

*File 74
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SECOND SUPPLEMENTAL APPROPRIATIONS BILL, 1974

APRIL 4, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 14013]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making further supplemental appropriations for the fiscal year ending June 30, 1974, and for other purposes.

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SUMMARY OF THE BILL

The budget request estimates on which the bill is based are contained in H. Doc. 93-266 (February 4, 1974), H. Doc. 93-227 (March 6, 1974), H. Doc. 93-228 (March 6, 1974), H. Doc. 93-229 (March 6, 1974), H. Doc. 93-232 (March 11, 1974), H. Doc. 93-233 (March 11, 1974), H. Doc. 93-234 (March 11, 1974), H. Doc. 93-235 (March 11, 1974), H. Doc. 93-236 (March 11, 1974), H. Doc. 93-237 (March 11, 1974), H. Doc. 93-240 (March 18, 1974), H. Doc. 93-244 (March 20, 1974), S. Doc. 93-66 (March 19, 1974), H. Doc. 93-16 (January 29, 1973), S. Doc. 93-67 (March 26, 1974), S. Doc. 93-69 (April 3, 1974), and S. Doc. 93— April —, 1974).

A discussion of the overall bill totals follows, together with an account of congressional action on appropriation bills for fiscal year 1974. Details concerning particular items can be found in the request documents and in the printed hearings. Specific Committee recommendations are explained in the various chapters of this report, which are arranged in the order of the bill itself.

GRAND TOTAL OF THE BILL

The grand total of new budget (obligational) authority recommended in the bill is \$8,657,162,043, which represents a net decrease of —\$1,855,573,900 below the estimates presented to the Congress.

The Committee also recommends transfers of \$68,897,800 between appropriations. In some cases, in lieu of providing new budget authority, the Committee has recommended transfers from monies which

the Committee has determined to be in excess of needs. The authority to transfer provided in the bill is —\$14,065,800 less than that requested.

BILL HIGHLIGHTS

Major items in the bill include the following:

- \$3,409,274,095 for increased pay costs for military and civilian personnel carried in Title II.
- \$1,970,346,000 for manpower programs of which \$350,000,000 is for public service employment; \$208,584,000 for summer youth employment; and \$1,411,762,000 for ongoing programs including administration.
- \$1,858,612,000 for the Department of Defense for military programs including \$1,096,400,000 for procurement; \$637,012,000, for operation and maintenance; \$119,400,000 for military personnel; and \$5,800,000 for research, development, test and evaluation.
- \$797,707,000 for retired pay costs for Federal, Foreign Service, and military personnel and for annuitant payments to the employees health benefits fund.
- \$536,500,000 for food stamps and child nutrition programs.
- \$230,000,000 for payment to the Postal Service fund.
- \$177,335,000 for the Veterans Administration for compensation and pensions and medical care.
- \$113,220,000 for firefighting costs on Federal lands.
- \$100,000,000 for emergency flood control measures.
- \$94,004,000 for various transportation programs.
- \$60,700,000 for initial funding for the Health Maintenance Organization Act of 1973.
- \$20,000,000 for additional grants to States for basic vocational rehabilitation services.
- \$20,977,448 for claims and judgments rendered against the United States.

BUDGET REDUCTIONS

The Committee recommends net budget reductions in the bill of \$1,855,573,900. This figure is largely accounted for by decreases of \$1,085,329,000 in program requests of the Department of Defense, \$205,660,400 in military and civilian pay supplements, the denial of the \$278,797,000 requested for the Special Assistance Functions Fund for federally insured and guaranteed mortgages, and \$217,000,000 in welfare funds due to overestimation of requirements. Taking into consideration a recommended increase of \$100,000,000 in public service employment, other net reductions aggregate \$158,787,500. It should be noted that the reduction recommended in the Special Assistance Function Fund does not alter the outstanding liability of the government.

OUTLAY DECREASE

The Committee estimates that the decrease of \$1,855,573,900 in new budget (obligational) authority and its actions on requested transfers and limitations will have the effect of reducing budget outlays for fiscal year 1974 by approximately \$867,000,000 in the amounts estimated for the items considered in connection with the bill.

CONGRESSIONAL ACTION ON APPROPRIATION BILLS FOR 1974

The accompanying bill is the last general appropriation bill now scheduled for consideration by the Congress for fiscal year 1974.

Excluding amounts in the accompanying bill, the Congress has to date considered budget requests for appropriation bill items for fiscal year 1974 totaling about \$171,392,000,000. In its action on such appropriation bills, the House has reduced requests for new budget (obligational) authority by about \$3,407,000,000. Senate action on the appropriation bills it has considered thus far has resulted in decreases amounting to about \$2,621,000,000 in budget authority. In final actions in connection with these appropriation bills, the Congress has *reduced* requests by an amount aggregating some \$3,020,000,000.

With the adoption of reductions in the amount of \$1,856,000,000 recommended in the accompanying bill, the Congress will have *reduced* appropriation requests for the fiscal year 1974 by some \$4,876,000,000. However, in non-appropriation bills—that is, legislative measures otherwise—the Congress has taken action (or inaction) which has the net effect of *increasing* new budget (obligational) authority by some \$5,045,000,000 for the fiscal year 1974.

TABULAR SUMMARY

The table beginning on the following page summarizes the revised budget requests and the amounts in the bill by titles and chapters:

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

SUMMARY

Report page No.	Chapter No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
		TITLE I—GENERAL SUPPLEMENTALS			
9	I	Agriculture—Environmental and Consumer Protection:			
		New budget (obligational) authority-----	\$575, 650, 000	\$560, 230, 000	-\$15, 420, 000
		<i>By Transfer</i> -----	(15, 000, 000)	-----	(-15, 000, 000)
13	II	Defense: New budget (obligational) authority-----	3, 412, 741, 000	2, 327, 412, 000	-1, 085, 329, 000
44	III	District of Columbia:			
		Federal funds: New budget (obligational) authority-----	2, 550, 000	-----	-2, 550, 000
		<i>District of Columbia funds: New budget (obligational) authority</i> -----	(12, 134, 400)	(12, 092, 400)	(-42, 000)
50	IV	Foreign Operations: New budget (obligational) authority-----	54, 000, 000	49, 000, 000	-5, 000, 000
52	V	Housing and Urban Development, Space, Science, and Veterans: New budget (obligational) authority-----	460, 974, 000	179, 345, 000	-281, 629, 000
55	VI	Interior and related agencies: New budget (obligational) authority-----	162, 955, 000	159, 749, 000	-3, 206, 000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY ESTIMATES AND AMOUNTS

RECOMMENDED IN THE BILL—Continued

SUMMARY

Report page No.	Chapter No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
60	VII	Labor, and Health, Education, and Welfare:			
		New budget (obligational) authority-----	\$1, 265, 335, 000	\$1, 134, 702, 000	-\$130, 633, 000
		<i>Increase in limitation</i> -----	(111, 766, 000)	(111, 766, 000)	-----
70	VIII	Legislative branch:			
		New budget (obligational) authority:			
		1974-----	2, 474, 000	2, 516, 500	+42, 500
		1973-----	300, 000	300, 000	-----
		Total-----	2, 774, 000	2, 816, 500	+42, 500
74	IX	Military Construction: New budget (obligational) authority-----	29, 000, 000	29, 000, 000	-----
78	X	Public Works: New budget (obligational) authority--	107, 700, 000	87, 000, 000	-20, 700, 000
80	XI	State, Justice, Commerce, and Judiciary:			
		New budget (obligational) authority-----	48, 556, 000	38, 938, 000	-9, 618, 000
		<i>By transfer</i> -----	(5, 000, 000)	(5, 000, 000)	-----
		<i>Liquidation of contract authority</i> -----	(23, 000, 000)	(23, 000, 000)	-----

88	XII	Transportation: New budget (obligational) authority	176,782,000	99,754,000	-77,028,000
		<i>By transfer</i> -----		(7,500,000)	(+7,500,000)
96	XIII	Treasury, Postal Service, and General Government: New budget (obligational) authority-----	577,807,000	568,964,000	-8,843,000
103	XIV	Claims and judgments: New budget (obligational) authority-----	20,977,448	20,977,448	
		Total, title I—General Supplementals: New budget (obligational) authority:			
		1974-----	6,897,501,448	5,257,587,948	-1,639,913,500
		1973-----	300,000	300,000	
		Total-----	6,897,801,448	5,257,887,948	-1,639,913,500
		<i>By transfer</i> -----	(20,000,000)	(12,500,000)	(-7,500,000)
		<i>Increase in limitation</i> -----	(111,766,000)	(111,766,000)	
		<i>Liquidation of contract authority</i> -----	(23,000,000)	(23,000,000)	
		<i>District of Columbia Funds (NOA)</i> -----	(12,134,400)	(12,092,400)	(-42,000)
		TITLE II—INCREASED PAY COSTS			
104		New budget (obligational) authority-----	3,614,934,495	3,399,274,095	-215,660,400
		<i>By transfer</i> -----	(62,963,600)	(56,397,800)	(-6,565,800)
		<i>Increase in limitation</i> -----	(19,250,000)	(15,021,000)	(-4,229,000)
		<i>Liquidation of contract authority</i> -----	(6,000,000)	(5,500,000)	(-500,000)

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

SUMMARY

Report page No.	Chapter No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
		GRAND TOTAL—TITLES I AND II			
		New budget (obligational) authority:			
		1974.....	\$10, 512, 435, 943	\$8, 656, 862, 043	-\$1, 855, 573, 900
		1973.....	300, 000	300, 000	-----
		Total.....	10, 512, 735, 943	8, 657, 162, 043	-1, 855, 573, 900
		<i>By transfer</i>	(82, 963, 600)	(68, 897, 800)	(-14, 065, 800)
		<i>Increase in limitation</i>	(131, 016, 000)	(126, 787, 000)	(-4, 229, 000)
		<i>Liquidation of contract authority</i>	(29, 000, 000)	(28, 500, 000)	(-500, 000)

TITLE I—GENERAL SUPPLEMENTALS

CHAPTER I

SUBCOMMITTEE ON AGRICULTURE-ENVIRONMENTAL AND CONSUMER PROTECTION

JAMIE L. WHITTEN, Mississippi, *Chairman*

GEORGE E. SHIPLEY, Illinois
FRANK E. EVANS, Colorado
BILL D. BURLISON, Missouri
WILLIAM H. NATCHER, Kentucky
NEAL SMITH, Iowa
BOB CASEY, Texas

MARK ANDREWS, North Dakota
ROBERT H. MICHEL, Illinois
WILLIAM J. SCHERLE, Iowa
J. KENNETH ROBINSON, Virginia

DEPARTMENT OF AGRICULTURE

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Committee recommends an appropriation of \$3,730,000, the budget estimate, to provide additional funds required for maintaining at maximum effectiveness the screwworm barrier zone along the United States-Mexico border.

