian, total	-	-	7	+ 7
Contract----------	-	-	-	-
Local	-	-	7	+ 7
Public Works, total----------	321	303	393	+90
U.S. Civil Service-------	2	2	3	+ 1
TT Public Service, total	319	301	390	+89
Non-Micronesian, total---	4	5	6	+ 1
Contract----------	2	3	4	+ 1
Local----------	2	2	2	-
Micronesian, total-------	315	296	384	+88
Contract----------	1	1	1	-
Local----------	314	295	383	+88

LAND COMMISSION PERSONNEL

Senator STEVENS. What about the personnel increases for resources and development, most of it for the land commission? Why does the land commission need this?

Mr. CANHAM. The problem of land ownership and land allocation is the touchiest, most difficult, one of the most important problems in the whole area. It requires a very careful and extensive complicated work.

Senator STEVENS. Let me put it this way. We identify a general administration activity funding increase, as well as four or five new positions; is that right?

Mr. CANHAM. I suspect that that is correct, but I don't know about the new positions. Some of these will be transferred, although there are some functions which are relatively new, but not necessarily. We are not contemplating new functions.

We are contemplating continuing administration of the government and filling the responsibilities which have been transferred.

Senator STEVENS. Try to explain for us, for the record if not now, the dollar increase and those positions which appear to be new. If they are transferred positions, we would like to know that, too.

Mr. RICE. Mr. Chairman, relative to the land commission, these are temporary positions. The cadastral program, the aerial photography—that has been completed under the trust territory's supervision. These land personnel would be persons to go out and adjudicate titles. Once those boundaries have been determined, there would be no need for some of these people.

Mr. CANHAM. As Mr. Rice knows better than I, land ownership started with the Spaniards and got mixed up with Germans and then got very much more mixed up with Japanese and then came along the American administration. If you ever saw a land ownership tangle, that is what exists in the Marianas.

SUPPLEMENTAL REQUEST FOR OPERATIONS

Senator STEVENS. $500,000 of the later supplemental will go for operations. You have a $2.3 million increase already budgeted for operations. Why do you need more when you really don't know what the constitutional government is going to look like as far as operations are concerned? Why so much more money for operations?

Mr. CANHAM. We would like to supply this. Mr. Sablan is looking through his papers. Let us prepare that for you, Mr. Chairman.

Senator STEVENS. Please give us that, gentlemen.

[The information follows:]

Although our fiscal year 1978 budget reflects a $2.3 million increase under the operations category, it must be borne in mind that this increase takes into consideration the escalation adjustments attached to the fiscal year 1977 budget. Our fiscal year 1977 operation budget, which is $7,220,000, is in 1975 constant dollars. The supplemental request submitted earlier calls for $668,000 to escalate the original fiscal year 1977 amount to meet present costs. Therefore, the $2.3 million increase is actually only an increase of $1,694,000. This amount is to accommodate the various transfers and new creations as a result of separate administration. The $500,000 for operations, which is part of the $2,614,000 proposed for later transmittal, is to fund the new positions and responsibilities established by the Constitution of the Northern Mariana Islands.

CAPITAL IMPROVEMENT PROGRAM

Senator STEVENS. You gentlemen here are elected representatives. What about your basic facilities—your roads, your docks, your harbors and utilities?

Do you have sufficient infrastructure there to support essential economic growth?

Mr. GUERRERO. Yes, sir. We are waiting for the plans to be completed by the Office of Studies and Planning so that we can have some development plan for the future. We need some infrastructure developments.

U.S. FINANCIAL ASSISTANCE UNDER THE COVENANT

Senator STEVENS. And your people do understand that the commitment is for level funding at $14 million for a 7-year period, subject to increased costs.

Mr. GUERRERO. That is correct.

Senator STEVENS. That includes construction, too?

Mr. GUERRERO. Yes.

Senator STEVENS. That is the total U.S. Government commitment for the 7-year period; is that correct?

Mr. RICE. Yes, sir; other than Federal programs.

Senator STEVENS. Other than programs that will be budgeted in other areas of the President's request?

Mr. CANHAM. Yes. May I add, Mr. Chairman, that two major infrastructure contributions are coming as a result of the disaster relief administration with some cooperation from the Defense Department.

Senator STEVENS. I understand that, but if there is another disaster, the local share will come out of the $14 million; is that what we are to understand?

Mr. CANHAM. I would expect so. Yes. Certainly.

Senator STEVENS. So that the $14 million would be used for matching fund purposes with existing Federal programs going to work in the Commonwealth?

Mr. CANHAM. Yes. We would do the best we could, sir, to live within that.

Mr. TENORIO. Mr. Chairman, I would just like to answer your question regarding the infrastructure. In the Marianas we have in place basic infrastructure and power, water and telephone. But what we are trying to accomplish as a long range part of our plans is to upgrade some of this infrastructure. The highways and secondary roads, the airports and the harbor areas. But we do have the basic infrastructure. We have the physical items.

CONSTRUCTION PROGRAM

Senator STEVENS. Who made the decision with regard to the moneys that are requested now for schools and school construction as opposed to what is projected for the future?

Mr. CANHAM. The legislature and the administration are in complete agreement.

Senator STEVENS. You worked with them, didn't you, Mr. Canham?

Mr. CANHAM. Yes.

Senator STEVENS. Gentlemen, do you agree with that proposal? Would you like to make any statements?

Mr. CALVO. Yes. We enjoin with the administration for the preparation of the budget.

COMPOSITION OF LOCAL CONGRESS

Senator STEVENS. Is there a party breakdown now from your congress?

Mr. CALVO. Yes.

Mr. CANHAM. Both parties are represented.

Senator STEVENS. What is the balance? Better than ours, I hope.

Mr. CANHAM. What do you mean better?

Senator STEVENS. I am a minority, but I am still sitting here. What is the breakdown? How many people are in the congress?

Mr. GUERRERO. We have 22 members right now. One-third of them are from the minority party, sir.

Senator STEVENS. It sounds familiar.

Mr. Canham, we appreciate the work that you have done. I think all American people ought to appreciate it as well as the people there.

COURT CASES

Mr. CANHAM. I would just like to throw in a final word, Mr. Chairman. While the preparation for this new government is tremendously inspiring and exciting, the administration of the ongoing government is much more difficult. We are now involved in battles with two corporate giants to try to save money for the taxpayers. I will have to appear in court next week on one of these matters.

I am very hopeful that we can save quite a lot of money by getting a better relationship with various entities which have been serving us and we are hopeful that, as I say, we can produce better service for the people and save some money.

Senator STEVENS. Who are they?

Mr. CANHAM. Radio Corporation of America and the Mobil Oil Corp.

APPEAL PROCESS

Senator STEVENS. What is the structure going to be now? What is the appeal going to be from the Commonwealth?

Mr. CANHAM. I don't know. I am summoned to appear in Guam in one case. The other case would be in the court in Saipan itself.

Senator STEVENS. Is it going to be appealed to the ninth circuit court?

Mr. CANHAM. It could go that far. We just don't know.

Senator STEVENS. I don't mean in your case.

Mr. CANHAM. We think we have a very disadvantageous relationship with both of them. We are trying to improve them.

Senator STEVENS. Just with any case, is there an appeal route?

Mr. CANHAM. Yes.

Senator STEVENS. From the new constitution, you appeal where? From the court of the Commonwealth where does the appeal go?

Mr. CANHAM. It goes straight through, doesn't it?

Mr. RICE. At the present time there will be no appeal beyond the Trust Territory Act of the Marianas division until the Common-

wealth status is declared. At that point in time the appellant route would lie to the Federal district court in Guam.

Senator STEVENS. Were you covered by the Chief Justice's survey of the court systems in the islands of the Pacific? I know the Samoans were. Were you involved in that at all?

Mr. CANHAM. I believe that we were. We had a visit from distinguished Federal judges not many months ago and I think that we were included in that study.

Senator STEVENS. It will be interesting to see how that works out.

Gentlemen, we thank you very much. We thank all of you who have come in so far and assisted in making the record on this. If you have any further information concerning these matters, will you please contact the staff, particularly with regard to the items that may not have received full consideration in the House.

Thank you all very much.

PREPARED STATEMENT—MARSHALL ISLANDS

We have a statement here from Amata Kabua in support of the trust territory request for the Marshall Islands and additional funding for architectural and engineering work. We will include that in the record at this point.

[The statement follows:]

STATEMENT OF AMATA KABUA

1. A Proposal for the Marshall Islands to Attain Basic Food Self-Suffiency Through an Integrated Coconut/Livestock/ Crop Development Program

2. Provision of Initial Funding for Preliminary Architectural and Engineering Design and Phase I Construction of a Program for Development of Housing and Related Facilities for Kwajalein Atoll

Mr. Chairman, Members of the Committee:

Please accept my thanks for giving me the opportunity to appear before your Committee to support the two projects I wish to discuss with you. The two are closely related and go to the difficult question of the conditions of extreme difficulty for the Marshallese people of Kwajalein Atoll, who have been displaced from their lands to make possible testing of United States strategic weapons systems.

The problems of the Marshallese population of Ebeye island, Kwajalein Atoll, are well-documented and I shall not dwell on them here.

We had hoped, by the time of these hearings, to have developed all details of a program for development of housing for the Marshallese population of Kwajalein.

Unfortunately, because not all necessary information has been available to us, we do not yet have a complete proposal ready for submission at this time. We therefore ask leave to submit for the record, on or before April 1, 1977, a detailed proposal for Preliminary Architectural and Engineering Design and Phase I Construction to develop both Gugeegue and Ebeye islands of Kwajalein, so as to materially improve the living conditions of the Marshallese persons there.

I can tell you at this time that the first-year funding requirement for the project will be in a range of $2.5 to $3 million. While that is a large amount of money, I believe you will find it reasonable in relation to the benefit of improved living conditions for the approximately 7,000 persons who now reside on Ebeye in conditions which are very difficult. I believe you will also agree the figure is reasonable in relation to expenditures being appropriated for other projects in the Trust Territory which will benefit much smaller groups, such as the Enewetak rehabilitation program or the program for upgrading Kosrae to full District status.

At the very root of the Kwajalein problems lies the failure of the Marshall Islands to maintain a viable economy in the outer islands, thus triggering the population movement to the two populated atolls, Majuro and Kwajalein.

We seek to rehabilitate the outer islands of the Marshalls and to reestablish parity with the level of agricultural production in the Marshalls which existed in the year 1927, 50 years ago, under Japanese administration.

You will find the Proposal for the Marshall Islands to Attain Basic Food Self-Sufficiency Through an Integrated Coconut/Livestock/Crop Development Program, set forth in the 126 page document I hereby submit for the record to be feasible and reasonable. The level of first-year funding which is hereby sought, $6.3 million, is quite reasonable in light of the obvious benefit to both the people of the Marshall Islands and to the people of the United States from attainment of self-sufficiency in nutrition for the people of the Marshalls.

We believe that after consideration of the budget requests which we are making you will agree that while the sums requested are substantial, the merits of going forward with these projects are very great and we urge your favorable consideration of these requests.

Please allow me to express, both on my own behalf and that of my constituents, the people of the Marshall Islands, my sincere thanks for your allowing the opportunity to appear here today and for your receipt in the record of these hearings the tendered materials.

Thank you.

MARSHALL ISLANDS POLITICAL STATUS COMMISSION
P. O. BOX 100
MAJURO, MARSHALL ISLANDS 96960
CENTRAL PACIFIC
CABLE ADDRESS POLSTACOM

April 5, 1977

Honorable Ted Stevens
Senator
United States Senate
Washington, D.C.

Re: Appropriation, Department of the Interior,
Trust Territory of the Pacific Islands

Dear Senator Stevens:

At the time your Subcommittee received testimony regarding appropriations for the Trust Territory for Fiscal Year 1977 Supplemental and Fiscal Year 1978, the Chairman of this Commission, Senator Amata Kabua of the Congress of Micronesia submitted a statement in support of several Marshall Islands requests for appropriation. One of those was for rehabilitation of Gugeegue Island of Kwajalein Atoll.

Because at that time a detailed work-up on the cost of rehabilitation had not yet been completed, we asked permission to supplement the record with such a work-up. We now have that information and we enclose it with this request that it be added to the hearing record of the hearings on the Trust Territory appropriation in support of Senator Kabua's request for additional funding for Gugeegue. The supplemental material consists of a proposal directed to me by William T. Andrews of Polymetrics Incorporated and a development plan together with drawings of Gugeegue Island.

Few problems have received more attention over the past several years than those of the people of Kwajalein Atoll, most of whom now must live on Ebeye Island, where they face enormous social and economic problems.

We hope your committee will give favorable attention to the request for additional funding of the Gugeegue project, which would substantially alleviate the problems of the people at Ebeye.

You will note the total estimated project cost is $10,040,500. If even a portion of this could be included in the Fiscal Year 1978 appropriation for the Trust Territory, this would make possible commencement of work in the upcoming year to begin to alleviate the problems of Marshallese people at Kwajalein.

I regret that we did not have more opportunity to discuss this entire proposal with you when we were in Washington. However, Senator Kabua's health has not been as good as we might wish and he has very substantial commitments in addition to his work on behalf of the people of Kwajalein Atoll.

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In the past few weeks he has been particularly busy the work of this Commission as the Marshalls move toward separation from the Trust Territory and eventual self-government as the Trusteeship ends.

We thank you for your kindness in receiving Senator Kabua's statement to your Subcommittee and please accept our sincere thanks for including these materials in the record of the hearings.

Because of their interest in the problems of the Kwajalein people, we are also forwarding copies of this letter to Representative Phillip Burton of California and to the Deputy Director of Territorial Affairs.

Yours very truly,

George M. Allen
Legal Counsel

GOALS AND OBJECTIVES OF THIS PLAN

1. To develop the island for habitation by 2000 people presently living on Ebeye.
2. To relieve the pressure of over-population on Ebeye.
3. To incorporate provisions for a town center, dispensary, utilities including water, power and sewage facilities, church sites, recreation facilities, a residential community, a high school and grade school.
4. To provide for a maximum development of pedestrian circulation with a minimum need for vehicular traffic.

SITE INFORMATION

Gugeegue is one of the 92 islets of the immense, 195 mile long reef of the world's largest atoll, Kwajalein. Its setting, climate and composition are much like those of the other atolls of the Western Pacific.

Never more than 9.5 ft. above sea level, it is a sandy narrow string of land 650 feet wide by 6000 feet long, perched atop a reef formed by lime secreting marine organisms.

Located in the Northwest-Central Marshall Islands, its climate is hot, humit and tropical. Rainfall is about 100 inches a year. Tradewinds blow across it from the north-east about half the year. The greater part of the rain falls in the other half of the year, when light easterly winds prevail. Until recently this island, approximately 8 miles north of Kwajalein has been used as a tracking site by Kwajalein Missile Range. Prior to that it was altered by construction operations during the last quarter century. Quarrying has been done in the intertidal zone to support the need to expand and elevate the islands by Kwajalein Missile Range.

Because of the explosive growth of Ebeye which has turned it into the Trust Territory's largest slum, one solution is to develop Gugeegue Island as a relief valve to reduce the population pressures on Ebeye and provide a more suitable setting for the exodus.

The proximity of the island to Ebeye and Kwajalein enhances the development plan, ie ... possible use of hospitals, schools and future connection by roadways.

Some discussions have been held concerning facilities removed from the island, ie ... electrical, plumbing, and storage tanks. There is a possibility they will be replaced, by the Army. If accomplished, these would alter the amount projected, downward.

ELEMENTS FOR THE PLAN

Transportation

Dock and Harbor

No provisions have been made to improve the existing Pier and Harbor facilities. Cargo would be transhipped from Kwajalein or Ebeye pending completion of causeways connecting Kwajalein.

Streets, Walkways and Bikeways

Although some 1 1/2 miles of streets have been calculated, vehicular traffic should be limited. A bikeway has been included that would surround the island and criss-cross in several areas. Sidewalks would be provided in all areas. No cars or trucks except those absolutely necessary to government and private business should be

allowed. There should be a reliable bus transportation system that provides frequent service to all parts of the island.

All roads and bikeways would be cold mixed asphalt. Some existing roadways would be widened and resurfaced; new roads would be 18' wide within a 25' right of way. Service roads would be 10' wide. Adequate drainage will be provided. The road prism should have a minimum longitudinal gradient of 0.5% and crowned in the middle with a transverse slope of 2%. A coral base will be used. Actual thickness of the surface and base course of roads, walkways and bikeways will be determined during design after detailed soils investigation.

Residential

Although this plan utilizes approximately 6 acres of the 56 acres available for actual residential buildings and supportive structures, a reduction of either could be achieved with the use of two story 8-plexes instead of the four-ples as planned. An alternate plan for 4-plexes, single story, has been shown.

The use of either plan would require extensive landscaping throughout the island to make the island more attractive and pleasant. It will also provide shade and encourage more of the outdoor living characteristics of Micronesian families. Extensive planting will also reduce the heat and glare. The open spaces between the apartments will provide an open feeling.

Commercial

The commercial centers are located in the central area of the island to facilitate shopping for the north and south residential areas. These areas would be developed by private enterprise.

