

LEGISLATIVE COUNSEL
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Calendar No. 1045

93D CONGRESS } SENATE } REPORT
2d Session } } No. 93-1091

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; SPACE,
SCIENCE, VETERANS, AND CERTAIN OTHER INDEPENDENT
AGENCIES APPROPRIATIONS BILL, 1975

August 15, 1974.—Ordered to be printed

Mr. PROXMIRE, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 15572]

The Committee on Appropriations, to which was referred the bill (H.R. 15572) making appropriations for the Department of Housing and Urban Development; for space, science, veterans, and certain other independent executive agencies, boards, commissions, corporations, and offices for the fiscal year ending June 30, 1975, and for other purposes, reports the same to the Senate with various amendments and presents herewith information relative to the changes made.

AMOUNT IN NEW BUDGET (OBLIGATIONAL) AUTHORITY

Amount of bill as passed House.....	\$20, 846, 332, 000
Amended estimates not considered by House.....	618, 962, 000
Subtotal.....	21, 465, 294, 000
Amount of decrease by Senate.....	254, 575, 580
Amount of bill as reported to Senate.....	21, 210, 718, 420
Amount of appropriations, 1974.....	20, 813, 036, 000
Amount of budget estimate.....	21, 436, 813, 000
Under the estimates for 1975.....	226, 094, 580
Over the appropriations for 1974.....	397, 682, 420

SUMMARY OF THE BILL

Department or agency	Bill compared with--						
	Appropriations, 1974	Budget estimates, 1975	House bill	Committee recommendations	Appropriations, 1974	Budget estimates, 1975	House bill
Department of Housing and Urban Development.....	\$3,095,724,000	1 \$3,166,953,000	\$3,210,422,000	\$3,015,138,430	-\$80,585,570	-\$151,814,570	-\$195,283,570
Funds appropriated to the President: Disaster Relief.....	432,600,000	200,000,000	200,000,000	200,000,000	-232,600,000	-----	-----
American Battle Monuments Commission.....	4,100,000	5,465,000	4,512,000	4,375,640	+276,640	-1,088,860	-135,360
Cemeterial Expenses, Army.....	24,078,000	287,000	265,000	287,050	-23,820,950	-9,950	-7,950
Federal Communications Commission.....	40,155,000	46,847,000	46,900,000	46,900,000	+6,745,000	+53,000	-----
National Aeronautics and Space Administration.....	3,085,007,000	3,242,694,000	3,203,050,000	3,206,735,300	+171,725,300	-35,958,750	+3,685,300
National Science Foundation.....	547,660,000	688,460,000	671,800,000	659,660,000	+111,940,000	-26,800,000	+12,200,000
Renegotiation Board.....	4,805,000	5,195,000	5,163,000	5,163,000	+358,000	-32,000	-----
Securities and Exchange Commission.....	36,227,000	42,131,000	43,077,000	43,077,000	+6,850,000	+946,000	-----
Selective Service System.....	53,764,000	47,166,000	46,463,000	37,345,000	-16,419,000	-9,815,000	-3,115,000
Veterans Administration.....	13,538,920,000	13,993,698,000	13,414,680,000	13,992,126,000	+453,206,000	-1,572,000	+577,446,000
Total.....	20,813,066,000	21,436,813,000	20,846,332,000	21,210,718,420	+397,683,420	-226,094,380	+364,386,420

1 Deferred consideration of \$2,175,000,000 for community development block grants.

GENERAL STATEMENT

The Committee previously reported this bill on August 1, 1974, Senate Report number 93-1056. The bill was ordered recommitted by the Senate on August 5, 1974, thus this is the second report on this bill.

The Committee recommends \$21,210,718,420 in new budget (obligational) authority for the Department of Housing and Urban Development, the National Aeronautical and Space Administration, the National Science Foundation, the Veterans Administration and eight other independent agencies. This sum is \$226,094,580 below the budget estimates considered by the Committee and \$364,386,420 over the sum recommended in the House bill. The committee considered estimates aggregating \$618,962,000 which were not considered by the House, consequently the sum recommended by the committee is \$254,575,580 less than the House allowance.

On the opposite page there is a summary table indicating the amounts recommended in the bill and a comparison with the appropriations for fiscal year 1974, the budget estimate for 1975 and the amount contained in the House bill.

Concurring with the action of the House, the Committee has deferred consideration of an additional \$2,175,000,000 requested for a Community Development Grant Program, pending final Congressional action on the Housing and the Urban Development Act of 1974.

In Title I of the bill, which covers the items for the Department of Housing and Urban Development, the Committee recommends an appropriation of \$3,015,138,430, which sum is \$151,814,570 less than the budget estimate and \$195,283,574 under the House allowance. Included in the sum made available for the Department is \$315,250,000 for the Urban Renewal programs and Model Cities. Under pending legislation, these aforementioned categorical grant programs will be replaced by some type of Community Development Block Grant program, presently being considered by a Conference Committee of the Banking and Urban Affairs Committee of the Senate and the Banking and Currency Committee of the House of Representatives. In this connection, the Committee was informed that if this legislation is enacted, the Department of Housing and Urban Development would be prepared to put into effect a Community Development Block Grant program by January 1, 1975.

For the Space Programs, the Committee recommends an appropriation of \$3,206,735,000 which is \$35,598,700 more than the budget estimate and \$3,685,300 over the House allowance.

For the National Science Foundation, the Committee recommends an appropriation of \$659,600,000 which is \$12,200,000 under the sum recommended by the House, and \$26,800,000 below the budget estimate.

More than 65 percent of the sum recommended by the Committee of new budget obligational authority is for the budget of the Veterans' Administration which totals \$13,992,126,000. Of this amount, \$7,283,000,000 or more than 50 percent is for Compensation and Pensions for veterans and widows and their survivors; \$2,676,000,000 is for Readjustment Benefits and \$3,187,644,000 is for the medical care of our Nation's veterans.

The Committee has concurred with the House and has recommended an increase above the budget for the Federal Communications and the Securities and Exchange Commissions, in order to insure that these

very important watchdogs of the public welfare will be able to more effectively meet their very demanding and expending workloads.

For the Selective Service System, the Committee recommends an appropriation of \$37,345,000, which is \$9,818,000 less than the budget estimate and \$9,118,000 under the amount contained in the House bill. Once again, the Committee considered providing a minimal amount of funds in order to terminate the Selective Service System. However, this action would amount to an effective repeal of the Selective Service System statute and in the opinion of the Committee, it was felt that if the act is to be repealed, it should be accomplished through the legislative process.

The Committee has also concurred with the House by incorporating a flat 10 percent reduction from the sum requested by the Department and agencies for the payment of space rental provisions levied by the General Services Administration, in accordance with the Public Buildings Amendments of 1972, Public Law 92-313, approved June 16, 1972. In concurring with the House action, the Committee also felt that the 10 percent reduction will have the effect of bringing the charges imposed by the General Services Administration in consonance with the costs of services provided.

STATUS OF AUTHORIZATIONS

All of the appropriations recommended by the Committee have been duly authorized by the Congress except the National Science Foundation which is pending in a conference committee.

EFFECTS OF COMMITTEE ACTION ON BUDGET EXPENDITURES

The budget outlays (expenditures) for the Department and other agencies covered in this bill are estimated at \$23,114,000,000 in FY 1975. The Committee recommendations are expected to reduce this total by approximately \$150,000,000, for a total of \$22,964,000,000.

PERMANENT OBLIGATION AUTHORITY—FEDERAL FUNDS AND TRUST FUNDS

Considerable sums are provided the Department and other agencies through so-called "back door" financing, which is authority granted by permanent legislation to borrow from the Treasury for certain insurance and guaranty programs, and through so-called "side door" financing, better known as contract authority for certain veteran and subsidized housing programs. The estimates for this authority aggregated \$1,085,106,000 in Federal funds and \$902,438,000 in trust funds for FY 1975 and are tabulated in the tables appearing at the end of this report.

LIMITATION ON VEHICLE USE

The Committee has added a provision to the bill which in effect restates existing law and restricts the usage of government vehicles. Section 638a of Title 31 of the United States Code prohibits the use of government vehicles for other than "official purposes." It also states that "official purposes" shall *not* include the transportation of government officers and employees between their domiciles and their places of employment.

The exceptions to this prohibition are extremely limited and include the President and his Cabinet, medical doctors on out-patient duty, and those employees engaged in field work who live far from their headquarters.

The hearings of this Committee over a two year period indicate that this prohibition is violated by almost every agency under its jurisdiction, for which various excuses are given.

It was claimed by one non-Cabinet official that he was justified in being driven to and from his home in McLean, Virginia because he was on "field work." Others stated that since Congress in the past had provided funds for cars and drivers we have acquiesced in the practice and the clear and obvious prohibition found in the law does not apply.

In order that there may be no doubt as to the position of this Committee that existing law must be observed, language was added to the bill stating that none of the funds in the act may be expended in violation of Section 638a of Title 31 and Section 101 of Title 5, USC. While it may seem to be unnecessary to state that the existing law must be carried out, it is vitally necessary because of the excuses and legerdemain of the officials involved.

The only officer to whom such limitation would not apply in this bill would be the Secretary of Housing and Urban Development who is specifically excluded by the provisions of Title 5, Section 101 of the United States Code, as a Cabinet officer. No other official is excluded from the provisions of the law.

The Committee also directs the Comptroller General of the United States to determine that the provisions of the law and of this Act are scrupulously adhered to and to exercise such authority as he has to see that the provisions of Section 638a are carried out.

Section 638a provides for the suspension or removal of any officer or employee who willfully uses or authorizes the use of any vehicle to transport officials between their domiciles and places of employment.

As a result of the activities of this Committee and its Members, considerable progress has been made in reducing the number of limosines (Class VI, V, and IV cars) in Washington. We have been less successful in preventing the abuse of Section 638a. What we are too often seeing now is chauffeur driven Pintos instead of chauffeur driven Cadillacs.

In addition to the fundamental proposition that the law should be obeyed there are two additional and compelling reasons why driving officials to and from their homes is wrong. First, during this period of high fuel prices and shortages, it means a doubling of the mileage. The car goes both ways twice in a single day. Second, our hearing established that the average annual earnings, including overtime, of the chauffeurs is about \$15,000. In one case it was \$20,000 a year. This is an absolutely unnecessary expense at a time of rampaging and double digit inflation.

The provision in the bill as well as this report language are designed to leave no question that it is the intention of this Committee to see that the law is obeyed.

GENERAL EXPENSES

The Committee concurs with the House and recommends that the General Provisions applicable to the Department and agencies in fiscal year 1974 be continued in fiscal year 1975.

Also, the Committee agrees with the House in adding a new Section 405, relating to the reimbursement to be made to the General Services Administration as previously discussed in this report.

Further, the Committee has added a new Section 406, which places certain restrictions on the use of Government vehicles.

TITLE I
DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT

The Committee is distressed and deeply concerned by the Administration's action to abandon our nation's historic housing program. In 1949, the Congress declared our policy to provide a decent home in a suitable living environment for every American family.

In 1968, Congress set a housing goal of 2.6 million housing units a year for 10 years of which 600,000 were to be for low and moderate income families.

In January 1973, the Administration froze virtually all new starts for low and moderate income families. Some 17 housing programs or programs closely associated with housing were stopped. Except for units already in the pipelines, programs for low income housing were abandoned, and programs for moderate income housing were abandoned as well. This has resulted in additional families in the lower 40 to 50 percent of American income groups being denied access to public housing or the ability to buy a new home.

Exacerbating this situation, due to exceedingly high interest rates, approximately 70 percent of the American people under private enterprise and conventional housing programs have also been unable to purchase new homes.

Instead of a total of 2.6 million housing units a year, the annual rate for the first half of 1974 was about 1.5 million units, or over a million units below the national housing goals promulgated by the Congress.

Homebuyers, builders, thrift institutions, and those associated with the housing industry—furniture, durable goods, heating and cooling, among others—have felt the housing moratorium pinch.

The Committee feels that the Administration has justified its actions for a variety of unsupported reasons. Among other things, it has claimed that the programs were not achieving the goals set by the Congress, but by no stretch of the imagination is that correct.

Public housing, for all its particular difficulties, is highly popular and a badly needed program. The waiting lists are exceedingly long. The vacancy rates are exceedingly low. Thus, it may be concluded that public housing provides better housing to millions of Americans than they could otherwise afford or are now getting.

The Sections 235 and 236 programs suffered from both HUD mismanagement, and actual corruption, rather than from any inherent defects in the programs. In cities with good HUD management, such as Milwaukee, the program was a great success. In cities with rampant corruption among housing officials, it, along with other HUD programs, failed. But the failures in certain cities were not peculiar to Sections 235 and 236 and, in fact, these programs were not the main ones affected or which failed, contrary to the opinion of the Department and some judicial mistakes of fact. The Department blamed the programs instead of its own mismanagement. As a consequence of this mismanagement, over 400 indictments have been handed down in housing fraud cases.

Over 10 percent of the total defaults in the Section 235 program were in two cities, Seattle and Dallas where there was serious unem-

ployment stemming from cutbacks in the air and space industries. In the State of Wisconsin, 97 percent of those assisted have been successful.

In the country as a whole, HUD studies show that the Section 235 program is actuarially sound. There are now 350,000 Section 235 homeowners making their monthly payments. The actual number of defaults has not exceeded the number anticipated and the insurance reserves have covered anticipated claims. By any measurement, the program has been a major success in attaining the objective of assisting those with incomes well below the national median.

More than two-thirds of those receiving assistance receive lower subsidies each year because their incomes are rising, which was a major aim of the program. Some 50,000 Section 235 homebuyers have gone off subsidy altogether and, in the Committee's opinion, these are distinct measures of program success.

The Department has argued that if not everyone could be subsidized under the program, no one should be subsidized. Evidently, they halted the program out of policy distaste rather than from factual evidence.

We are now awaiting action for new and substitute programs. These were delayed by HUD's failure to finish its studies in a timely fashion and to recommend any program at all until September, 1973.

The Department now wishes to rely entirely on what is called the new Section 23 program, a program of leased housing to replace the conventional public housing program, and Sections 235 and 236.

The Committee feels that it would be a tragic error to take this course. First, Section 23 may not work. Second, if it does work, it could take a very long time to go into effect. Third, even if it works, it may not do two important things, namely, service the kind of low income families that public housing helped, and build in the regions or areas where housing is most needed.

Under Section 23, the builders become the housing managers. It would seem that since they must rent out the units, they will seek the elderly, those without children, and the upper reaches of low and moderate income families.

The large poor families and the very poor families, for whom public housing was such a great program, may well be left out in the cold.

For all these reasons, we should not accept the abandonment of the traditional programs as the price for Section 23. The traditional programs and Section 23 should be implemented concurrently.

Hopefully this will be the result of the legislative conference now taking place between the House and the Senate concerning future housing policy and programs. When the pending legislation is finally agreed to, this Committee will examine the Administration's funding request to carry out the will of the Congress.