The severe outbreaks of screwworm infestation in 1972 caused total loss to the livestock industry of about \$200,000,000.

The Committee is informed that the mild weather which prevailed in this area during the past winter has made it necessary to continue the maximum production of about 200 million sterile flies per week at the Mission, Texas, control facility. Preliminary surveys indicate the probability of heavy infestations this summer in Arizona, New Mexico, California and Texas. In addition, the cost of materials used in the control program have increased greatly.

With the continued operation of the Mission, Texas, facility at maximum production levels, it is anticipated that a tolerable level of control can be achieved during 1974.

There have been some questions raised as to the continuing effectiveness of the present program. For that reason the Committee has earmarked \$100,000 of these funds for an evaluation study of the capability of the sterile fly program to control screwworms. The Committee expects to receive the report on this study prior to the submission of the 1976 budget estimate.

RURAL DEVELOPMENT SERVICE

The budget estimate included a request of \$170,000 for staff support to the Federal Regional Councils to help in coordinating Federal Rural Development field activities. The Committee has concluded that such action would not be sound at this time.

During the course of the hearings on the 1975 budget estimate and especially in the hearings on this supplemental budget request, the Committee has made a concerted effort to determine the special tasks the Rural Development Service performs which are not actually being done by other agencies of the Department. The Committee specifically sought to obtain valid justification for further implementation of the Federal Regional Councils. In the opinion of the Committee, satisfactory justification has not been provided. In addition, the Committee has taken note of the adverse comments of the Comptroller General in his report of January 31, 1974, (B-178319) entitled "Assessment of Federal Regional Councils."

It is in view of the foregoing that the Committee has not recommended approval of the budget request for this activity.

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAMS

The budget estimate proposed a supplemental appropriation of \$15,000,000 by allotment from Section 32 funds and \$71,500,000 by direct appropriation, for a total of \$86,500,000 for additional costs incurred in the administration of the Child Nutrition Programs pursuant to the provisions of Public Law 93-150.

Additional funds are for allocation as follows:

<i>Project</i>	<i>Amount</i>
School lunch, (sec. 4) child nutrition programs-----	\$64, 000, 000
Special assistance, (sec. 11) free and reduced price lunches-----	15, 000, 000
School breakfast program-----	7, 500, 000
Total -----	86, 500, 000

While the Committee recommends the appropriation of the total amount requested, it has not approved the additional transfer of Section 32 funds for this purpose since there is a real reason to maintain these funds to help produce food. Instead, the Committee recommends that the total amount requested, \$86,500,000, be provided by direct appropriation.

This action will not result in an additional dollar being drawn from the Treasury. It will provide all the necessary funds for the additional costs of this program. However, it will protect the solvency of Section 32 funds so that they will be available for the purposes for which they were established. These funds were provided for strengthening income and markets and for the producer to maintain an adequate supply of perishable commodities. Ordinarily an unobligated balance of \$300,000,000 is carried over at the end of each year for contingencies. In recent years various legislation has been enacted providing for the transfer of these funds for other purposes to the extent that it is now estimated that only \$147.8 million will be available at the end of fiscal year 1974.

FOOD STAMP PROGRAM

The Committee recommends an appropriation of \$450,000,000, a reduction at this time of \$50,000,000 below the amount of \$500,000,000 included in the budget. This action was taken because it was indicated that the \$500,000,000 budget request could well be high. Participation

in the food stamp program fluctuates from month to month. Testimony developed during the hearing indicated that the amount requested was based on a considerable degree of estimation. The budget estimate for this request was prepared several months ago and projected an increase in 1974 of 1.3 million persons per month. Based on latest available information the actual increase in January 1974 was only 400,000 persons. As of February 28, 1974, the unobligated balance in this account was \$765,343,000. The Committee is of the belief that an improved handling of the Food Stamp Program will enable the Department to carry out the provisions of Public Law 93-86.

Extra costs have been incurred because of the required adjustment in coupon allotments, effective January 1, 1974, which was based on August 1973 food prices. The monthly coupon allotment for a family of four is now \$142, an increase of \$26 over the July-December 1973 allotment of \$116.

SOIL CONSERVATION SERVICE

WATERSHED AND FLOOD PREVENTION OPERATIONS

The bill provides \$20,000,000 to the Soil Conservation Service to expedite projects under its control and particularly for restoration of areas damaged by flooding and severe storms during the past year. These funds together with \$80,000,000 for similar repairs and works on Corps of Engineers projects are within the \$100,000,000 budget estimate submitted by the President on March 26, 1974, in Senate Document 93-67.

Emergency measures are urgently needed to correct hazardous conditions which could result in loss of life and damage to property. The longer restoration is delayed, the greater the damage to land and water resources will be.

FEDERAL TRADE COMMISSION

The Committee takes note of the fact that section 7 of the Emergency Petroleum Allocation Act called for the Federal Trade Commission to analyze the effectiveness of the Act. Presumably this action was on the basis that such work was within the regular responsibility of the agency, otherwise funds would have been requested in advance. Therefore, the Committee has not approved the request for \$250,000 to pay for such work retroactively.

If such action unduly restricts funds for travel, the Committee would not object to the Federal Trade Commission's redirecting not to exceed \$100,000 from other lower priority projects for regional office travel, which testimony before the Committee indicated could become necessary during the remainder of the year.

The Committee will also consider in conjunction with the regular 1975 appropriation bill the establishment of some type of contingency reserve which would provide for unexpected events, but which would still maintain normal congressional control over spending.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
CHAPTER I				
DEPARTMENT OF AGRICULTURE				
93-236	Animal and Plant Health Inspection Service-----	\$3, 730, 000	\$3, 730, 000	-----
93-266	Rural Development Service-----	170, 000	-----	-\$170, 000
93-266	Section 32 funds <i>(by transfer)</i> -----	<i>(15, 000, 000)</i>	-----	<i>(-15, 000, 000)</i>
¹ 93-67	Watershed and flood prevention operations-----	² -----	20, 000, 000	+20, 000, 000
93-266	Child nutrition programs-----	71, 500, 000	86, 500, 000	+15, 000, 000
93-266	Food stamp program-----	500, 000, 000	450, 000, 000	-50, 000, 000
INDEPENDENT AGENCIES				
93-227	Federal Trade Commission-----	250, 000	-----	-250, 000
Total, Chapter I:				
	New budget (obligational) authority-----	575, 650, 000	560, 230, 000	-15, 420, 000
	<i>By transfer</i> -----	<i>(15, 000, 000)</i>	-----	<i>(-15, 000, 000)</i>

¹ Senate Document.
² Senate Doc. 93-67 included \$100 million for Corps of Engineers of which \$20 million was approved for Soil Conservation Service work of a smaller nature.

CHAPTER II

SUBCOMMITTEE ON DEPARTMENT OF DEFENSE

GEORGE H. MAHON, Texas, *Chairman*

ROBERT L. F. SIKES, Florida
DANIEL J. FLOOD, Pennsylvania
JOSEPH P. ADDABBO, New York
JOHN J. McFALL, California
JOHN J. FLYNT, Georgia
ROBERT N. GIAIMO, Connecticut
JAMIE L. WHITTEN, Mississippi

WILLIAM E. MINSHALL, Ohio
GLENN R. DAVIS, Wisconsin
LOUIS C. WYMAN, New Hampshire
JACK EDWARDS, Alabama

DEPARTMENT OF DEFENSE—MILITARY

SUMMARY OF COMMITTEE ACTION

The Committee considered supplemental requests for Department of Defense functions included in this chapter totalling \$6,200,421,000. The Committee recommends the appropriation of \$4,922,363,000, a reduction of \$1,278,058,000 below the sum requested.

The total sum recommended includes \$2,594,951,000 for pay raise costs included in Title II of the Bill. This is a reduction of \$192,729,000 less than the \$2,787,680,000 requested.

The amount recommended, when added to the \$73,786,930,000 appropriated in the last session of the Congress, would make a total appropriation of \$78,709,293,000 available for Fiscal Year 1974 for the functions included in this chapter. Additional appropriations for the Department of Defense for other activities, including Military Construction and Military Assistance, are included in other appropriation bills and other chapters of this Bill.

The Committee believes that the total sum appropriated and recommended for Fiscal Year 1974 for the Department of Defense is sufficient to enable the military services to maintain the forces required for adequate national security.

MILITARY ASSISTANCE TO SOUTH VIETNAMESE FORCES

The Department of Defense Appropriation Act for Fiscal Year 1974 carried a provision (Section 737(a), Public Law 93-238) which provided that certain funds available to the Department of Defense shall be available to support South Vietnamese and other free world forces in support of South Vietnamese forces and local forces in Laos. The section limited the use of such authority to a total amount of \$1,126,000,000.

The Department of Defense requested in February 1974 that the amount of the limitation be raised to \$1,600,000,000. The Committee recommends that the limitation be raised to \$1,326,000,000, an increase of \$200,000,000. Section 101 of the accompanying bill provides for an

increase in the limitation of this amount. The amount recommended is \$274,000,000 less than the level requested. It is estimated that the amount recommended will permit the obligation of funds for the most urgently needed military requirements of the South Vietnamese forces, including spare parts and petroleum products, a shortage of which threatens to severely degrade the capabilities of the military forces of South Vietnam.

The Committee believes that funds for assistance to South Vietnam (referred to by the Defense Department as "MASF" or "Military Assistance Service Funded") have not been appropriately handled. It appears that the Department decided to ignore the direction of Congress in this matter and that the Department could have, if it had planned to do so, lived within the amount of the original limitation. The Act was signed by the President and the provisions of the act should have been adhered to by the Executive Branch.

In the first quarter of the fiscal year, the Department obligated \$613,000,000 for military assistance to South Vietnam. This action made insufficient funds available in the last three quarters of the fiscal year without an increase in the limitation. Such procedure is in violation of the principles of the Anti-Deficiency Act which provides that funds shall be apportioned on a quarterly basis in an approximately level manner so that the funds provided will last throughout the fiscal year. The failure to follow this procedure is a serious violation of the intent of Congress.