Industrial

The industrial area is also located in the central part of the island, set apart from the residential areas with plantings and fencing. It includes the power plant, water storage, diesil storage, desalinization and water treatment plants, sewage disposal and related workshops.

Schools

A high school and grade school are shown located between the commercial and northern residential areas with adequate room for expansion. They consist of 2 - 10 room (32' x 32' each) to handle 300 - 500 students in each building. They should each be 2-story structures. Also provided are basketball courts and a baseball field.

Administrative Center

A small administrative area is located centrally in conjunction with the commercial area. There is at present a former barracks structure which could be renovated for this use. Constabulary offices, the jail and the court could be located here.

Recreation

The recreation area of the 2 schools are adjacent to the northern residential area.

Dispensary

The dispensary is centrally located and would handle emergency first aid. Serious cases would be taken to Ebeye or Kwajalein hospitals.

Cemeteries

Several sites are available, behind both church sites on the northern and southern areas. Another area would be behind the industrial area.

Refuse Disposal

The refuse dump should be used as a base for land fill to increase the size of the island. The northern and southern tip could be used for this purpose. Burnable refuse should be disposed of in a small incinerator.

Utilities

Water

Plans call for a 50,000 USgpd desalinization system using the Reverse Osmosis (RO) method, (salt water conversion) 2 - 175,000 gallon water tanks, 1 - hydropneumatic tank with pump (pressure tanks), a centralized catchment systems utilizing runoff from all apartment units, the existing water catchment (old helicopter pad) and a facility for mixing salt and fresh water for sanitary flushing. Some of the existing water liner and fire systems would be utilized, if possible.

Electrical

Requirements for planned needs call for 2 800 KVA generators and distribution systems by poles.

Sewage

A primary sewage treatment plant would be located in the industrial area. The outfall would be located seaward as shown on the general site plan. All apartments would be connected with adequate pumping systems.

PROJECTED COSTS OF DEVELOPMENT

Residential Housing

300 Apartments units (75 separate buildings), complete with interior plumbing, constructed of "W" paneling or equal, connection sidewalks, 800 sq. ft. per unit, 3200 sq. ft. per building.

Total Estimated Cost: $96,000.00/per unit x 75--$7,200,000.00

Roads & Bikewalks

8600ft. - primary and service access roads.

11,000 ft. - 6 ft. wide bikeways

Cold asphaltic mix with coral base.

Total Estimated Cost: ----------$128,000.00

Schools

1 - 2 Story - 10 classroom High School

1 - 2 Story - 10 classroom Grade School

Recreation area, basketball courts and baseball field

Total Estimated Cost:----------$397,000.00

Water System

1 - 50,000 gpd Desalinization Unit----------$295,000.00

Spares (1 year)----------$ 15,000.00

Building for Unit----------$ 50,000.00

Water Lines 19,500 ft.	$214,500.00
2 pumps, 18 fire hydrants	$128,000.00
Hydropneumatic Tank w/pump	$125,000.00
Total Estimated Cost:	$827,500.00

Sewage Treatment Plant

Sewage Collection Line	$475,000.00
Lift Stations (2 ea.)	$195,000.00
100,000 Gal. Conc. Storage Tank with hydropneumatic tank and pumps	$200,000.00
Outfall (Existing)	
Total Estimated Cost:	$870,000.00

Electrical Power Plant

2 - 800KW Caterpillar Engine-Generator with SWGR	$400,000.00
2 - Ea. Set Spare Parts, mechanical and electrical	$ 20,000.00
2 - Miles electrical dist. lines with transformers and serv. drops	$ 65,000.00
Various electrical and mechanical	$ 45,000.00
Housing (Existing)	
Total Estimated Cost:	$530,000.00

Landscaping

Total Estimated Cost:	$ 38,000.00

Renovation of Administration Building

Total Estimated Cost:	$ 50,000.00
Total Estimated Cost Project:	$10.040,500.00

NOTE: Above estimated cost are based on current available data and assumption on condition of site. Some

existing building, storage tanks, sewage lines may have been rendered unusable since KMR abandoned the site. An on-site engineering team will be necessary to verify data.

REFERENCES

1. Site Plan (Map) - Existing Facilities — Appendix A
2. Site Plan (Map) - Proposed Development — Appendix B
3. Site Plan (Map) - Alternate Proposed Development — Appendix C
4. Majuro Planning Office
5. Marshall Islands CIP Program Estimates
6. Pacific International Inc., Majuro, Marshall Islands
7. ICC Construction Company, Majuro, Marshall Islands
8. Finance Officer, Majuro, Marshall Islands
9. Public Works Office, Majuro, Marshall Islands
10. Polymetrics Inc., Santa Clara, California

March 7, 1977

Mr. George M. Allen
c/o Jonathan M. Weisgall, Esq.
Covington & Burling
888 Sixteenth Street, N.W.
Washington, D.C. 20006

Dear George,

Following our meeting last week, I visited the Island of Ebeye on Kwajalein Atoll. During my visit I was able to see the overcrowding and water shortage problems on the island.

The purpose of my visit was to assess the practical and economic feasibility of installing POLYMETRICS' Reverse Osmosis desalination systems in the Marshall Islands. It was immediately evident that, although the annual rainfall is high, the limited roof and available land areas limit the amount of catchment water. I understand that most islands have a brackish water underground lens, but the salinity is high and quantity limited by the narrow island width.

POLYMETRICS currently manufactures two desalination systems, with capacities of 15,000 and 50,000 gallons per day (gpd). Utilizing conservative local costs, I arrived at the following capital and production costs for a 50,000. gpd system.

Capital Expenditure	$
50,000. gpd system (C.I.F. Majuro)	262,000.
Installation	20,000.
Spares Inventory	40,000.
TOTAL Installed Cost	$ 322,000.

Operating Cost	$/1,000 gal	$/year*
Diesel Oil (@ $0.50/gal)	1.10	15,000.
Diesel Maintenance	0.08	1,100.
Equipment Maintenance	0.33	4,500.
Permeator Replacement	1.15	15,700.
Labor (Operating)	0.04	500.
Filter Maintenance	0.02	300.
Chemicals	0.15	2,100.
TOTAL Operating Cost	$ 2.87/ 1,000 gals	$ 39,200./year
OR	$ 0.29/gal	

*NOTE: Based on operation 75% of the year.

It should be noted that a smaller sized system would have almost exactly the same production cost. I expect that these operating costs are conservative and that actual costs will be somewhat lower.

Of critical importance in the selection of a desalination plant is the level of sophistication required for operation and maintenance. A Reverse Osmosis plant is far simpler in design than a distillation plant and can be run by an operator of lower skill level. POLYMETRICS' systems are designed for simplicity of operation and maintenance. Prior to shipment POLYMETRICS will train operators at its factory in both operation and maintenance. In addition, the purchase price of each system includes commissioning and operator training on site. POLYMETRICS has a Field Service Department, which will send an Engineer to the site, if the need should arise.

In summary, I believe that POLYMETRICS' Reverse Osmosis systems would be both economical and practical to operate in the Marshall Islands. If you require any further information, please do not hesitate to contact me.

Very truly yours,

Bill Andrews

William T. Andrews
Manager, Seawater Engineering

WTA:ch

cc: Howard Bowie, Mar-Aus Enterprises, Inc., P.O. Box 541, Saipan, Mariana Islands 96950

NEDupee, WJPoate; Polymetrics

Enclosure: POLYMETRICS Capability Brochure

SUBCOMMITTEE RECESS

Senator STEVENS. We will recess until 9:30 tomorrow morning, when we will hear the request for the administration of the territories.

[Whereupon, at 12:20 p.m., Tuesday, March 15, the subcommittee was recessed, to reconvene at 10:15 a.m., March 16.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1978

WEDNESDAY, MARCH 16, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:15 a.m., in room 1114, Everett McKinley Dirksen Office Building, Hon. Ted Stevens presiding.

Present: Senator Stevens.

DEPARTMENT OF THE INTERIOR

OFFICE OF TERRITORIAL AFFAIRS

ADMINISTRATION OF TERRITORIES

STATEMENT OF EMMETT M. RICE, ACTING DIRECTOR

ACCOMPANIED BY:

HUGH J. GALLAGHER, BUDGET OFFICER
DONALD R. MOYSEY, FINANCIAL MANAGER
BENJAMIN J. CRUZ, LEGAL ADVISER AND STAFF ASSISTANT TO THE GOVERNOR OF GUAM

ADMINISTRATION OF TERRITORIES

Senator STEVENS. This is the second day of hearings for the Territorial Affairs budget. Yesterday we heard the trust territory budget estimates, and today we will hear testimony on the Administration of Territories account covering the Guam Development Fund Act, American Samoa, and the comptrollers offices for the Virgin Islands and Guam. In the case of the comptrollers we will submit any questions that may develop in writing. There appears to be no need for a hearing this year on these largely routine office budgets for the comptrollers.

GUAM DEVELOPMENT FUND ACT

Let's move on to the regular fiscal year 1978 budget request for the Guam Development Fund Act. The request is for $500,000. The justification is in part 1 of the hearing record.

Mr. Rice, do you have a statement on this part of the request, or was it covered in your previous statement?

Mr. RICE. No, sir. That was included yesterday in my general statement that covers the fiscal year 1978 request for Territorial Affairs.

DEVELOPMENT FUND ANNUAL REPORT

Senator STEVENS. Is the 1976 annual report for the fund available?

Mr. GALLAGHER. Yes, sir. I will submit that for the record. I have a copy.

Senator STEVENS. Thank you.

[The information follows:]

TERRITORY OF GUAM
OFFICE OF THE GOVERNOR
AGAÑA, GUAM 96910
U.S.A.

SEP 13 1976

The Honorable Thomas S. Kleppe
Secretary of the Interior
Washington, D.C. 20240

Subject: Fiscal Year 1976 Annual Report
Guam Development Fund Act of 1968

Dear Secretary Kleppe:

Pursuant to Section 6 of Public Law 90-601, I respectfully submit the Annual Report on the activities of the Guam Development Fund Act of 1968 during the fiscal year ended June 30, 1976, in accordance with the Procedural System, Section V. The Annual Report includes the following:

1. Brief Digest on Activity
2. Fund Analysis
3. Financial Statements

Sincerely yours,

RICARDO J. BORDALLO
Governor of Guam

GUAM DEVELOPMENT FUND ACT OF 1968
FISCAL YEAR 1976
ANNUAL REPORT

AUTHORITY:

U.S. Public Law 90-601 was enacted into law on October 17, 1968 creating the Guam Development Fund Act of 1968. Public Law 90-601 authorized to be appropriated to the Secretary of the Interior to be paid to the Government of Guam the sum of $5,000,000. The fund is to provide financial assistance through loans and loan guarantees to promote the economic development of the territory of Guam by individual private enterprise or industry.

ACTIVITIES:

During fiscal year 1976, Guam Economic Development Authority received from the Department of the Interior the sum of $1,000,000 for the Guam Development Fund Act. This $1 million was the fourth increment of the $5,000,000 authorized by the Act which was received eight months later during the fiscal year. As of the end of fiscal year 1976, a total of $3,000,000 was received by the Authority and made available to the people of Guam from the authorized amount.

At the early part of the fiscal year, the Department of the Interior submitted an appropriation request of $1,000,000 for fiscal year 1977. On March, 1976 just prior to the Budget Hearing by the House and Senate Subcommittees on Interior and Insular Affairs, an amendment to increase from $1 million to $2 million was requested by Guam Washington Representative via the Government of Guam. As of this report date, the Authority has not received information as to status of the appropriation request for fiscal year 1977.

The economy on Guam during the fiscal year was in a state of recession as it was during the year before. Guam faced the problem of drop in revenue, increase in unemployment and uncontrolled inflation. With these negative economic factors, loans and economic activities diminished. Because of these compounded conditions, entrepreneurs were hesi-

tant to commit or venture into indebtedness. Adding to this economic distress was the reduction of U.S. military activities in the Far East which had a direct and determental impact on the local economy.

On May 20 and 21, 1976, Super Typhoon Pamela hit Guam with winds of over 170 miles per hour. Damages estimated by staff inspection were approximately $180,000 for agricultural loan recipients and $20,000 for commercial/industrial and back-up facilities loan recipients. Some of the commercial/industrial and back-up facilities were issued. In the area of agriculture, only one project was insured.

The Board of Directors of the Authority issued two immediate policies to alleviate and assist in the distress and needs of people of Guam. First, the Board authorized the Administrator to approve deferment of loan repayment up to six (6) months. Second, the Board authorized the Administrator to approve loan application requests of $5,000 and less. The Administrator was required to submit report of any action taken at the next meeting of the Board.

As of June 30, 1976, $2,429,536 total approved loans of which $336,240 was approved during the report period; total disbursement was $1,984,217 of which $80,470 was disbursed during the report period and loan commitments totaled $402,268. During the fiscal year, $43,051 of the approved loan undisbursed balance was cancelled consisted of $28,999 and $14,052 approved during fiscal year 1973 and 1974 respectively. The cancellation was made due to project not being implemented and on the other case at the request of the borrower.

Starting the fiscal year, the Authority had twelve (12) loan applications carried over from previous years. The Authority approved three (3) loans of the twelve (12). The remaining eight (8) loan applications were placed in the dormant section due to applicants' inactivity to pursue the applications with Guam Economic Development Authority and one (1) remained pending as of this report period. Additionally, the Authority received twelve (12) loan applications during the year for the

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purposes of poultry farming, cash crop farming, goat farming, duck farming, food processing sausage factory, salt water shrimp trappint, deep sea fishing and tourism handicraft. The Authority approved two (2) of those received during the year amounting to $205,000, giving a total loan approved for the year of $336,240.

Recapitulation of loan amounts approved by fiscal year as follows:

FY	TOTAL	AGRI.	FISHING	TOURISM	COM./IND. BACK-UP FAC.
1973	$ 277,696	$120,000	$ -0-	$15,000	$ 142,696
1974	320,600	70,600	-0-	-0-	250,000
1975	1,495,000	175,000	-0-	-0-	1,320,000
1976	336,240	236,240	100,000	-0-	-0-
	$2,429,536	$601,840	$100,000	$15,000	$1,712,696

APPROVED LOANS

Western Pacific Enterprises, Inc. received $15,750 for orchard farming. The loan proceed is to finance storage building, greenhouse for seedlings, irrigation, equipment and repairs, and supplies. The farm is located at Dededo Lot #77, Government of Guam land lease. Production of this orchard is mainly on papayas, avocado, bananas, mangos, pomegranate and inter-cropped with cash crops. Project intention is to develop, produce and market commercially citrus fruits and vegetables at an improved quality than now available at lower cost to consumers.

Pedro's Farm received $185,000 for fixed assets and working capital. The project site is located at Dan Dan, Inarajan containing an area of about four hundred (400) acres of arable land. This project is a diversified agricultural activities of vegetable and fruit crop productions, shrimp and fish pond. The farm is producing certain vegetables and fruits.

C & G Duck Farm received $20,000 to purchase equipment supplies and ducklings for duck farm. This type of business is duck eggs/balut, pinoy and salted eggs. The farm is located in Maina.

Pithree Farms, Inc. received $15,490 for labor, including construction work, feeds and medicines, purchase of 5 imported gilts, building materials and equipment repair. The project site is on a 3½ hectares government land at Dededo on a lease basis. Pithree Farms, Inc. is also engaged in crop production to help supplement the swine feed which is very costly and to increase the corporations's cash flow. Pithree Farm is a member of the Swine Producers Association which plans to operate a swine slaughter house.

Francisco S.N.Paulino received $100,000 for construction of ten ponds, equipment and supplies, labor, utilities and contingencies. The project site is located at Talofofo on a land owned by his family. This project is a commercial farming of fresh water shrimp and fish.