HOUSING PRODUCTION AND MORTGAGE CREDIT PROGRAMS

SALARIES AND EXPENSES, HOUSING PRODUCTION AND MORTGAGE CREDIT PROGRAMS

Appropriation, 1974	\$5,246,000
Amended budget estimate	14,340,000
House allowance	14,340,000
Committee recommendation	12,125,000

For salaries and expenses of the Housing Production and Mortgage Credit Programs, the Committee recommends an appropriation of \$12,125,000 which is \$2,215,000 less than the House and the budget estimate.

The initial budget estimate totaled \$11,200,000. An additional \$3,140,000 was requested in the amended budget for the purpose of adding 227 additional positions (167 man-years) to handle the added workload in applications in the revised Section 23 Leased Housing Program. These additional positions will be filled in the field offices of the Department.

In addition to the new budget obligational authority made available, the sum of \$2,470,000 is anticipated to be derived from fees and will also be used to fund the salaries and expenses in this account, making a total of \$14,595,000 available for this item in fiscal 1975.

The House included language, in its report, directing that none of these funds be used to administer the new Section 23 Revised Leasing Program without the companion administration and implementation of the full unused balance of Section 236 contract authority currently available. In this connection, the Committee has included language in the bill which in effect concurs with the House report language and also provides that the unused balance of contract authority, currently available under Section 235, shall also be used concomitantly.

The Committee recognizes that the Department expects to rely heavily on a revised public housing leasing program to provide housing in private accommodations for low income families. This program, when used in conjunction with mortgage financing supplied by state housing finance agencies, holds some promise. However, in the opinion of this Committee, the leasing program should not be viewed as a substitute for the traditional public housing program, as the committee has previously indicated in this report.

The traditional public housing program, despite some problems in inner city areas, has provided some one million units of housing for low income families. It has provided excellent housing for many elderly families. Also, as the House Appropriations Committee report points out, the traditional public housing program is considerably less expensive than the new leasing program as a means of providing housing for low income families.

Therefore, the Committee expects the Department to continue to use the traditional public housing program to provide housing for the elderly and to meet the housing needs of large families and families which live in geographic areas where the new leasing program does not prove to be an effective vehicle for providing housing assistance.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

Appropriation, 1974.....	\$19,821,000
Budget estimate.....	22,883,000
House allowance.....	22,883,000
Committee recommendation.....	22,883,000

The Committee recommends an appropriation of \$22,883,000 for the payment of Participation Sales Insufficiencies. This sum is the same as the House allowance and the budget estimate and \$3,062,000 more than the amount appropriated in FY 1974.

The Participation Sales Act of 1966 authorized appropriations to cover payments for insufficiencies in the amount required to be paid by the trustors on account of outstanding participations. These insufficiencies are comprised primarily of the excess interest payments to holders of participation certificates over the interest payments received from the pooled mortgages or other obligations.

For sales authorized in 1967, the Independent Offices Appropriation Act of 1967, authorized a permanent, indefinite appropriation to cover such insufficiencies. For sales authorized in 1968, the Independent Offices and Department of Housing and Urban Development Appropriation Acts since 1968 have established annual appropriations for insufficiencies.

For fiscal year 1975, permanent indefinite appropriations of \$4,532,000 are estimated to cover insufficiencies for sales authorized in 1967. An appropriation of \$22,883,000, the sum recommended herein will be required to cover insufficiencies for sales authorized in 1968.

HOUSING MANAGEMENT

HOUSING PAYMENTS	
Appropriation, 1974.....	\$2,020,000,000
Budget Estimate.....	2,425,000,000
House Allowance.....	2,425,000,000
Committee Recommendation.....	2,300,000,000

For Housing Payments, the Committee recommends an appropriation of \$2,300,000,000, which is \$125,000,000 under the budget estimate and the House allowance.

Past history indicates that the estimated amount of housing payments is often overstated, not because it is done deliberately, but rather because it is not possible to come up with an accurate estimate. The Committee feels that this year is no exception and it has made this reduction, without prejudice, and directs the Department of Housing and Urban Development to request a supplemental appropriation, in the event that the actual payments in 1975 will exceed the amount recommended by the Committee.

The Committee has also added language in the bill which places a floor on the amount of operating subsidies to be made available to local housing authorities in the amount of \$500,000,000.

The Housing Act of 1937 as amended by the Congress in 1970 allows payment of limited operating funds by housing authorities to support public housing tenant organizations. The Committee expects that operating subsidies appropriated in this act will be used to promote improved communication between tenants and management in public housing. Insofar as operating subsidies are used in this manner, the committee expects the Secretary of HUD to exercise adequate budgetary and accountability safeguards to be imposed by local housing authorities or tenant organizations to insure that these funds will be used in a constructive manner.

The budget estimate for FY 1975 for Housing Payments consists of the following:

Rent Supplement.....	\$192,000,000
Home Ownership Assistance (Sec. 235).....	374,000,000
Rental Housing Assistance (Sec. 236).....	394,000,000
Low Rental Public Housing.....	1,473,000,000
College Housing Grants.....	21,000,000
	<u>2,454,000,000</u>
Less: Payments supported from Rental Housing Assistance Fund.....	29,000,000
Total.....	<u>2,425,000,000</u>

In testimony presented to the Committee, it was pointed out that 2,063,000 units were eligible for payment at the end of fiscal year 1974. In FY 1975, an additional 288,000 units are estimated to become eligible for payment of which 36,000 will be Rent Supplement units, 36,000 will be Section 235 Home Ownership Assistance units, 139,000 will be Rental Housing Assistance units and 77,000 will be Low Rental Public Housing units.

SALARIES AND EXPENSES, HOUSING MANAGEMENT PROGRAMS

Appropriation, 1974.....	\$24,521,000
Amended budget estimate.....	23,400,000
House allowance.....	23,400,000
Committee recommendation.....	21,825,000

For staff expenses of Housing Management, the Committee recommends an appropriation of \$21,825,000 which is \$1,575,000 under the budget estimate and the House allowance.

The original budget estimate New Budget (Obligational) Authority for staff expenses was \$22,450,000 and in addition, \$46,500,000 of FHA funds were also to be used to fund a total of 3,159 positions at an aggregate cost of \$69,950,000. The amended budget estimate called for the addition of 105 positions with 50 of these positions to be funded by the \$950,000 increase in New Budget (Obligational) Authority contained in the amended budget estimate and 55 of these positions to be funded by the use of an additional \$960,000 of FHA funds.

COMMUNITY PLANNING AND DEVELOPMENT

URBAN RENEWAL PROGRAMS

Appropriation, 1974.....	\$600,000,000
Amended budget estimate.....	200,000,000
House allowance.....	200,000,000
Committee recommendation.....	194,000,000

¹ Requested in H. Doc. No. 93-311 as part of community development program.

To fund the Urban Renewal Programs until January 1, 1975, the Committee recommends an appropriation of \$194,000,000, which is \$6,000,000 under the budget estimate and the sum contained in the House bill. This sum was included in the budget estimate of \$2,500,000,000 which was requested for Community Development Block Grants. This funding will enable Urban Renewal projects to be continued until they are replaced by the proposed Community Develop-

ment Grant Program, which as previously indicated, is presently being considered by a conference committee.

In view of the urgent need to proceed with the reconstruction of communities ravaged by the April 3, 1974 tornadoes, pending the implementation of the economic recovery programs established by Title V of the Disaster Relief Act Amendments of 1974, the Committee encourages the use of urban renewal program funding for this purpose.

MODEL CITIES PROGRAM

Appropriation, 1974-----	\$150,000,000
Amended Budget Estimate-----	¹ 125,000,000
House Allowance-----	125,000,000
Committee Recommendation-----	121,250,000

¹ Requested in H. Doc. No. 93-311 as part of community development program.

The Committee concurs with the House and recommends an appropriation of \$121,250,000 in transitional funding for the Model Cities Programs, which is \$3,750,000 under the amount contained in the overall budget estimate of \$2,500,000,000 requested for the Community Development Grants. It is also \$3,750,000 under the House allowance.

This appropriation is provided solely for the purpose of furnishing interim funding for the Model Cities Programs until January 1, 1975. When the Committee subsequently considers funds for Community Development grants, this amount will be deducted from the \$2,500,000,000 requested for that purpose.

The Committee has also deleted the \$1,000,000 which was earmarked in the House bill for the rehabilitation and redevelopment of DeKalb County, Tennessee. In its report, the House pointed out that this model city area was heavily damaged by the recent tornadoes which devastated that part of the country. The Committee feels that many other areas were also devastated by these same tornadoes and that earmarking of funds discriminates in favor of one particular location.

REHABILITATION LOAN FUND

The House bill contained an appropriation of \$70,000,000 to maintain the on-going capability and activity of the Rehabilitation Loan Fund in FY 1975. The Committee has deleted any appropriation for this item at this time, but it does so without prejudice to the program.

The Committee was told by the Department that it now appears that only about \$50,000,000 in Rehabilitation Loans will be made in FY 1974. It was further advised that approximately \$47,000,000 will be carried over in FY 1975, which together with estimated loan repayments of \$22,800,000, will make possible a program level of up to nearly \$70,000,000 without any additional appropriation.

The Committee also learned that the previous highest years activity in this program occurred in FY 1973 at a level of \$59,000,000.

Nonetheless, the Committee concurs with the House in noting and emphasizing that this program is particularly effective in halting the rapid acceleration in urban decay and it therefore directs the department to make full use of available funds during the transitional period before conversion to the Community Development Grant Program.

THE NEW COMMUNITIES PROGRAM

The Administration did not request any new funds for supplementary grants, public service grants, interest differential grants and special planning assistance authorized by Title VII of the Housing and Urban Development Act of 1970. During the hearings on the New Communities Administration's (NCA) budget, Mr. Alberto Trevino, General Manager of NCA, was questioned on the implementation of these sections of Title VII along with others including interest loans and technical assistance. HUD's response indicated little understanding of Title VII and of Congressional intent in creating the Title VII program.

Since the inception of Title VII, the Committee has urged HUD to implement all portions of Title VII, in order to achieve the goals of the new communities program as set out by the Congress. At the same time, the Committee has consistently supported administrative discretion in utilizing the best combination of the tools in Title VII. But the Committee finds it difficult to understand how Title VII can be successful when all sections of Title VII are ignored except for the loan guarantee.

During the hearings, the Committee was pleased to learn that HUD intends to fully evaluate the program, but the Committee does not understand how HUD can evaluate a program which has not been fully implemented. In fact, the Committee is concerned that failure to carry out the program as intended could jeopardize millions of dollars in loan guarantees and make it impossible to learn anything from such a truncated and enfeebled effort. The Committee reaffirms its own support for Title VII and urges the Department to take the needed leadership required to make it the effective community development program it can be.

COMPREHENSIVE PLANNING GRANTS

Appropriation, 1974	-----	\$75,000,000
Budget Estimate	-----	110,000,000
House Allowance	-----	100,000,000
Committee Recommendation	-----	106,700,000

The Committee recommends an appropriation of \$106,700,000 for Comprehensive Planning Grants, which sum is a 3 percent reduction in the estimate and the House allowance.

SALARIES AND EXPENSES, COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

Appropriation, 1974	-----	\$33,463,000
Amended Budget Estimate	-----	42,200,000
House Allowance	-----	39,000,000
Committee Recommendation	-----	37,830,000

For this item the Committee concurs with the House and recommends an appropriation of \$37,830,000. This amount is \$4,170,000 less than the sum estimated, and \$1,170,000 below the House.

FEDERAL INSURANCE ADMINISTRATION

FLOOD INSURANCE

Appropriation, 1974.....	\$20,000,000
Amended Budget Estimate.....	50,000,000
House Allowance.....	50,000,000
Committee Recommendation.....	50,000,000

For the National Flood Insurance Program, the Committee recommends an appropriation of \$50,000,000 which is the budget estimate and the sum recommended by the House.

The original budget estimate for this program was \$35,000,000, thus the amended budget estimate, contained in H. Doc. No. 93-311, is an increase of \$15,000,000 over the original request. The Committee was advised this increase was necessary because of the greatly augmented participation in the program, as communities reacted to the incentives of the Flood Disaster Protection Act of 1973, which was approved on December 31, 1973.

The amended budget estimate of \$50,000,000 includes \$46,050,000 for Studies and Surveys and \$3,950 for Administrative Expenses. The Committee was informed that the increase in the account for Administrative Expenses and for Studies and Surveys of flood-prone areas in 1974 is required in order to meet the unanticipated accelerated workload. The increased Administrative Expenses will provide for the additional staff which is needed to notify flood-prone communities and to provide them with the necessary flood hazard information. In addition, these funds will provide added staff to consult with communities and for the new appeals process and also will make it possible to manage a larger volume of actuarial contracts.

The revised budget estimate for Studies and Surveys is an increase of \$14,100,000 over the original estimate. The Committee was told that these additional funds will permit the Administration to perform additional studies to determine actuarial rates which are necessary before communities are eligible for the full coverage of the regular Flood Insurance Program.

Under the aforementioned legislation, the Secretary is directed by statute to establish flood-risk zones, estimate probable average annual damages over a period of years (usually 100 years) and determine probable flood-caused loss rates for each of these areas by August 1, 1983. These studies and investigations will be carried out in conjunction with the Corps of Engineers, Soil Conservation Service, Geological Survey, National Oceanic and Atmospheric Administration, Tennessee Valley Authority, and State and local agencies and private engineering firms, as necessary. Upon completion of the studies, actual rates will be set by the Secretary, taking into account operating costs of selling and servicing insurance, contingencies, and an operating allowance for an insurance company profit, in addition to the pure-risk factor.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

1974 appropriation.....	\$65,000,000
Estimate, 1975.....	70,000,000
House allowance.....	60,000,000
Committee recommendation.....	67,900,000

For Research and Technology, the Committee recommends an appropriation of \$67,900,000, which is \$2,100,000 below the budget estimate and \$7,900,000 above the allowance in the House bill.

Title V of the Housing and Urban Development Act of 1970 authorizes and directs the Secretary to undertake programs of research, studies, testing and demonstrations relating to the mission and programs of the Department. This includes encouraging and promoting the acceptance and application of advance methods, technology, and materials by the general public and by the housing industry, communities, and industries engaged in urban development activities.

The proposed 1975 program includes continuing research into three areas provided with separate authorization for appropriations by the Congress—housing allowance; housing abandonment; and the elimination of lead-based paint hazards. Since the general research authorization of the HUD Act of 1970 is broad enough to cover these activities, these programs will continue to be funded under the Research and Technology appropriation rather than under separate appropriations.

The HUD research program is intended to serve as a stimulus for positive change by conducting technological and managerial research, by demonstrating new systems and methods for application by other elements of government and private enterprise, and by generally improving knowledge of the housing and community development processes. The program serves as a national focal point for housing and community development research, and as a central point for research, analysis, data collection and dissemination.

SALARIES AND EXPENSES, POLICY DEVELOPMENT AND RESEARCH

1974 appropriation.....	¹ \$4,735,000
Estimate, 1975.....	6,320,000
House allowance.....	5,000,000
Committee recommendation.....	6,130,400

¹ Comparable program amount.

For Salaries and Expenses, Policy Development and Research, the Committee recommends an appropriation of \$6,130,400, which is \$189,600 below the budget estimate and \$1,130,400 over the House allowance.