On July 18, 1973, the House Armed Services Committee reported the Defense Procurement Authorization Bill for fiscal year 1974 with a limitation on obligations for assistance to South Vietnam and Laos of \$1,300,000,000. Thus, the Defense Department was placed on notice early in the fiscal year that reductions would be made. On September 6, 1973, the Senate Armed Services Committee reported the bill with a limitation of \$952,000,000. Even though the authorization bill was not finally enacted until November, and the Appropriation Bill was enacted in December, the Department had early notice of congressional reductions. The Department should have responded by reducing the rate of the obligation of funds. Instead, obligations were increased to a level of \$613,000,000 in the first quarter, an annual obligation rate of over \$2.4 billion which is in excess of even the FY 1974 Budget request of \$2.1 billion.

The management of the MASF program has been ineffective and imprecise. So-called obligations do not always relate to the actual provision of goods and services to the Vietnamese. Obligations too often merely reflect papers passed among various offices in the Pentagon and do not in fact obligate the Government. The program is not supported by the same accounting procedures followed in other programs. A new and more precise procedure must be implemented in order for Congress and the American people to have confidence in the program.

In spite of the recognized inadequacies of the MASF system, the Committee believes that real and urgent needs exist for additional support to South Vietnam and recommends that an additional \$200,000,000 be made available. This does not entail any additional appropriations at this time. The funds are on hand in the Defense Department in the form of unobligated balances.

The cease-fire in South Vietnam has not been fully effective. There is combat every day in some part of the country. Although there has not been a massive offensive by the North Vietnamese, the war continues. The people of South Vietnam continue to fight and to die to remain independent. The Committee feels that our continued support is warranted.

MIDDLE EAST WAR COSTS

The supplemental request includes approximately \$231,000,000 for costs related to the recent war in the Middle East. Of that amount, some \$90,000,000 is related to the cost to the Army, Navy, and Air Force of the increased tempo of operations during the Middle East war.

A total of approximately \$140,500,000 is related to additional costs of the replacement of material furnished or to be furnished to Israel. Last fall, Congress provided an appropriation of \$2,200,000,000 for military supplies and equipment for Israel. It is the practice of the Department of Defense to charge the Military Assistance appropriations for less than the full replacement cost of new military hardware. Israel needed equipment immediately and could not await the delivery of new equipment. The older equipment given Israel is valued at a lesser amount than the cost of new replacement equipment. The Procurement appropriations are then charged with the difference between the price of new replacement equipment and the estimated value of the equipment furnished to a foreign country. The Committee questions this procedure but does not think that this supplemental bill is the proper place to try to change the procedure.

Funds are provided in the accompanying bill for additional costs for M-60 tanks, 8-inch howitzers, A-4M aircraft, F-5E aircraft, C-130 aircraft, spares, and other items.

The Committee experienced difficulty in obtaining firm estimates in this area. Different amounts were presented by the Office of the Secretary of Defense and the Military Services. The amounts referred to here are those presented by the Office of the Secretary of Defense.

The Middle East war cost request includes \$6,300,000 for airlift of the United Nations peace-keeping forces. The estimate includes the cost of flying the peace-keeping force to the Middle East and out of the Middle East. Since it is very doubtful that the peace-keeping force will leave during this fiscal year, approximately one-half of the funds requested are denied. Further, the Committee believes that this cost should properly be charged to the United Nations, not to the United States.

MILITARY PERSONNEL

UNNECESSARY INCREASES IN MILITARY PAY

Regular Military Compensation is composed of four major elements; namely, basic pay, quarters and subsistence allowances (in cash or in kind) and the tax advantage received through the exclusion of subsistence and quarters allowances from income taxes. In the mid 1960's the Congress recognized a need for equating federal civilian salaries with the various elements of the military pay and allowance system to determine pay increases. The recognition of the need to make military salaries comparable to civilian salaries and to keep them that way led to the enactment of Public Law 90-207 (often referred to as the Rivers Amendment) in December 1967.

The Rivers Amendment provides that whenever classified civilian pay is increased all uniformed personnel will receive an equal percentage increase in regular military compensation. This law stipulates that the increase in regular compensation be accomplished through an upward adjustment solely to basic pay. Because basic pay comprises about 75 percent of regular compensation, a 4.77 percent increase in regular military compensation, in fiscal year 1974, translates into a 6.16 percent increase in basic pay.

From October 1967 through October 1973, General Schedule salaries increased 56.2 percent. The related increases in military basic pay under Public Law 90-207 amounted to 80 percent. In addition, periodic increases in subsistence and quarters allowances have been made over and above the "full comparability" increase made in basic pay. When these increases are combined with the Public Law 90-207 increases military personnel have received greater pay raises than General Schedule employees as shown in the following table.

PERCENTAGE COMPARISON OF MILITARY PAY INCREASES AND GENERAL SCHEDULE INCREASES

Year	Civilian average percentage salary increase (General Schedule increase)	Military ¹ average percentage increase		
		Basic pay increase	Quarters allowance increase	Enlisted subsistence allowance increase
1967.....	4.5	5.6	0.9	1.5
1968.....	4.9	6.9		
1969.....	9.1	12.6		
1970.....	6.0	8.1		5.3
1971.....	5.96	7.9		9.3
1971 (Public Law 92-129).....		² (11.6)	34.5	
1972.....	5.5	7.21		-3.9
1973 (January).....	5.14	6.69		13.0
1973 (October).....	4.77	6.16		
1974 (January).....				38.2
Cumulative increases.....	56.2	80.0	35.7	75.2

¹ Increases authorized under following laws:

1. Public Law 90-207; requires that regular military compensation and General Schedule increases be comparable.
2. 37 U.S.C. 402; requires that subsistence allowances paid to enlisted members be equal to the cost of food served in dining facilities. There is some question that the comparability requirement of Public Law 90-207 may have superseded this provision. A ruling by the Comptroller General has been requested.

3. 5 U.S.C. 5308; limits military and civilian pay to executive schedule level V rates (currently \$36,000). Only military basic pay is subject to this limitation.

4. Public Law 92-129; provided large increases in basic pay and quarters allowances which were concentrated in the lower grades in preparation for the all-volunteer force.

² Not included in 80 percent cumulative percentage increase because increase was made for comparability purposes, principally in the lower grades.

Because retirement pay, reserve forces drill pay, bonuses, the Government's contribution to social security benefits, and certain other pays are all based on basic pay, the overstatement of basic pay results in overstatement of these other elements and, consequently, Federal costs are increased substantially. According to the Department of Defense's own estimates the cumulative effect of overstating basic pay will cost the taxpayer an unnecessary \$25.9 billion between 1974 and 1980.

Understatement of quarters and subsistence allowances, even though basic pay is correspondingly overstated, results in those allowances appearing to be lower than they should when compared with actual costs for these commodities on the open market. This perceived inequity generates pressures to bring these allowances up to the standards, without considering that, in effect, the allowances have already been adjusted.

In its calculations to determine the basic pay increase, DOD includes values for quarters and subsistence provided in kind. This adds an increment to every basic pay increase for those residing in Government quarters and eating in messes. Since the Government defrays increased costs for quarters and subsistence, members living and eating in Government facilities benefit more from every increase than those residing in civilian communities and providing these commodities from their cash pay.

ACTION TO STOP UNNECESSARY PAY INCREASES

Obviously, the Appropriations Committee has to be deeply concerned when a peculiar twist in the application of a well-intended law (to provide comparable pay raises for all Government employees) has already caused and will continue at a geometric rate the needless expenditure of billions of dollars in excess of comparability. It is the Committee's opinion that this practice must stop. While it would be possible to delete from this bill \$107 million in subsistence allowances increases which are in excess of comparability, such action would have a very detrimental effect on the morale in the Armed Forces since the higher rates have been paid since January 1, 1974. Thus, the Committee has not taken any direct financial action with respect to this matter in this bill.

The Department of Defense is hereby given notice that the Committee will take action through the use of appropriate funding limitation language in the fiscal year 1975 Defense Appropriation Bill to stop pay raises of excess of comparability. The Committee believes that all the elements of military pay should be adjusted on an equal percentage basis since such an approach would be easy to explain, and uncomplicated to administer. It may, however, be advisable to apply the next year's pay increases on a different basis in order to address some obvious inequalities such as subsistence pay for officers prior to converting to an equal percentage system.

PROBLEMS WITH COMPARABILITY CONCEPT

There are some very fundamental problems inherent in the military compensation system which frustrate or make impossible an accurate translation of civilian pay increases into military pay increases. For example, the concept of regular military compensation is by no means a precise equivalent of civilian salary. Civilian salaries include contributions for retirement and medical care programs whereas costs of such military benefits are borne entirely by the Government and are not included in regular military compensation. Other benefits, such as special bonuses and pays, which are becoming an even more important element in military pay under the all volunteer force are not included nor are commissary, post exchange, and special recreational benefits.

Solutions to these larger problems are not required prior to correcting the deficiencies in the current method of adjusting military pay. These more basic problems will require extensive study and consideration. Accordingly, the Committee recommends that the larger problem of reform and simplification of the military compensation system be addressed by the newly formed Defense Manpower Commission.

RECRUITMENT OF MENTAL CATEGORY IV AND NON-HIGH SCHOOL GRADUATE PERSONNEL (SEC. 718 OF PUBLIC LAW 93-238)

The Committee expressed its concern in its report on the fiscal year 1974 Defense Appropriations Act with respect to what appeared to be an overall deterioration in the quality of military personnel recruited under the all-volunteer force concept. During 1973 enlistment standards were lowered. Many personnel enlisted who were subsequently discharged as undesirable even though a most elementary check of their background would have indicated that they would not meet the standards. The Committee was instrumental in placing a limitation on the percentage of non-high school graduates and mental category IV personnel who could be recruited during fiscal year 1974 made a part of Public Law 93-238.

This provision limited the number of non-high school graduates who could be enlisted to not more than 45 percent and limited mental category IV personnel to 18 percent. The limitation is well below the goals and objectives of all of the services with respect to the enlistment of high school graduates. The Marine Corps which had the lowest goal hoped to recruit 65 percent high school graduates. The congressional guideline allowed the Marine Corps to miss its own goal by 10 percent without incurring any penalty in total strength.

Precisely what the Committee feared might occur has now occurred. The Army and the Marine Corps are having difficulties recruiting the numbers of high school graduates which they require and are requesting the repeal of Section 718. The Committee believes that the standards of our military forces should not be further reduced.