PENDING LOANS

VCA Sons & Daughters, Inc.	$ 110,000
Pacific Marine Services, Inc.	25,000
Francisco B. Anderson	15,000
Douglas Jason, Ahlf	6,000
Mariano T. Meno	20,000
Laila G. Pierson	125,000
Jose S. Salas	10,000
World Shells & Products, Inc.	35,000
Albert A. Quitugua	5,000
Vicente E. Pangelinan	5,000
Ahn's Enterprise, Inc.	125,000
	$ 481,000

GUAM DEVELOPMENT FUND ACT OF 1968
FISCAL YEAR 1976
ANNUAL REPORT
JUNE 30, 1976

1.	Authorized Appropriation, P.L. 90-601		$ 5,000,000.00
2.	Appropriation, P.L. 93-369, 92-120, 93-344, & 94-165		3,000,000.00
3.	Balance Authorized Appropriation		$ 2,000,000.00
4.	Appropriation, P.L. 93-369, 93-120, 93-344, & 94-165		$ 3,000,000.00
5.	Appropriation Received as of 6/30/76		3,000,000.00
6.	Balance Appropriation Receivable		$ -0-
7.	Total Other Receipts:		
	A. Interest on Loans	$ 149,036.91	
	B. Interest on Time Certificates Deposit	39,621.15	
	C. Loan Guarantee Fee	-0-	
	D. Service Charge Fee	19,175.40	
	E. Other	-0-	$ 207,833.46
8.	Total Special Funds & Reserves:		
	A. Sinking Fund	$ (8,972.27)	
	B. Reserve Guaranteed Loan	-0-	
	C. Other	-0-	$ (8,972.27)
9.	Total Disbursement:		
	A. Loan		
	1. Agriculture	$ 20,765.46	
	2. Fishing	28,410.57	
	3. Tourism	-0-	
	4. Back-up Facilities, Comm./Ind.	31,293.72	$ 80,469.75
	B. Loan Guaranty		
	1. Agriculture	$ -0-	
	2. Fishing	-0-	
	3. Tourism	-0-	
	4. Back-up Facilities, Comm./Ind.	-0-	$ -0-
	C. Expenditure		
	1. Salary and Miscellaneous	$ 20,173.42	$ 20,173.42
10.	Total Loan Commitments:		
	A. Agriculture	$ 272,161.63	
	B. Fishing	71,589.43	
	C. Tourism	-0-	
	D. Back-up Facilities, Comm./Ind.	58,516.34	$ 402,267.40
11.	Fund Balance Available:		
	A. Appropriation, Beginning of Period		$ 2,000,000.00
	B. Earning, Beginning of Period (Adjusted)		(107,096.79)
	C. Loan Principal Repayment, Beginning of Period		12,494.47
			$ 1,905,397.68
	D. Appropriation, Current Period		1,000,000.00
	E. Earning, Current Period		161,728.40
	F. Loan Principal Repayment, Current Period		24,501.13
			$ 3,091,627.21

G. Deducts

1. Receivables:

A.	Time Certificates of Deposit	$ 12,060.05	
B.	Notes Receivable	189,483.74	
C.	Service Charge	23,946.97	
		$ 225,490.76	

2. Total Special Funds & Reserves (Item 8):

A.	Beginning of Period	$(273,071.10)	
B.	Current Period	(8,972.27)	
		$(282,043.37)	

3. Disbursements:

A. Beginning of Period

1.	Loans (Item 9A)	$ 1,903,747.62	
2.	Guaranty (Item 9B)	-0-	
		$ 1,903,747.62	

B. Current Period

1.	Loans (Item 9A)	$ 80,469.75	
2.	Guaranty (Item 9B)	-0-	
		$ 80,469.75	

4. Loan Commitment (Item 10) $ 402,267.40 $ 2,329,932.16

H. Fund Balance Available $ 761,695.05

GUAM DEVELOPMENT FUND ACT OF 1968

REVOLVING FUND

STATEMENT OF REVENUE & EXPENDITURES
AND RETAINED EARNINGS (DEFICIT) AND CAPITAL

JULY 1, 1975 TO JUNE 30, 1976

STATEMENT OF REVENUE AND EXPENDITURES

REVENUE

Interest on Time Certificates of Deposit	$ 35,224.92
Interest on Time Certificates of Deposit - Sinking Fund	4,396.23
Interest on Notes	149,036.91
Service Charge Fee	19,175.40
	$ 207,833.46

EXPENDITURES

Salary Expense	20,151.79
Miscellaneous	21.63
Bad Debt Expense	25,931.64
Total Expense	46,105.06
Net Income from Operation	$ 161,728.40

CAPITAL & RETAINED EARNINGS

GDFA Revolving Fund, June 30, 1975			$ 2,000,000.00
Appropriation (P.L. 93-165)			1,000,000.00
			$ 3,000,000.00
Retained Earnings, Beginning of Year:			
Restricted	$(273,071.10)		
Unrestricted	135,188.62		
Undistributed	30,785.69	$(107,096.79)	
Net Income from Operation:			
Restricted	$ (8,972.27)		
Unrestricted	52,345.21		
Undistributed	118,355.46	161,728.40	54,631.61
Capital, June 31, 1976			$ 3,054,631.61

GUAM DEVELOPMENT FUND ACT OF 1968

REVOLVING FUNDS

BALANCE SHEET

JUNE 30, 1976

ASSETS

CURRENT ASSETS

Cash in Bank	$ 5,272.12
Cash on Hand	1,000.00
Cash in Sinking Fund	38,122.95
Time Certificates of Deposit	1,200,000.00
Time Certificates of Deposit - Sinking Fund	70,000.00
Accrued Interest Receivable on TCD	11,703.31
Accrued Interest Receivable on TCD - Sinking Fund	336.74
TOTAL CURRENT ASSETS	$ 1,326,435.12
Direct Loan Receivable	2,344,935.31
Accrued Interest Receivable	189,433.74
Less: Allowance for Doubtful Accounts	(390,931.64)
Accrued Service Charge Receivable	23,946.97
TOTAL ASSETS	$ 3,493,839.50

LIABILITIES

LIABILITIES

Current Liability:	
Due to GEDA	$ 36,990.49
Approved Loan Commitments	402,267.40

CAPITAL

GDFA Revolving Fund	$ 3,000,000.00
Retained Earnings	54,631.61
Total Liabilities and Capital	$ 3,493,889.50

GUAM DEVELOPMENT FUND ACT OF 1968

REVOLVING FUNDS

CASH FLOW

JULY 1, 1975 TO JUNE 30, 1976

RECEIPTS		
Prior Year's Balance 6/30/75		$ 311,780.51
Appropriation (P.L. 94-165)		1,000,000.00
Interest on Time Certificates of Deposit		30,271.87
Repayment of Principal - Notes		24,501.13
Interest on Notes		24,775.90
Service Charge Fee		3,625.68
		$ 1,394,955.09
DISBURSEMENTS		
Direct Loans	$ 80,469.75	
Accounts Payable	68.64	
Miscellaneous Expense	21.63	$ 80,560.02
CASH BALANCE		$ 1,314,395.07

GUAM DEVELOPMENT FUND ACT OF 1968
REVOLVING FUND

STATEMENT OF AUTHORIZED APPROPRIATION, TOTAL APPROPRIATION & APPROPRIATION RECEIVED
JULY 1, 1975 TO JUNE 30, 1976

AUTHORITY	APPROPRIATION	APPROPRIATION RECEIVED	BALANCE	AUTHORIZED APPROPRIATION	BALANCE
P.L. 90-601	$ -0-	$ -0-	$ -0-	$ 5,000,000	$ 5,000,000
P.L. 92-369	1,000,000	-0-	1,000,000	-0-	4,000,000
U.S. Treasury Check 56,860,838	-0-	500,000	500,000	-0-	4,000,000
U.S. Treasury Check 15,447,199	-0-	250,000	250,000	-0-	4,000,000
U.S. Treasury Check 18,046,233	-0-	250,000	-0-	-0-	4,000,000
P.L. 93-120	500,000	-0-	500,000	-0-	3,500,000
U.S. Treasury Check 72,412,506	-0-	500,000	-0-	-0-	3,500,000
P.L. 93-334	500,000	-0-	500,000	-0-	3,000,000
U.S. Treasury Check 77,574,930	-0-	500,000	-0-	-0-	3,000,000
P.L. 94-165	1,000,000	-0-	1,000,000	-0-	2,000,000
U.S. Treasury Check 94,347,500	-0-	1,000,000	-0-	-0-	2,000,000

USE OF GUAM ECONOMIC DEVELOPMENT LOAN FUND

Senator STEVENS. You are going to use this funding for tourism, agriculture, fishing, and related facilities. Is it all facility money?

Mr. GALLAGHER. Some of it is facilities, but not all of it.

Senator STEVENS. How would you use the $125,000 earmarked for tourism, for instance?

Mr. GALLAGHER. For developing tourist-related activities for the people who want to go into the tourism business.

Senator STEVENS. Well, how? Advertising, brochures? What are we involved in here?

Mr. GALLAGHER. Well, the development loan fund is to lend money to local businessmen who wanted to go in the tourism business.

Senator STEVENS. I see. But this is not promotional tourism?

Mr. GALLAGHER. No, sir. This is money to loan to local businessmen who could not otherwise get money from other available sources. That is the reason that this fund was set up.

Senator STEVENS. And with regard to fishing, would this fund belong to fishermen or people who are processing fish?

Mr. GALLAGHER. That is right. To try to develop the local fishing and get the local people to go in the business on their own and to develop commercial enterprises.

Senator STEVENS. I want to make sure that I understand. Development is a pretty broad area. Would you loan money to somebody who wanted to go out and start an advertising program for tourism?

Mr. GALLAGHER. Well, if he had a related business and that was part of his business advertising.

Senator STEVENS. He already has a business and he doesn't have enough people in the hotel. Would you loan him money for advertising?

Mr. GALLAGHER. No. No, sir.

Senator STEVENS. It is related development on Guam.

Mr. GALLAGHER. Right. Yes, sir. Just for Guam.

AUTHORIZATION FOR FUND

Senator STEVENS. There is still $500,000 authorized beyond this request. Why didn't you request the full amount?

Mr. GALLAGHER. This was all that was allowed at the time.

Senator STEVENS. Did you ask for more?

Mr. GALLAGHER. Yes, sir. We did.

Senator STEVENS. How much did you ask OMB for?

Mr. GALLAGHER. For $1 million, which was the balance of the authorization.

Senator STEVENS. When does that authorization expire?

Mr. GALLAGHER. When the money is all appropriated. Open end.

APPLICATIONS FOR LOANS FROM FUND

Senator STEVENS. What kind of applications do you have pending for funding under this act?

Mr. GALLAGHER. Well, as of the report that I have here, maybe Mr. Cruz can do better—as of the end of June 30, 1976, they had close to $500,000 in applications.

Senator STEVENS. And how much do you have pending in the fund now?

Mr. GALLAGHER. That information I do not have, sir, but I can get it for the record, as of December 31.

[The information follows:]

Applications for loans from the Guam economic development fund as of December 31, 1977, were $279,175.

UNOBLIGATED BALANCE OF FUND

Senator STEVENS. What is the latest unobligated balance figure that you have? Is it in that report?

Mr. GALLAGHER. Well, it is a revolving fund. As of June 1976, $3 million was appropriated, and they had loaned out $2.4 million.

Now with the 1977 appropriation, there was another $1 million that was put in the fund. I don't know what the balance of that is, but I will get that for the record.

[The information follows:]

Balance of funds available for loans from the Guam economic development loan fund as of December 31, 1977, were $1,405,656.

ACTION FOLLOWING EXHAUSTION OF FUNDS

Senator STEVENS. What's going to happen after the fund is exhausted? Will you seek new authorization?

Mr. GALLAGHER. The balance of the $500,000 remaining under the current authorization will be requested in fiscal year 1979. The fund itself should not be exhausted, since it is a revolving loan fund. The funds appropriated by the Congress in effect was the seed money, or capitalization needed to get the fund started. As loans are repaid to the fund with interest, the funds are loaned out again, just like a bank.

Now, once the Guam needs assessment study has been completed, and a determination made that additional economic stimulus is needed, the funds in the economic development loan fund may not be sufficient to provide the required capital to promote local economic development. Then it may be decided to request additional authorization in order to obtain additional seed money for the fund.

ABILITY TO OBLIGATE FUNDING

Senator STEVENS. The staff tells me that there has been some failure to obligate this money in a timely fashion and that might have led to the reduction in your request for the funding of the full authorization. Is that an unfair comment?

Mr. GALLAGHER. I think this was OMB's concern, in that the funds were not being put out into the private sector, at a fast enough rate than what they thought. And I think that is what they are concerned about.

But since the typhoon——

Senator STEVENS. Has that fund been audited?

Mr. GALLAGHER. Yes, sir. By the Comptroller.

Senator STEVENS. By your comptroller?

Mr. GALLAGHER. Yes, sir. The Federal Comptroller.

Senator STEVENS. The Comptroller General?

Mr. GALLAGHER. No. The Federal Comptroller of Guam. We have his audit report as of—well, he did an audit but it covered only

up to the end of fiscal year 1975. We have that. We can submit that for the record, if you would like.

Senator STEVENS. All right. We appreciate that, gentlemen. We will review that. And if you have any additional comments, we would be happy to have them for the record.

[CLERK'S NOTE.—Due to its size, the Comptroller's audit of the development fund will not be printed. The document is available in the subcommittee files. A summary of the audit follows:]

TERRITORY OF GUAM
OFFICE OF THE GOVERNOR
AGAÑA, GUAM 96910
U.S.A.

APR 19 1977

Mr. Cecil Andrus
Secretary of the Interior
Department of the Interior
Washington, D.C. 20240

Attention: Mr. Emmett Rice

Dear Mr. Andrus:

In response to your cable of March 28, 1977, I am submitting the following clarifications and explanations regarding the status of funds under the Guam Economic Development Authority which were authorized by U.S. Public Law 90-601.

Of the total $5 million appropriated by U.S. Public Law 90-601, under the "Guam Development Fund Act of 1968", a total of $4 million has been approved by Congress and made available to the Territory of Guam. The remaining $1 million is being requested for calendar year 1978 needs and is still pending before U.S. Congress.

I. LOANS DISBURSED

The Board of Directors of the Guam Economic Development Authority has full flexibility to entertain and approve loans relevant to territorial needs and worthiness of projects. As of December 31, 1976, loans in the amount of $2,816,679 were approved for Agricultural, Fishing, Tourism, and Industrial/Commercial Projects. I am enclosing a schedule indicating the breakdown of the loan applications by categories, the loan apportionments and number of such applicants.

II. BALANCE AVAILABLE

The balance available as of December 31, 1976 is $1,405,656. Of the $4 million advanced to Guam, GEDA earned $359,865 in interest on time deposits and notes, thereby increasing its total funds to $4,359,865.

GEDA has approved current loans in the amount of $2,816,679, established a reserve account of $126,318 and has an accounts payable of $13,212 thus incurring a total obligation of $2,954,209.

III. HOW MANY APPLICATIONS PENDING

There are basically only 4 loan applications pending as of December 31, 1976. Three applications are for agricultural projects and one is for a fishing program. These applications amount to $279,175.

Progress as of March 31, 1977 has been very nominal. Only one agricultural project has been approved by GEDA and forwarded for my approval. The progress of the other loans are dependent upon the submission of required documents by the applicants.

IV. NUMBER AND DOLLAR AMOUNT OF LOANS DELINQUENT FOR SIX MONTHS OR MORE

Five loans have been delinquent for a period of six months or more. These were loans granted under the Industrial/Commercial category in the amount of $560,016.

The five projects are as follows:

1. Cement and Asphalt Plant - This loan was restructured and is currently not delinquent.

2. Air Commuter Carrier - Presently in court for prosecution.

3. Computer Manufacture - Already processed by court and GEDA will be paid by trustee.

4. Poultry Processing Plant - Making payments but has a large delinquency schedule.

5. Ornamental Arts and Craft - Awaiting court scheduling for processing.

I am including a schedule of projected loan utilization for the period of January 1977 through December 1977 for your information. Should you require additional information, please do not hesitate to write or contact my office.

Sincerely yours,



RICARDO J. BORDALLO

GUAM DEVELOPMENT FUND ACT - 1968
U.S. PUBLIC LAW 90-601

I. Schedule of Approved Loans - December 31, 1976

	No.	Amount
1. Agriculture	17	$ 690,840.00
2. Fishing	3	143,393.00
3. Tourism	1	15,000.00
4. Industrial/Commercial Back-up Facilities	10	1,967,446.00
TOTAL	31	$2,816,679.00

II. Fund Available - December 31, 1976

1. Appropriations Received: (U.S. PLS 92-369, 93-120 93-334, 94-165, & 94-373)		4,000,000.00
2. Revenues Received:		
A) Interest on Time Deposits, and Notes Receivable	313,543.00	
3. Repayment of Notes	46,322.00	359,865.00
Total Received		$4,359,865.00
LESS:		
Approved Loans	$2,816,679.00	
Reserve (Sinking Fund)	124,318.00	
Due to Other Funds	13,212.00	2,954,209.00
Available Fund - 12/31/76		$1,405,656.00

III. Schedule of Pending Loans - December 31, 1976

	No.	Amount
1. Agriculture	3	$ 243,175.00
2. Fishing	1	36,000.00
TOTAL	4	$ 279,175.00

IV. Schedule of Loans Delinquent - Six Months and over for Period ended, December 31, 1976

	No.	Amount
Commercial/Industrial Back-up Facilities	5	$ 560,016.00
TOTAL	5	$ 560,016.00

PROJECTED LOAN FUND UTILIZATION

For Period 1 January 1977 thru 31 Dec. 1977

AGRICULTURE		
Fruit & Vegetable Production:		
Potential (New & Expansion)	$200,000	$ 200,000
Poultry:		
Potential (New & Expansion)	50,000	50,000
Swine:		
Potential (New & Expansion)		200,000
Cattle:		
Potential (New & Expansion)		100,000
Fish Pond:		
Potential (New & Expansion)		200,000
FISHING		
Potential	45,000	45,000
TOURIST FACILITIES		
Potential		125,000
COTTAGE TYPE INDUSTRIES		
Potential		200,000
FOOD PROCESSING		
Potential (New & Expansion)		200,000
OTHER		
Recording Facility		
Potential		10,000
	TOTAL:	$1,330,000

GOVERNMENT OF AMERICAN SAMOA

STATEMENT OF FRANK BARNETT, GOVERNOR OF AMERICAN SAMOA

ACCOMPANIED BY:

MEL WHITE, BUDGET OFFICER
SALANOA S. P. AUMOEUALOGO, PRESIDENT OF THE SENATE
TUANA'ITAU F. TUIA, SPEAKER, HOUSE OF REPRESENTATIVES
SENATOR FOFO I. F. SUNIA, CHAIRMAN, SENATE BUDGET AND APPROPRIATIONS COMMITTEE
REPRESENTATIVE IOSEFO K. IULI, CHAIRMAN, HOUSE BUDGET AND APPROPRIATIONS COMMITTEE
REPRESENTATIVE FA'ASUKA S. LUTU, CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE
REPRESENTATIVE FUESINA AUONO PILI, CHAIRMAN, HOUSE GOVERNMENT OPERATIONS COMMITTEE
REPRESENTATIVE SAVALI, CHAIRMAN, HOUSE RULES COMMITTEE
A. P. LUTALI, DELEGATE-AT-LARGE
CHIEF TUITELELEAPAGA, ADMINISTRATIVE ASSISTANT TO A. P. LUTALI

OPENING REMARKS

Senator STEVENS. Let's proceed to American Samoa.