This is a new appropriation, combining the administrative expenses formerly financed through a limitation in the "Research and Technology" appropriation with administrative expenses of policy development and program evaluation formerly financed under the appropriation for "General Departmental Management."

FAIR HOUSING AND EQUAL OPPORTUNITY

1974 appropriations-----	\$9, 777, 000
Estimate, 1975-----	11, 900, 000
House allowance-----	10, 900, 000
Committee recommendation-----	11, 543, 000

The Committee recommends an appropriation of \$11,543,000 for the Department's Fair Housing and Equal Opportunity program. This amount is \$357,000 below the budget estimate and \$643,000 over the allowance contained in the House bill.

Officials of the Department explained that the basic approach of HUD's equal opportunity program includes major emphasis on the enforcement of fair housing and equal opportunity laws and regulations. This is mandated by Title VIII of the Civil Rights Act of 1968, Title VI of the Civil Rights Act of 1964, Executive Order 11063, 11478, 11625, and 11246, and Section 3 of the Housing and Urban Development Act of 1968, as amended.

The approach includes the encouragement of voluntary cooperation and assistance in aiding individuals, firms, agencies and organizations to comply with the provisions of the law and HUD regulations. HUD equal opportunity staff offers maximum assistance to both grant recipients and HUD program staff in Area and Insuring Offices to establish institutional change that will enhance and encourage meaningful freedom of choice and equal opportunity for all Americans.

Existing laws provide the Office of Fair Housing and Equal Opportunity with the necessary tools to investigate and conciliate fair housing and equal opportunity complaints, and to monitor and evaluate compliance with HUD guidelines through voluntary efforts or administrative procedures. Underlying this policy is the philosophy that strict enforcement of laws, executive orders and regulations will aid in achieving the ultimate goal of equal opportunity for all Americans.

DEPARTMENTAL MANAGEMENT

GENERAL DEPARTMENTAL MANAGEMENT

1974 appropriation-----	\$6, 161, 000
Estimate, 1975-----	5, 580, 000
House allowance-----	5, 580, 000
Committee recommendation-----	5, 412, 600

The Committee recommends an appropriation of \$5,412,600 for General Departmental Management. The Committee recommendation is \$167,400 below the budget estimate and the amount contained in the House bill.

This appropriation supports the functions performed in the Office of the Secretary and the Office of the Assistant Secretary for Legislative Affairs.

SALARIES AND EXPENSES, OFFICE OF GENERAL COUNSEL

1974 appropriation-----	\$3, 253, 000
Estimate, 1975-----	3, 530, 000
House allowance-----	3, 530, 000
Committee recommendation-----	3, 424, 100

The Committee recommends an appropriation of \$3,424,100 for Salaries and Expenses of the Office of General Counsel. This sum is \$105,900 below the budget estimate and the House allowance.

The Office of General Counsel was established in 1966 as the law office of the Department of Housing and Urban Development. The General Counsel is the Chief Law Officer of the Department and, as such, is legal adviser to the Secretary and other principal staff of the Department. He is responsible for providing all legal advice and services necessary at the Headquarters level with respect to the formulation, implementation and operation of the Department's programs and its internal administration. He also provides advice and counsel on Departmental policy with respect to those matters.

The General Counsel is assisted by the Deputy General Counsel, and four Associate General Counsels, each of whom is responsible for a portion of the legal work of the Department.

SALARIES AND EXPENSES, OFFICE OF INSPECTOR GENERAL

1974 appropriation-----	\$6,708,000
Estimate, 1975-----	6,830,000
House allowance-----	6,830,000
Committee recommendation-----	6,625,100

For Salaries and Expenses for the Office of Inspector General, the Committee recommends an appropriation of \$6,625,100 which is \$204,900 below the budget estimate and the House allowance.

The Inspector General is the Department's focal point for independent review of integrity of operations. The role of the Inspector General does not, however, lessen the responsibility of the Assistant Secretaries or heads of other major elements to carry out their functions effectively, efficiently and with integrity. The Inspector General is the central authority concerned with the quality, coverage, and coordination of the audit, investigation and security services of the Department. In directing these monitoring and review activities, the Inspector General emphasizes both the protective and constructive aspects of these services as a tool of management within a comprehensive Departmental effort to attain improved management effectiveness. The Office of Inspector General has authority to inquire into all program and administrative activities of the Department, and the related activities of all parties performing under contracts, grants, or other agreements with the Department. These inquiries may be in the nature of audits, investigations, or such other reviews as may be appropriate in the circumstances.

ADMINISTRATION AND STAFF SERVICES

1974 appropriation-----	\$11,650,000
Estimate, 1975-----	19,810,000
House allowance-----	19,513,000
Committee recommendation-----	18,927,610

For Administration and Staff Services, the Committee concurs with the House and recommends an appropriation of \$18,927,610, which is \$882,390 below the budget estimate and \$585,390 below the House amount.

The reduction by the Committee and the House was made in order to reduce the reimbursement of space rental cost to the General Services Administration by 10

REGIONAL MANAGEMENT AND SERVICES

1974 appropriation.....	\$20,224,000
Estimate, 1975.....	30,160,000
House allowance.....	29,446,000
Committee recommendation.....	28,562,620

For Regional Management and Services, the Committee recommends an appropriation of \$28,562,620 which is \$1,597,380 below the budget estimate and \$883,380 under the House allowance. The decrease represents a 10 percent reduction in the amount charged by the GSA for spare rental costs.

FEDERAL DISASTER ASSISTANCE ADMINISTRATION FUNDS APPROPRIATED TO THE PRESIDENT

DISASTER RELIEF

1974 appropriation.....	\$482,600,000
Amended estimate, 1975.....	¹ 200,000,000
House allowance.....	200,000,000
Committee recommendation.....	200,000,000

¹ Original estimate \$100,000,000. Increased to \$200,000,000 in H. Doc. No. 93-311.

For Federal Disaster relief, the Committee recommends an appropriation of \$200,000,000, which is the same as the budget estimate and the House allowance.

TITLE II

SPACE, SCIENCE, VETERANS, AND CERTAIN OTHER INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

1974 appropriation.....	\$4,100,000
Estimate, 1975.....	5,465,000
House allowance.....	4,512,000
Committee recommendation.....	4,376,640

For Salaries and Expenses of the American Battle Monuments Commission, the Committee recommends an appropriation of \$4,376,640, which \$1,088,360 below the budget estimate and \$135,360 under the amount allowed in the House bill.

In addition to a 10 percent reduction of \$3,000 in space rental costs to be reimbursed to the GSA, the committee has disallowed the \$950,000 requested for the proposed Pershing Memorial in the District of Columbia. The committee felt that, with inflation running rampant, this was no time to construct a memorial to our revered hero of World War I.

The Commission is responsible for commemorating the achievements of the Armed Forces of the United States where they have served since April 6, 1917; controlling the erection of monuments and markers by U.S. citizens and organizations in foreign countries; and constructing, administering and maintaining cemetery memorials on foreign soil.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

1974 appropriation.....	\$24,078,000
Estimate, 1975.....	267,000
House allowance.....	265,000
Committee recommendation.....	257,050

For Cemeterial Expenses, Department of the Army, the Committee recommends that \$257,050 be appropriated. This sum is \$9,950 below the budget estimate and \$7,950 less than the House allowance. The reduction includes a 10 percent reduction in GSA space rental cost.

Responsibility for Arlington and Soldiers' Home National Cemeteries is vested in the Secretary of the Army, who has delegated to the U.S. Army Memorial Affairs Agency the responsibilities for staff and technical supervision of the day-to-day operations.

The committee learned that Arlington and Soldiers' Home National Cemeteries contain the remains of 173,852 persons and comprise a total of 573.6 acres, and in FY 1975 there were 2,720 interments.

Each grave is marked with a headstone or grave marker, except in a relatively few instances, where the family may be authorized to erect a monument of its own design at private expense. In addition, a headstone or marker may be furnished for the unmarked grave of any deceased eligible serviceman interred in a private cemetery. Procurement of headstones and grave markers is the responsibility of the Veterans' Administration.

These cemeteries require a program of construction each year. The funds requested for construction are expended to develop available land areas and thus provide gravesites and facilities required to accomplish the interment of the remains of eligible persons. In addition, certain new construction and alterations are required of existing facilities to protect the Government's investment in these cemeteries.

FEDERAL COMMUNICATION COMMISSION

SALARIES AND EXPENSES

1974 appropriation.....	\$40,155,000
Estimate 1975.....	46,847,000
House allowance.....	46,900,000
Committee recommendation.....	46,900,000

The Committee concurs with the House and recommends an appropriation of \$46,900,000 for Salaries and Expenses of the Federal Communications Commission, which is \$33,000 over the budget estimate.

For the past few years, the Committee has been deeply concerned about the substantial backlog and the ability of the FCC to manage increasing workloads in nearly all of its activities. Thus, the Committee has included \$300,000 for an additional 25 positions above the budget request and directs the Commission to allocate these positions on a permanent basis to reduce the substantial backlog.

The Committee has also concurred with the House and reduced the budget estimate by \$247,000, which represents a 1.0% reduction in the space rental cost to be reimbursed to the GSA.

The Committee also joins with the House in urging the Commission to proceed as vigorously and as rapidly as possible—within Constitutional limitations—to determine what is its power in the area of program violence and obscenity, particular as to their effect on children. Agreeing with the House, the Committee feels that this situation requires resolution and urges the Commission to submit the same report to it which was requested by the House by December 31, 1974.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

RESEARCH AND DEVELOPMENT

1974 appropriation.....	¹ \$2, 180, 307, 000
Estimate, 1975.....	² 2, 341, 580, 000
House allowance.....	2, 327, 380, 000
Committee recommendation.....	2, 326, 580, 000

¹ Excludes \$4,693,000 shown in report accompanying Special Energy Research and Development Appropriation bill for 1975.

² Excludes \$4,435,000 appropriated in aforementioned bill.

The Committee recommends an appropriation of \$2,326,580,000 for funding NASA's Research and Development program. This amount is \$15,000,000 under the budget estimate and \$800,000 under the allowance in the House bill.

The Committee approved all budgeted items in this account, including \$6,200,000 for the Large Space Telescope (LST) and \$8,000,000 for SEASAT, funding for which had been denied by the House. The Committee reduction of \$15,000,000 has not been directed to any specific program because the Committee feels that NASA is better able to apply this reduction with a minimum of disruption in its priorities.

The LST, would provide a permanent astronomical observatory above the Earth's atmosphere, increasing ten-fold our ability to observe the universe. These funds will support refined studies of the LST design and cost. On the basis of these studies, the Congress will be in a better position to consider the project when it is proposed as a new start.

SEASAT, an experimental satellite for studying the oceans, offers the promise of great benefits to environmentally safe off-shore drilling, ocean-going shipping, and better understanding of the effects of the oceans on our weather.

Data from the ERTS program is proving invaluable in numerous fields, including crop monitoring, land use, forestry, pollution control, and the search for new sources of energy. Despite the obvious need for continuity of data in this new program, the Administration has not sought funds for starting the third ERTS satellite. In this connection, the Committee concurs with the House and urges NASA to reprogram the necessary funds to begin work on ERTS "C" as soon as possible.

The Committee notes with dismay the large and continuing overruns in the admittedly sophisticated Viking program. Further reprogrammings of funds for Viking will be considered only with the greatest reluctance.

The Committee was informed that NASA's program of research and development is directed toward advancing man's knowledge of earth and its space environment and toward developing and utilizing aero-

nautics and space technology to accomplish National goals. The program is conducted through the following elements:

Manned space flight: A program building on the success of the Apollo and Skylab missions to demonstrate an international cooperative space docking capability and to develop a new space transportation system significantly improving the access of man and instruments to space.

Space science: An unmanned space flight program to further man's knowledge of the earth, the atmosphere, the moon, the sun, the planets, interplanetary space, and the stars.

Applications: A research and development program using ground, air, and space systems to demonstrate space techniques to benefit mankind in such areas as weather and climate, pollution monitoring, earth resources survey, earth and ocean physics, communications, and space processing.

Aeronautics and space technology: A program to acquire fundamental knowledge and develop the technology needed to continue United States leadership in aeronautics and space programs.

Tracking and data acquisition: A worldwide program to support the manned and unmanned programs of the agency.

Technology utilization: A program to accelerate the dissemination to industry and other users of the technological and engineering information gained during conduct of the agency missions.

CONSTRUCTION OF FACILITIES

1974 appropriation-----	\$101,100,000
Estimate, 1975-----	151,490,000
House allowance-----	135,670,000
Committee recommendation-----	140,155,300

For Construction of Facilities, the Committee recommends an appropriation of \$140,155,300, which is \$11,334,700 below the budget estimate and \$4,485,300 above the House allowance.

The Committee intends that this economy reduction be absorbed through the deferral of certain projects rather than the elimination of any specific project.

The Committee recommendation provides funds for all authorized construction projects including \$4,880,000 for the Systems Development Laboratory, which had been denied by the House, and \$3,940,000 for the Shuttle Hanger, for which the budgeted amount of \$1,940,000 for a temporary facility had been denied by the House.

The Systems Development Laboratory addition at the Jet Propulsion Laboratory, is for an addition to an existing building which would meet requirements for 3 additional floors to support "mission control" for the 1976 Mars Viking landing mission. The alternative is to lease off-site space for this requirement or relocate other functions off-site in leased space, either of which is costly and requires extensive electrical mechanical, structural and control system rearrangements which could endanger the mission.

The other 3 floors in the addition would be used to reduce the operational inefficiency and leasing costs involved in existing off-site space. The total savings from this project are estimated to recover the construction costs in 5½ years.

The Orbiter Horizontal Flight Test Facilities (shuttle hanger), at the Flight Research Center, is required to support the space shuttle

sub-orbital flight test program over the Mojave desert. No existing hangars or other facilities are available for this purpose. The funding provided will allow construction of a permanent aeronautical research facility.

This appropriation provides for contractual services for the design, major rehabilitation, and modification of facilities; the construction of new facilities; minor construction; the purchase of related equipment and advanced design related to facilities planned for future authorization.

The program for 1975, in many aspects, reflects a continuation of prior years' endeavors, especially in regard to:

- (a) Space shuttle facilities
- (b) Facility rehabilitation and modification and minor construction programs
- (c) Facility planning and design.

SPACE SHUTTLE FACILITIES

The purpose of this project is to rehabilitate, modify and add to existing government-owned facilities and to construct those limited new facilities necessary to meet unique requirements in support of the space shuttle program. In FY 1975, these facilities are primarily for the launch and landing requirements at John F. Kennedy Space Center. The work includes completing the construction of the landing facilities that were initiated with FY 1974 resources, the construction of an orbiter processing facility for maintenance and checkout of the orbiter and modifications to the Launch Complex 39 to support the launch of the space shuttle. FY 1975 requirements at other locations include modifications and additions to existing facilities to provide major ground test capability for dynamic testing of the shuttle vehicle, horizontal flight testing of the orbiter vehicle, crew training, vibro-acoustic testing and material testing. In addition, facility requirements to support the production and tests of the solid rocket motors during the design, development, test and evaluation phase of the program have also been included.