This shortfall in high school graduates has occurred despite the recruitment of far more women this year than in past years. Each female recruit must be a high school graduate, and thus, her enlistment

will permit another male high school dropout to enlist. Also, the Committee understands that the numbers of personnel enlisted with GED (General Educational Development) certificates in lieu of a high school diploma has increased substantially. These personnel are counted as high school graduates for purpose of Section 718.

The American taxpayer is paying adequate wages for military manpower and expects to receive a well-motivated and trainable force in return. Thus, the Committee believes that the limitation of Section 718 should remain in effect and, therefore, has restated it in this bill as Section 102. The Committee is adamant that fiscal year 1974 be completed and a full assessment made before another degradation in overall enlistment standards is permitted. We feel that it would be a serious mistake for the Congress to be rushed into this simply because one or two services are currently experiencing some recruiting difficulty. However, the Committee is most willing to discuss with the services alternative limitations which may be more acceptable to them, which will insure that a quality force is recruited and that the taxpayer receives a fair return on his dollars spent during review of the fiscal year 1975 budget.

The Department of Defense has been busying itself in recent months with the release of a lot of data to include public relation briefs, film documentaries, etc., all of which conclude that the all-volunteer concept is a great success. This may be another case of only releasing the "optimistic" statistics in order to convince the public that a program is successful. In the end this approach may only serve to mislead those who are demanding a "positive attitude" toward the all-volunteer force and who should be the most concerned that this new system will really work over the long run. The Committee is concerned that data being circulated by the Department understates the cost, overstates the quality of the personnel, and appears to disregard such apparent problems as recruiting additional personnel to make even small increases in the size of the armed forces during periods of tension; the effect of low-quality standards "turning off" more qualified personnel who may otherwise have enlisted; the effect on Reserve Forces; the higher enlistments and re-enlistment rates of non-high school graduates with its cumulative effect on quality; the maintenance of a reasonable racial and social/economic balance over the long run, etc. These and other aspects of the all-volunteer force will be discussed in more detail in conjunction with the fiscal year 1975 Defense Appropriation Bill.

SUBSISTENCE INCREASES AND PERMANENT CHANGE OF STATION TRAVEL

The Department of Defense requested a total of \$128,700,000 for the above two items under Title I of the supplemental request. The Committee reduced the \$21,800,000 requested for permanent change of station travel by \$8,700,000. The entire request of \$6,200,000 for the Navy and \$2,500,000 of the \$5,500,000 requested for the Air Force was deleted because the Committee is of the opinion that the large per-

centage increases provided for this purpose in the basic fiscal year 1974 appropriation is adequate. If necessary, to stay within the amounts provided, the services should take steps to reduce the number of PCS moves ordered prior to the end of the fiscal year.

The Committee has provided the full request of \$107,100,000 for subsistence allowances, less \$800,000 for the Reserve personnel, Army and Air Force appropriations because of strength shortfalls. This request represents an additional pay raise for enlisted military personnel beyond what is required for comparability with civilian government employee increases. Because of the obvious effect on morale if a benefit which has been paid since January 1, 1974 were now removed and because of some doubt as to the legal authority to remove the additional allowance at this time, the Committee recommends appropriation of these funds. However, as discussed above under the heading of unnecessary pay increases, actions will be taken to prevent pay increases greater than comparability would require in the future.

RETIRED PAY, DEFENSE

The Committee recommends appropriating the entire \$468,800,000 requested in this supplemental for military personnel retired pay. This will bring the total available for pay of retired military personnel in fiscal year 1974 to \$5,150,700,000. This is an increase of over \$609,000,000 from the fiscal year 1973 level. The fiscal year 1975 budget proposes another \$600,000,000 increase and additional amounts to reflect increases in the consumer price index are not included in the original request. Thus, it appears that this appropriation will be growing at an annual rate of three quarters of a billion dollars shortly. There are at least two ways by which some reasonable amount of control can be obtained in this appropriation. One is through the adoption of a retired pay reform proposal which is currently under consideration by the authorizing committees. Another is through the use of the equal percentage method of allocating military pay raises to all the elements of military pay instead of just to basic pay as is presently done. This second action alone would save at least \$430 million in this appropriation during the next six years.

MILITARY PERSONNEL PAY INCREASES (TITLE II)

Title II of the bill provides a total of \$1,774,168,000 to cover the fiscal year 1974 cost of two pay raises effective January 1, 1973 and October 1, 1973. The Department of Defense requested a total of \$1,871,368,000 for this purpose. The Committee recommended a reduction of \$97,200,000 which is principally the result of strength shortfalls and promotion delays in the active forces. Difficulties incurred in the recruitment of non-prior service personnel by the Reserve components and the subsequent reduction in the numbers of these personnel entering active duty for training account for the largest portion of the Reserve component reduction.

There is also some reduction made in the Reserve Personnel appropriation due to the energy crisis. Reserve flying personnel are budgeted to complete more than 48 drill sessions annually. The fuel crisis has caused a cutback in Reserve flying hours.

OPERATION AND MAINTENANCE

SUMMARY

The Department of Defense requested a total of \$1,741,764,000 in supplemental funds for Operation and Maintenance appropriations for fiscal year 1974. Of this amount \$934,360,000 is included under Title I of the bill and \$807,404,000 under Title II, Increased Pay Cost.

Title I funds are requested for the following purposes:

<i>Purpose</i>	<i>Amount</i>
Readiness and modernization.....	\$336, 600, 000
Fuel price increase.....	458, 400, 000
Middle East operational cost.....	91, 500, 000
Postal increases.....	47, 860, 000
 Total	 \$934, 360, 000

The Committee is recommending the appropriation of \$637,012,000 in new obligational authority under Title I requests and \$766,383,000 in new obligational authority under Title II, Increased Pay Cost. The recommended appropriation is a reduction of \$297,348,000 below the amount requested for Title I and \$41,021,000 below the request for Title II.

The reasons for the recommended reductions are discussed under each heading under "Operation and Maintenance."

POSTAL INCREASE

The total request of \$47,860,000 for additional postal funds is divisible into three parts. First, \$8,812,000 is to pay for the postage rate increase which became effective March 2, 1974. The second part is for an undetermined volume increase in mail services provided the military services and agencies of the Department of Defense during fiscal year 1974, which amounts to \$20,095,000. The third part represents a charge for an unfinanced volume increase in services provided in fiscal year 1973 in the amount of \$18,953,000.

The Committee recommends the funding of the rate increase of March 2, but recommends denial of the funds requested for volume increases in fiscal years 1973 and 1974.

The Committee was unsatisfied with the data given in support of the latter requests and could not obtain any substantiating evidence that an actual increase did, in fact, occur. The Committee is aware also that \$18.5 million was provided in the Second Supplemental Appropriation bill for fiscal year 1973 for an increase in volume last fiscal year. The Committee is of the opinion that any increase in fiscal year 1973 has been adequately financed.

The Committee believes that the Department should make a thorough study of postal services received to determine whether it is being overcharged for such services and, consequently, requesting funds in excess of required needs in both the regular appropriation request and in the supplementals.

FUEL PRICE INCREASES

The Committee recognizes the substantial increase in the cost of petroleum products which has occurred in the last few months. However, an analysis of the Department's request for additional funds disclosed that rate increases for which funds were requested did not occur until sometime later than the date included in the request. The Committee's review also disclosed that fuel consumption estimates were overstated by some of the services for the period for which funds were being requested. Further, the consumption amounts used by some of the services are based upon operations in fiscal year 1973 and were not discounted for extraordinary activities which occurred in that year which have not been or are not expected to be encountered during fiscal year 1974.

Where such conditions were found to exist the Committee is recommending a reduction in the amount of supplemental funds requested for increased fuel cost.

OPERATION AND MAINTENANCE, ARMY

The Title I request for the Army is \$209,040,000. The Committee is recommending an appropriation of \$116,147,000. This is a reduction of \$92,893,000 below the supplemental budget request.

The Army requested \$23,440,000 for increased postal costs. The Committee is recommending that only the \$3,947,000 applicable to the recent postal rate increase be allowed. The Army also requested \$44,500,000 for the increased cost of petroleum products. The Committee recommends a reduction of \$2,500,000.

MIDDLE EAST COSTS

The Army requested \$2,100,000 for costs incurred as a result of operations in conjunction with the recent Middle East war. Of the amount requested, \$200,000 is for the packing and crating of equipment and supplies furnished the Israeli Army, which the Committee recommends be approved. The remaining \$1,900,000 was for the Army's own use in examining certain equipments provided by the Israeli Government. The Committee believes that sufficient funds have already been provided for such purposes and that the Army can absorb this cost within these funds by deferring low priority efforts.

READINESS

The Army's request for improved readiness is \$139,000,000. The Committee recommends the appropriation of \$70,000,000, a reduction of \$69,000,000.

The Committee's review of the Army's request for this purpose revealed that funds were being requested for many items, operations, and/or purposes which in and of themselves would not increase readiness. The Committee also found that before much of the proposed efforts could be implemented a substantial part of the fiscal year will have passed and the funds requested would not be used or used for purposes other than for which requested.

The Army also requested authority to utilize a portion of these funds to hire an additional 16,111 new civilian employees. As of January 31, 1974, the Army employed 335,105 civilians. The salaries of most of these employees are paid from Operation and Maintenance funds. The Committee is of the opinion that the Army now employs sufficient civilian personnel to support its operations and recommends that the request for additional employees be denied.

OPERATION AND MAINTENANCE, NAVY

The Navy requested \$359,600,000 in Title I. The Committee is recommending an appropriation of \$242,475,000. The recommended appropriation is \$117,125,000 below the budget request.

The Navy requested \$18,500,000 for postal cost increases. Of this amount the Committee recommends that the March 2, 1974, rate increase of \$1,375,000 be approved and the remaining \$17,125,000 for volume increases be denied.

The Navy requested \$119,700,000 for fuel price increase. The Committee recommends the appropriation of \$110,000,000 and the denial of \$9,700,000.

MIDDLE EAST COST

For its own operations in conjunction with the Middle East war the Navy requested \$61,800,000. An analysis of the request indicated that the Navy considerably overestimated the cost incurred for the limited deployments of additional ships and aircraft. The Committee's prior experiences with limited deployments of this type has shown that the additional cost is much less than the \$61,800,000 requested by the Navy. The Committee is also aware that each year's budget estimate includes certain funds which are requested for short duration deployments of this type.