Governor Barnett, if you would join us at the table along with your budget officer and representatives of the Samoan Senate and House of Representatives, we would appreciate it very much.

For American Samoa, the fiscal 1978 budget request totals $20.5 million, which is a decrease of $2.4 million from appropriations to date. The justifications have been printed in part 1 of the hearing record, and later revisions applying to American Samoa were inserted in yesterday's record at the opening of the Territorial Affairs hearings.

PREPARED STATEMENT

Gentlemen, you may proceed and identify for the reporter those who are at the table. We will place Governor Barnett's statement in the record at this point as well as his biographical sketch.

[The statement follows:]

STATEMENT OF FRANK BARNETT

Mr. CHAIRMAN: Our total request for Department of the Interior budget authority during fiscal year 1978 is $20,501,000. This request represents a 10 percent decrease from the actual Federal appropriations received for fiscal year 1977. Including projected local revenues and anticipated grants from other Federal agencies, the total fiscal year 1978 budget for the Government of American Samoa is presently estimated at $38,952,000, a reduction of 25 percent from the total budget now estimated for fiscal year 1977.

During fiscal year 1978, efforts will be continued to reduce the cost of government operations while increasing the quality of services provided. Of the twenty-one Government of American Samoa Departments and Offices intended to be financed by Department of Interior budget authority and/or local revenues in fiscal year 1978, only six are estimated to require additional funding beyond current fiscal year budget levels. Of these six, the increases estimated for the Department of Public Works, the Department of Administrative Services, and the Office of Material Management represent financing changes due to direct budgeting of former intragovernmental service fund activities, rather than program increases or increased costs projected for continuation of current operations. The remaining three Departments for which overall increases are proposed for fiscal year 1978 are the Board of Higher Education, the Audit Office, and our local judicial function.

In order to reduce the cost of government in American Samoa without also reducing the quality or quantity of public services, improvements in operating efficiency are being effected within all government programs through increased training of both supervisory and lower-level personnel. Individual personnel are being re-trained as to their specific duties and responsibilities, and new work techniques are being introduced as appropriate. In the training of supervisory personnel, the administration of discipline has been particularly stressed. This has resulted in less absenteeism, improved job performance, and the upgrading or removal of incompetent personnel. In addition, new preventive maintenance programs established during fiscal year 1976 should begin to show maximum results during the next fiscal year in terms of reduced costs of maintenance supplies and materials and replacement equipment and parts. Total employment of the Government will be reduced to 3,728 personnel during fiscal year 1978, as compared to 3,752 in fiscal year 1977, 3,904 in fiscal year 1976, and 4,641 in February of 1975 when I first arrived in American Samoa. This represents a reduction in personnel of 20 percent within a two and one-half year period.

At this point, I would like to call particular attention to our plans for expansion and improvement of higher education programs in fiscal year 1978. We recently received a $3.9 million grant award from the Economic Development Administration for the construction of five new Community College buildings during this fiscal year. These facilities, including a science complex, vocational trades building, student center, fine arts building, and a gymnasium, represent the minimum facilities required for eventual accreditation of the American Samoa Community College as a four-year institution, which is the highest priority of this administration.

The primary emphasis of a four-year college in American Samoa will be on the improvement of teacher training. The decision to expand our Community College into a four-year institution was based largely upon the need to upgrade the formal training of indigenous elementary

and secondary teachers in our Department of Education. At this time, only eight percent of our elementary teachers possess baccalaureate degrees. We feel that the major deficiencies our Samoan high school graduates suffer are rooted in the level of instruction within the elementary and high schools - a level that is necessarily tied to the training opportunities which have been presented to the teachers. In addition, there is a great need in both the public and private sectors for trained middle management personnel---particularly in the fields of business administration and accounting in which shortages of competent local individuals are continuous. The expansion and improvement of college training in these areas should result in the reduced dependency of the Government on contract employees, a greater probability of entrepreneurship on the part of Samoans, and an increased likelihood of outside business investment due to the availability of a more skilled labor force.

In fiscal year 1978, we are again requesting direct congressional appropriations to finance the Governor's Office and the judiciary branch of the Government. Department of Interior grant-in-aid funds are requested for education; health services; port and harbor administration; public safety; legal services; engineering, construction, and maintenance services; financial management; and selected high-priority capital improvement programs. Local revenues collected during fiscal year 1978 will be used to complete funding of basic operating programs, satisfy matching requirements of other Federal grants, and finance further needed capital improvement and special programs.

The overall increase in operating program funding of $1,337,000, including local revenues, is due entirely to fully budgeting, by appropriation, five activities formerly operated and financed as intragovernmental service, or revolving, funds - the manufacture of construction products, heavy equipment services, the government motor pool and print shop, and our central supply function. Enterprise funds, Federal grant programs, capital improvement projects, and private-sector customers will continue to be charged for services provided by these activities. However, basic operating programs will be charged for materials costs only of all services provided. All revenues collected by these five activities will be credited to the General Fund and are reflected within the fiscal year 1978 revenue estimates accordingly. This financing change is being effected in order to simplify government programs and to further achieve greater overall operating efficiency.

In the area of capital improvements, Federal financing is requested for further electrical power and water systems improvements, road construction, additional school buses for our Department of Education, and badly needed solid waste, sewer, water, and construction equipment. For the most part, local capital improvement funds will be used as matching funds for other Federal grant capital improvement programs including sewer system and seawall construction.

In closing, Mr. Chairman, I would like to express the appreciation of myself, members of my staff, the President of our Senate, the Speaker of our House, and the other members of our Legislature present today for the opportunity to appear before your committee. Needless to say, we sincerely welcome you to personally visit us in American Samoa whenever your schedule might permit. Mr. Chairman, this concludes my formal statement.

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BIOGRAPHICAL SKETCH

FRANK E. BARNETT
Governor of American Samoa

EDUCATION: University of Tennessee, College of Law, J.D., 1959. Named to "Who's Who in American Colleges and Universities" assistant varsity swimming coach while in law school. Worked on various jobs during school years including oil and gas exploration, natural gas pipelines and in an oil refinery.

PROFESSIONAL:

1959-60. Landman, Standard Oil Company of California, San Francisco and Los Angeles, California and Jackson, Mississippi.

1960-61. Special Agent, Federal Bureau of Investigation, Washington, D. C. and Kansas City, Missouri.

1961-64. Attorney, East Tennessee Natural Gas Company, Knoxville, Tennessee.

1964-70. Partner, Knoxville law firm of Baker, Worthington, Barnett and Crossley. Member of Federal Power Bar Association, American and Tennessee Bar Association.

1970-72. Executive Assistant to Governor Winfield Dunn, Governor of Tennessee.

1972-74. Managing Partner of Group Four, a Limited Partnership. Land Development, Nashville. Licensed Real Estate Broker, State of Tennessee for past fifteen years.

1974-77. Lt. Governor and Governor respectively, Territory of American Samoa. Member of National Governors Association, Western Governors, Association and National Lt. Governors, Association.

OTHER INTERESTS:

Former Member of Athletics Board, University of Tennessee and Nashville Chamber of Commerce. Member: Cumberland Club of Nashville.

PERSONAL: Age 43, 6'0", 175 pounds, excellent health. Veteran, USMC.

Senator STEVENS. I am happy to see you here and note that you have a very interesting background in terms of military service and Government service. I am delighted to see you have a background in gas exploration and natural gas pipelines and oil refineries. If you run out of business over there, we would be happy to see you in Alaska.

INTRODUCTION OF WITNESSES

Mr. BARNETT. Thank you, Mr. Chairman. And if I may at this time introduce first the President of our senate, President Salanoa S. P. Aumoeualogo, who is on my left; the speaker of our house of representatives, Mr. Tuia.

We also have Senator Sunia, who is chairman of our senate budget and appropriations committee; Representative Iosefo K. Iuli, who is the chairman of the house budget and appropriations committee; Representative Lutu, who is chairman of the house ways and means committee; Representative Pili, who is sitting behind us, who is chairman of the house government operations committee.

We have Representative Savali, who is chairman of the house rules committee. Also with us is our delegate-at-large here in Washington, Delegate Lutali. And I also noted High Chief Tuiteleleapaga, who is in the room somewhere and I would like to recognize him also, who is with the delegate's office.

PROGRESS IN SAMOA

Mr. Chairman, I do not propose to expand on my prepared statement, but I would like to say that when we arrived in American Samoa 2 years ago there were substantial problems in the areas of budget, in the areas of essential services, as well as a serious morale problem.

And we worked hard to solve some of these problems. We do not claim complete success, but we do feel like we have made definite progress.

ADDITIONAL STATEMENTS

Senator STEVENS. Well, we have a feeling that there has been some real progress made and all you gentlemen deserve the credit for that. I appreciate your statement.

I do have some questions, but I think it would be better if we could proceed with the statement of the president of the senate at this time and then I will ask questions that might be responded to by whoever would be appropriate.

Would that meet your approval, Mr. President, to proceed with your statement at this time? It is not a very long statement, if you would like to present the it.

Mr. BARNETT. Mr. Chairman, if I may, I think probably the president and the speaker both have a prepared statement which they would like to submit.

Senator STEVENS. Does the speaker have a statement, too?

Mr. BARNETT. It is identical to the president's, I might add.

Senator STEVENS. They have the same statement? Well, gentlemen, you proceed in any way you like with regard to that statement. How would you like to present it?

Mr. AUMOEUALOGO. I want to submit for the record my statement, Mr. Chairman.

[The statement follows:]

STATEMENT OF SALANOA S. P. AUMOEUALOGO

Mr. Chairman, I am honored to appear before this Committee to support and justify the Fiscal Year 1978 budget of the Territory of American Samoa as prepared and submitted by our Governor, Frank Barnett and his Budget Officer, Mr. Mel White. It is a pleasure indeed to say that I, and the other members of the Fono, here before you, actively and strongly support Governor Barnett's budget and the justifications therefor.

Although I realize that this budget of $38,952,000 does not include as much local revenue input as we would like to see, steps are being taken both by Governor Barnett, and in the Fono itself, to increase the level of local revenue as a solid base for the Department of the Interior grant. The Fono has introduced several revenue generating bills and will continue to do so. Governor Barnett has recently given his support to increased emphasis on new industrial development in the Territory. We recognize that the DotI budget authority of $20,501,000 is a decrease over previous years but we are willing to live and work together with Governor Barnett, in concert, to make the budget do more things and go farther than some larger spending authorities in the past it can be done if we work together!

While each elected official, not unlike you members, might prefer different priorities for the allocation of the funds, we are in general agreement with the Government of American Samoa's priorities as established by the Governor.

Of particular note is the item of education. Our Governor has twice spoken to the Fono that this is his number 1 priority and we fully subscribe to that ourselves. Without

education, our people cannot compete in the job market nor adequately provide for their families. We are extremely pleased at the efforts to improve and expand the physical complex at our American Samoa Community College. These additions will ensure its eventual full accreditation and this will be a great source of pride to our islands, not to mention a tremendous tool for us to fashion and train our youth.

Government efficiency is indeed rising. We are aware of it and condone and support it. Recent developments throughout the Government of American Samoa, in all three branches, bear this out. We stand ready, legislatively, to support the Governor in his efforts in this direction.

After education, we are interested in the basic elemental social services that go to cement communal harmony: good water and in sufficient supply; a reliable electrical generating system that provides not only home needs but enough to attract new business as well; and roads. As legislators we would be less than honest were we not to indicate our earnest desire to see improvement in our territorial road system to all the villages that it can practically accommodate. We are happy in the progress already made and urge its continuance and expansion to the degree feasible.

As a further note, we are interested in and dedicated toward the proposition that eventually we would like to accept the challenge given us by you, the Congress of the United States, and prepare ourselves for more management of our own affairs. We are a proud people and look forward to the day when we will gradually accept more of our own self-governance.

Soon, hopefully, we will elect our own Governor and Lieutenant Governor. This will be a step in that direction. We hope that in the items justified in this budget that there are ingrained therein those plans and projections for Samoans to be trained to accept the challenge of future political maturity. The boys and girls that will study under the budget we are discussing here today will be before you before you know it. We fervently trust they may say that we here today provided well for their future. May God bless all our efforts.

In closing, Mr. Chairman, and members of the Committee, I would like to express my appreciation, and that of my colleagues, for the opportunity of appearing before your Committee. We extend to you and the Committee the always present invitation to come and visit us in American Samoa when your schedule permits.

This concludes my prepared statement, Mr. Chairman, I would be pleased to answer any questions you or the members of the Committee may have.

Thank you very much.

SAMOAN LEGISLATURE FUNDING REQUEST

Mr. AUMOEUALOGO. But I think in addition to this which is not included in here is an additional funding requested by the legislature itself which I also want to attach.

Senator STEVENS. That is what I wanted to hear at this time. You gentlemen mentioned that to me yesterday personally. Now who is going to present that request for the additional funding?

Mr. TUIA. Mr. Chairman, I would like to have the privilege of presenting our additional request at this time. In addition to our budget, which we have submitted here for 1978, we have also requested an additional amount of $4,456,000 and we would like, Mr. Chairman, to go into the record the breakdown of this amount.

Senator STEVENS. Very well. Mr. Speaker, we will print the President's statement in full in the record and now we would like to have the total breakdown of your request put in the record as part of your statement. Do you have a copy that I might take a look at?

[The information follows:]

ADDITIONAL FUNDING REQUESTED BY THE

LEGISLATURE OF AMERICAN SAMOA

LIST OF PRIORITIES

		AMOUNT
1.	FAGATOGO	$ 350,000
2.	OFU-OLOSEGA CAUSEWAY	537,000
3.	FAGALII ROAD	300,000
4.	TULA-ONENOA ROAD	300,000
5.	VAITOGI ROAD	100,000
6.	TAFUNA ROAD	350,000
7.	DEPARTMENT OF EDUCATION	1,530,000
8.	DEPARTMENT OF HEALTH	779,000
9.	DEPARTMENT OF PUBLIC WORKS	102,000
10.	DEPARTMENT OF PORT ADMINISTRATION	48,000
11.	DEPARTMENT OF PUBLIC SAFETY	18,000
12.	OFFICE OF THE INSURANCE COMMISSIONER ...	42,000
	TOTAL	$4,456,000

FAGATOGO ROAD

LENGTH - 1 mile

COST - $350,000

SCOPE OF WORK - survey, design and construct up to paving status

AREA RESIDENTS - 2,000

FAGATOGO IS THE DOWNTOWN AREA. HALF OF THE LEGALLY APPROVED ZONE FOR COMMERCE LIES WITHIN THIS VILLAGE OF FAGATOGO. HARDLY A TOURIST RETURNS WITHOUT HAVING WALKED UP TO FAGATOGO. ANNUAL MAINTENANCE COST OF THE ROAD AND OF THE GOVERNMENT AREAS ADJACENT TO THE VILLAGE IS HIGH.

A PAVED FAGATOGO ROAD WITH DITCHES PROPERLY BUILT WOULD CREATE A SAVING IN MAINTENANCE AND CLEANUP COSTS.

BECAUSE OF THE NUMBER OF BUSINESSES THAT HAVE BEEN ESTABLISHED IN FAGATOGO, IT IS THE MOST TRAVELLED AREA IN AMERICAN SAMOA OUTSIDE OF THE MAIN ROAD.

OFU-OLOSEGA CAUSEWAY

THE PRESENT METHOD OF CROSSING ASAGA STRAIGHT FROM OFU TO OLOSEGA IS BY WADING THE SHALLOW REEF AT LOW TIDE. THE GOAL IS TO CONSTRUCT A CAUSEWAY BETWEEN OFU AND OLOSEGA THAT WILL PERMIT BOTH THE PEOPLE OF BOTH ISLANDS AND VEHICULAR TRAFFIC. BOTH THE GAS AND THE ARMY CORPS OF ENGINEERS BUILT A SMALL BOAT HARBOR AND AN AIRSTRIP ON THE ISLAND OF OFU FOR THE TWO ISLANDS AND CONSTRUCTION OF THE CAUSEWAY WILL PROVIDE A MEANS OF CROSSING ASAGA STRAIGHT WHICH WILL PERMIT CARGO AND PASSENGER ENTERING AND DEPARTING THE OFU HARBOR AND AIRSTRIP TO BE TRANSPORTED TO AND FROM OLOSEGA. THIS WILL ENCOURAGE THE DEVELOPMENT OF AGRICULTURE AND TOURISM ON OLOSEGA.