The Rehabilitation and Modification of Facilities program is intended to provide for the rehabilitation and modification of facilities at NASA field installations and Government-owned industrial plants engaged in NASA activities. Included in this project are those priority rehabilitation and modification facility needs for FY 1975 which can be foreseen at the time of the submission of these estimates, and which are estimated to cost not in excess of \$500,000. The purpose of this program is to protect, preserve, and enhance the capabilities and usefulness of existing NASA facilities, and to insure the continued safe, economical, and efficient use of this physical plant. While, in earlier years, this particular program was specifically directed toward the general nonprogrammatic segment of NASA facilities, this is the third year in which additional attention has been given to these types of facility requirements generated by specific programs or projects.

Minor construction funds provide for minor facility construction at NASA field installations and at Government-owned industrial plants engaged in NASA activities. This provides for the construction of minor new facilities or additions to existing facilities, each project of which is estimated to cost not in excess of \$250,000. Such minor con-

struction is necessary in FY 1975 to improve the usefulness of NASA's physical plant by making it possible to accomplish needed adjustments in the utilization and augmentation of its capabilities.

Funds for Facility planning and design are required to provide for the following advance planning and design activities related to facilities activities and projects:

(a) The accomplishment of necessary development and master planning for field installations and, where not otherwise provided for, the updating of "as-built" drawings and the provision of engineering services.

(b) The preparation of preliminary engineering reports, cost estimates, and design and construction schedules.

(c) The preparation of final construction contract plans, specifications, and associated cost estimates and schedules that are required to implement construction projects.

(d) The accomplishment of facilities siting and other investigations, as well as special facilities studies and reports.

RESEARCH AND PROGRAM MANAGEMENT

1974 appropriation.....	\$744,600,000
Estimate, 1975.....	749,624,000
House allowance.....	740,000,000
Committee recommendation.....	740,000,000

For funds to support NASA's Research and Program Management, the Committee recommends an appropriation of \$740,000,000, which is \$9,624,000 below the budget estimate and the same as the House allowance. The reduction includes a \$500,000, or a 10 percent cut in GSA rental space costs, as contained in the House bill.

Personnel cuts of 1,880 in FY 1974 and an additional 354 scheduled for FY 1975 have already been factored into the NASA budget estimate. These reductions resulted in a NASA R&PM budget request only \$5 million above FY 1974 in spite of a \$38 million pay raise imposed by law.

According to NASA, the Research and Program Management appropriation includes funding for research in Government laboratories, management of programs, and other activities of the agency. Principally, it is intended to provide for the civil service staff needed to perform in-house research, and to plan, manage, and support the Research and Development programs; and the other elements of operational capability of the laboratories and facilities such as logistics support (travel and transportation, maintenance, and operation of facilities), and technical and administrative support.

The in-house personnel funded by the Research and Program Management appropriation are engaged in research and technology and direct and indirect support of project work. Over three-fourths of this appropriation is used to pay salaries and related benefits of these employees. The balance, embracing travel, facilities services, technical services, and administrative support at all NASA installations, provides the test and operational facilities and related activities which make possible the efficient accomplishment of NASA's approved missions.

The Committee notes that NASA has made some progress in meeting its goal of full compliance with the Committee's support of mi-

nority hiring. The Committee reminds NASA, however, that it will tolerate no slippage or breakdown in this program.

The Committee directs NASA to prepare an updated safety study out of available funds of the Soyuz/Salyut spacecraft in anticipation of the ASTP and future joint missions.

NATIONAL SCIENCE FOUNDATION

SALARIES AND EXPENSES	
1974 appropriation.....	¹ \$544, 660, 000
Estimate, 1975.....	² 681, 400, 000
House allowance.....	666, 800, 000
Committee recommendations.....	654, 750, 000

¹ Excludes \$31,600,000 carried in report accompanying Special Energy Research and Development appropriation bill for 1975.

² Excludes \$101,800,000 appropriated in aforementioned bill.

For the appropriation to fund the Salaries and Expenses of the National Science Foundation, the Committee recommends \$654,750,000, which is \$26,650,000 below the budget estimate and \$12,050,000 under the House allowance.

In arriving at this figure, the Committee included only \$1 million each for the National R&D Incentive program and for the Intergovernmental Science and Research Utilization program, which are the same as the budget estimates. The Committee also found that the objectives of the Science Faculty Fellowship Program, for which there was no budget estimate, are being met by other programs and consequently has provided no funds for this specific activity in FY 1975.

The Foundation requested \$8 million for Earthquake Engineering Research in FY 75. While the Committee recognizes the importance of research in this field, it believes that \$8 million is more money than can be justified within the tight constraints of the RANN program, and directs the Foundation to reprogram some of these funds to other areas within RANN.

This Committee is concerned with the increasing tendency of committees other than Appropriation Committees to set floors on funding for specific programs, and urges the Congress to refrain from this practice, which the Committee believes is inconsistent with the spirit of the Budget Control Act of 1974.

The Committee has also placed this appropriation on a no-year basis in order to give the Foundation greater flexibility, and avoid the necessity to rush into obligations at the end of the fiscal year.

The sum recommended plus the \$101,800,000 included in the Special Energy Bill for NSF activities makes a total of \$756,550,000 available for NSF activities in fiscal 1975.

The bill includes a limitation of \$36,500,000 for Program Development and Management—a decrease of \$800,000 below the 1975 request and an increase of \$600,000 over the House-approved amount. This reduction includes \$260,000 representing a ten percent decrease in GSA rental costs.

Other limitations contained in the bill are not more than \$50 million for Research Applied to National Needs; not more than \$3 million for Institutional Improvement for Science; not more than \$12.7 million for Graduate Student Support; and not more than \$61.4 million for Science Education Improvement. These limitations in the bill replace the floors or minima established in the House bill, and the amounts,

except for RANN, are decreased to the budget amounts. The limitation on RANN is \$5,500,000 under the budget and \$10,000,000 over the amount provided in the House bill.

The Committee directs the NSF to spend the \$3 million earmarked for Institutional Improvement for Science on the Institutional Grants for Science program with the funds to be provided only to those schools that receive less than \$1 million a year in Federal research support. The Committee has not provided funding for Institutional Grants for Research Management Improvement. These funds have been provided in the past to institutions that receive considerable Federal support for research; these institutions should be able to improve their management of research grants using overhead funds.

The Committee recommendation includes \$5 million for Science Information Activities, which is the budget estimate. The additional \$3 million provided by the House is unnecessary in view of the fact that costly automation of major abstracting and indexing services had been completed so that an emphasis can now be placed on reducing gaps and duplication in information systems and the efficient exchange of information among the systems.

The Committee is distressed over the increase requested for social science activities in view of the apparent marginal value of some of NSF-funded social science work in the past. The Committee instructs the NSF to apply the budget reductions made by the Committee to the proposed increases in the social science field before attempting to absorb them elsewhere.

The purposes of the National Science Foundation are to increase the Nation's base of scientific knowledge; encourage research in areas that can lead to improvements in economic growth, productivity, and environmental quality; promote international cooperation through science; and develop and help implement science education programs that can better prepare the Nation for meeting the challenges of the decades ahead.

NSF reported to the Committee that the following program areas make up the core of their research support activities:

Scientific Research Project Support (SRPS)—the core research support activity of the Foundation. It includes research in all fields of science—physical, environmental, biological, materials and social sciences, and engineering. The research is conducted mainly through academic institutions and nonprofit research institutions with a small but increasing participation by industrial firms and other for-profit institutions.

National and Special Research Programs—Includes major research programs that have as a chief characteristic one or more of the following: they are heavily involved with research dealing with global environmental issues such as air-sea interaction, global weather, ocean circulation patterns; they require coordinated efforts on a national or international scale; or they address special science problem areas. For example, the U.S. Antarctic Research Program, the Arctic Research Program, the Ocean Sediment Coring Program, and the International Decade of Ocean Exploration involve extensive international coordination and cooperation in the planning and conduct of the research, as well as extensive interaction with other U.S. Government agencies.

NSF supports and sponsors five National Research Centers as part of their overall research support activity.

Science Information Activities.—Includes \$5,000,000 for projects to develop and improve information systems and services to promote the dissemination of scientific information and to help scientists and engineers in all sectors of our economy use the results of worldwide scientific research.

International Cooperative Scientific Activities.—To provide increased support for 17 bilateral research and exchange programs. Expanded programs of science cooperation are planned with various countries including the USSR, France, and others. In addition, there will be growth in cooperative efforts with Japan and other Pacific nations. Through such agreements and programs, the U.S. and foreign scientists are provided opportunities to do research on scientific problems whose solutions may be accelerated through collaborative efforts. The Foundation has lead agency responsibility for many of the areas approved under the U.S.-U.S.S.R. Agreement for Science and Technology.

Increased funding for fiscal year 1975 will be used to support a special program in international cooperation in the field of energy research and development. The Foundation will also provide support to the National Academy of Sciences for operation of selected U.S. National Committees that are important for effective U.S. participation in non-governmental international scientific activities. Included in this program is \$1,000,000 for the annual U.S. share of support for the International Institute of Applied Systems Analysis.

Research Applied to National Needs (RANN).—To support five major program areas: Energy Research and Technology; Environmental Systems and Resources; Advanced Technology Applications; Social Systems and Human Resources; and Exploratory Research and Problem Assessment.

The RANN program is designed to focus U.S. scientific and technical resources on selected problems of national importance, with the objective of contributing to their practical solution. An important purpose of RANN is to shorten the lead time between the discoveries of science and their application in meeting the Nation's needs. RANN provides a key bridge between the Foundation's basic research and education programs and the development and operations programs of the Federal mission agencies and other elements of the user community, including State and local governments and private industry. A major emphasis in all program areas of RANN is research utilization, and special emphasis is being placed on efforts to move RANN results into the public and private sectors in FY 1975.

The principal emphasis of the RANN program is placed currently in three major problem areas. These are Energy, the Environment, and productivity. Applied research in each of these areas builds upon the results of exploratory research and problem assessments undertaken to determine the need for more intensive study and the applicability of science and technology in meeting national needs.

Intergovernmental Science and Research Utilization Program.—Provides support for efforts designed (1) to aid State and local governments to increase their capability to employ science and technology effectively; and (2) to formulate policies, procedures and programs for the dissemination and utilization of research results from the Foundation's Research Applied to National Needs (RANN) program.

The program plays a significant role in understanding and analyzing the implications of New Federalism and science and technology policies.

Institutional Improvement for Science.—For continuation of the program of assisting universities, colleges, and independent nonprofit research institutions to explore methods and techniques for improving their research management capabilities to enhance the effectiveness of Federal funds provided to them.

Graduate Student Support.—Providing for 3 year fellowships designed to insure that a cadre of the brightest science students will have an opportunity to pursue science careers in disciplines of their choice.

Science Education Improvement.—Provides support for programs that are designed to increase educational efficiency, help provide the essential number and variety of trained scientists and engineers, and provide science training that will enable the non-scientist to function confidently both as a worker and as a citizen in our science and technology-intensive society. The NSF programs for fiscal year 1975 aim directly at the achievement of these goals.

Planning and Policy Studies.—Provide the factual data and analytical basis for sound decisions leading to the development of improved policies and plans for the advancement and utilization of science. The major elements of the program are: (1) studies of science resources; (2) science planning and policy analysis; and, (3) program evaluation studies.

Program Development and Management.—All operating costs of the National Science Foundation, including the management of the various program activities and the executive direction and administrative management of the Foundation, are included in this activity.

SCIENTIFIC ACTIVITIES (SPECIAL FOREIGN CURRENCY PROGRAM)

1974 appropriation.....	\$3,000,000
Estimate, 1975.....	5,000,000
House allowance.....	5,000,000
Committee recommendation.....	4,850,000

The Committee recommends an appropriation of \$4,850,000 to fund NSF's Special Foreign Currency Program. This amount is \$150,000 under the budget estimate and the House allowance.

The Committee learned that the Special Foreign Currency Program utilizes U.S.-owned excess currencies in certain foreign countries to support cooperative scientific projects, seminars, and the travel of U.S. and foreign scientists involved in mutually beneficial efforts. The Foundation awards grants to both U.S. and foreign institutions and scientists. The funds used in this program are from those which the United States has accumulated abroad, principally through the sale of agricultural commodities, the repayment of loans, and the payment of interest on outstanding loans. The "excess" funds may be used for U.S. purposes in the country of origin, with the concurrence of the concerned foreign government. The Department of the Treasury determines when, where, and how much of these funds are excess to the U.S. Government's requirement. There are eight special foreign currency countries: Burma, Egypt, Guinea, India, Pakistan, Poland, Tunisia, and Yugoslavia.

Two categories of activity are included under this program: (1) cooperative research programs, joint seminars, and travel of scientists, and (2) translation, publication and dissemination of foreign scientific and technical information to U.S. scientists and engineers.

The objectives of the program are to support cooperative scientific activities of significance to the U.S.A. and the cooperating foreign countries; supplement our domestic research effort through use of U.S.-owned foreign currencies; obtain access to unusual research environments and facilities; arrange for the translation of foreign scientific and technological literature for distribution to U.S. scientists; and promote the exchange of information between U.S. and foreign scientists.

RENEGOTIATION BOARD

SALARIES AND EXPENSES

1974 appropriation.....	\$4, 805, 000
Estimate, 1975.....	5, 193, 000
House allowance.....	5, 163, 000
Committee recommendation.....	5, 163, 000

For Salaries and Expenses of the Renegotiation Board, the Committee recommends an appropriation of \$5,163,000, which is \$32,000 under the budget estimate and the same as the House allowance.

The Committee is deeply concerned over the continued lack of leadership by the Chairman of the Board and by the disappointing performance by the Board as a whole. The Chairman apparently fails to understand that Congress intends this agency to diligently review the financial submissions of all companies subject to the Act, to scrutinize the books and records of all those who may have taken excess profits on government contracts, and to make determinations of the full amount of excess profits where such determinations are justified by the facts.

The Board is seriously understaffed and ill-equipped to deal with its heavy responsibilities. There are only a handful of professional auditors in the Washington office to screen the thousands of filings submitted each year. The legal staff numbers only 6. The total number of personnel of the Board, professional and non-professional is less than 200, down from 239 in 1971 and far below the peak year of 1953 when the Board had a staff of 742 persons.

The Committee finds that the Board is not able to effectively perform the renegotiation function with such a small staff. The magnitude of the problem is illustrated by the amount of defense prime contract awards which totaled \$36.9 billion in fiscal year 1973, and which has been consistently above \$34 billion annually since 1966. It is not possible for an agency with such a small staff to keep up with the workload indicated by the figures for defense contract awards and the large number of filings.

The Committee is puzzled by the unwillingness of the Chairman to request additional manpower or to seek ways to improve the effectiveness of the Board.

The Committee is also puzzled by the reluctance of the Board to adequately consider the return on capital or the return on net worth in making its determinations of excess profits.

The Committee is pleased to note that the Senate has directed that a study be conducted into the activities of the Board and the adequacy of the Renegotiation Act. The study, to be completed next year, will contain recommendations for further congressional action.

The Renegotiation Board has authority under the Renegotiation Act of 1951, as amended, to determine and eliminate excessive profits realized by contractors and subcontractors in the defense and space programs.