The Committee, therefore, recommends that \$31,800,000 be provided and the remaining \$30,000,000 be denied.

READINESS

For readiness improvements, the Navy requested \$159,600,000. The Committee recommends that \$99,300,000 be appropriated and \$60,300,000 be denied.

After reviewing the request for this purpose, the Committee concluded that the Navy was requesting funds far in excess of the amount which could be reasonably utilized during the remainder of the fiscal year. The Navy is requesting additional funds to cover the cost of work which was fully funded in the regular appropriation act for fiscal year 1974. It is also requesting funds to cover the cost of work which was fully funded in fiscal year 1973. For example, the Navy requested \$40,000,000 for aircraft and component rework even though it intends to decrease the number of aircraft to be overhauled during the year. Furthermore, in approving the "Operation and Maintenance, Navy" appropriation for fiscal year 1974 the Congress specifically denied a request for \$30,900,000 of additional funds for this type of work, noting that such funds were not required to carry out the program planned by the Navy for the fiscal year. The supplemental request of \$40,000,000 appears to be an attempt on the part of the Navy to obtain from the Congress funds which have already been denied.

Included in the Navy's request was an amount of \$6,000,000 for the installation of various improved equipments on SSBN's. The budget request was prepared in December 1973. On March 1, 1974, the Committee received a request from the Navy to reprogram \$5,600,000 of currently appropriated funds. It was stated that the purpose of the reprogramming was to correct certain budget activity misalignments. However, the Committee's review disclosed that the funds to be reprogrammed were for the same purpose as the \$6,000,000 included in the budget request. The Navy agreed that the funds were requested twice. Therefore, the Committee recommends that the budget request be denied and approves the reprogramming.

The Navy also included in this part of its request funds to employ an additional 2,690 civilian personnel. Of this number, 1,300 are for shipyards, 1,300 for aircraft rework facilities, and 90 are foreign nationals. The shipyards and rework facilities are industrially funded and supported with funds appropriated to "Operation and Maintenance, Navy." On January 31, 1974, the Navy Industrial Fund employed 168,740 civilian personnel. This number appeared to the Committee to be sufficient to produce the work planned for this fiscal year. The Committee noted that the Industrial Fund now employs about 500 more civilians than was planned for the close of the fiscal year. It also noted that the Navy's planned end strength of 168,266 for industrial funded operations was made before the Congress imposed a reduction of 1,300 employees in approving the fiscal year 1974 appropriation request. Taking that imposed reduction into consideration, the Navy is now about 1,800 employees above the number approved by the Congress for the end of this fiscal year.

The 1,300 civilian positions denied by the Congress were requested for additional employees for aircraft rework facilities. This is the same 1,300 that the Navy is now requesting as a part of the 2,690 new employees. The Committee recommends that the funds requested for all new employees be denied. The Committee also directs the Navy to comply with the Congressional directives mandated in approving its original appropriation for fiscal year 1974.

The Committee is also aware that the Navy plans to employ an additional 4,155 full-time direct hire civilian employees with operation and maintenance funds by the close of this fiscal year. The need for these additional employees should be closely reviewed by both the Navy and the Office of the Secretary of Defense.

OPERATION AND MAINTENANCE, MARINE CORPS

In Title I the request for the Marine Corps is \$16,800,000. The Committee recommends the appropriation of \$13,400,000, which is a reduction of \$3,400,000 below the amount requested.

In analyzing the request for the Marine Corps, the Committee noted several items for which funds were requested which would not comply with readiness criteria, especially the criteria presented by the Marines. Many of the items appeared to be make work items which did not conform with past presentations of the Marine Corps. Another factor involved in the Committee's recommendation is the probable man-year shortfall in military personnel strength from which savings can be applied to needs for readiness funds that may be required.

OPERATION AND MAINTENANCE, AIR FORCE

For Title I, the Air Force request was for \$291,850,000. The Committee recommends the appropriation of \$224,650,000 and a reduction of \$67,200,000.

There are no funds requested for readiness improvements as such in the Air Force request for Title I funds.

The Air Force request included \$1,450,000 for the cost of the increased postal rate effective March 2, 1974. The Committee recommends approval of the full amount.

For increased fuel prices the Air Force requested \$262,800,000. The Air Force agreed that the request was substantially overstated for the various reasons previously cited. The Committee, therefore, recommends an appropriation of \$200,000,000, a reduction of \$62,800,000.

MIDDLE EAST COST

For operational costs incurred as a result of the Middle East war the Air Force requested \$27,600,000. The Committee recommends the appropriation of \$23,200,000 and the disallowance of \$4,400,000.

Included in the funds requested is \$6,300,000 in support of the United Nations Peacekeeping Force in the Middle East. The funds actually represent the estimated cost of transporting that force to and from the Middle East. An amount of \$3,000,000 is included for transportation to the Middle East and \$3,300,000 for the return transportation cost.

Since it is not known when this force will be able to leave the Middle East, the Committee does not believe that return flight funds are required in this supplemental bill and recommends that they be denied. Further, the Committee has serious objection to the inclusion of funds for the support of United Nations operations in the Defense budget. The Committee does not object to the use of Air Force aircraft to support such operations; but, the Committee does believe that all costs incurred should be reimbursed by the United Nations.

The Air Force also included in its request for Middle East costs \$1,100,000 for the review of equipment provided by the Israeli Government. As previously mentioned in the case of the Army request, the Committee believes that sufficient funds have already been appropriated for such a purpose.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

Included in Title I of the request is an amount of \$830,000 for the Defense Agencies. These funds are to pay for the increased postal rate of March 2, 1974. The Committee recommends that the total request be approved.

OPERATION AND MAINTENANCE, NAVY RESERVE

For the Navy Reserve, the President requested an additional \$30,000,000 in Title I. The Committee recommends the appropriation of \$17,700,000. The amount recommended is \$12,300,000 below the budget request.

Included in the \$30,000,000 requested is \$5,400,000 for fuel price increases. The Committee recommends that the request be approved in full.

READINESS

To improve the readiness of its reserve forces, the Navy requested \$24,600,000. Most of these funds are requested to increase the scope of ship overhauls and repairs. Funds were also included to increase reserve ship supplies from 87 percent of allowance to 95 percent.

The Committee does not believe that it is necessary to increase ship supplies at this time with supplemental funds. Such funds can be obtained in the regular appropriation. The Committee does not believe it feasible to introduce additional ships into the overhaul schedule at this time. These ships were recently transferred from the active force and should be in sufficiently good working condition to allow them to await overhaul in their normal cycle. Furthermore, there is sufficient overhaul work included in the original planned overhaul schedule to keep the shipyards fully occupied for the remainder of the fiscal year.

The Committee recommends that \$12,300,000 of the request be approved and the remainder denied.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

An amount of \$30,000 is requested for the Marine Corps Reserve to finance the increased postal rate that went into effect on March 2. The Committee recommends that the total amount be approved.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

The Air Force Reserve requested \$7,000,000 to cover fuel price increased costs during the fiscal year. Since there are limited funds within its appropriation to absorb such increased cost, the Committee recommends that the total request be appropriated.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The Title I request for the Army National Guard is \$3,210,000. This amount is all for the reimbursement of increased postal costs. For reasons previously stated the Committee recommends the denial of \$2,430,000 for costs incurred in fiscal year 1973 because of an increase in volume. The remaining \$780,000 is for the rate increase effective March 2 and is recommended for approval.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

The Air National Guard requested in Title I \$16,000,000 for fuel price increases. The Committee is recommending an appropriation of \$14,000,000. This is \$2,000,000 below the budget request and this reduction can be absorbed by the Air National Guard from fuel consumption reductions and from funds realized by shortfalls in military personnel strengths.

TITLE II--PAY COST

The recommended reduction of \$41,021,000 in the request for additional salary costs is based principally upon two factors. First, the Congress in approving the fiscal year 1974 Department of Defense Appropriation directed that various savings realized by the Military Departments and Agencies of Defense be utilized to offset future cost increases. None of these savings were applied to the increased salary cost and the Committee believes some should have been.

Secondly, there are shortfalls in civilian personnel man-year strengths. These strengths are below what had been planned for the fiscal year. As a result funds are available to the Military Services and Defense Agencies to absorb part of the \$807.4 million requested for salary increases.

PROCUREMENT

The fiscal year 1974 supplemental budget for procurement appropriations is \$1,772,100,000, an increase of 11 percent over the amount appropriated by Congress for fiscal year 1974. Of this amount, \$1,007,100,000 required authorization through the Armed Services Committees of the Congress. The House Armed Services Committee recommended a total authorization for procurement appropriations of \$999,300,000.

The Committee recommends an appropriation of \$1,096,400,000, a reduction of \$675,700,000 from the \$1,772,100,000 in the fiscal year 1974 supplemental budget for procurement. The entire supplemental procurement budget was justified on the basis of readiness and modernization. The reductions recommended by the Committee in the various procurement appropriations were based upon several factors—development and test programs were not complete, or inventory stockage levels were not considered to be in such a precarious position when basic fiscal year 1974 appropriations and the fiscal year 1975 budget requests are considered. In some few instances efforts were made to recoup Congressional reductions to the fiscal year 1974 budget; in those instances, the Committee recommended denial of the request. In other instances, the requests for new program starts were not justified; and in still other cases, the nature of the requests did not appear to qualify as urgent supplemental items.

MIDDLE EAST PAYBACK

The Committee was unable to obtain a definitive amount in the fiscal year 1974 procurement supplemental budget for the Middle East payback—an incremental or additional cost to the Department of Defense to replace weapons and other military hardware provided to Israel during the Yom Kippur war. Originally, Defense officials informed the Committee that the Middle East payback cost to the procurement accounts was \$148,000,000. The individual military service witnesses testified that the additional cost to the procurement accounts was \$133,200,000. A table subsequently provided by the Assistant Secretary of Defense (Comptroller) identified the Middle East payback costs at \$140,500,000. The Committee identified each procurement item involved in the Middle East payback and recommends new appropriations in the amount of \$133,200,000 as identified by the military services. The recommended Middle East payback amount is in addition to the \$2,200,000,000 appropriated for Israel in the fiscal year 1974 Military Assistance appropriation.