COST;$537,000

FAGALII ROAD

THE PEOPLE OF FAGALII LIVES ON THE WESTERN TIP OF THE ISLAND AND THEY DO NOT HAVE EXCESS TO ANY PAVED ROADS TO BRING THEIR AGRICULTURE PRODUCES TO THE MARKET. ALSO THE POTENTIAL FOR DEVELOPING TOURISM THERE IS VERY GOOD.

COST; $300,000

TULA-ONENOA

THE PEOPLE OF ONENOA PROVIDED FUNDS TO BUILT THE PIONEER ROAD THAT IS NOW SERVING THIS PART OF THE ISLAND. THIS VILLAGE LIES AT THE EASTERN TIP OF THE ISLAND OF TUTUILA, AND WITH THE PAVING OF THIS ROAD, TOURISM CAN BE EXTENDED TO THIS PART OF THE ISLAND AND ALSO THE RESIDENTS CAN TRANSPORT THEIR AGRICULTURE PRODUCES.

COST; $300,000

VAITOGI ROAD

THIS VILLAGE IS ONE OF OUR TOURIST ATTRACTION BECAUSE OF THE LEGEND OF THE "TURTLE AND THE SHARK." THOUSANDS OF TOURIST DO NOT LEAVE THE ISLAND BEFORE VISITING THIS VILLAGE. THE VILLAGE HAS ABOUT 2 MILES TO BE PAVED.

COST;$100,000

TAFUNA ROAD

THE GOVERNMENT HAVE BUILT AN INDUSTRIAL PARK AT THIS LOCATION AND PEOPLE OF THIS VILLAGE NEEDS THIS ROAD PAVED DUE TO THE HEAVY TRAFFIC FORECAST. ALSO 80% OF ALL GOVERNMENT UNDERGROUND WELLS ARE LOCATED WITHIN THIS VILLAGE.

COST;$350,000

DEPARTMENT OF EDUCATION

DUE TO TIGHT BUDGET CEILING, DOE WAS FORCED TO CUT THESE PROJECTS UNTIL LATER DATES. WE FEEL THAT EDUCATION IS THE KEY TO OUR FUTURE GOALS, AND THAT IS LEADERSHIP. ALL THE ITEMS LISTED BELOW ARE NEEDED AND THEREFORE HAS THE SUPPORT OF THE FONO.

CONSTRUCTION	PROPOSED COST
1. PAVAIAI ELEMENTARY-CLASSROOM AND KITCHEN FACILITIES	$400,000
2. LEONE HIGH SCHOOL-CLASSROOM AND BAND FACILITIES	400,000
3. LEONE HIGH SCHOOL-SHOWER AND P.E. FACILITIES	200,000
4. SPECIAL EDUCATION MULTI-PURPOSE BUILDING	400,000
EQUIPMENT	
5. BAND INSTRUMENTS - LEONE HIGH SCHOOL	25,000
6. 5 SCHOOL BUSES	105,000
TOTAL COST: $1,530,000	$1,530,000

DEPARTMENT OF HEALTH

BECAUSE OF THEIR BUDGET CEILING, THE DEPARTMENT OF HEALTH WAS FORCED TO CUT THEIR OPERATING BUDGET. IT IS A MUST TO ADD THE $779,000 IN ORDER FOR DH TO RENDER THE BEST SERVICES TO THE PEOPLE. THE TOTAL ADDITIONAL FUNDS THAT IS NEEDED IS AS FOLLOW:

PERSONNEL (31)	378,000
Equipment	100,000
Travel	75,000
Supplies	100,000
OFF ISLAND MEDICAL CARE	126,000
TOTAL COST:	$779,000

DEPARTMENT OF PUBLIC WORKS

ELECTRIC UTILITIES DIVISION

COOPER-BESSEMER DID NOT HAVE A SERVICE ENGINEER AVAILABLE FOR INSPECTION UNTIL FEBRUARY 15. DIESEL SYSTEM INC., WAS CONTACTED AND AN AGREEMENT WAS ARRIVED UPON. THEIR NORDBERG ENGINEER WOULD DO A SURVEY ON ENGINE #2 AND AT THE SAME TIME CHECK OUT THE CRANKSHAFT ON #1 WHICH HAD BEEN FIELD SERVICE REPAIRED, BUT FOUND TO BE UNSATISFACTORY. A BID FOR REPAIRS IN PLACE FOR #2 AND REPAIR TO #1 CRANKSHAFT (THEIR SHOPS) HAS BEEN PROPOSED. TIME FOR REPAIRS TO #2, THIRTY (30) DAYS UPON ARRIVING OUR STATION. TOTAL COST BOTH REPAIRS, $102,000.00. THE REPAIR OF THIS ENGINE IS NECESSARY AS SOON AS POSSIBLE FOR STABLE OPERATION IN THE TAFUNA AREA DUE TO HEAVY DEMAND LOADS BY KONG YUNG CONSTRUCTION CO. IN THEIR RUNWAY PAVING OPERATION.

COSTS: $102,000.00

DEPARTMENT OF PORT ADMINISTRATION

CUSTOMS AND QUARANTINE DIVISION $25,000

FUNDS FOR PERSONNEL SERVICES ARE TO RETAIN FOUR QUARANTINE INSPECTORS TO PROPERLY CARRY OUT THE FUNCTIONS OF THE DIVISION. FOUR QUARANTINE EMPLOYEES WERE TRANSFERRED, WITH THE FUNCTIONS OF THEIR OFFICE, TO CUSTOMS AS OF 1 JULY 1976. PRIOR TO THE TRANSFER BOTH CUSTOMS AND QUARANTINE WORKED HAND IN HAND AS A UNIT, WITH ONE FILLING IN FOR THE OTHER AS THE OCCASION ARISES. WERE IT NOT FOR THIS WORKING RELATIONSHIP CUSTOMS WOULD NOT BE ABLE TO MEET NEEDS OF THE JOB EXCEPT AT HIGH OVERTIME

COSTS WHICH WHILE GOOD FINANCIALLY TO THE INDIVIDUAL WILL AFFECT HEALTH, AND NOT ALLOW FOR SICKNESS, LEAVE OR OTHER ABSENCES.

HARBOR MASTER $3,000

FUNDS ARE REQUIRED TO DEFRAY ELECTRIC UTILITY COSTS FOR THE OFU HARBOR LIGHTS (INSTALLED BY PWD, WE ARE TOLD, USING SMALL VILLAGE FUNDS) AND GENERAL MAINTENANCE OF THE HARBOR AND PIER FACILITIES. FOLLOWING AN INSPECTION OF OFU HARBOR LAST NOVEMBER, IT BECAME EVIDENT THAT PERIODICAL MAINTENANCE WILL BE REQUIRED TO MAINTAIN THE PIER, AND PROVIDE NECESSARY LIGHTING AS SHIPS HAVE BEEN AND WILL CONTINUE TO BERTH AND WORK CARGO AT NIGHT.

WATER TRANSPORTATION $20,000

THE AVERAGE ANNUAL MARINE RAILWAY COSTS HAVE INCREASED BY $2,000 FOR EACH OF THE SMALL TUGS TOLOA AND TAVA'E AND THE LCU, WITH THE CRANE BARGE MATU'U AN ADDITIONAL $6,000; SERVICING, INSPECTING AND REPLACING EQUIPMENT ABOARD LIFE RAFTS (A NEW CONTRACT CALLED FOR 8 LIFE RAFTS AT $500 EACH), AND INSPECTION AND PRECISION SERVICING OF ENGINE INJECTORS OVERSEAS. THESE WOULD ACCOUNT FOR THE REQUESTED INCREASE OF $15,000

COSTS; $48,000

DEPARTMENT OF PUBLIC SAFETY

THE CORRECTIONAL FACILITY IS CURRENTLY OPERATED OR MANNED BY 16 PERSONNEL, WITH THE COMPLETION OF THE NEW FACILITY THIS YEAR, THE ADDITIONAL PERSONNEL OF 5 CORRECTION OFFICERS IS REQUIRED.

COSTS: $18,000.00

OFFICE OF THE INSURANCE COMMISSIONER $42,000

10ASC 1011 WHICH CREATES THE OFFICE OF THE INSURANCE COMMISSIONER WHICH FUNDS WERE NOT AVAILABLE. TOTAL FUNDING FOR THIS OFFICE IS FOR PERSONNEL AND OTHER RELATED COSTS.

PROJECT PRIORITY

Senator STEVENS. May I just ask you some questions about these?

Mr. TUIA. Yes, Mr. Chairman.

Senator STEVENS. Is this in order of your priority? You have items 1 through 12. Is that the order of the priority of your projects?

Mr. TUIA. We have submitted in the order of priority, Mr. Chairman.

Senator STEVENS. So that the causeway and road projects have priority as far as your legislative body is concerned over the other requests?

Mr. TUIA. Yes, Mr. Chairman, because the first 7, from 1 to No. 7, is part of the capital improvements, and part of No. 7 through No. 12 in addition are immediate needs for different areas in our government.

Senator STEVENS. Where did you derive the estimates? How did you reach the estimate, for instance, on the cost for Vaitogi Road?

Mr. TUIA. Mr. Chairman, on No. 1, the road for the village of Fagatogo which is right in the downtown area—we got the estimated costs by the engineers of the public works department.

Senator STEVENS. Governor, have you examined these requests in terms of the estimates?

Mr. BARNETT. Mr. Chairman, these requests came at a rather late hour. We had some budget hearings just prior to leaving Samoa and each of the departments who had additional requests made those requests known to me at that time, just some 10 days ago.

The members of the Fono made those requests just this week and they have been able to meet in the last 24, 36 hours and put together a priority listing of the things that they would like to have, the things that the various department heads would like to have if money is available.

Our posture here is we feel like everything in the budget as submitted is necessary, reasonable and proper for the normal conduct of the Government of American Samoa. These are additional requests that if funding can be derived, these are the items that the Fono feels like they would like to proceed with.

To answer more specifically to your question, the public works projects are, I think, very good estimates. These did come from our public works department and I don't have any quarrel with any of the numbers that are submitted here by the members of the Fono.

INCREASE IN LOCAL REVENUES

Senator STEVENS. Now, the request for fiscal year 1978 for American Samoa is $20.5 million, a decrease of $2.4 million compared with the appropriations to date in 1977. We were told the estimated local revenues would be $6.2 million. The report states that your local revenues for 1977 are now estimated to be $7.6 million.

What brought about the increase?

Mr. BARNETT. I think the principal change is the increase in the fishing activity. Our tuna industry is the only major industry we have. As you well know, fishing is a cyclical industry. Very simply, fishing is fairly good now. It is not as good as it has been, but it is a lot better than it was a year ago.

So our increase in corporate activity regarding the fishing business is the principal cause.

Senator STEVENS. For fiscal year 1978 you estimate $8.7 million in local revenues. I assume then you are projecting a constant increase in this type of activity; fishing and tourism?

Mr. BARNETT. I think overall we can predict that, yes. And the reason why, Mr. Chairman, is we have a new emphasis on industrial development and tourism development, as well as normal corporate growth within our own existing corporate family.

DEVELOPMENT OF FISCAL YEAR 1978 BUDGET

Senator STEVENS. Is there any chance that these requests that have come from the legislature will be submitted to OMB by the Department?

Mr. RICE. Mr. Chairman, I was unaware that this special request would come in until just this morning. I would suspect that, it would not be in the figures, that some of the elements of this special request had been previously submitted to OMB by the Fono several months ago when we met there with the then Governor Ruth of American Samoa. And there was disagreement between his budget and their request. And OMB did examine the entire package and the budget, as submitted, and this was the OMB determination.

There would be at this moment no plan on the part of the Department to resubmit any additions to OMB.

Senator STEVENS. Is that right, gentlemen? Mr. Speaker, were these requests presented to OMB before?

Mr. TUIA. Yes. During the budgets of 1978. We have submitted a total budget to that amount which the OMB felt that they cut $4.7 million, but that $4.7 million included some of the items we have resubmitted here.

Senator STEVENS. Does the Department support those presentations? Did they support them at that time?

Mr. RICE. No, sir. The Department did not submit the excess over the Governor's budget at that time, but the leadership of Fono was permitted to make its own presentation to OMB at that time.

Senator STEVENS. How much did you request of OMB for American Samoa for 1978?

Mr. RICE. The request, as submitted, Mr. Chairman.

Senator STEVENS. This request was not cut at all by OMB?

Mr. GALLAGHER. No, sir. Well, the original request with the $20 million from the Governor with the open actions of the legislature of $4.7 million went over to OMB and OMB reviewed it. I think they left in a one-road project and then cut the rest.

But the $20.5 million original submission from the Governor was uncut.

Mr. IULI. Mr. Chairman, if I may, in line with this matter, it is a process where the Interior sends the Government of American Samoa their planning allowance. But it has been the first time that this has ever happened. The total planning allowance from DOI was $25.8 million.

The then Governor Ruth at the time felt we didn't need the extra $4.9 million and that is where the difference between the Fono and Governor Ruth came about.

And this time we presented it. We met with Mr. Ruth and the Department and we went up there and presented the total budget submitted by the budget plus what the Fono felt that there were needs as far as roads were considered.

Senator STEVENS. What I am trying to get to is why these high-priority items of the legislature of American Samoa have not been requested of OMB by the Department. As I understand, the Fono has done that and the Department has not requested them.

Have you made a decision, Governor? I don't like to put you in a spot, but that is where we all sit once in awhile. Have you made the decision that this road is not needed, for instance, in the downtown area or that that causeway is not needed and the paved road in the Vaitogi area is not needed?

GOVERNOR'S POSITION ON LEGISLATURE REQUEST

Mr. BARNETT. I think, Mr. Chairman, the thrust of the budget as presented was that our own public works department had about all the work it could accommodate in an orderly fashion; that no one argues about the desirability of any of these projects. It is a question of whether or not to do it this year, next year or the following year, whether to do them in an orderly manner, or whether or not to try and get an appropriation and do them as quickly as possible.

The alternative to our own public works department doing the work is one of two things—to bring in outside contractors or, second, beef up our own public works department. That was the situation that we found when we first got to American Samoa—is that the public works department had built itself up so large that when the financial problems came along, then we had a surplus of engineers and technicians and other personnel.

So the idea was that this was an orderly progression rather than trying to do it all at one time.

Senator STEVENS. Well, unfortunately, I lived in a territory and I have got to ask you some questions. Did the legislature participate in the preparation of the submission that was made for the Department?

Mr. BARNETT. The original budget is prepared by the executive department. It is then sent to the Fono for their approval and recommendations. It then goes to the Department, then to OMB where they approve the budget and submit it to you.

But the Fono also requested at that time that these additional funds be added. It was at that point that the Department and then eventually OMB decided that these funds should not be made available at this time, but at some later date.

Senator STEVENS. But they don't have any manner of amending your budget in the process? They can either just approve it or disapprove it?

Mr. BARNETT. No, sir. That is not quite right. They have the authority to make any recommendations they choose. I can either then accept it or reject it.

FEDERAL GRANT PROGRAMS

Senator STEVENS. You show Federal grants totaling $9.7 million for 1978. How much do you have this year?

Mr. BARNETT. This year it is roughly $21,700,000. We have some very unusual projects this year that are being completed and that is the essence of the reduction in the budget—that is many of our capital improvement programs are being completed and we don't have the need for them again this next year.

Senator STEVENS. Why weren't some of these picked up? Are these projects capable of being done on a grant basis?

Mr. BARNETT. Mr. Chairman, I am not sure that I understand your question.

Senator STEVENS. What kind of grants were funded this year from the $21 million?

Mr. BARNETT. The ones that will not remain in the future are the airport grant, for a runway overlay, approximately $4 million; and our community college, $4 million; for boat harbors, $4 million. As these things are completed this year and next year, then they would not recur because the projects would have been completed.

Senator STEVENS. Well, that is my question. Why didn't the executive branch pick up some of the legislative priorities as far as these other projects? The causeway, for instance, and the roads.

Mr. BARNETT. I think the answer is there are still about $10 million—$9 million in capital improvement projects this year.

CAPITAL IMPROVEMENTS PROGRAM FISCAL YEAR 1976–78

Senator STEVENS. What are those? How about doing this? Give us a table showing the funding from the Department of the Interior, of Federal grants, and local revenues as far as the projects for this year is concerned.

And, as a matter of fact, why don't you show it to us for 1976 and 1977 and project it for 1978? Your justification doesn't quite break them out, I understand.