Renegotiation is conducted not with respect to individual contracts, but with respect to the receipts or accruals of a contractor under all renegotiable contracts and subcontracts in a fiscal year of the contractor.

Not all Government contracts are within the scope of the Act. The Act relates only to prime contracts with the Departments of Defense, the Army, the Navy, and the Air Force, the Maritime Administration, the Federal Maritime Commission, the General Services Administration, the National Aeronautics and Space Administration, the Atomic Energy Commission, and the Federal Aviation Administration; and to related subcontracts, including purchase orders. Moreover, certain types of contracts with these agencies and certain types of subcontracts are exempt, in whole or in part, from renegotiation.

The Act provides that a report must be filed with the Board by every contractor or subcontractor having receipts or accruals in a fiscal year which exceed \$1 million (\$25,000 in the case of brokers and manufacturers' agents) from contracts or subcontracts subject to the Act. Contractors or subcontractors with renegotiable receipts or accruals amounting to less than the above minimum need not file a report but may, if they choose, file a Statement of Non-Applicability.

Operations are conducted at the Headquarters Office and two Regional Boards. The Eastern Regional Renegotiation Board serves the eastern part of the United States and the Western Regional Renegotiation Board serves the western part.

For a contractor whose renegotiable receipts or accruals in a fiscal year exceed the applicable minimum, the renegotiation process begins with the filing of a Standard Form of Contractor's Report. To compile the report, a contractor must segregate his negotiable from his non-renegotiable business and must also determine the costs and expenses allocable to each such segment. Generally, all amounts deductible for Federal income tax purposes are allowable as costs in renegotiation to the extent allocable to renegotiable business.

SECURITIES AND EXCHANGE COMMISSION

SALARIES AND EXPENSES

1974 appropriation.....	\$36,227,000
Estimate, 1975.....	42,131,000
House allowance.....	43,077,000
Committee recommendation.....	43,077,000

The Committee recommends an appropriation of \$43,077,000 for Salaries and Expenses of the Securities and Exchange Commission. This amount is \$946,000 over the budget estimate and the same as the House allowance.

The Committee has also included language which increases the travel expense limitations of the Commission to \$1,200,000 for FY 1975.

The increased sum recommended by the Committee has been provided to permit the commission to increase budgeted positions by 150.

The Committee was informed that the SEC expects to collect and deposit in the Treasury, based on their current fee schedule, slightly over \$24 million or about 61% of their budget request. In this connection, the Committee understands that the Commission has initiated a study of its fee schedule in relation to costs incurred. According to data received by the Committee, in FY 75 the SEC expects to collect fees for the following services in the amounts shown :

	<i>Estimate, 1975</i>
Registration of securities under the Securities Act of 1933-----	\$14, 000, 000
Fees for other filings and reports-----	5, 375, 000
From stock exchanges under section 31 of the Securities Exchange Act of 1934-----	4, 400, 000
Non-NASD brokers and dealers-----	400, 000
Qualification of trust indentures-----	1, 000
Other fees-----	10, 000
Total -----	\$24, 186, 000

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

1974 appropriation-----	\$53, 760, 000
Estimate, 1975-----	47, 163, 000
House allowance-----	46, 463, 000
Committee recommendation-----	37, 345, 000

For salaries and Expenses of the Selective Service System, the Committee recommends an appropriation of \$37,345,000, which is \$9,818,000 below the House allowance and \$9,118,000 below the budget estimate.

In light of very encouraging reports from both the Secretary of the Army and the Secretary of Defense concerning the success of the Volunteer Army, the Committee feels that an accelerated winding-down of the Selective Service System's operations is justified in fiscal year 75.

Statistics show, among other things, that the average length of initial terms has increased 21%, the average length of initial terms in Army Combat Arms is up by 45%, and that reenlistment by second term volunteers is up 70% in fiscal year 74. The morale and intelligence of the volunteer soldier is high and there are strong indications that our military forces are now both combat-ready and of sufficient strength to meet our military manpower needs.

The Committee directs the Selective Service System to continue to explore vigorously alternative less costly methods of maintaining a stand-by draft system, with particular emphasis on the increased use of volunteer registration and processing personnel, and on a greater percentage of position reductions in the GS 13 and above categories.

The committee was told that the Selective Service System must be prepared to furnish the men necessary to maintain the Armed Forces at authorized strength to the extent that this cannot be done by volun-

itary means. This is accomplished by means of inductions, the magnitude of which is determined by the Department of Defense. Since January 1, 1970, the order of registrants to be selected for induction has been determined by lottery drawings which assign random sequence numbers. Since March 1972, under the authority of the 1971 amendments to the Military Selective Service Act, random sequence numbers have been used in a Uniform National Call method. Section 10 (b) of the Act requires that the System maintain a readiness, notwithstanding the expiration of induction authority, to satisfy possible emergency mobilization requirements by registering and classifying young men.

The Committee also learned that the duties of the Selective Service System include:

1. *Service to registrants.*—This activity includes registering, classifying, selecting, inducting when authorized, and providing service to registrants including information. Over 45,000 uncompensated citizens, including the members of local boards and advisors to registrants, help provide service to registrants.

2. *Examination services.*—As the draft call varies, so do the costs of selectee travel to preinduction examination. Preinduction travel costs are based on fulfillment of the requirements of section 4(a) of the Military Selective Service Act.

3. *General and administrative.*—Fiscal, personnel, and other administrative support is provided to carry out the program of the System.

4. *Executive direction.*—This activity includes top policy-making officials, heads of major divisions at National Headquarters, and State Directors.

5. *Special programs.*—For fiscal year 1975, this activity consists of the Selective Service Reserve.

VETERANS' ADMINISTRATION

COMPENSATION AND PENSIONS

1974 appropriation.....	\$6,743,800,000
Amended estimate, 1975.....	¹ 7,283,000,000
House allowance.....	6,716,200,000
Committee recommendation.....	7,283,000,000

¹ Original estimate of \$6,716,200,000 increased by amended estimate contained in S. Doc. No. 93-96. \$566,800,000.

For Compensation and Pensions of our nation's veterans and their dependents, the Committee recommends an appropriation of \$7,283,000,000 which is the same as the amended budget estimate and \$566,800,000 above the House allowance. The amended estimate was not considered by the House.

The Veterans' Administration informed the Committee that there are two major programs which provide supplements to the income of certain veterans and their dependents or survivors. The first is for those veterans who suffer losses in their earning capacity as a result of service-connected disabilities. Compensation is provided to offset such losses. For the dependents of veterans who die in service or as a result of service-connected disease or disability, dependency and indemnity compensation benefits are available.

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The second—Pension—aids those veterans whose disability are not a result of their service in the armed forces and who have income below the limits set by this program. Pension is also provided to widows and children of deceased war veterans whose deaths were not related to service.

Payments of compensation and pension to almost 5 million veterans and dependents of deceased veterans continues to be the largest program of benefits administered by the Veterans' Administration. For the past year these payments amounted to \$6.5 billion and accounted for approximately 55 percent of the Agency's total expenditures.

The Committee also learned that from a 1973 caseload of 2,192,423 the number of veterans receiving disability compensation is estimated to increase to 2,197,120 in 1975. Most of this increase is due to the Vietnam veteran caseload. During the same period the cost of these cases is estimated to increase from about \$3.1 billion to about \$3.2 billion due to the increasing Vietnam veteran caseload.

An average of 1,072,338 veterans received pensions in 1973. Decreases in the average caseload is projected to continue for both FY 1974 and FY 1975. Decreases are due primarily to the rising number of World War I veteran deaths with less than offsetting increases for the more recent war periods. This is probably a consequence of the recent social security increases, providing income levels above the existing statutory limitations for VA pension qualification. Costs are estimated to decrease from \$1,476,651,000 in 1973 to \$1,430,907,000 in 1975.

The survivors of over 1.6 million deceased veterans were receiving death compensation, dependency and indemnity compensation, or death pension as of June 1973. Total costs of these programs exceeded \$1.8 billion in 1973. The caseload is projected to increase at a slower rate thru 1975 as a result of recent Social Security rate increases. The increase in caseload is dominated by the World War II category where the potential veteran deaths and the likelihood of surviving widows are greatest.

READJUSTMENT BENEFITS

1975 appropriation-----	\$3,353,000,000
Estimate, 1975-----	2,676,000,000
House allowance-----	2,676,000,000
Committee recommendation-----	2,676,000,000

The Committee recommends an appropriation of \$2,676,000,000 which is the same as the House allowance and the budget estimate for Readjustment Benefits for veterans, their wives, widows, and children.

The Committee was informed that this program is primarily concerned with providing both educational and rehabilitative assistance to veterans and certain other classes of beneficiaries. Under this broad category, benefits are available to basically three different groups of individuals:

Service disabled veterans.—Vocational rehabilitation is provided for the purpose of restoring employability lost by reason of handicap due to service-connected disability—title 38, U.S.C., Chapter 31.

Veterans and servicemen.—Financial assistance and services are provided to restore lost educational opportunities where careers were interrupted or impeded by reasons of military service after January 31, 1955—title 38, U.S.C., Chapter 34.

Dependents and survivors.—Financial assistance is provided for children, wives and widows of veterans whose deaths or permanent total disabilities were service-connected and for wives and children of prisoners of war or missing in action, that their education may be pursued—title 18, U.S.C., Chapter 35.

The Veterans' Administration also informed the Committee that the total number of individuals participating in training has increased during each fiscal year since 1967. A total of 2,223,315 persons received training during fiscal year 1973. This is a 13.4% increase over the 1,960,349 who received training in the preceding year. By type of educational program, trainees under chapter 31 (service disabled veterans) decreased by 6.6% while chapter 34 (Post Korean conflict veterans) and chapter 35 (dependents and survivors) trainees increased by 14.0% and 5.6% respectively.

In the six year period of the current education bill nearly 363,000 servicemen have entered training. Of this number, over 282,000 trained in schools below the college level, primarily by correspondence.

The Committee learned that of the total beneficiaries in training, dependents and survivors of World War II veterans comprise more trainees (33,972) than any other service period. However, among these, the largest number of widows in training (3,369) came from Vietnam era compared to 1,862 coming from World War II.

During 1973, a total of 57,678 children of deceased or totally disabled veterans, servicemen missing in action or prisoners of war received educational assistance. This is an increase of 2,682 over 1972 trainees. In 1973 90% or 51,972 pursued their training at the college level.

Educational assistance for wives of 100 percent disabled veterans, servicemen missing in action, prisoners of war and widows of deceased veterans has shown a steady increase in enrollment. A total of 10,505 wives and widows were in training during fiscal year 1973. Over 72% of the wives and widows chose college level training.

Since the current education program began (for post-Korean conflict veterans) in June 1966, almost 4,103,000 veterans and servicemen entered training through the end of June 1973. Of this number, over 3,092,000 were veterans or servicemen from the Vietnam era. The cumulative cost of this training through June 1973 was nearly \$8.1 billion.

It is estimated that 2,450,000 veterans and servicemen will receive training at a cost of over \$3.0 billion in 1974. After peaking, the number is expected to decrease to 1,996,000 trainees in 1975 with an estimated cost of nearly \$2.5 billion.

As of June 30, 1973, a total of over 205,000 children had entered training at a cost of \$545.8 million.

In fiscal year 1975, it is estimated that 63,500 children will receive educational assistance at a cost of \$99.0 million. This is an increase of 1,900 trainees and \$3.0 million in cost over the fiscal year 1974 estimate of 61,600 trainees and \$96.0 million.

Educational assistance for wives and widows has been available since December 1968. It is estimated that 12,500 wives and widows will receive educational assistance during fiscal year 1975 at a cost of \$15.2 million. This is an increase of 1,000 trainees and \$1.2 million over the 11,500 trainees estimated for 1974 at a cost of \$14.0 million.

The total number of service-disabled veterans who trained under vocational rehabilitation programs through June 1973 was 954,000. The cumulative cost of this benefit, including World War I, amounted to \$2.8 billion through June 1973. These payments include \$.6 billion paid from old World War I funds; \$1.7 billion paid for subsistence allowances; and \$.5 billion for tuition books, supplies, and equipment.

It is estimated that 28,000 service-disabled veterans will train in fiscal year 1975. This is a decrease of 1,000 trainees from the 29,000 estimated for fiscal year 1974. Cost is expected to increase from an actual \$23.0 million in fiscal year 1973 to an estimated \$70.6 million in fiscal year 1974. This large increase results from subsistence allowances being funded under this appropriation for the first time in fiscal year 1974. The cost is expected to increase to \$75.2 million in fiscal year 1975 due to the observed long-term rise in the charges for tuition, books, supplies, and equipment.

VETERANS INSURANCE AND INDEMNITIES

1974 appropriation (<i>by transfer</i>)	(\$6,000,000)
Amended estimate, 1975	¹ 8,750,000
House allowance	not considered
Committee recommendation	8,750,000

¹ Contained in S. Doc. No. 93-96.

For Veterans Insurance and Indemnities, the Committee recommends an appropriation of \$8,750,000, which is the same as the budget estimate but \$8,750,000 above the House allowance.

The budget estimate for this item, which is contained in S. Doc. 93-96, was submitted to the Congress subsequent to House action and was therefore not considered by the House.

Public Law 93-289, which became effective May 24, 1974, provides that policies under the veterans special life insurance fund are now participating and therefore eligible for the payment of dividends. Therefore it is no longer possible to use surplus earnings to fund this item.

MEDICAL CARE

1974 appropriation	\$2,859,173,000
Estimate, 1975	3,175,000,000
House allowance	3,190,044,000
Committee recommendation	3,187,644,000

The Committee recommends an appropriation for medical care of veterans of \$3,187,644,000 which is \$2,400,000 less than the amount contained in the House bill and \$12,644,000 over the budget estimate.

The Committee has concurred with the House and provided \$16,000,000 for the hiring of an additional 1,000 nurses. It has also concurred with the House and reduced the estimate by \$956,000 which represents a 10 percent reduction in the space rental costs to be reimbursed to the GSA.

The \$2,400,000 reduction below the amount recommended by the House represents a denial of funds for the purchase of five (5) new electron microscopes and 19 upgradings of existing units. A General Accounting Office report in November of 1973 showed that these \$100,000 microscopes were being grossly underutilized, some at the alarming rate of only 9% utilization. In view of the large capital outlay, low

utilization rates, and subsequent GAO recommendations for the deactivation of those electron microscopes not justified on the basis of workload, the Committee recommends that funding for these 5 new units and 19 upgradings be deferred until the Veterans Administration can show proof positive that there has been a substantial increase in their level of use.

The Committee is aware that the President recently announced plans to make substantial cutbacks in total Federal employment throughout the Government. The Committee wishes to express its very strong view that any personnel freeze or other personnel limitations resulting from such a Government-wide policy should not be applied to the medical and hospital employment within the Veterans Administration. In 1972 the VA hospital and medical program suffered from the effects of a Government-wide freeze on hiring which had an absolutely disastrous impact on the capacity of the VA system to provide quality patient care. Based on that experience, it is projected that over a full year the VA medical program could be expected to lose over 11,000 employees—based upon an attrition rate of between 10% and 33%—especially in the fields of pathology, radiology, nursing, and medical administration. Of these, the vast majority would be in the nursing service (over 8,000), the most critical direct patient care category, where normal VA attrition runs from 15% to 20%.