READINESS AND MODERNIZATION

On pages 144–145 of House Report 93–662 which accompanied the Department of Defense bill for fiscal year 1974, the Committee stated the following:

This year the GAO reported on the condition of our DE–1052 class ocean escort ships. The Navy built 46 of these ships and at the present time 14 do not have independent variable depth sonars and 26 are not equipped with the Basic Point Defense Missile System. According to our testimony, 10 of these ships will not get the independent variable depth sonar and 14 will not receive the Basic Point Defense Missile System. This means that DE–1052 ocean escort ships will have to depend upon other ships to assist them in their escort mission.

The Committee expressed its disappointment over this deplorable situation, and had every reason to expect that something would be done to correct these inadequacies. The fiscal year 1974 supplemental budget contained \$983,300,000 for Navy readiness and modernization, which included relatively small amounts for the Marine Corps and Navy Reserve. In the \$983,300,000 Navy supplemental request, there was not one dollar for variable depth sonars or Basic Point Defense Missile Systems for the DE–1052 ships. On the other hand, there were funding requests in the supplemental budget for such items as general purpose test equipment, wideband video tape recorders, meteorological equipment, materials handling equipment, jeeps, assorted power equipment, fixed plant teletypes, frequency measuring sets, and computers. It is difficult for the Committee to rationalize the urgency and importance of such items of equipment compared with providing our DE–1052 ocean escort ships with equipment that is essential to the performance of their basic mission—a mission for which those ships were originally justified to Congress. Very frankly, this situation places the validity of a great deal of this urgent supplemental request in question.

AIRCRAFT PROCUREMENT, ARMY

Appropriation, 1974	\$138,400,000
Supplemental estimate, 1974	22,000,000
Recommended in the bill	16,000,000
Reduction	6,000,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$22,000,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$16,000,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$154,400,000 for Aircraft Procurement, Army, for fiscal year 1974.

	Request	Recommended	Reduction
Spares and repair parts.....	\$15,000,000	\$9,000,000	\$6,000,000
Flight simulators.....	7,000,000	7,000,000	0
Totals.....	22,000,000	16,000,000	6,000,000

Of the total recommended for aircraft spares and repair parts, \$100,000 was a so-called Middle East payback item.

MISSILE PROCUREMENT, ARMY

Appropriation, 1974.....	\$525,100,000
Supplemental estimate, 1974.....	84,400,000
Recommended in the bill.....	76,600,000
Reduction.....	7,800,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that \$76,600,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$76,600,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$601,700,000 for Missile Procurement, Army, for fiscal year 1974.

	Request	Recommended	Reduction
TOW antitank missile.....	\$65,200,000	\$57,400,000	\$7,800,000
Spares and repair parts.....	19,200,000	19,200,000	0
Total.....	84,400,000	76,600,000	7,800,000

Of the total recommended for missile spares and repair parts, \$4,900,000 was a Middle East payback item.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

Appropriation, 1974.....	\$224,300,000
Supplemental estimate, 1974.....	121,800,000
Recommended in the bill.....	71,100,000
Reduction.....	50,700,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$121,800,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$71,100,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$295,400,000 for Procurement of Weapons and Tracked Combat Vehicles, Army, for fiscal year 1974.

	Request	Recommended	Reduction
M60A1 combat tank.....	\$47,400,000	\$47,400,000	0
M125A1 81-mm mortar carrier.....	5,900,000	0	\$5,900,000
M113A1 APC.....	44,300,000	0	44,300,000
M110 8-in howitzer.....	3,700,000	3,700,000	0
Items less than \$500,000.....	300,000	0	300,000
Spares and repair parts.....	12,000,000	12,000,000	0
Other weapons:			
Items less than \$500,000.....	200,000	0	200,000
Spares and repair parts.....	8,000,000	8,000,000	0
Total.....	121,800,000	71,100,000	50,700,000

The Middle East payback recommended includes \$16,000,000 for M60A1 combat tanks, \$3,700,000 for M110 8-inch howitzers, and \$7,600,000 for spares and repair parts. Also included in the total amount recommended for this appropriation involving the Middle East shortfall is \$300,000 associated with M557 command post vehicles and \$200,000 associated with M163 Vulcan gun systems which were provided to Israel from Army inventory stocks.

PROCUREMENT OF AMMUNITION, ARMY

Appropriation, 1974.....	\$784,300,000
Supplemental estimate, 1974.....	268,000,000
Recommended in the bill.....	200,000,000
Reduction.....	68,000,000

AUTHORIZATION RECOMMENDED

This appropriation does not require the prior review and authorization of the Armed Services Committees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$200,000,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$984,300,000 for Procurement of Ammunition, Army, for fiscal year 1974. The Committee recommended a general reduction of \$68,000,000.

There were no Middle East payback funds included in the budget estimate for this appropriation.

OTHER PROCUREMENT, ARMY

Appropriation, 1974.....	\$461,690,000
Supplemental estimate, 1974.....	56,700,000
Recommended in the bill.....	45,500,000
Reduction	11,200,000

AUTHORIZATION RECOMMENDED

This appropriation does not require the prior review and authorization of the Armed Services Committees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$45,500,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$507,190,000 for Other Procurement, Army, for fiscal year 1974.

	Request	Recommended	Reduction
Tactical and support vehicles: Spares and repair parts.....	\$4,100,000	0	\$4,100,000
Telecommunications equipment:			
AN/VRC-12 radio set.....	2,600,000	0	2,600,000
AN/PRC-77 radio set.....	20,400,000	\$20,400,000	0
AN/GRC-106 radio set.....	15,800,000	15,800,000	0
AN/VIC-1 intercom set.....	500,000	0	500,000
Spares and repair parts.....	1,700,000	1,000,000	700,000
Other electronics:			
AN/TLQ-17 countermeasures set.....	4,200,000	4,200,000	0
Spares and repair parts.....	2,100,000	1,000,000	1,100,000
Other support equipment:			
Items less than \$500,000.....	200,000	0	200,000
Spares and repair parts.....	5,100,000	3,100,000	2,000,000
Total.....	56,700,000	45,500,000	11,200,000

The total appropriation recommended includes \$200,000 for the AN/PRC-77 radio set and \$2,700,000 for Spares and Repair Parts as a part of the Middle East payback.

AIRCRAFT PROCUREMENT, NAVY

Appropriation, 1974.....	\$2,722,700,000
Supplemental estimate, 1974.....	219,200,000
Recommended in the bill.....	153,700,000
Reduction	65,500,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$219,200,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$153,700,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$2,876,400,000 for Aircraft Procurement, Navy, for fiscal year 1974.

	Request	Recommended	Reduction
A-4M Skyhawk aircraft.....	\$53,300,000	\$53,300,000	0
P-3C ASW aircraft.....	49,600,000	0	\$49,600,000
F-5E fighter aircraft.....	10,300,000	10,300,000	0
KC-130R tanker aircraft.....	39,000,000	39,000,000	0
Modification of aircraft:			
A-4 series.....	8,200,000	8,200,000	0
RA-5C.....	2,000,000	0	2,000,000
A-6 series.....	9,800,000	0	9,800,000
A-7 series.....	4,900,000	4,900,000	0
F-4 series.....	1,100,000	0	1,100,000
H-46 series.....	1,200,000	1,200,000	0
H-53 series.....	1,800,000	0	1,800,000
P-3 series.....	1,200,000	0	1,200,000
Various.....	3,100,000	3,100,000	0
Spares and repair parts.....	15,700,000	15,700,000	0
Common ground equipment.....	18,000,000	18,000,000	0
Total.....	219,200,000	153,700,000	65,500,000

The \$3,100,000 for "Various" aircraft modifications involves the installation of AN/ALQ-123 infrared pods on various Navy fixed-wing aircraft.

The Middle East payback portion of the total appropriation recommended includes \$53,300,000 for A-4M aircraft and \$10,300,000 for F-5E fighter aircraft.

WEAPONS PROCUREMENT, NAVY

Appropriation, 1974.....	\$800,700,000
Supplemental estimate, 1974.....	28,600,000
Recommended in the bill.....	0
Reduction.....	28,600,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$28,600,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends that the \$11,600,000 requested for AGM-45A Shrike missiles and the \$17,000,000 requested for RIM-66B Standard Medium Range missiles not be appropriated.

Congress appropriated \$11,000,000 in fiscal year 1974 for Shrike missiles and they were scheduled to be placed on contract in December 1973. The fiscal year 1975 budget contains \$25,400,000 for additional Shrike missiles. The Committee believes that the original planned procurement program for this missile will provide sufficient quantities of the various models until the new HARM missile begins to enter the inventory.

With respect to the RIM-66B Standard Medium Range Missile, the Committee was of the opinion that the current inventory and planned future procurement of this missile did not justify an urgent supplemental buy.

There were no Middle East payback funds included in the budget estimate for this appropriation.

SHIPBUILDING AND CONVERSION, NAVY

Appropriation, 1974.....	\$3,468,100,000
Supplemental estimate, 1974.....	24,800,000
Recommended in the bill.....	0
Reduction	24,800,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$24,800,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends that the \$24,800,000 requested to accelerate Trident submarine construction from one per year, as recommended by the Congress in fiscal year 1974, to two per year not be appropriated.

It is the considered judgment of the Committee that with new Navy initiatives, such as the strategic cruise submarine-launched missile, the available options to backfit the Trident I missile into our 10 Polaris and 31 Poseidon submarines, and the proposed NARWHAL submarine as a low cost option to the Trident submarine, an acceleration of the Trident submarine construction effort cannot be justified. The Committee is also mindful of the backlog of new construction and conversion of ships and submarines at the two large nuclear-capable shipyards which are involved in the Trident submarine program, and the problems they and many shipyards are having in obtaining skilled labor.

All of these factors seem to mandate a prudent and cautious, but deliberate course in the construction of Trident submarines. There must be a reasonable limit or plateau that should be achieved in spending merely for the sake of "bargaining chips". The Trident submarine construction rate of one per year as directed by Congress appears to be a sufficient demonstration that this country has the national resolve to modernize and maintain our sea-based missile deterrent in a current status technologically, without risking an escalation or renewal of the arms race.

There were no Middle East payback funds included in the budget estimate for this appropriation.

OTHER PROCUREMENT, NAVY

Appropriation, 1974.....	\$1,204,200,000
Supplemental estimate, 1974.....	224,200,000
Recommended in the bill.....	108,300,000
Reduction	115,900,000

AUTHORIZATION RECOMMENDED

This appropriation does not require the prior review and authorization of the Armed Services Committees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$108,300,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$1,312,500,000 for Other Procurement, Navy, for fiscal year 1974.