[The information follows:]

FY 1976 CAPITAL IMPROVEMENT PROJECTS

	DOI Grant-in-aid	Local Approp.	Other Fed.Grants	Local Match	Total
Health					
Water Systems Improvements	$ 4,500,000	-0-	3,000,000	-0-	$ 7,500,000
Sewer Systems Improvements	-0-	-0-	577,000	192,000	769,000
Conservation & Environment					
Seawalls	-0-	-0-	450,000	450,000	900,000
Recreational Facilities	-0-	-0-	183,000	131,000	314,000
Trans.,Comm., & Power					
Roads Construction	-0-	502,000	1,545,000	662,000	2,709,000
Dock Facilities Improvements	-0-	59,000	-0-	-0-	59,000
Electrical Power Systems	3,290,000	-0-	-0-	-0-	3,290,000
General Government					
Remodeling of Courthouse	-0-	-0-	24,000	24,000	48,000
Public Safety					
New Corrections Facility (Phase I)	-0-	-0-	222,000	4,000	226,000
Remodeling of Police Station	-0-	-0-	110,000	2,000	112,000
TOTAL FY 1976 CAPITAL IMPROVEMENTS	$ 7,790,000	561,000	6,111,000	1,465,000	$15,927,000

FY 1977 CAPITAL IMPROVEMENT PROJECTS

	DOI Grant-in-aid	Local Approp.	Other Fed. Grants	Local Match	Total
Education & Culture					
Multi-Purpose Facility - Classrooms, Dining area, Kitchen	-0-	218,000	-0-	-0-	218,000
Playcourts--Elem. Schools	-0-	21,000	-0-	-0-	21,000
School Buses	90,000	-0-	-0-	-0-	90,000
Band Instruments-H.Schools	-0-	75,000	-0-	-0-	75,000
Instructional Television Sets	-0-	10,000	-0-	-0-	10,000
Community Library	-0-	103,000	-0-	-0-	103,000
Toilet & Shower Facilities - H.Schools	280,000	-0-	-0-	-0-	280,000
Community College Facilities	-0-	-0-	3,923,000	-0-	3,923,000
Health					
Water System Improvements	1,888,000	-0-	367,000	92,000	2,347,000
Sewer System Improvements	50,000	-0-	1,462,000	488,000	2,000,000
Solid Waste Transfer Station	50,000	-0-	-0-	-0-	50,000
Conservation & Environment					
Seawalls	-0-	-0-	695,000	695,000	1,390,000
Trans.,Comm., & Power					
Roads Construction & Improvements	987,000	850,000	672,000	289,000	2,798,000
Resurfacing of Airport Runway	-0-	-0-	3,461,000	385,000	3,846,000
Small Boat Harbor - Ta'u	-0-	-0-	2,012,000	762,000	2,774,000
Small Boat Harbor - Auasi	-0-	-0-	950,000	-0-	950,000
Small Boat Harbor - Aunu'u	-0-	-0-	1,270,000	-0-	1,270,000
Ofu-Olosega Causeway	-0-	-0-	-0-	231,000 1/	231,000
Electrical Power Systems	1,500,000	-0-	-0-	-0-	1,500,000
Habor Improvements	-0-	162,000	-0-	-0-	162,000

	DOI Grant-in-aid	Local Approp.	Other Fed.Grants	Local Match	Total
General Government					
Rehab. of Lee Auditorium	-0-	40,000	-0-	-0-	40,000
Conference Center	-0-	300,000	-0-	-0-	300,000
Housing Renovation & Furnishings Replacement	-0-	200,000	-0-	-0-	200,000
Construction Equipment	-0-	280,000	-0-	-0-	280,000
Public Safety					
New Corrections Facility (Phase II)	-0-	-0-	299,000	-0-	299,000
Fire Protection System - Central Admin. Bldg.	-0-	75,000	-0-	-0-	75,000
Sidewalks	-0-	43,000	-0-	-0-	43,000
Street Lights	-0-	20,000	-0-	-0-	20,000
TOTAL FY 1977 CAPITAL IMPROVEMENTS	$4,845,000	2,397,000	15,111,000	2,942,000	$25,295,000

1/ Grant funding of $537,000 (DOT-FHWA) originally programmed for this project did not materialize.

FY 1978 CAPITAL IMPROVEMENT PROJECTS

	DOI Grant-in-aid	Local Approp.	Other Fed.Grants	Local Match	Total
Education & Culture					
Instructional Television Sets	-0-	12,500	-0-	-0-	12,500
School Buses	105,000	-0-	-0-	-0-	105,000
Health					
Water System Improvements	920,000	-0-	-0-	-0-	920,000
Sewer System Improvements	-0-	200,000	1,100,000	367,000	1,667,000
Water, Sewer, & Solid Waste Equipment	100,000	-0-	-0-	-0-	100,000
Sanitary Landfills	-0-	31,500	-0-	-0-	31,500
Water Meters	-0-	37,500	-0-	-0-	37,500
Village Water Systems	-0-	65,000	-0-	-0-	65,000
Conservation & Environment					
Seawalls	-0-	-0-	1,050,000	1,050,000	2,100,000
Recreational Facilities	-0-	-0-	125,000	125,000	250,000
Trans., Comm. & Power					
Roads Construction & Improvements	2,358,000	-0-	-0-	-0-	2,358,000
Electrical Power Systems Improvements	375,000	-0-	-0-	-0-	375,000
Water Transportation Launch	-0-	10,000	-0-	-0-	10,000
General Government					
Construction Equipment	390,000	-0-	-0-	-0-	390,000
Design. of New Admin. Bldg.	-0-	100,000	-0-	-0-	100,000
Rehab. of Gov't. Buildings	-0-	400,000	-0-	-0-	400,000
Public Safety					
Sidewalks	-0-	38,000	-0-	-0-	38,000
Street Lights	-0-	20,000	-0-	-0-	20,000
TOTAL FY 1978 CAPITAL IMPROVEMENTS	$4,248,000	914,500	2,275,000	1,542,000	$8,979,500

GOVERNMENT EMPLOYMENT

Senator STEVENS. With regard to positions in your operating and construction areas, you show an increase of 138 positions, which is offset by a reduction of 161 positions in the revolving funds. How does that come about?

Mr. BARNETT. This is an accounting change.

Senator STEVENS. They are just shifting back and forth?

Mr. BARNETT. Right.

Senator STEVENS. What is the actual increase or decrease in employment under this budget?

Mr. BARNETT. Positions are slightly reduced, from 3,752 down to 3,728.

DIRECT BUDGETING FOR REVOLVING FUNDS

Senator STEVENS. And what about revolving funds? Are they involved in this? Are you supplementing any revolving funds with this request?

Mr. BARNETT. Yes. I think that is the major change in that we now directly budget for the revolving fund activities. The revenues derived from the revolving funds go directly in the general fund under our new system. What we found was that there was great competition between the various departments to have a balanced budget at the end of the year. One department may come over and fix a door, bring six or eight people and charge $300 for hanging a door, and I am speaking accurately. In turn, when that department had an opportunity to recoup, they would do so.

So we had just a lot of problems and a lot of conflict among our departments. This way we don't charge for labor involved, only for materials, and we have a whole lot better feeling among all of our employees and more of a team approach instad of a fragmented approach.

SEPARATE EXHIBITS FOR AMERICAN SAMOA

Senator STEVENS. With regard to Samoa's request, I have been asked to request for the record a programing and financing statement, a detail of permanent positions, a personnel summary, and an object classification that address only the requests of American Samoa, so we can take a look at Samoa alone. Can you do that?

Mr. BARNETT. Yes, sir.

[The information follows:]

ADMINISTRATION OF TERRITORIES

Program and Financing (in thousands of dollars)

Program by activities:	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
American Samoa:				
(A) Governor's Office	325	86	453	394
(B) Chief Justice & High Court	223	104	485	381
(C) Grants - Operations	17,878	2,772	17,230	15,478
(D) Grants - Construction	252	164	4,832	4,248
Total program cost funded	18,678	3,126	23,000	20,501
Change in selected resources	325	8,668	12	---
10.00 Total obligations	19,003	11,794	23,012	20,501
Financing:				
21.00 Unobligated balance available start of period	-380	-8,130	-140	---
24.00 Unobligated balance available end of period	8,130	140	---	---
Budget Authority	26,753	3,804	22,872	20,501
40.00 Appropriation	26,753	3,804	22,846	20,501
44.20 Proposed supplemental for civilian pay raises	--	--	26	--
Relation of obligations to outlays:				
71.00 Obligations incurred, net	19,003	11,794	23,012	20,501
72.00 Obligated balance, start of period	345	1,039	9,031	9,019
74.00 Obligated balance, end of period	-1,039	-9,031	-9,019	-11,993
90.00 Outlays, excluding pay raise supplemental	18,309	3,802	23,000	17,525
91.20 Outlays from civilian pay raise supplemental	--	--	24	2

ADMINISTRATION OF TERRITORIES

Object Classification (in thousands of dollars)

		1976 Actual	T Q Actual	1977 Estimate	1978 Estimate
American Samoa:					
Personnel compensation:					
11.1	Permanent positions	366	79	297	307
11.5	Other personnel compensation	120	25	100	103
11.8	Special personal services payments	216	77	303	280
	Total personnel compensation.....	702	181	700	690
Personnel benefits:					
12.1	Civilian	32	7	26	28
21.0	Travel & transportation of persons	14	13	50	50
22.0	Transportation of things.	8	24	35	22
23.2	Rent, communications, and utilities, other ..	9	8	28	30
24.0	Printing & reproduction.	2	2	3	10
25.0	Other services	61	63	261	61
26.0	Supplies & materials ...	40	6	17	21
31.0	Equipment	5	3	15	13
41.0	Grants, subsides, and contributions	18,130	11,487	21,877	19,576
	Total obligations	19,003	11,794	23,012	20,501

Personnel Summary Am. Samoa.	1976 Actual	1977 Estimate	1978 Estimate
Direct:			
Total number of permanent positions	15	15	9
Average paid employment	10	12	9
Average GS grade	13.53	13.50	14.67
Average GS salary	$26,313	$28,598	$32,973

GOVERNOR'S OFFICE

Senator STEVENS. Now, with regard to the Governor's office, there is a list of increases and decreases on page 31 of the justification. And then on page 32, I am informed that you redistribute the amounts by program activity.

There appears to be some discrepancies. Would you check those out with the staff, particularly with regard to the decreasing items of $29,000 shown on one page, and then a total decrease of $30,000 on another page. I think we need to have some coordination between your staff and ours about those increases and decreases.

Mr. BARNETT. Yes, sir.

[The information follows:]

EXPLANATION OF GOVERNOR'S OFFICE PROGRAMS

A total of $393,500 is requested to finance the Governor's Office during fiscal year 1978. For administration and operations, $343,500 is requested—a decrease of $30,000 from fiscal year 1977. For Veterans' Affairs, Boards & Commissions, and operation of the Government House, a total of $50,000 is requested—an increase of $10,500 over fiscal year 1977. The net decrease from fiscal year 1977 for the Governor's Office is $19,500.

GOVERNOR'S HOUSE

Senator STEVENS. What is the purpose of the $4,500 increase for the Governor's house?

Mr. BARNETT. There is nothing specific there other than normal maintenance. It is a house that was built in 1902 by the Navy. It is a very large, old house and there is nothing unusual other than its normal maintenance and replacement of appliances and furniture.

Senator STEVENS. How much did you have last year?

Mr. BARNETT. I think the increase is about $4,500. I think that the amount last year was about $20,000; $22,000 last year and it goes up to $26,500 this year.

VETERANS' AFFAIRS PROGRAM

Senator STEVENS. What is this veterans' affairs program?

Mr. BARNETT. We have a full-time person on the staff who works with veterans. American Samoa has great patriotic feelings towards the United States. It has a tremendous number of veterans. A large number of our senior employees and citizens are veterans. It is an office that services the needs of those veterans.

Senator STEVENS. And does that mean that additional personnel for that program——

Mr. BARNETT. I have one man in the office, one full-time man.

Senator STEVENS. Will there be any additional personnel?

Mr. BARNETT. I believe he is looking for about a half-time secretary, Mr. Chairman.

HIGHER EDUCATION PROGRAM

Senator STEVENS. You have a higher education request of $1.2 million, an increase of $377,500, and 24 new positions. In addition, I am told that you are going to receive $4 million from EDA for a new college facility. This portion of the budget was revised. We

received the material last week and we will put the revised pages in the record at this point.

[The information follows:]

4. Higher Education: Fiscal year 1977, $706,000; fiscal year 1978, $1,067,000; increase of $361,000. This activity is financed jointly by Interior Budget Authority and local revenues as shown below:

	FY 1977 Estimate	FY 1978 Estimate	Change
Interior Budget Authority	$ 706,000	$ 1,067,000	+ 361,000
Local Basic Appropriation	85,500	102,000	+ 16,500
Totals	791,500	1,169,000	+ 377,500

The net increase of $377,500 from FY 1977 consists of:

Increase (+) or Decrease (-) Amount	Positions	Total Program	Total Positions	Explanation
(1) $ +168,000	+ 1 contr. +23 Local	$ 792,000	12 Contr. 83 Local	Provides for 1 contr and 23 local hires for expanded college program and increased enrollment.
(2) + 26,000		33,000		Increased travel & transp. requirements for control personnel.
(3) +27,000		64,000		To provide for consultants for dev. a degree program.
(4) +72,500		83,000		To replace deteriorated instructional equp.
(5) +29,000		106,000		Acquisition of new facilities & prog. requires additional supplies & material
(6) +55,000		91,000		Inc. cost for contract personnel shipment of household gds, inc. utility costs for new facilities.
+377,500	+1 Contr. +23 Local	1,169,000	12 Contr. 83 Local	

COST FACTORS INVOLVED IN THE INCREASE

(1) PERSONNEL SERVICES - ($168,000) Provides for one additional contract position and 23 additional local-hire positions. Approximately one-third of this increase will be for expansion of administration functions to cope with the anticipated increase in enrollment. Another one-third of the increase is for increased instructional expense associated with new programs and strengthening of current programs. The remaining one-third of the increase is due to added maintenance and security staff required by the expansion of the physical plant as well as shifts to the basic operations and maintenance budget from grants or other programs which expire in FY-78.

(2) TRAVEL - ($26,000) Required for the transportation of contract personnel at the beginning and the end of contracts as well as providing for internships and workshops to upgrade skills of local-hire instructors. Travel requirements were underestimated in development of original FY-78 estimates.

(3) CONTRACTUAL SERVICES - ($27,000) Provides for consultants for developing a bachelors degree program, supplemental contracts for regular faculty members who teach during the summer sessions, part-time faculty during the regular academic year and instilling intellectual vigor through short-term employment of U.S. professors on sabbaticals or other short-term leave.

(4) EQUIPMENT - ($72,500) Provides for replacement of deteriorated instructional equipment, purchase of an additional vehicle needed for college operations, maintenance equipment, instruments for a college band program, vocational equipment to replace shopworn items, and multi-media equipment to improve instructional programs.

(5) MATERIALS AND SUPPLIES - ($29,000) Acquisition of new facilities and programs requires additional materials for offices and classes. Textbooks are to be purchased with budgeted funds, with receipts turned in to the Government of American Samoa Treasury. The new library and the initial stages of implementation of a bachelors degree program necessitate increased reference material holdings.

(6) ALL OTHER COSTS - ($55,000) Approximately one-third of this increase is due to expenses involved with 15 shipments of household effects (7 contract employee terminations and 8 new contract employee recruitments). Shipping expenses for household effects were underestimated in development of original FY-78 estimates. An additional one-third of the increase is due to increased utility expenditures brought about by the central air-conditioning of the library and an electricity rate increase during FY-77. The remaining one-third of the increase is due to facilities renovation and equipment overhaul expenses.

Program Description
Current Situation

The Board of Higher Education consists of the Community College and the Tafuna Vocational Skills Center. The Community College established in 1970 has grown from 131 students in 1970 to the present enrollment of 828 with the following primary objectives.

1. Adult and continuing education.
2. Teacher pre-service education.
3. In-service teacher education programs, including facilitating the University of Hawaii and Brigham Young University summer programs.
4. A two-year college transfer program.
5. Single course and certificate programs to meet the needs of the community.

6. Vocational education in the areas of drafting, automotive repair, small motor repair, machine shop activities, building trades, and basic English and Mathematics.

In addition, effective 1 July 1976, the Nursing Education program, previously administered by the Department of Medical Services, was transferred under the Community College. Due to lack of physical facilities at the College, the program will continue to be conducted at the Medical Center until appropriate space is available.

Specific Current Goals are:

(1) To continue general educational and vocational education at current service levels.
(2) To bring the Library Learning Resource Center up to recommended standards.
(3) To evaluate the vocational program for continued viability, making changes as appropriate.
(4) To recruit and provide saleable skills to young people anticipating emigrating from the Territory.
(5) To expand the community services program.
(6) To provide alternate strategies of instruction - particularly individualized, multi-media instruction.
(7) To upgrade the standards for entrance and graduation of the Nursing Education program.
(8) To continue the feasibility study of a nursing career ladder training program leading to an Associate Registered Nurse degree.

New Situation

The decision to expand the Community College into a four-year institution, made in 1976, was based largely on both the need to upgrade formal training of indigenous elementary and secondary teachers (few indigenous elementary teachers have baccalaureate degrees) and the need for more trained indigenous leadership and mid-management personnel in both the public and private sectors to reduce dependency on contract employees. In addition, empirical evidence shows that the major deficiencies our high school graduates suffer are rooted in poor elementary instruction due to inadequately trained teachers.

Based on this decision to expand the College program it was also necessary to design and plan the needed school facilities to handle the expanded program. It was anticipated to build the facilities over a two year period with construction funds to be sought in FY-1978 and FY-1979.