This appropriation provides for expenses necessary for the maintenance and operation of Veterans Administration hospitals, nursing home care units, domiciliaries and outpatient clinics, and the care and treatment of eligible beneficiaries in contract hospitals, community nursing and State nursing home facilities, State home hospitals, and State home domiciliaries. In addition, training of medical residents and interns and other professional, paramedical, and administrative personnel in the health-science fields is provided to support the Agency's manpower supply in these shortage categories.

MEDICAL AND PROSTHETIC RESEARCH

1974 appropriation.....	\$75, 500, 000
Estimate, 1975.....	89, 000, 000
House allowance.....	86, 770, 000
Committee recommendation.....	89, 000, 000

This program funds medical research projects which are conducted in Veterans' Administration laboratories unless it is more advantageous or economical to contract for such work with universities or other institutions.

This appropriation also funds the Prosthetic Research program which provides new and improved prosthetic and sensory aids for veteran beneficiaries, develops more efficient techniques of fabrication, fitting, aligning, and evaluating prosthetic devices, maintains a system of quality control by the development of meaningful standards and specifications, and disseminates information to VA field stations about the results of the research program.

For this item, the Committee recommends an appropriation of \$89,000,000, which is the same as the budget estimate but \$2,230,000 over the amount contained in the House bill.

The Committee feels strongly that the research funded in this appropriation deserves the highest priority and should be funded before items of lesser importance. Consequently in order to effect economies and reduce spending it has made reductions in many other items contained in this bill.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

1974 appropriation-----	\$25, 000, 000
Estimate, 1975-----	None.
House allowance-----	30, 000, 000
Committee recommendation-----	None.

Additional funds were not requested for this program that includes grants for new state medical schools, grants to affiliated medical schools, grants to other health manpower institutions, and expansion of Veterans' Administration hospital education and training capacity.

The Committee has not recommended an appropriation for Assistance for Health Manpower Training Institutions, for fiscal year 1975. On July 23, 1974 the Committee was informed by the Veterans Administration that a total of 77 grants had been tentatively approved with a first year funding requirement of \$25,738,000. These tentatively approved grants were chosen from 190 that had been submitted with a first year cost of \$71,466,000.

To date only \$930,000 has been obligated for grants for new State Medical Schools, leaving \$24,070,000 available for obligation from the prior appropriation of \$25 million. For grants to existing affiliated medical schools \$4,311,000 has been obligated and for grants to other Health Manpower Institutions a total of \$3,242,000 has been obligated, leaving \$12,447,000 available for obligation from the prior appropriation of \$20 million.

The Committee is aware that a zero appropriation for fiscal year 1975 will limit the ability of the Veterans Administration to make new grants under subchapters II, III and IV of chapter 82 which was added to title 38 by that Public Law. Nonetheless, the Committee will certainly be following the application process in connection with such new first-year grants and would give consideration to providing funds in a supplemental appropriations act if the need can be justified by those applications.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1974 appropriation-----	\$34, 063, 000
Estimate, 1975-----	37, 508, 000
House allowance-----	37, 508, 000
Committee recommendation-----	37, 508, 000

The Committee recommends an appropriation of \$37,508,000, which is the same as the budget estimate and the House allowance.

This appropriation provides for the administration and supervision of all agency medical programs by the Chief Medical Director, assisted by his Central Office staff elements; the conduct of postgraduate and inservice training activities to support the Medical Care programs; and the exchange of the most advanced medical information with the medical-scientific community.

GENERAL OPERATING EXPENSES

1974 appropriation-----	\$333, 623, 000
Amended estimate-----	¹ 434, 412, 000
House allowance-----	388, 130, 000
Committee recommendation-----	428, 842, 000

¹ Original estimate of \$391,000,000 increased by \$43,412,000 in S. Doc. No. 93-96.

For General Operating Expenses, the Committee recommends an appropriation of \$428,842,000, which is \$5,570,000 below the budget estimate and \$40,712,000 above the House allowance.

The Committee considered estimates of \$434,412,000 which were \$43,412,000 above the estimates considered by the House.

The House allowance reduced the original estimate by \$2,870,000 which amounts to a 10 percent decrease in GSA space rental charges. The Committee concurs with this House action.

The Committee has approved the full \$24,400,000 designated by the Veterans Administration for funding of the new Veteran Representative-on-Campus Program (Vet-Rep) that is designed to improve the speed of check delivery to the veteran. In this connection the Committee directs the Chief of the Department of Veterans Benefits to report periodically to the Committee on the progress and results of the Vet-Rep Program during the school year.

The Committee is aware of the clear interrelationship between these new positions in the Department of Veterans Benefits and the need for improved staffing and performance in the VA's regional offices. In this connection, it has been assured that the regional offices, with the concurrence of the Chief Benefits Director of the VA, will have considerable flexibility in the assignment of Vet Reps in terms of particular campus needs. In those instances where a Vet Rep can perform more effectively in a regional office in terms of carrying out the special responsibilities of coordination and liaison with campus veterans, assignment of the Vet Rep to regional offices obviously would improve the capacity of those offices to provide effective services, and thus would reduce the need for additional DVB personnel.

The Committee has reduced the amended budget estimate by \$2,700,000. It allows \$8,083,000 to fund 599 new positions instead of \$9,383,000 and 699 new positions requested for additional support personnel to augment field station staffs. In addition, the Committee recommends an appropriation of \$3,000,000 to be used for the reorganization of 40 offices in the Department of Veterans Benefits, that includes, among other things, the moving of files, partitions, equipment, and electrical outlets. This figure compares with \$4,400,000 contained in the amended budget estimate.

The appropriation for General Operating Expenses provides for the administration of all non-medical veterans' benefits; data processing operations and communications systems; and top management direction and support.

The Committee concurs with the House and the estimate and has included the phrase, "cemeterial expenses as authorized by law", in the language of the General Operating Expenses appropriations so that cemeterial activities transferred from the Army to the VA by Public Law 93-43 can be funded through this account.

CONSTRUCTION, MAJOR PROJECTS

1974 appropriation-----	\$68, 343, 000
Estimate, 1975-----	230, 850, 000
House allowance-----	230, 850, 000
Committee recommendation-----	223, 924, 500

The Committee recommends an appropriation of \$223,924,500 for this item which is \$6,925,500 below the budget estimate and the amount recommended by the House.

The Committee intends that this 3% economy reduction be absorbed through savings derived from reprogrammings.

The Construction, Major Projects appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is \$1,000,000 or more.

A complete listing of the projects funded herein may be found on page 25 of the House report on the bill, House Report 93-1139, and thus is not repeated here.

The Committee's Report, dated May 31, 1972, covering Veterans Administration appropriations for FY 1973 included \$18,875,000 for planning and architectural services for a number of major health care projects including a new hospital and several replacement hospitals. The Committee is appalled that the demographic studies and initial planning which is required to determine appropriate use of existing facilities, siting of new construction, environmental impact, and coordination with local health care planning and local regulatory agencies has not been completed for these projects and that the VA does not contemplate completing those studies until fiscal year 1976. The Committee notes that this is entirely inconsistent with the President's nationally broadcast speech of March 31, 1974 on veterans' matters. The Committee believes this foot-dragging should cease and directs that, within the funds made available for these projects in fiscal year 1973, the necessary studies for these projects should be completed by June 30, 1975 so that the projects can receive Presidential approval and thus be eligible for full funding in the Budget for fiscal year 1976.

The committee concurs with the House and directs the Veterans Administration to reprogram \$5,173,900 of these funds for the construction of a new research and education building at the Houston VA hospital. It also directs the Veterans Administration to reprogram \$5,397,300 of the funds for the construction of a similar building at the VA hospital located in Jackson, Mississippi.

In this Committee's report accompanying the Fiscal Year 1974 appropriation bill, the background of funding for the proposed Veterans Administration Hospital at Baltimore, Maryland was given. The \$5,224,000 for planning and site acquisition cited in that report continues to remain available to the Veterans Administration for the Baltimore project. The joint explanatory statement of the Committee of Conference on last year's appropriations bill stated that the conferees agreed with referenced report language. Another year has passed and arrangements have not yet been made for acquisition of the site and final planning for construction of a new Veterans Administration Hospital at Baltimore, Maryland, even though all those con-

cerned, including the Veterans Administration, recognize the need for this new Hospital. It is heartening to know, however, that the Veterans Administration is presently negotiating with the State of Maryland and certain political subdivisions thereof for a possible transfer of a suitable site for this project at no cost to the Federal Government.

This Committee believes that such an opportunity for site acquisition should not be allowed to pass by but rather every effort should be made by the Veterans Administration to reach an agreement for site acquisition and to forthwith commence final planning and then construction of this much needed new Veterans Hospital.

CONSTRUCTION, MINOR PROJECTS

1974 appropriation-----	\$40,018,000
Estimate, 1975-----	45,150,000
House allowance-----	45,150,000
Committee recommendation-----	43,795,500

The appropriation of \$43,795,500 is recommended by the Committee for Construction, Minor Projects. This amount is \$1,354,500 below the budget estimate and the House allowance. As in the case of Construction, Major Projects, the Committee intends that this 3 percent economy reduction be absorbed through savings derived from reprogramings.

This appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than \$1,000,000 and for the expenses of the Office of the Assistant Administrator for Construction.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1974 appropriation-----	None
Estimate, 1975-----	\$10,000,000
House allowance-----	10,000,000
Committee recommendation-----	9,700,000

For Grants for construction of State extended care, the Committee recommends an appropriation of \$9,700,000, which is \$300,000 under the budget estimate and the House allowance.

Funds under this program are for grants to assist the several States to construct State nursing home facilities and to remodel, modify or alter existing hospital and domiciliary facilities in State homes, for furnishing care to veterans.

The Committee was informed that the \$5,000,000 requested under the State Nursing Home program will provide grants to assist the States in the construction of State facilities for furnishing nursing home care to war veterans. The grant may not exceed 65% of the total cost of the project and may not provide for more than two and one-half beds per thousand war veteran population in any State.

Grants provided under the Hospital and Domiciliary Facilities program will assist the States to remodel, modify or alter existing hospital and domiciliary facilities in State Homes. The grant may not exceed 65% of the total cost of the project, nor may any one State receive in any fiscal year more than 20 per centum of the amount appropriated for that fiscal year.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1974 appropriation-----	\$2,000,000
Estimate, 1975-----	2,100,000
House allowance-----	2,100,000
Committee recommendation-----	2,037,000

An appropriation of \$2,037,000 is recommended by the Committee for Grants to the Republic of the Philippines, which is \$63,000 below the budget estimate and the allowance in the House bill.

This appropriation provides grants to the Republic of the Philippines for medical care and treatment of eligible Philippine Commonwealth Army veterans and new Philippines Scouts, and for programs of medical education and training of health services personnel. Medical care and treatment of eligible veterans is provided by the Republic of the Philippines at the Veterans Memorial Hospital in Manila, or at other facilities by contract. Also, treatment of leprosy cases is provided at the Central Luzon Sanitarium and at the Mindanao Central Sanitarium.

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

1974 appropriation-----	\$4,500,000
Estimate, 1975-----	1,828,000
House allowance-----	1,828,000
Committee recommendation-----	1,828,000

For payment of Participation Sales Insufficiencies, the Committee recommends an appropriation of \$1,828,000, which is the allowance in the House bill and the budget estimate.

The Committee was informed that the Housing Act of 1964, as amended by the Participation Sales Act of 1966, authorized the pooling of mortgages or other types of obligations of certain Government departments or agencies and the sale by the Federal National Mortgage Association (now the Government National Mortgage Association) as trustee, of beneficial interests, or participations, in such pools. The Participation Sales Act of 1966 provided that the aggregate amount of participations issued for the account of any trustor may not exceed the amount authorized for that trustor in an appropriation act.

The Participation Sales Act of 1966 also authorized the establishment of appropriations to cover payment for insufficiencies in the amounts required to be paid by trustors on account of outstanding participations. These insufficiencies are primarily comprised of the excess of interest payments to holders of participation certificates over the interest payments received from the pooled mortgages or other obligations. Insufficiencies are met from (1) revenue from the Participation sales fund; (2) the portion of retained earnings reserved; and (3) the appropriation for Payment of participation sales insufficiencies, in that order.

LOAN GUARANTY REVOLVING FUND (LIMITATION ON OBLIGATIONS)

1974 appropriation-----	(\$500,000,000)
Estimate, 1975-----	(\$500,000,000)
House allowance-----	(\$500,000,000)
Committee recommendation-----	(\$500,000,000)

For the limitation of obligations of the Loan Guaranty Revolving Fund the Committee recommends the sum of \$500,000,000, which is the budget estimate and the amount recommended by the House.

The principal objective of the loan guaranty program is to assist eligible veterans to obtain credit on favorable terms for the purchase or construction of homes to be occupied by the veterans and their families.

The assistance provided normally consists of the guaranty of insurance of loans made by private lenders to veterans. However, under certain conditions the Veterans Administration may make loans directly to veterans for homes and farm residences.

The Veterans Housing Act of 1970, Public Law 91-506 approved October 23, 1970 revived unused expired loan guaranty entitlement of World War II and Korean Conflict veterans and made all loan guaranty entitlement available until used whether derived from World War II, Korean Conflict, or Post-Korean Conflict service. The Loan guaranty revolving fund provides for expenses and revenues of property and loan transactions resulting from settlement of guaranty claims.

The VA explained that the \$121,244,207 net loss existing in the Loan Guaranty Fund at the close of fiscal year 1973 is the net cost to date, exclusive of administrative expenses which has resulted from paying claims for the guaranty or insurance issued on 8.5 million loans in the amount of \$98.6 billion. The net loss reflects the results of the liquidation of properties as well as claim payments.

On this basis, there has been an average loss of \$400.04 on the claims paid through June 30, 1973. Cast in other terms, the loss has been about one-tenth of one percent of the dollar value guaranteed or insured.

The Committee learned that normal revenue and receipts consist principally of interest income, cash proceeds from the sale of real property acquired as a result of foreclosure on guaranteed loans, and repayments on mortgages made incident to such sales. It is estimated that \$181.5 million in 1974 and \$167.1 million in 1975 will be received from these sources. Also an estimated \$361.0 million vendee loans will be sold in 1974 and an additional \$342.0 million in 1975.

VOCATIONAL REHABILITATION REVOLVING FUND

1974 appropriation.....	None.
Estimate, 1975.....	\$100,000
House allowance.....	100,000
Committee recommendation.....	97,000

The Committee recommends an appropriation of \$97,000, for the Vocational Rehabilitation Revolving Fund, which is \$3,000 under the budget estimate and the allowance in the House bill.