	Request	Recommended	Reduction
Ships support:			
Type 18 periscope.....	\$2,100,000	\$2,100,000	0
Firefighting equipment.....	1,600,000	1,600,000	0
Emergency escape apparatus.....	2,500,000	2,500,000	0
Air-conditioners.....	1,900,000	1,900,000	0
Minesweeping cable.....	1,700,000	1,700,000	0
Items under \$500,000.....	1,600,000	0	\$1,600,000
Spares and repair parts.....	10,900,000	10,900,000	0
Communications/Electronics:			
STASS.....	3,600,000	3,600,000	0
AN/BQN-17.....	2,300,000	2,300,000	0
Sonar support equipment.....	3,000,000	3,000,000	0
EW support equipment.....	1,500,000	1,500,000	0
TUBA phase I.....	700,000	700,000	0
DD-963 trainer.....	3,000,000	0	3,000,000
General test equipment.....	2,000,000	0	2,000,000
AN/UYA-7.....	3,000,000	0	3,000,000
Electric power systems.....	5,000,000	0	5,000,000
MED/NORA HFDF.....	700,000	0	700,000
W/B video tape recorder.....	400,000	0	400,000
Spares and repair parts.....	3,400,000	3,400,000	0
Aviation support:			
AN/SSQ-41 sonobuoy.....	4,000,000	0	4,000,000
AN/SSQ-53 sonobuoy.....	8,800,000	0	8,800,000
MK-83 1,000-lb. bomb.....	7,900,000	7,900,000	0
MK-84 2,000-lb. bomb.....	10,600,000	0	10,600,000
Walleye bomb.....	3,500,000	0	3,500,000
MK-20 Rockeye cluster bomb.....	58,000,000	0	58,000,000
Machinegun ammo.....	4,500,000	4,500,000	0
Miscellaneous ammo.....	3,800,000	3,800,000	0
Expendable countermeasures.....	7,700,000	7,700,000	0
SATS support.....	2,000,000	0	2,000,000
Catapult/arresting gear.....	1,000,000	1,000,000	0
Meteorological equipment.....	1,000,000	0	1,000,000
Mine countermeasures.....	2,000,000	2,000,000	0
Spares and repair parts.....	200,000	200,000	0
Ordnance support:			
5"/38 ammo.....	6,500,000	6,500,000	0
5"/54 ammo.....	18,400,000	18,400,000	0
Ordalts F/C switchboards.....	1,000,000	0	1,000,000
SMS Ordalts.....	400,000	400,000	0
Production facilities/equipment.....	3,800,000	3,800,000	0
Spares and repair parts.....	7,100,000	7,100,000	0
Civil engineering support:			
Amphib./special equipment.....	2,000,000	0	2,000,000
Combat construction equipment.....	3,000,000	3,000,000	0
MUSE.....	2,200,000	0	2,200,000
Other MHE.....	400,000	400,000	0
Personnel/command support:			
Ship ASW attack trainer.....	6,400,000	6,400,000	0
Operating forces support equipment.....	2,000,000	0	2,000,000
Computer acquisition.....	5,100,000	0	5,100,000
Total.....	224,200,000	108,300,000	115,900,000

There were no Middle East payback funds included in the budget estimate for this appropriation.

PROCUREMENT, MARINE CORPS

Appropriation, 1974.....	\$173,932,000
Supplemental estimate, 1974.....	40,700,000
Recommended in the bill.....	33,800,000
Reduction	6,900,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$22,300,000 for TOW missiles be authorized. The remaining \$18,400,000 does not require authorization.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$33,800,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$207,732,000 for Procurement, Marine Corps, for fiscal year 1974.

	Request	Recommended	Reduction
40-mm ammunition.....	\$7,200,000	\$7,200,000	0
105-mm ammunition.....	4,300,000	4,300,000	0
TOW antitank missiles.....	22,300,000	22,300,000	0
Fixed plant teletype.....	800,000	0	\$800,000
Frequency measurement set.....	800,000	0	800,000
¼-ton trucks.....	2,000,000	0	2,000,000
Power equipment.....	3,200,000	0	3,200,000
Items less than \$500,000.....	100,000	0	100,000
Total.....	40,700,000	33,800,000	6,900,000

There were no Middle East payback funds included in the budget estimate for this appropriation.

AIRCRAFT PROCUREMENT, AIR FORCE

Appropriation, 1974.....	\$2,720,400,000
Supplemental estimate, 1974.....	445,000,000
Recommended in the bill.....	294,000,000
Reduction	151,000,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$445,000,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$294,000,000 which, when added to the basic fiscal year 1974 appropriation, will provide a total of \$3,014,400,000 for Aircraft Procurement, Air Force, for fiscal year 1974.

	Request	Recommended	Reduction
A-7D flight simulator.....	\$5,000,000	\$5,000,000	0
F-111F flight simulator.....	8,100,000	0	\$8,100,000
C-130H aircraft.....	30,000,000	30,000,000	0
Aircraft modifications:			
B-52.....	8,800,000	8,800,000	0
FB-111.....	3,800,000	3,800,000	0
A-7D.....	1,000,000	1,000,000	0
F/RF-4.....	42,600,000	14,700,000	27,900,000
F-106.....	200,000	0	200,000
F-111.....	19,100,000	4,600,000	14,500,000
C-5.....	8,700,000	2,900,000	5,800,000
C-135.....	600,000	0	600,000
C-141.....	42,600,000	2,600,000	40,000,000
Civil Reserve Air Fleet.....	18,500,000	0	18,500,000
Spares and repair parts.....	153,500,000	123,500,000	30,000,000
Common ground equipment.....	1,500,000	600,000	900,000
Other production charges.....	101,000,000	96,500,000	4,500,000
Total.....	445,000,000	294,000,000	151,000,000

The recommended appropriation includes \$30,000,000 for six C-130H aircraft, \$3,300,000 for C-130 initial spares, and \$600,000 for C-130 common ground equipment as a Middle East payback.

AIRCRAFT MODIFICATIONS

For the F/RF-4 aircraft, modifications not recommended by the Committee were \$17,000,000 for additional radar homing and warning updates, \$3,900,000 for additional structural improvements, \$5,000,000 for improvements to air-to-air missile systems, and \$2,000,000 for additional radar warning receiver update funds. The remaining \$14,700,000 for F/RF-4 modifications is recommended.

For the F-111 aircraft, \$5,900,000 for TF-30 engine update and \$8,600,000 for MK-II avionics reliability improvements were not recommended for approval. The remaining \$8,400,000 for F/FB-111 aircraft modifications is recommended.

For the C-5A aircraft, \$2,000,000 for structural update and \$900,000 for simulator modifications are recommended. The \$5,800,000 requested for modification to the C-5A third fatigue test article was transferred to the RDT&E budget. This fatigue test article was bought for the RDT&E program, it is used for continuing structural fatigue tests, and it is to be modified utilizing RDT&E funds.

The \$2,600,000 requested for modification of a C-141 flight simulator and for other C-141 aircraft modifications is recommended for approval. The \$40,000,000 requested to design, prototype, and test the stretching of a C-141 aircraft and provide it with inflight refueling, which should have been funded in the RDT&E appropriations, is not approved. The Air Force proposes to modify a total of 176 C-141 aircraft in this manner at a total cost of \$450,000,000 to \$550,000,000. In view of the service life remaining on these aircraft and the cost involved, the Committee does not believe the Air Force has demonstrated the need for this modification or the cost effectiveness of the proposal.

With respect to the Civil Reserve Air Fleet (CRAF) modification, the \$18,500,000 requested to initiate this program, which will cost over \$1,000,000,000, is not recommended. The program envisions the modification of 110 B-747 and DC-10 aircraft owned by commercial airlines. The modification will include the installation of nose access doors, off side loading doors, floor strengthening, and the purchase of removable

cargo handling kits, rollers and rails for each aircraft. During the modification, the airlines would be paid for downtime, lease costs, loss of revenue and other compensation. An evaluation of the use of C-141 and C-5A aircraft during the Middle East conflict, the fact that no CRAF aircraft were involved in the Middle East airlift, and in view of the new Air Force program to buy wide bodied aircraft for cargo and tanker use, the Committee does not believe that this program at its enormous cost can be justified. Furthermore, Section 731 of the Fiscal Year 1974 Department of Defense Appropriation Act (P.L. 93-238) does not appear to authorize the use of CRAF funds for this purpose.

With respect to the other reductions recommended by the Committee, spares and repair parts for the C-5A were reduced \$30,000,000, common ground equipment, other than for C-130H aircraft, was reduced \$900,000 and other production charges in the amount of \$4,500,000 for the Advanced Location Strike System was not approved.

MISSILE PROCUREMENT, AIR FORCE

Appropriation, 1974-----	\$1,393,300,000
Supplemental estimate, 1974-----	39,000,000
Recommended in the bill-----	0
Reduction -----	39,000,000

AUTHORIZATION RECOMMENDED

The House Armed Services Committee recommended that the total request of \$39,000,000 be authorized.

COMMITTEE RECOMMENDATION

The Committee recommends that the \$39,000,000 requested for Missile Procurement, Air Force, not be appropriated.

Congress appropriated \$11,300,000 in fiscal year 1973 and \$8,800,000 in fiscal year 1974 for Shrike missiles. The fiscal year 1974 buy will not be placed on contract until June 1974. The fiscal year 1975 budget contains \$11,100,000 for additional quantities of Shrike missiles. As in the case of the Navy, the Committee believes that the original planned procurement program for this missile will provide sufficient quantities of the various models until the new HARM missile begins to enter the inventory. The Air Force is scheduled to receive a large quantity of these missiles from the Navy as a payback during fiscal year 1974. In addition, engineering design of the Wild Weasel F-4E modification which makes that aircraft compatible with Shrike was budgeted in the fiscal year 1974 RDT&E supplemental and these aircraft will not be available in the near term.

With respect to the \$27,000,000 for target drones, the development testing of the expendable drone has not been completed by the Army, and the Air Force had budgeted \$2,500,000 in the fiscal year 1974 budget to complete the engineering of the AQM-34V, a new version of which will be used for the recoverable drone program. In view of the foregoing, the Committee considered both requests to be premature.

In addition, the Committee did not feel that the \$1,000,000 for AIM-9 Sidewinder missile modifications, \$900,000 for spares and repair parts, and \$600,000 for classified drones were justified as urgent supplemental items.

There were no funds budgeted in this appropriation for the Middle East payback.