However, in January 1977, as a result of the Public Works, National Unemployment Bill, American Samoa applied for and will be granted by the Economic Development Administration funds for the construction of the following:

Design and Construction:	
Science complex	$ 810,945
Vocational trades bldg.	544,401
Student center	319,275
Fine arts building	237,105
Gymnasium	933,768
Utilities	336,074
Equipment	413,000
Audit allowance	10,000
Contingencies	318,157
T o t a l	$3,923,725

Construction of the new college buildings is scheduled to begin during March, 1977. Following is the present construction timetable:

(1)	Bid opening on site prep. contract	Feb. 16, 1977
(2)	Site preparation begins	Mar. 1977
(3)	Bid opening on contracts for gymnasium and voc. trades bldg.	Apr. 15, 1977
(4)	Construction of gymnasium and voc. trades bldg. begins	May. 1977
(5)	Bid opening on contracts for science complex, fine arts bldg. and student center	May. 13, 1977
(6)	Completion of site prep.	July 1, 1977
(7)	Construction of science complex, fine arts bldg., and student center begins	July, 1977
(8)	Construction completed - gymnasium and voc. trades bldg.	May, 1978
(9)	Partial beneficial occupancy - science complex, fine arts bldg., and student center	Aug. 1978
(10)	All construction completed	Dec. 1978

Proposed Program

Additional needs which should be met by a four-year institution, but are not being met by the present two-year college are:

(1) a more highly trained and capable elementary and secondary teaching staff;

(2) equalization of educational opportunities independent of limited scholarship funds or family income;

(3) a larger labor pool for both the public and private sectors in the business administration and accounting fields where shortages of competent indigeneous personnel are continuous; and

(4) a better understanding of economic, cultural, and social relationships within and without the Territory making it easier for Samoan emigrants to adjust to non-Samoan cultures.

The likely impacts of a four-year college would be:

(1) better trained and more competent indigenous teachers at the elementary/secondary level which should alleviate the cause of the present major educational deficiencies;

(2) less outmigration for educational purposes;

(3) attraction of more high school graduates and adults to continue their formal education;

(4) a greater probability of enterpreneurship on the part of Samoans thereby creating more jobs;

(5) an increased likelihood of outside business investment due to the availability of a more skilled labor force thereby increasing the potential for economic development;

(6) a greater selectivity for use of GAS scholarship funds to support professional, specialized, and graduate study; and

(7) attraction of other Pacific Islanders to attend the College providing a more desirable student mix and further promoting U.S. influence in the South Pacific.

Beyond the O&M budget increase requested for the College in FY'78, budget increases over the next five years (1979-1983) should increases over the next five years (1979-1983) should be limited to normal salary increases and inflationary increases on other costs of services provided. A tuition/fee structure will be under study, particularly for non-residents. The present economic circumstances of the majority of American Samoans dictate a rather low tuition/fee structure. Overall, GAS off-island educational and training expenses will probably be reduced, although the present level of scholarship funding would likely be maintained to provide for professional, specialized, and graduate study. At this time, we have no reliable estimates on possible new costs of "housing, social services, etc.

Only one additional contract position, a teacher education instructor, is requested for FY'78. This individual should be recruited for the 1977-1978 school year to cover an anticipated increased enrollment in teacher education classes prior to availability of the new facilities. The majority of the equipment for the new college facilities will be funded under the EDA grant. The $83,000 of equipment now requested under the College's O&M budget for FY'78 is either replacement equipment or additional equipment needed for the present facilities during the 1977-1978 school year. This equipment would be purchased during the first quarter of FY'78. The dollar amounts requested for the 23 new local positions requested for FY'78 reflect that portion of the fiscal year. that those positions are anticipated to be filled.

Selected measures of workload are:

	FY 1977 Estimate	FY 1978 Estimate	Change
Students in credit courses other than vocational	513	640	+ 25 %
Students in vocational courses	265	340	+ 28 %
Students in adult education, continuing education, cooperative education, and vo cational skills upgrading	50	400	+ 700 %

EDUCATION EQUIPMENT BUDGET

Senator STEVENS. In your original request you had no entry for equipment. Now you show an increase of $72,500 for replacement of equipment. Why that much when you will receive $413,000 from EDA for equipment at the new college?

Mr. BARNETT. Mr. Chairman, I believe that figure is the replacement of equipment in existing facilities.

Senator STEVENS. Existing schools?

Mr. BARNETT. Yes. We have a 2-year junior college there now.

Senator STEVENS. And this other is for the new college?

Mr. BARNETT. Yes.

Senator STEVENS. Are you reducing your support for existing schools as we go into the college program?

Mr. BARNETT. Slightly. Our overall commitment to education is still 33 percent of our budget. The difference is last year we had 29 percent of that 33 for elementary and secondary and 4 percent for higher education. This budget as presented here is 27 percent of the 33 percent for elementary and secondary and 6 percent for the higher education budget.

SCHOOL POPULATION

Senator STEVENS. Are the number of children in the primary and secondary programs declining?

Mr. BARNETT. In the elementary section at this point, yes. Our projections show a declining school-age population. At the present time, we have about a 5-percent reduction in our elementary students and a 5-percent increase in our secondary students. But because there are about three times as many elementary students as there are secondary, we do have an overall decline in the student population.

OPERATION OF COLLEGE FACILITY

Senator STEVENS. How will this new college be funded on an ongoing basis?

Mr. BARNETT. It will have to be through the normal budgetary process that we are here for today.

Senator STEVENS. Is there any ability to rely on local revenues?

Mr. BARNETT. You mean tuition and that sort of thing?

Senator STEVENS. Yes.

Mr. BARNETT. Senator, I think that is always a possibility, but our problem has been getting children to go to the college at all. We have an overall rather low economic scale.

Senator STEVENS. You have a college that is accredited, you have veterans and you have basic opportunity grants. You have other Federal programs. Are there going to be any non-Interior revenues for this facility?

Mr. BARNETT. Mr. Chairman, I am advised that we do not receive any other Federal scholarship funds for the college itself. We do apply for and receive scholarship help for our students here in the United States under several of the programs that are available. We do have some scholarships available for Samoan students who stay at the community college, but I don't know of any Federal scholarship program available to us in Samoa from the States.

Senator STEVENS. Well, until recently I chaired those hearings, too. I advise you to take a look at the HEW scholarship programs because I think the students would be eligible for a great many of them.

Mr. BARNETT. I appreciate the thought, sir.

Senator STEVENS. We would like to see what you can do to generate funding of some sort from the local level as you go into a college program.

What is going to be the proposed enrollment at the college? Do you have any estimate?

Mr. BARNETT. We have about 900 students out there now and with the change——

Senator STEVENS. It is a 2-year facility now?

Mr. BARNETT. Yes, it is. And we got our accreditation just last spring from the accreditation group in California. We have a very good community college.

Senator STEVENS. And will it be going on to a 4-year facility?

Mr. BARNETT. That is the idea.

Mr. Chairman, what we are faced with is, out of 251 elementary teachers, we only have 13 local teachers who have bachelors degrees. Obviously, the opportunity to the teachers have to be expanded if we are going to present a better opportunity to the students. The thrust in the past has been to bring in off-island teachers to work directly in the classrooms with the students.

And my feeling was, and is, that we would be much better off to work with the teachers, train Samoan teachers, and let the Samoan teachers work with Samoan children. That is the whole idea behind the upgrading of the community college into a 4-year teacher-training college.

MEDICAL SERVICES

Senator STEVENS. Why is there a reduction of 16 positions in the medical service?

Mr. TUIA. That is part of the resubmission here.

Mr. BARNETT. I think that members of the FONO would suggest to you here that there is a lot more money that can be spent in medical services.

Senator STEVENS. Mr. Speaker, is item 8 related to that?

Mr. TUIA. Yes, Mr. Chairman.

Senator STEVENS. We have a reduction of 16 positions and you are requesting funding for 3 additional, is that right?

Mr. TUIA. It will be more than that, Mr. Chairman.

Senator STEVENS. What does that "Personnel—3" mean?

How many people will you fund with $378,000?

Mr. IULI. May I, Mr. Chairman? I think that is a typographical error. That should be 31. There are 16. The 16 is in the original budget. It is for 16 nurses and nursing aides plus 15 of other doctors. And the figures there should be 31, not 3.

Senator STEVENS. Thirty-one. All right. We will correct that for the record so that it will show that the personnel request is for 31 positions.

Mr. IULI. Sixteen nurses and nurses aides, plus other professional personnel.

MEDICAL CARE

Senator STEVENS. What is this medical care item?

Mr. TUIA. Mr. Chairman, this is to take care of the medical patients over on the island of Manua which is about 68 miles. And, also, the bringing in of patients from America Samoa to Hawaii who cannot be taken care of in American Samoa.

Senator STEVENS. That is not covered in your budget?

Mr. BARNETT. We have an item in there for it, Senator, and we developed an unusual situation. We thought if we brought in more qualified doctors, and upgraded the overall hospital operation, that we could reduce our off-island medical care. This budget reflects such a reduction.

Strangely enough, with new physicians, with new ideas and more skills, we found more problems that we didn't know about before. So we have more off-island medical care required now than we did when our staff was not as competent as they are now. It sort of backfired on us.

Senator STEVENS. And is that travel item in the Fono's request related to the travel of those people to Hawaii? What is the travel item?

Mr. BARNETT. For medical services, yes. We have a contract with Tripler Hospital there, $168 a day for our patients.

MEDICAL EQUIPMENT

Senator STEVENS. I am looking at the request of the Fono. It says, equipment, $100,000; travel, $75,000; supplies, $100,000. I would like a little explanation of that. What kind of equipment does that cover?

I understand the personnel now, but what would you do with $100,000 worth of equipment? Is there some defect in the equipment that you have there now?

Mr. BARNETT. We have a great deal of equipment. It is a normal hospital operation. It is not as upgraded as it could be. For instance, we have an X-ray machine that will expire in about 18 months. It is $130,000, I believe, for just that one item.

Senator STEVENS. What specifically does the Fono have in mind with the $100,000, do you know?

Mr. IULI. This was based on the request by the medical services. They have all types of equipment listed here that they need to replace, like beds, refrigerators—I don't know most of this. It has got medical names on it.

Senator STEVENS. What is the supplies item? Isn't there money for medical supplies in your budget?

Mr. BARNETT. Again, medical supply costs have gone up quicker than our budget estimates would reflect.

We also have transportation cost increases because of our location.

NEW CORRECTIONAL FACILITIES

Senator STEVENS. The correctional facility for the department of safety is operated and manned by 16 personnel. With the completion of the new facility this year, an additional five correction officers are required; is that correct?

Mr. TUIA. That is correct, Mr. Chairman.

Senator STEVENS. Will it be finished this year, Governor?

Mr. BARNETT. It should be started within the next 60 days. The funding that we have now will get us about two-thirds of the way through the facility, but will spread the operation out. But the new design, although it is very nice, it spreads the prison out to a greater extent than it is now and requires more personnel to run it.

Senator STEVENS. Would you expect that it would be utilized in fiscal 1978?

Mr. BARNETT. Yes. Yes, It would.

Senator STEVENS. And new personnel will be required if it is going to be utilized?

Mr. BARNETT. That is what my public safety commissioner has told us, Mr. Chairman. I would like to think that he and I could have a little more discussion on that before he hires all five of them.

Senator STEVENS. Well, I am a little sensitive to that because we have some problems up my way where we completed facilities and then found out that we didn't have the people to run them. If this is the same situation, we would like to know.

Mr. BARNETT. I don't think that is the case at all. I am completely certain the facility can be operated either with the existing personnel or a very slight increase as it is in the same location.

Senator STEVENS. Well, again, Governor, I have respect for your problems and your job. Do you disagree with the list of priorities the Fono has submitted? Have you gone over their statement?

Mr. BARNETT. I have gone over it with them yesterday afternoon. And, no, I do not disagree. If this is what the Fono feels like this is what we should do next, that is perfectly agreeable with me.

LOCAL REVENUES FOR CONSTRUCTION

Senator STEVENS. With regard to construction, are there any local revenues to be directed toward the program in the 1978 budget?

Mr. BARNETT. $914,500 of local revenue will be directed to construction in fiscal 1978, Mr. Chairman.

If I may, Mr. Chairman, in addition to that there is another $1,542,000 which we will use as our share of local match for grant funds for construction projects.

STATEMENT ON UNOBLIGATED BALANCES

Senator STEVENS. Will there be any unobligated balance in the construction program at the end of 1977?

Mr. BARNETT. Not of any significant nature, I am advised.

Senator STEVENS. Give us a statement for the record at this point.

Mr. BARNETT. Yes, sir.

[The information follows:]

STATEMENT ON UNOBLIGATED BALANCES

Assuming that contracts for construction can be let on schedule and materials and equipment shipments received as ordered for construction projects to be accomplished "in-house" by the Department of Public Works, there should be no significant unobligated balances in Department of the Interior grant-in-aid funding for construction at the end of fiscal year 1977.

IMPACT OF LOCAL REVENUES

Senator STEVENS. Is there a possibility that the capital improvement program could eventually be funded by local revenue?

Mr. BARNETT. I think at the present time that is a little ambitious. We have our local revenues, a net of about $8 million, as I recall, and our capital improvement program is some $9 million.

Senator STEVENS. How much control does the legislature have over the use of local revenues?

Mr. BARNETT. Total.

Senator STEVENS. Subject to your veto?

Mr. BARNETT. Yes. The veto, I might add, can always be overridden by secretarial order, Mr. Chairman.

Senator STEVENS. Yes. I remember that.

That is because anyone who really works with the territory suddenly becomes part of it. At least that's what they think here.

WATER SYSTEMS

On the water systems program, you have $920,000. I am told that this is to continue work begun with a $3 million HUD grant and $1.8 million in funding from this committee last year.

Now, is this the last item? Is that going to complete that water system?

Mr. BARNETT. Mr. Chairman, with the expenditures this year and in fiscal 1978 our physical water system from a transmission standpoint should be pretty solid.

Senator STEVENS. Is there any out-year obligation now in the water systems that we funded? That is what I want to know. Are we finished with the water system if we give you $920,000?

Mr. BARNETT. From a transmission standpoint, that is correct. The big problem that we have now upon completion of these facilities will not be quantity of water, but quality of water. We can move large quantities from one end of the island to the other with these facilities.

The next problem is getting adequate piping into the villages and getting water that is good, clean water into the villages.

Senator STEVENS. All right. So we might be involved in some water improvement program but not in this water system; is that right?

Mr. BARNETT. That is correct, but it will not be in the magnitude that we have had before. But there will be over the next 20 years a continuing problem in fresh water.

Senator STEVENS. Is any such request pending before the Department for a project of that type? Any new water development projects?

Mr. RICE. Not at this time, Mr. Chairman.

Senator STEVENS. We had a severe water problem there, didn't we, about 2 years ago?

Mr. BARNETT. Yes.

Senator STEVENS. When this is completed, will that reduce the risk of the crisis reoccurring?

Mr. BARNETT. Absolutely, and the reason why, is that in the past we relied principally on streams and catch basins for water supply. This program is a well development program so that we have the underwater reserves we can look to instead of counting on the rainfall.

ROAD CONSTRUCTION

Senator STEVENS. Road construction is the largest item under public improvements—$2.4 million.

Mr. BARNETT. Mr. Chairman, I believe that is on the bottom of page 80.

Senator Stevens. Is that related at all to the additional request of the Fono? Let me ask of you gentlemen from the Fono, are any of those projects related to your first six priorities?

Mr. TUIA. No, Mr. Chairman.

Senator STEVENS. How do you construct roads there, Governor? And how do you pronounce the second one?

Mr. IULI. Ofu-Olosega.

Senator STEVENS. Is that by contract?

Mr. BARNETT. Yes. That particular road is.

Senator STEVENS. How many contractors are in the road business out there?

Mr. BARNETT. We only have one, a Korean firm, Kong Yung Construction who stays in Samoa at all times. We had various bidders, and in this particuar case the contractor is from Seattle.

ROAD CONSTRUCTION CONTRACTS

Senator STEVENS. It would seem to me that the move-in, move-out cost on road construction in Samoa would be large. Unless you have a sizable road construction program you are not going to get many bids from Hawaii or the mainland; is that right?

Mr. BARNETT. That is entirely accurate. I might add that I hope that today's major road construction in Samoa is past. We are in the process of getting surfaced roads to most of the people on the islands.

Senator STEVENS. Most of these are less than $1 million. There are two for $700,000. Are each one of them separate contracts?

Mr. BARNETT. These would be bid separately. Yes. Each one would be bid separately.

Senator STEVENS. Did you ever try putting them all out together?

Mr. BARNETT. Not to my knowledge, Mr. Chairman.

Senator STEVENS. I don't know who would want to take a $500,000 contract for resurfacing. He has got to have something else in mind to move equipment into Samoa.

Mr. BARNETT. Many of these will be done in-house by our own people.

IN-HOUSE CONSTRUCTION

Senator STEVENS. I asked if they were contracted out. I thought that they were going to be contracted out.

Mr. IULI. Resurfacing and the airport road will be done by the public works.

Senator STEVENS. The small ones will be done by the public works department?

Mr. IULI. Yes.

Senator STEVENS. How many of these on your priority list will be done by the public works department?

Mr. IULI. I think all with the exception of No. 2.

Senator STEVENS. All except the causeway?