The Veterans Administration explained to the Committee that chapter 31, paragraph 1507, of 38 U.S.C., provides for a revolving fund for making advances, not in excess of \$200 to disabled veterans who are commencing or undertaking courses of vocational rehabilitation and are without sufficient funds to meet their expenses. Repayments are used to make new advances. Historically, the pattern of activity in the fund has been that loans have exceeded receipts in the first six months of the fiscal year, with the reverse true for the latter part of the year. It is estimated at the end of FY 1974 that only \$28 thousand will be

available to continue making loans in FY 1975. To ensure loan making capability during the early months of FY 1975, an appropriation of \$100 thousand is required.

TITLE III

CORPORATIONS

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

LIMITATION ON ADMINISTRATIVE AND NON-ADMINISTRATIVE EXPENSES,
FEDERAL HOUSING ADMINISTRATION

	Administrative	Nonadministrative
1974 appropriation.....	(\$15,445,000)	(\$178,796,000)
Estimate, 1975.....	(13,880,000)	(191,730,000)
House allowance.....	(13,803,000)	(190,500,000)
Committee recommendation.....	(13,803,000)	(190,500,000)

For the limitation on Administrative Expenses of the Federal Housing Administration, the Committee recommends an amount of \$13,803,000, which is \$77,000 less than the budget estimate and the same as the House allowance. The entire reduction represents a reduction of 10 percent in GSA space rental costs.

The Administrative Expense Limitation covers those costs generally described as overhead. The staff develops the technical and underwriting standards and the operating plans and procedures under which the FHIA programs are executed, provides line supervision and technical advice and guidance to the field staff which carries out these programs at the local level, and performs fiscal and administrative management services required for the efficient operation of the FHA programs.

The Administrative Expense Limitation funds the function mentioned above as they relate to the housing production activities of the FHIA programs. It also funds the Central Office line and program supervision of the FHIA multifamily mortgage servicing and home mortgage servicing activities under the direction of the Assistant Secretary for Housing Management, the administrative legal services provided by the Office of General Counsel and the FHA fund share of the fiscal and administrative management functions performed on a centralized basis under the direction of the Assistant Secretary for Administration. This justification covers only the Housing Production activities. The other activities are briefly explained later in this justification.

The administrative staff develops the policies and procedures governing the housing production functions of the FHIA mortgage insurance programs, initiation of loan insurance, and the subsidy programs. It is this staff which develops the underwriting standards and instructions in the three disciplines (architecture, appraisal, and mortgage credit) which underlie the mortgage insurance programs. This staff also monitors the local level, to see that Departmental policies and procedures are being faithfully administered, and that weaknesses or deficiencies are corrected when they are identified. All of these functions, together with fiscal, administrative management, and actu-

arial and statistical services, oversee and support the field employees engaged in FHA production activities.

The Committee recommends a limitation of \$190,500,000 for Non-administrative expenses. This amount is \$1,230,000 less than the budget estimate and the same as the allowance contained in the House bill. This reduction is attributed to a 10 percent reduction in GSA space rental costs.

The Nonadministrative Expense Limitation covers several activities performed by or in support of the FHA mortgage and loan insurance activities which are administered by several Assistant Secretaries. The initiation of mortgage and loan insurance for both the subsidized and unsubsidized insured housing programs and various direct support functions such as market analysis are the responsibility of the Assistant Secretary for HPMC-FHA Commissioner.

Liquidation and settlement activities, including acquisition and disposition of properties and mortgages as a result of insurance claims and mortgage servicing, although funded from this limitation, are administered by the Assistant Secretary for Housing Management. The supportive legal services performed in the Central Office by the General Counsel are also an expense of this limitation. In the field, these services are funded under the Regional Management and Services portion of this limitation.

LIMITATION ON ADMINISTRATIVE EXPENSES, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

1974 appropriation-----	(\$7, 772, 000)
Estimate, 1975-----	(8, 080, 000)
House allowance-----	(8, 080, 000)
Committee recommendation-----	(8, 080, 000)

The Committee recommends a limitation on administrative expenses for the Government National Mortgage Association of \$8,080,000, which is the budget estimate and the House allowance.

The Government National Mortgage Association (GNMA) is a corporate entity within the Department of Housing and Urban Development. The Secretary of Housing and Urban Development determines its general policies and selects and effects the appointment of qualified persons to fill the offices of President and Vice President and such other offices as may be provided for in the bylaws. The President of the Association is responsible for the general supervision of GNMA's daily business affairs and for carrying out general policies determined by the Secretary.

Prior to September 1, 1968, the functions of GNMA were carried out by the Federal National Mortgage Association (FNMA). On September 1, 1968, under the provisions of the Housing and Urban Development Act of 1968, the Federal National Mortgage Association was partitioned into two separate and distinct corporate bodies, each possessing continuity and corporate succession. One of these corporations, assuming the functions of the Secondary Market Operations of the original FNMA, is the Federal National Mortgage Association, a Government-sponsored privately owned corporation, which, since September 30, 1968, has not been included within Federal budget totals. The other corporation is the Government National Mortgage Association, which remains in the Department of Housing and Urban Devel-

opment and continues to operate the Special Assistance and Management and Liquidating Functions as well as the Participation Sales Fund and Guarantees of Mortgage-Backed Securities programs, the details of which are explained in this section of the justifications.

FEDERAL HOME LOAN BANK BOARD

LIMITATION ON ADMINISTRATIVE AND NONADMINISTRATIVE EXPENSES, FEDERAL HOME LOAN BANK BOARD

	Administrative	Nonadministrative
1974 appropriation	(\$9,700,000)	(\$18,530,000)
Estimate, 1975	(10,470,000)	(20,800,000)
House allowance	(10,400,000)	(20,736,000)
Committee recommendation	(10,400,000)	(20,736,000)

For the limitation on Administrative Expenses the Committee recommends \$10,400,000, which is \$70,000 less than the budget estimate and the same as the House allowance.

A limitation of \$20,736,000 is recommended by the Committee for nonadministrative expenses and represents an amount which is \$64,000 under the budget estimate but the same as the House allowance.

The recommended reductions of \$70,000 and \$64,000, respectively represent a 10% reduction in GSA space rental costs.

The Committee learned from the Board that subsection (c) of Section 18 of the Federal Home Loan Bank Act authorized, utilizing the services of the Administrator of General Services, to acquire for the purpose of the subsection real property in the District of Columbia, in the name of the United States. It further authorizes the Board, utilizing such services, to construct, develop, furnish and equip such building thereon, and such facilities as may be appropriate to provide to such extent as it may deem advisable, suitable and adequate quarters and facilities for the Board and the agencies under its administration of supervision.

Financing the acquisition of and improvements to the real property may be provided through assessments on and advances by the Federal Home Loan Bank. However, the Committee was told that there was no provision in the aforesaid subsection for the Board to acquire assistance or advances for the above mentioned purposes from other agencies with respect to which the Board and its members have functions of administration or supervision.

In order to make it possible for the assessment or advances for the purposes of the aforesaid subsection (c) to be made, and in order to include related commercial facilities, and further, in order to adjust interest paid on such advances to a realistic rate, the Committee has included the following language, which was requested in an amended estimate contained in Senate Document Number 93-98, in the bill on page 27, line 22:

Provided further, That the dollar limitation of section 18(c) of the Federal Home Loan Bank Act is further increased by the cumulative reassments and interest-bearing or other advances for purposes thereof, which shall include related commercial facilities, hereby authorized to be required

by the Board as non-administrative expenditures of agencies under administration or supervision of the Board or of a body composed of its members, all of which are hereby included in the references therein to agencies under the Board's supervision, and the Board's is hereby authorized to adjust as it deems equitable the interest on advances now or hereafter outstanding thereunder or hereunder.

The Federal Home Loan Bank Board supervises and regulates the Federal Home Loan Bank System, the System of Federal Savings and Loan Associations, and the Federal Savings and Loan Insurance Corporation, created to serve the American public through the media of savings and loan associations, co-operative banks, and other financial institutions engaged in the encouragement of thrift and economical home ownership.

The Federal Home Loan Bank System, through its 12 regional Federal Home Loan Banks, strategically located throughout the country, provides a permanent credit reserve for eligible institutions. The Federal Home Loan Banks advance funds to these member institutions to meet withdrawal demands as well as seasonal and expansionary needs for additional home-mortgage funds. Through the use of interbank deposits, the System maintains flows of housing funds into every locality.

Federal Home Loan Bank advances outstanding to savings and loan members as of October 1973 were \$14.3 billion. This amount is more than all the advances made from the System's inception in 1932 through 1959 and is 22% of all advances made through 1972.

The regional Banks, the stock of which is owned by their member institutions, do not deal directly with individuals. The great majority of the members are savings and loan associations, also known sectionally as building and loan associations, co-operative banks, and homestead associations. Included also in the membership of the Federal Home Loan Bank System are 48 mutual savings banks and 2 life insurance companies.

The importance of the Federal Home Loan Bank System is indicated by the fact that at June 30, 1973, the combined resources of its member institutions totaled \$270 billion (the December 31, 1973, figure is estimated at approximately \$281 billion). In fiscal year 1973 its savings and loan members made housing and other mortgage loans amounting to \$55.7 billion.

Located in most cities, suburban areas, and towns throughout the United States, the System's member institutions serve over 67 million people including savers, investors, and borrowers.

The Board also issues charters for Federal savings and loan associations, insures savings accounts in Federal savings and loan associations and in approved State chartered savings and loan or building and loan associations.

The costs of the Federal Home Loan Bank Board operation—including the examinations of insured savings and loan associations—are met by assessing the twelve Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation for services rendered and by direct examination charges to savings and loan associations for the services of the Office of Examinations and Supervision. Thus, although the Board restricts its expenditures to budget

limitations, the Board receives no appropriated funds from the U.S. Treasury.

Offices and Divisions which are funded under FHLBB Administrative funds are the offices of the Chairman and Board Members, the office of the Executive Assistant to the Chairman, the office of Economic Research, the office of Communications, the office of General Counsel, the office of Audits, the office of the Secretary, the offices of the Federal Home Loan Banks, Industry Development Housing and Urban Affairs, the Administration and Methods Division, the Comptrollers Division, the Information Systems Division, and the Personnel Management Division.

The Office of Examinations and Supervision is funded from Non-administrative funds of the agency and has the major role in fulfilling the Federal Home Loan Bank Board's statutory responsibility for monitoring and regulating the \$267 billion insured savings and loan industry. This Office, and in particular the field staff in the twelve Federal Home Loan Bank Districts, examines and, when necessary, supervises all savings and loan associations to assure the American public of a dynamic system of safe insured savings, accessible credit, and economic home ownership.

The Office of Examinations and Supervision is the reservoir of public professional expertise in the savings and loan industry. As such, it serves as the primary tool of the Federal Savings and Loan Insurance Corporation (FSLIC) for protecting FSLIC assets against depletion caused by the financial failure of any of the savings and loan associations which FSLIC insures. The Office monitors savings and loan associations through continual analysis of operating policies and financial reports submitted by the associations and by public auditors, through regularly scheduled examinations, and through occasional special examinations. The purpose of these monitoring processes is to determine compliance with Federal Home Loan Bank Board regulations and to ascertain the quality of management and the financial soundness of the member associations. If the Office of Examinations and Supervision detects actual or potentially unsafe or unsound practices in associations insured by the Federal Savings and Loan Insurance Corporation, Supervisory Agents from the Federal Home Loan Banks work with the associations to prevent the development or the continuance of poor financial or management performance.

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

1974 appropriation-----	(\$740,000)
Estimate, 1975-----	(776,000)
House allowance-----	(772,000)
Committee recommendation-----	(772,000)

A limitation on administrative expenses of \$772,000 for the Federal Savings and Loan Insurance Corporation is recommended by the Committee. This amount is \$4000 under the budget estimate and the same as the allowance by the House. The decrease is to be applied entirely to a 10 per cent reduction in GSA space rental costs.

The FSLIC was created in 1934 and insures, up to \$20,000 each, withdrawable savings, deposits and investment certificates in approved savings and loan associations and similar institutions. Insurance of

savings has been an important factor in stimulating the flow of savings into thrift and home-financing institutions. These savings are used largely for the financing of homes. The number of insured institutions at June 30, 1973, was 4,168; their combined assets were \$256.4 billion. Reserves for insurance losses were \$3.3 billion in fiscal 1973 and are estimated at \$3.6 and \$3.9 billion respectively for fiscal years 1974 and 1975.

Under supervision and authority of the Federal Home Loan Bank Board, the FSLIC reviews all proposed actions directly affecting the interests of Federal Savings and Loan Insurance Corporation and advises the Board concerning such matters. It also implements the payment of insurance and pursues recovery; takes steps authorized by law to prevent default or restore institutions to normal operations; manages financial assistance agreements; manages assets acquired by the Corporation in the prevention of default; and acts as receiver for insured institutions in default.

TITLE IV

GENERAL PROVISIONS

LIMITATIONS AND LEGISLATIVE PROVISIONS

The Committee has added the following limitations and legislative provisions not included in the House bill:

On page 2, line 9:

Provided, That none of these administrative funds may be used for the administration of the Section 23 leasing program, or any replacement program, unless the available, unused balance of contract authority under the Section 235 and Section 236 programs, or any replacement programs, is made available for commitment, and committed, concurrent with the commitment of any contract authority under the Section 23 program, or any replacement program, in amounts proportionate to the amounts committed under said Section 23 program, or any replacement program.

On page 3, line 8:

Of which not less than \$500,000,000 shall be used only for the payment of operating subsidies to local housing authorities.

On page 14, line 1:

Not to exceed \$5,000 for official receptions and representation expenses.

On page 14, line 8:

To remain available until expended.

On page 15, line 22:

Not to exceed \$1,200,000 for travel expenses.

On page 19, line 19:

Not to exceed \$2,500 for official receptions and representation expenses.

On page 27, line 6:

Provided further, That not to exceed \$1,000 shall be available for official receptions and representation expenses.

On page 27, 14:

Provided further, That the dollar limitation of section 18(c) of the Federal Home Loan Bank Act is further increased by the cumulative

assessments and interest-bearing or other advances for purposes thereof, which shall include related commercial facilities, hereby authorized to be required by the Board as nonadministrative expenditures of agencies under administration or supervision of the Board or of a body composed of its members, all of which are hereby included in the reference therein to agencies under the Board's supervision, and the Board is hereby authorized to adjust as it deems equitable the interest on advances now or hereafter outstanding thereunder or hereunder.

On page 31, before line 3:

Sec. 406. None of the funds provided in this act to any Department or agency will be expended for the transportation of any officer or employee of such Department or agency between his domicile and his place of employment in violation of Sec. 5(c)(2) of the Act of July 16, 1914, as amended (31 USC 638a).

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974 AND THE BUDGET ESTIMATES FOR FISCAL YEAR 1975

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—FEDERAL FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill.]