Mr. TUIA. With the exception of No. 2, Mr. Chairman. No. 1, No. 3, No. 4, No. 5, and No. 6 can be done by the public works department.

Senator STEVENS. And No. 2 would probably be contracted out?

Mr. IULI. Yes.

Senator STEVENS. All right, gentlemen. I think that we understand your request.

FUNDING FOR LEGISLATURE REQUEST

Gentlemen from the Fono, we appreciate your coming in. Governor, I appreciate your position with regard to these requests and we will see what we can do to convince our colleagues that at least some of them ought to be funded.

I am personally concerned over the items in the health department. Mr. Rice, I would urge you to see if there have been extenuating circumstances, which might be covered by some budget clearance because this committee is, as you know, under a tight ceiling and it is very difficult to respond to some of these things unless we get some OMB clearance. I think the health problems in particular ought to be addressed again, Governor, and we will see if we have enough funds here. At least give us an indication of the probability of your submission of a supplemental in the health area.

Mr. BARNETT. I would like to think that we can finance some of these from local revenues if it comes to that. We are at the present time—if we can continue as we are now, we are going to be not overly covered up with surplus, but there should be some local revenues that can be shifted around by the members of the Fono at a later date. So I would say now that I would very much be surprised if a supplemental will be required before this committee.

Senator STEVENS. On the health item?

Mr. BARNETT. On any matter that I can think of, sir.

Senator STEVENS. How are you going to cover the increased cost of the Hawaiian care, the off-island care? Where does the money come from?

Mr. BARNETT. It will have to come from local revenues.

I don't mean to suggest that our estimates are too low. But if the business activity continues as it is, unless we have an unusual expense that we are not now aware of, we are going to be in relatively good condition.

Senator STEVENS. Are you going to get any money from the public works bill that just went through?

Mr. BARNETT. The community college expansion was fully funded by that program.

Senator STEVENS. What about the jobs?

Mr. BARNETT. We hope for approximately $2 million for additional projects that would come from that program.

Senator STEVENS. Will any of those roads be done under that public works or the jobs bill?

Mr. BARNETT. If they had been put in the application, I am sure that would be a possibility. The things that we have asked for, though, are the improvements at the airport, improvements at the port and things of that nature. I don't think that there is any overlap in the road priorities in the application now pending.

UNEMPLOYMENT IN SAMOA

Senator STEVENS. What is the unemployment rate in Samoa?

Mr. BARNETT. About 16 percent this year down from about 17 percent last year. And I might add, by the way, we have a slight reduction in governmental employees and a slight increase in private sector employees.

Senator STEVENS. If you had additional funding, when could it be spent on some of those six additional items?

Mr. BARNETT. If we do it with our own public works department, it will have to be down the road because we have our existing programs that are already in the pipeline, so to speak. If we go off-island to bid it, it can be done as soon as the dollars are available.

Senator STEVENS. I am thinking about that unemployment situation. Would those projects relieve the unemployment situation at all?

Mr. BARNETT. Yes. And the public works projects we have this year are very helpful in that regard.

Senator STEVENS. Are any of your local revenues derived from income taxes?

Mr. BARNETT. We have the same income tax—we have adopted the I.R.S. Code as our standard. So, yes.

Senator STEVENS. And the taxes are paid to Samoa?

Mr. BARNETT. That is right.

Senator STEVENS. If the unemployment rate went down, you would have increased local revenue?

Mr. BARNETT. That must follow. Yes, sir.

Senator STEVENS. And with that increased local revenue, you might be able to meet some of the health problems yourself?

Mr. BARNETT. Yes.

Senator STEVENS. Well, again, I will speak to the chairman about it and we will see what we can do gentlemen.

Governor and Mr. Rice, thank you for your presentation. And members of the Fono, I appreciate your courtesy.

Mr. AUMOEUALOGO. Mr. Chairman, we thank you for every consideration you have given us for any additional funding.

Senator STEVENS. I thank you and I thank you for the time you visited with me yesterday. We will give serious consideration to your request.

SUBMITTED QUESTIONS

We have additional questions that we will submit and ask that you provide answers for the record.

Mr. BARNETT. Yes, sir. We will be hapy to do so.

Mr. RICE. Yes. And we will see that they are included in the hearing record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

GOVERNOR'S OFFICE

Boards and Commissions

Question. What are your plans for the increase under boards and commissions? That goes from $1,000 to $4,500. This is strictly operational funding? It is not pay or reimbursements for board members?

Answer. The increase of $3,500 requested for Boards and Commissions during fiscal year 1978 is to fully budget for supplies, materials, and printing and reproduction costs associated with operations of Executive boards and commissions. These costs have been absorbed in large part within the administration and operations budget in previous fiscal years. The total funding request of $4,500 is for operations, not pay or reimbursements for board members.

Administration and Operations

Question. You propose a $30,000 decrease under administration and operations. Your justification fails to mention how you are able to achieve this reduction - would you enlighten us?

Answer. The majority of the decrease is due to eliminating one contract position, an Assistant to the Governor. The remainder of the proposed decrease is due to less need for the shipment of U.S.C.S. and contract personnel household goods anticipated for fiscal year 1978.

Furniture Replacement

Question. Last year you received the $5,000 that you requested for replacement of office furniture and equipment. Now you are asking for an additional $5,000 for the same purpose. Would you explain the reason for this request?

Answer. The $5,000 received for fiscal year 1977 is for replacement of office furniture and equipment for administration and operations. The $5,000 requested for fiscal year 1978 is primarily for replacement of furniture and household effects in the Government House, the majority of which was originally purchased during early fiscal year 1969.

JUDICIARY

Question. Under your judiciary activity you are proposing an overall decrease of $3,000. With the increased workload that your projections indicate will you have sufficient funding in this area?

Answer. In view of operating efficiencies now being effected within the Judiciary, the fiscal year 1978 funding request of $381,500 should be sufficient.

EDUCATION

Personnel Reduction

Question. Your education budget is just over $5 million, which is a decrease of $268,000 and a reduction of 21 positions. Are these teaching positions, or are they support personnel? What areas of the education program will face personnel reductions?

Answer. The 21 positions proposed to be deleted under the Department of Education during fiscal year 1978 are as follows:

Early childhood teachers	- 8
Secondary teachers	- 4
Curriculum specialists	- 3
Producer/director (TV)	- 1
News director (TV)	- 1

Television technicians	- 2
Printer helpers	- 2

The 12 early childhood and secondary teaching positions, and the three curriculum specialists, are positions which are presently vacant due to the lack of sufficiently qualified local candidates. Rather than recruiting contract personnel, particularly in view of an overall projected decrease in school enrollment for fiscal year 1978, it was decided that savings from the reduction of these positions would best be utilized at the Community College to train new teachers and for continuing training of existing teaching staff. The four television positions are presently vacant positions which will not be refilled in fiscal year 1978 due to operating efficiencies effected at the television station. The two printer helpers have been transferred to the GAS print shop and are budgeted under the Department of Administrative Services.

Instructional Development

Question. Further on in your justification (p. 45) you say that "evidence shows that the major deficiencies our high school graduates suffer are rooted in poor elementary instruction due to inadequately trained teachers." In light of that statement, how can you justify a $19,000 reduction in your instructional development activity, under which you provide teacher training?

Answer. It is felt that improving the quality of elementary instruction can initially best be accomplished by expansion of teacher training programs at the Community College rather than increasing funding for instructional development within the Department of Education. The types of training needed by the majority of our local teachers are of a more basic nature than that provided through the instructional development program. In order for the teachers to obtain maximum benefits from training under instructional development, the more basic training must first be provided.

Elementary Instruction

Question. Continuing along that line, how do you justify the reduction of your elementary instruction activity by $28,500?

Answer. The reduction of $28,500 in elementary instruction is based upon a projected five percent decline in elementary school enrollment for fiscal year 1978.

Early Childhood

Question. Your early childhood education program shows a reduction of $14,000 yet you project enrollment increasing by 200. Would you explain the reason for decreased funding?

Answer. The fiscal year 1978 request for basic early childhood education funding has been reduced by $14,000. In addition, however, the Department of Education receives an annual grant from Health, Education, and Welfare (HEW) for early childhood instruction. Our present plans are to request additional assistance from HEW in fiscal year 1978 for the early childhood program, funding sufficient to both offset the reduction within the basic program and accommodate the additional financing requirement due to the projected enrollment increase.

Support Services

Question. You are proposing a reduction of $218,500 in your support services activity, which includes equipment and furniture maintenance. At the same time you are asking to increase your funding for new furniture and equipment by one-third. Please explain.

Answer. The fiscal year 1977 maintenance budget of $250,000 was abnormally high due to the need for extensive renovational requirements of several educational facilities, work of a nature beyond the realm of normal maintenance. This work will be accomplished during the current fiscal year and the maintenance budget for fiscal year 1978 has accordingly been reduced to $100,000, a level which should be sufficient to accommodate normal maintenance requirements. The remainder of the overall $218,500 decrease is due to consolidating the Department of Education printing facilities under the GAS print shop which is budgeted under the Department of Administrative Services.

Adequacy of Request

Question. Your proposed staff and funding reductions under education are disturbing. Do you feel that your request for FY 1978 will enable you to realistically meet your education needs?

Answer. In view of the overall basic needs in the area of teacher training which we feel will best be fulfilled through the expansion of the Community College into a four-year institution, we feel that our fiscal year 1978 request for both the Department of Education and the Board of Higher Education is adequate. It must be understood, however, that improving the quality of our elementary and secondary instruction to a satisfactory level will not be accomplished overnight, but over a period of several years.

Program Emphasis

Question. It appears that you are reducing funding in elementary and secondary education and emphasizing higher education. Is this to attack the inadequacies in the training of elementary and secondary teachers and the corresponding low achievement levels of the students?

Answer. Yes, sir. That is correct.

Question. Why should the increase in higher education be at the expense of elementary and secondary, which is admittedly insufficient?

Answer. In both fiscal years 1977 and 1978, 33 percent of the total operating budget of the Government of American Samoa has been allocated to our educational programs, including early childhood, elementary, secondary, and higher education. In view of the financial requirements of other needed government programs, we feel that the increase requested for the Board of Higher Education must, to some extent, necessarily be financed from funding previously available to the Department of Education. We do, however, feel that our fiscal year 1978 request for the Department of Education is adequate.

HIGHER EDUCATION

Re-estimates

Question. You state that travel and household goods shipments require additional funding because you underestimated these costs in your original submission. How do you explain errors of this magnitude? (Travel goes up $26,000; household shipments go up $18,000.)

Answer. In development of the original fiscal year 1978 estimates, we planned to finance the majority of costs of contract personnel travel and shipment of household goods from other Federal grant programs available to the Board of Higher Education. We have since determined that under the rules and regulations governing those programs, funding for these costs must be provided from the basic higher education budget.

MEDICAL SERVICES

Question. You fail to indicate the specific reasons for your increases or decreases in the medical services area. Please provide specific cost factors broken down by funding areas as shown in your justification (p. 49).

Answer. The breakdown of specific cost increases and decreases for medical services by funding area is as follows:

Medical Services Cost Breakdown

Program	FY 1977 Estimate	FY 1978 Estimate	Change
Administration:			
Personal Services	$293,000	$267,500	$ -25,500
Travel	13,000	13,000	-0-
Contractual Services	136,500	131,000	- 5,500
Equipment	-0-	-0-	-0-
Materials & Supplies	79,000	12,500	-66,500
All Other Costs	126,000	123,500	- 2,500
Subtotals	647,500	547,500	-100,000
Pharmacy:			
Personal Services	43,500	39,500	- 4,000
Travel	1,000	-0-	- 1,000
Contractual Services	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Materials & Supplies	198,500	208,500	+ 10,000
All Other Costs	1,500	-0-	- 1,500
Subtotals	244,500	248,000	+ 3,500
Laboratory:			
Personal Services	60,000	63,500	+ 3,500
Travel	-0-	-0-	-0-
Contractual Services	19,000	20,000	+ 1,000
Equipment	-0-	-0-	-0-
Materials & Supplies	32,000	30,000	- 2,000
All Other Costs	500	-0-	- 500
Subtotals	111,500	113,500	+ 2,000
Radiology:			
Personal Services	59,500	61,000	+ 1,500
Travel	-0-	-0-	-0-
Contractual Services	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Materials & Supplies	16,000	18,000	+ 2,000
All Other Costs	-0-	-0-	-0-
Subtotals	75,500	79,000	+ 3,500

Program	FY 1977 Estimate	FY 1978 Estimate	Change
Dental Services:			
Personal Services	$116,000	$112,000	$ - 4,000
Travel	1,000	-0-	- 1,000
Contractual Services	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Materials & Supplies	8,500	9,500	+ 1,000
All Other Costs	2,000	-0-	- 2,000
Subtotals	127,500	121,500	- 6,000
Nursing Services:			
Personal Services	806,500	782,000	- 24,500
Travel	-0-	-0-	-0-
Contractual Services	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Materials & Supplies	108,500	151,000	+ 42,500
All Other Costs	-0-	-0-	-0-
Subtotals	915,000	933,000	+ 18,000
Medical & Surgical:			
Personal Services	591,000	580,000	- 11,000
Travel	40,500	6,000	- 34,500
Contractual Services	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Materials & Supplies	4,500	2,000	- 2,500
All Other Costs	5,000	8,000	+ 3,000
Subtotals	641,000	596,000	- 45,000
Public Health & Sanitation:			
Personal Services	433,000	405,500	- 27,500
Travel	18,000	7,500	- 10,500
Contractual Services	500	500	-0-
Equipment	500	2,000	+ 1,500
Materials & Supplies	16,000	25,500	+ 9,500
All Other Costs	12,000	11,000	- 1,000
Subtotals	480,000	452,000	- 28,000
Support Services:			
Personal Services	299,000	310,500	+ 11,500
Travel	-0-	-0-	-0-
Contractual Services	-0-	-0-	-0-
Equipment	-0-	-0-	-0-
Materials & Supplies	122,500	157,500	+ 35,000
All Other Costs	1,500	1,500	-0-
Subtotals	423,000	469,500	+ 46,500
TOTALS	$3,665,500	$3,560,000	$-105,500

PORT ADMINISTRATION

Customs

Question. How are you able to reduce funding for the customs and quarantine division when you have the added responsibility of pest and disease inspection? (transferred on July 1, 1976 from Agriculture Dept.)

Answer. When the responsibility for pest and disease inspection was transferred from the Department of Agriculture, four agriculture personnel were transferred to the Department of Port Administration. Through attrition, a like number of customs and quarantine positions are now vacant. Due to operating efficiencies effected within the Customs and Quarantine Division, primarily through improved scheduling of personnel, it is felt that these four positions will not need to be refilled during fiscal year 1978.

Water Transportation

Question. Under water transportation you mention a goal of upgrading all vessels and crews to Coast Guard standards. How are you planning to achieve this with a reduction of $44,000?

Answer. Prior to 1 July 1976, the Water Transportation Division was operated as an enterprise fund. By directly budgeting for this activity by appropriation, we felt that we would be able to effect operating efficiencies and thereby reduce costs through increased financial and managerial controls. We feel that this has been successful to a sufficient extent that funding for Water Transportation can be reduced by $44,000 in fiscal year 1978, and our goal to upgrade all vessels and crews to U.S. Coast Guard requirements can also be met.

ADMINISTRATIVE SERVICES

Print Shop

Question. You are asking that the print shop, which was previously funded as an intergovernmental service fund, be directly budgeted in FY 1978. What is your rationale for this request?

Answer. We feel that by directly budgeting for activities previously operated as intragovernmental service funds, government operations will be simplified and morale improved by eliminating as much cross-charging between departments as possible, and operating efficiencies can be effected and costs reduced through tighter financial and managerial controls.

Director's Office

Question. What will the $20,000 increase under the Office of the Director of Administration be used for?

Answer. The requested $20,000 increase for the Office of the Director is needed to fully finance electricity costs of the Central Administration Building. This item has been underbudgeted in previous fiscal years.

PUBLIC WORKS

Question. Under Public Works you propose to budget directly for the motor pool ($415,000) and the construction division ($1.7). What benefits will result from this approach? Why shouldn't they remain intergovernmental service funds?

Answer. As with the print shop, we feel that by directly budgeting for all activities previously operated as intragovernmental service funds, government operations will be simplified and morale improved by eliminating as much cross-charging between departments as possible, and operating efficiencies can be effected and costs reduced through tighter financial and managerial controls.

Positions

Question. We note that in FY 1978 your personnel under the public works activity increases from 422 to 574. That amounts to a 36 percent increase. Are these new positions, or are they transferred from your intergovernmental service fund? What necessitates this kind of personnel increase?

Answer. Of the 152 additional positions requested for the Department of Public Works, 141 are transfers from intragovernmental service funds. The remaining 11 requested additional positions are needed for maintenance of water, sewer, and solid waste systems.

SUBCOMMITTEE RECESS

Senator STEVENS. We will stand in recess until 9:30 a.m., tomorrow morning when we hear the fiscal year 1978 request of the Bureau of Indian Affairs.

[Whereupon, at 11:15 a.m., Wednesday, March 16, the hearing was recessed, to be reconvened, at 9:30 a.m., Thursday March 17.]

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