Agency and Item (1)	New budget (obligational) authority, 1974 (2)	Budget estimates of new budget (obligational) authority, 1975 (3)	Increase (+) or decrease (-) (4)
Department of Housing and Urban Development:			
College housing—loans and other expenses (indefinite).....	\$403,000	\$405,000	+\$2,000
Federal Housing Administration fund (authority to spend public debt receipts, indefinite).....	903,314,000	1,079,354,000	+176,040,000
Interstate land sales (indefinite, special).....	990,000	1,220,000	+230,000
Public facility loans (indefinite).....	1,200,000	1,061,000	-139,000
Government National Mortgage Association: Special assistance functions fund (indefinite).....	3,805,000	3,066,000	-739,000
Total, permanent new budget (obligational) authority, Federal funds.....	909,712,000	1,085,106,000	+175,394,000

PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—TRUST FUNDS

American Battle Monuments Commission: Contributions (indefinite).....	35,000	35,000	
National Aeronautics and Space Administration: Miscellaneous trust funds (indefinite).....	35,000,000	23,000,000	-12,000,000
National Science Foundation: Donations (indefinite).....	1,000	1,000	
Veterans Administration:			
General post fund, national homes (indefinite).....	3,700,000	3,800,000	+100,000
National service life insurance fund (indefinite).....	811,251,000	837,257,000	+26,006,000
U.S. Government life insurance fund (indefinite).....	38,509,000	38,345,000	-164,000
Total, permanent new budget (obligational) authority, trust funds.....	388,496,000	902,438,000	+513,942,000

NOTE.—Amounts as estimated and shown in the February 1974 budget document. The items are indefinite in amount, and thus are subject to later reestimation.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1975

	New budget (obligational) authority, fiscal year 1974	Budget estimates of new budget (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	Committee recommendations	Committee recommendations compared with (+) increase (-) decrease		
					Appropriations, 1974	Estimates, 1975	House bill
TITLE I							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
HOUSING PRODUCTION AND MORTGAGE CREDIT							
Salaries and expenses, Housing production and mortgage credit programs.....	\$5,246,000	1 \$14,340,000	\$14,340,000	\$12,125,000	+ \$6,879,000	- \$2,215,000	- \$2,315,000
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION							
Payment of participation sales insufficiencies.....	19,821,000	22,883,000	22,883,000	22,883,000	+3,062,000		
Total, Housing Production and Mortgage Credit.....	25,067,000	37,223,000	37,223,000	35,008,000	+9,941,000	-2,215,000	-2,215,000
HOUSING MANAGEMENT							
Housing payments.....	2,020,000,000	2,425,000,000	2,425,000,000	2,300,000,000	+280,000,000	-125,000,000	-125,000,000
Salaries and expenses, housing management programs.....	24,521,000	23,400,000	23,400,000	21,825,000	-2,696,000	-1,575,000	-1,575,000
Total, Housing Management.....	2,044,521,000	2,448,400,000	2,448,400,000	1,321,825,000	+277,304,000	-126,575,000	-126,575,000

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1975—Continued

	New budget (obligational) authority, fiscal year 1974	Budget estimates of new budget (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	Committee recommendations	Committee recommendations compared with		
					Appropriations, 1974	Estimates, 1975	House bill
TITLE I—Continued							
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Con.							
COMMUNITY PLANNING AND DEVELOPMENT							
Urban renewal programs.....	\$600,000,000	(?)	\$200,000,000	\$194,000,000	+\$194,000,000	-\$6,000,000	
Model cities programs.....	150,000,000	(?)	125,000,000	121,250,000	+23,750,000	-3,750,000	
Rehabilitation loan fund.....			70,000,000			-70,000,000	
Open space land programs.....	25,000,000						
Community development.....		\$ 325,000,000					
Comprehensive planning grants.....	75,000,000	110,000,000	100,000,000	106,700,000	+31,700,000	+6,700,000	
Salaries and expenses, Community planning and management programs.....	10,359,000						
Salaries and expenses, Community development programs.....	23,004,000						
Salaries and expenses, Community planning and development programs.....		\$ 42,200,000	39,000,000	37,830,000	+37,830,000	-1,170,000	
Total, Community Planning and Development.....	883,363,000	477,200,000	524,000,000	459,780,000	-423,583,000	-17,420,000	
FEDERAL INSURANCE ADMINISTRATION							
Flood insurance.....	20,000,000	\$ 50,000,000	50,000,000	50,000,000	+30,000,000		
POLICY DEVELOPMENT AND RESEARCH							
Research and technology.....	65,000,000	70,000,000	60,000,000	67,900,000	+2,900,000	+7,900,000	
Salaries and expenses, policy development and research.....		6,320,000	5,000,000	6,130,400	+6,130,400	+1,130,400	
Total, Policy Development and Research.....	65,000,000	76,320,000	65,000,000	74,030,400	+9,030,400	+9,030,400	

FAIR HOUSING AND EQUAL OPPORTUNITY	9,777,000	11,900,000	10,900,000	11,543,000	+1,766,000	-357,000	+643,000
Fair housing and equal opportunity.....							
DEPARTMENTAL MANAGEMENT							
General departmental management.....	6,161,000	5,580,000	5,580,000	5,412,600	-748,400	-167,400	-167,400
Salaries and expenses, office of general counsel.....	3,253,000	3,530,000	3,530,000	3,424,100	+171,100	-105,900	-105,900
Salaries and expenses, office of inspector general.....	6,708,000	6,830,000	6,830,000	6,625,100	-82,900	-204,900	-204,900
Administration and staff services.....	11,650,000	19,810,000	19,513,000	18,927,610	+7,277,610	-882,390	-585,39
Regional management and services.....	20,224,000	8,301,600	29,446,000	28,562,620	+8,388,620	-1,397,380	-893,380
Total, Departmental Management.....	47,996,000	65,910,000	64,899,000	62,952,030	+14,956,090	-2,957,970	-1,946,970
Total, Department of Housing and Urban Development.....	3,085,724,000	3,166,953,000	3,210,422,000	3,015,138,430	+80,585,570	-151,814,570	-195,283,570
FUNDS APPROPRIATED TO THE PRESIDENT							
FEDERAL DISASTER ASSISTANCE ADMINISTRATION	9,432,600,000	10,200,000,000	290,000,000	200,000,000	232,600,000		
Disaster relief.....	3,528,324,000	3,365,953,000	3,410,422,000	3,215,138,430	-313,185,570	-151,814,570	-195,283,570
Total, Title I.....							
TITLE II							
SPACE, SCIENCE, VETERANS, AND CERTAIN OTHER INDEPENDENT AGENCIES							
AMERICAN BATTLE MONUMENTS COMMISSION							
Salaries and expenses.....	14,100,000	5,465,000	4,512,000	4,376,640	+276,640	-1,088,360	-135,360
DEPARTMENT OF DEFENSE—CIVIL							
Cemeterial Expenses, Army	12,24,073,000	267,000	265,000	257,050	-23,820,950	-9,950	-7,950
Salaries and expenses.....							
FEDERAL COMMUNICATIONS COMMISSION							
Salaries and expenses.....	40,155,000	46,847,000	46,900,000	46,900,000	+6,745,000	+53,000	

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1975—Continued

	New budget (obligational) authority, fiscal year 1974	Budget estimates of new budget (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	Committee recommendations	Committee recommendations compared with		
					Appropriations, 1974	Estimates, 1975	House bill
TITLE II—Continued							
SPACE, SCIENCE, VETERANS, AND CERTAIN OTHER INDEPENDENT AGENCIES—Continued							
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Research and development.....	13 \$2,189,307,000	14 \$2,341,580,000	\$2,327,380,000	\$2,326,860,000	+\$137,273,000	-\$16,000,000	-\$800,000
Construction of facilities.....	101,100,000	151,490,000	135,670,000	140,155,300	+39,055,300	-11,394,700	+4,485,300
Research and program management.....	744,600,000	749,624,000	740,000,000	740,000,000	-4,600,000	-9,624,000	-----
Total, National Aeronautics and Space Administration.....	3,035,007,000	3,242,694,000	3,203,050,000	3,206,735,300	+171,728,300	-35,988,700	+3,685,300
NATIONAL SCIENCE FOUNDATION							
Salaries and expenses.....	13 554,660,000	18 681,400,000	666,800,000	654,750,000	+110,090,000	-26,650,000	-12,080,000
Scientific activities (special foreign currency program).....	3,000,000	5,000,000	5,000,000	4,850,000	+1,850,000	-150,000	-150,000
Total, National Science Foundation.....	547,660,000	686,400,000	671,800,000	659,600,000	+111,940,000	-26,800,000	-12,200,000
RENEGOTIATION BOARD							
Salaries and expenses.....	4,805,000	5,195,000	5,163,000	5,163,000	+358,000	-32,000	-----
SECURITIES AND EXCHANGE COMMISSION							
Salaries and expenses.....	36,227,000	42,131,000	43,077,000	43,077,000	+6,850,000	+946,000	-----

SELECTIVE SERVICE SYSTEM									
Salaries and expenses	53,750,000	47,163,000	46,453,000	37,345,000	-16,415,000	-9,818,000	-9,118,000		
VETERANS ADMINISTRATION									
Compensation and pensions	6,743,800,000	17 7,283,000,000	6,716,200,000	7,283,000,000	+539,200,000		+566,800,000		
Readjustment benefits	3,353,000,000	2,676,000,000	2,676,000,000	2,676,000,000	-677,000,000				
Veterans insurance and indemnities		17 8,750,000		8,750,000	+8,750,000		+8,750,000		
(By transfer)	(6,000,000)	18 (6,000,000)			(-6,000,000)				
Medical care	2,889,173,000	3,175,000,000	3,190,044,000	3,187,644,000	+328,471,000	+12,644,000	-2,400,000		
Medical and prosthetic research	75,500,000	89,000,000	86,770,000	89,000,000	+13,500,000		+2,230,000		
Assistance for health manpower training institutions	25,000,000		30,000,000		-25,000,000		-30,000,000		
Medical administration and miscellaneous operating expenses	34,063,000	37,508,000	37,508,000	37,508,000	+3,445,000				
General operating expenses	333,623,000	17 434,412,000	388,130,000	428,842,000	+95,219,000	-5,570,000	+40,712,000		
Construction, major projects	68,343,000	230,850,000	230,850,000	223,994,500	+155,581,500	-6,925,500	-6,925,500		
Construction, minor projects	40,018,000	45,150,000	45,150,000	43,795,500	+3,777,500	-1,354,500	-1,354,500		
Grants for construction of State extended care facilities		10,000,000	10,000,000	9,700,000	+9,700,000		-300,000		
Grants to the Republic of the Philippines	2,000,000	2,100,000	2,100,000	2,087,000	+37,000		-63,000		
Payment of participation sales insufficiencies	4,400,000	1,828,000	1,828,000	1,828,000	-2,572,000				
Loan guaranty revolving fund (limitation on obligations)	(500,000,000)	(500,000,000)	(500,000,000)	(500,000,000)					
Vocational rehabilitation revolving fund		100,000	100,000	97,000	+97,000		-3,000		
Total, Veterans Administration	13,538,920,000	13,993,698,000	13,414,690,000	13,992,126,000	+458,206,000	-1,572,000	+577,446,000		
Total, Title II, Space, Science, Veterans, and Certain Other Independent Agencies:									
New budget (obligational) authority	17,284,712,000	18,069,860,000	17,435,910,000	17,995,579,990	+710,867,990	-74,280,010	+559,669,990		
By transfer	(6,000,000)				(-6,000,000)				

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1974 AND THE BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1975—Continued

	New budget (obligational) authority, fiscal year 1974	Budget estimates of new budget (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in House bill	Committee recommendations	Committee recommendations compared with	
					Appropriations, 1974	Estimates, 1975
TITLE III						
CORPORATIONS						
Department of Housing and Urban Development:						
Federal Housing Administration:						
Administrative expenses	(\$15,445,000)	(\$13,880,000)	(\$13,803,000)	(\$1,642,000)	(\$77,000)	
Nonadministrative expenses	(176,796,000)	19(191,750,000)	(190,500,000)	(+13,704,000)	(-1,290,000)	
Government National Mortgage Association:						
Administrative expenses	(7,772,000)	(8,080,000)	(8,080,000)	(+308,000)		
Federal Home Loan Bank Board:						
Administrative expenses	(9,700,000)	(10,470,000)	(10,400,000)	(+700,000)	(-70,000)	
Nonadministrative expenses	(18,580,000)	(20,800,000)	(20,756,000)	(+2,206,000)	(-64,000)	
Federal Savings and Loan Insurance Corporation, Administrative expenses	(740,000)	(776,000)	(772,000)	(+32,000)	(-4,000)	
Total, Title III, administrative and nonadministrative expenses	(228,983,000)	(245,736,000)	(244,291,000)	(+15,308,000)	(-1,445,000)	
Grant total, titles I, II and III:	20,813,086,000	21,486,813,000	20,846,332,000	+397,682,420	-226,094,560	+\$364,386,420
New Budget (obligational) authority	(6,000,000)			(-6,000,000)		
By transfer				(+15,308,000)		
Limitation on corporate funds to be expended	(228,983,000)	(245,736,000)	(244,291,000)			

¹³ Excludes \$4,693,000, a comparable amount shown in the report accompanying the Special Energy Research and Development Appropriation Bill for 1975.
¹⁴ Excludes \$4,435,000 which was considered in the Special Energy Research and Development Appropriation Bill for 1975.
¹⁵ Excludes \$31,600,000, a comparable amount shown in the report accompanying the Special Energy Research and Development Appropriation Bill for 1975.
¹⁶ Excludes \$101,800,000 which was considered in the Special Energy Research and Development Appropriation Bill for 1975.
¹⁷ Amended budget estimates in S. Doc. No. 93-96 as follows:

Item	Original estimate	Amendment	Revised request
Compensation and pensions	\$6,716,200,000	\$566,800,000	\$7,283,000,000
Veterans insurance and indemnities	8,750,000	8,750,000	8,750,000
General operating expenses	391,000,000	43,412,000	434,412,000

¹⁸ The original budget estimate for this item of \$6,000,000 to be derived by transfer is deleted by the amended budget estimate in S. Doc. No. 93-96.
¹⁹ Includes \$10,490,000 increase in limitation in H. Doc. No. 93-311.

¹ Includes \$3,140,000 in H. Doc. 93-311.
² Includes \$90,000 in H. Doc. No. 93-311.
³ Budget included \$2,300,000 for a proposed Better Communities Act program, which was amended in H. Doc. No. 93-311 to \$2,500,000 for Community Development, including \$200,000 for urban renewal, \$125,000 for Model Cities, and \$100,000,000 for special transitional grants to the new program. Only \$325,000,000 is reflected as considered at this time; and \$2,175,000,000 is deferred for later consideration after authorizing legislation is finalized.
⁴ Budget included \$2,300,000,000 for a proposed Better Communities Act program, which was amended in H. Doc. No. 93-311 to \$2,500,000,000 for Community Development including \$200,000,000 for urban renewal, \$125,000,000 for Model Cities, and \$100,000,000 for special transitional grants to the new program.
⁵ Includes \$9,560,000 in H. Doc. No. 93-311.
⁶ Includes \$15,000,000 in H. Doc. No. 93-311.
⁷ Includes \$170,000 in H. Doc. No. 93-311.
⁸ Includes \$860,000 in H. Doc. No. 93-311.
⁹ Carried in the Treasury, Postal Service, and General Government Appropriation Act, 1974.
¹⁰ Includes \$100,000,000 in H. Doc. 93-311.
¹¹ Carried in the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1974.
¹² Carried in the Public Works for Water and Power Development and Atomic Energy Commission Appropriation Act, 1974.