OTHER PROCUREMENT, AIR FORCE

Appropriation, 1974.....	\$1, 542, 700, 000
Supplemental estimate, 1974.....	197, 700, 000
Recommended in the bill.....	97, 400, 000
Reduction	100, 300, 000

AUTHORIZATION RECOMMENDED

This appropriation does not require the prior review and authorization of the Armed Services Committees.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$97,400,000 which, when added to the amount appropriated in fiscal year 1974, will provide a total of \$1,640,100,000 for Other Procurement, Air Force for fiscal year 1974.

	Request	Recommended	Reduction
Munitions:			
RBU-1/A pave rock.....	\$22, 000, 000	0	\$22, 000, 000
MK-84 2,000-lb bomb.....	8, 600, 000	0	8, 600, 000
GBU-2 pave storm.....	10, 100, 000	0	10, 100, 000
Vehicular equipment:			
¾-ton truck.....	400, 000	0	400, 000
½-ton pickup truck.....	1, 300, 000	0	1, 300, 000
1-ton panel truck.....	1, 100, 000	0	1, 100, 000
½-ton cargo truck.....	600, 000	0	600, 000
44,500 GVW tractor truck.....	200, 000	0	200, 000
2½-ton cargo truck.....	1, 900, 000	0	1, 900, 000
R-9 tank truck.....	5, 900, 000	0	5, 900, 000
MB-4 tow tractor.....	300, 000	0	300, 000
Maintenance truck.....	800, 000	0	800, 000
Items less than \$500,000.....	700, 000	0	700, 000
6,000-lb MHE truck.....	200, 000	0	200, 000
10,000-lb MHE truck.....	600, 000	0	600, 000
10,000-lb MHE truck.....	1, 500, 000	0	1, 500, 000
4,000-lb MHE truck.....	500, 000	0	500, 000
MHE for CRAF.....	500, 000	0	500, 000
40,000-lb loader truck.....	2, 700, 000	0	2, 700, 000
Items less than \$500,000.....	1, 800, 000	0	1, 800, 000
Electronics/communications:			
485L tactical air control.....	13, 000, 000	\$13, 000, 000	0
Continental operations range.....	3, 800, 000	0	3, 800, 000
Advanced locator strike system.....	26, 500, 000	0	26, 500, 000
USREDCOMM.....	500, 000	0	500, 000
Spares and repair parts.....	5, 200, 000	5, 200, 000	0
AN/TSC-60 radio.....	11, 000, 000	11, 000, 000	0
Air National Guard.....	41, 300, 000	41, 300, 000	0
Modifications:			
Class IV.....	1, 000, 000	0	1, 000, 000
Organization and base.....	500, 000	0	500, 000
Other equipment:			
Laser helmet.....	1, 200, 000	1, 200, 000	0
Aircargo Pallets.....	3, 100, 000	0	3, 100, 000
Net assembly.....	1, 200, 000	0	1, 200, 000
Items less than \$500,000.....	700, 000	0	700, 000
Selected activities.....	27, 000, 000	25, 700, 000	1, 300, 000
Total.....	197, 700, 000	97, 400, 000	100, 300, 000

There were no funds budgeted for this appropriation for the Middle East payback.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

The Department of Defense supplemental requested a total of \$217,489,000 for Research, Development, Test and Evaluation. Of this total \$108,851,000 is for readiness and modernization included in Title I, and \$108,908,000 is for pay increases included in Title II. The House Armed Services Committee report only authorized one project, for \$975,000, of the total requested for readiness and modernization. The Committee recommends the deletion of the funds requested for this project, and directs the National Security Agency to fund this project from available unobligated funds if the Agency considers the project to be of sufficiently high priority. There does not appear to be any greater urgency for this project than for other projects requested for the Army, the Navy, and the Air Force.

The Committee recommends the deletion of \$54,508,000 of the total requested for pay increases. In the past the Committee has directed that requests for pay increases be absorbed entirely by the Department of Defense because of the significant balances of unobligated funds available at the end of the fiscal year. The supplemental request for pay increases, however, is larger than past year requests because two pay increases are involved. Consequently, the Committee recommends that about one half of the pay increase request be appropriated. Of the total appropriated, \$17,930,000 is for the Army, \$19,243,000 for the Navy, \$14,721,000 for the Air Force, and \$2,506,000 for Defense Agencies.

As discussed under Aircraft Procurement, Air Force, the request for a third fatigue test article for the C-5A aircraft has been transferred to the Research, Development, Test and Evaluation appropriation. This increases the amount provided by \$5,800,000.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER II			
	DEPARTMENT OF DEFENSE—MILITARY			
	MILITARY PERSONNEL			
93-266	Military personnel, Army-----	\$40, 200, 000	\$40, 200, 000	-----
	Military personnel, Navy-----	26, 500, 000	20, 300, 000	-\$6, 200, 000
	Military personnel, Marine Corps-----	8, 100, 000	8, 100, 000	-----
	Military personnel, Air Force-----	53, 300, 000	50, 800, 000	-2, 500, 000
	Reserve personnel, Army-----	600, 000	-----	-600, 000
	Reserve personnel, Air Force-----	200, 000	-----	-200, 000
	Total, Military personnel-----	128, 900, 000	119, 400, 000	-9, 500, 000
	RETIRED MILITARY PERSONNEL			
93-266	Retired pay, Defense-----	468, 800, 000	468, 800, 000	-----

OPERATION AND MAINTENANCE

93-266

Operation and maintenance, Army-----	209,040,000	116,147,000	-92,893,000
Operation and maintenance, Navy-----	359,600,000	242,475,000	-117,125,000
Operation and maintenance, Marine Corps-----	16,800,000	13,400,000	-3,400,000
Operation and maintenance, Air Force-----	291,850,000	224,650,000	-67,200,000
Operation and maintenance, Defense agencies-----	830,000	830,000	-----
Operation and maintenance, Navy Reserve-----	30,000,000	17,700,000	-12,300,000
Operation and maintenance, Marine Corps Reserve-----	30,000	30,000	-----
Operation and maintenance, Air Force Reserve-----	7,000,000	7,000,000	-----
Operation and maintenance, Army National Guard-----	3,210,000	780,000	-2,430,000
Operation and maintenance, Air National Guard-----	16,000,000	14,000,000	-2,000,000
Total, Operation and Maintenance-----	934,360,000	637,012,000	-297,348,000

PROCUREMENT

93-266

Aircraft procurement, Army-----	22,000,000	16,000,000	-6,000,000
Missile procurement, Army-----	84,400,000	76,600,000	-7,800,000
Procurement of weapons and tracked combat vehicles, Army-----	121,800,000	71,100,000	-50,700,000
Procurement of ammunition, Army-----	268,000,000	200,000,000	-68,000,000
Other procurement, Army-----	56,700,000	45,500,000	-11,200,000
Aircraft procurement, Navy-----	219,200,000	153,700,000	-65,500,000
Weapons procurement, Navy-----	28,600,000	-----	-28,600,000

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

TITLE I—Continued

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER II—Continued			
	DEPARTMENT OF DEFENSE—MILITARY—Continued			
	PROCUREMENT—continued			
93-266	Shipbuilding and conversion, Navy-----	\$24,800,000	-----	-\$24,800,000
	Other procurement, Navy-----	224,200,000	\$108,300,000	-115,900,000
	Procurement, Marine Corps-----	40,700,000	33,800,000	-6,900,000
	Aircraft procurement, Air Force-----	445,000,000	294,000,000	-151,000,000
	Missile procurement, Air Force-----	39,000,000	-----	-39,000,000
	Other procurement, Air Force-----	197,700,000	97,400,000	-100,300,000
	Total, Procurement-----	1,772,100,000	1,096,400,000	-675,700,000

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

93-266

Research, development, test, and evaluation, Army-----	19, 145, 000	-----	-19, 145, 000
Research, development, test, and evaluation, Navy-----	29, 300, 000	-----	-29, 300, 000
Research, development, test, and evaluation, Air Force-----	54, 300, 000	5, 800, 000	-48, 500, 000
Research, development, test, and evaluation, Defense agencies-----	5, 836, 000	-----	-5, 836, 000
Total, Research, development, test, and evaluation-----	108, 581, 000	5, 800, 000	-102, 781, 000
Total, Chapter II:			
New budget (obligational) authority-----	3, 412, 741, 000	2, 327, 412, 000	-1, 085, 329, 000

CHAPTER III

SUBCOMMITTEE ON DISTRICT OF COLUMBIA

WILLIAM H. NATCHER, Kentucky, *Chairman*

LOUIS STOKES, Ohio
ROBERT O. TIERNAN, Rhode Island
BILL CHAPPELL, Florida
BILL D. BURLISON, Missouri
GUNN McKAY, Utah
J. EDWARD ROUSH, Indiana

JOHN T. MYERS, Indiana
ROBERT C. McEWEN, New York
LAWRENCE COUGHLIN, Pennsylvania
C. W. BILL YOUNG, Florida

DISTRICT OF COLUMBIA

SUMMARY

The Committee recommends a total of \$20,750,400 in District of Columbia funds, of which \$12,092,400 is included in this chapter and \$8,658,000 is contained in title II of the bill. The following table summarizes the total allowances by general category and location in the bill:

	Chapter III (program items)	Title II (increased pay costs)	Total
District of Columbia funds:			
Operating expenses.....	\$8,515,000	\$8,658,000	\$17,173,000
Capital outlay.....	3,577,400		3,577,400
Total recommended.....	12,092,400	8,658,000	20,750,400

The Committee considered estimates totaling \$2,550,000 in Federal funds and \$20,792,400 in District of Columbia funds. The request for an additional Federal payment of \$2,550,000 to the District of Columbia was submitted in House Document Numbered 93-266, the appendix to the President's Federal Budget. Requests for appropriations payable from District funds were included in Senate Document Numbered 93—.

The Committee has denied the additional Federal payment requested for fiscal year 1974 and made a reduction of \$42,000 in the amounts requested from District funds.

FEDERAL FUNDS

FEDERAL PAYMENT

As noted above, the Committee is recommending disapproval of the \$2,550,000 requested as an additional Federal payment to the District of Columbia. A total of \$187,450,000 was made available in the regular bill for 1974. The Committee received testimony that a District-wide spending limitations program that went into effect January 14, 1974, is expected to yield \$13,260,000 in savings. District officials proposed the redirection of \$7,300,000 of that amount to meet in part the supplementals requested and that the remainder, \$5,960,000, would be carried forward as a resource for financing the fiscal year 1975 budget. The Committee does not concur in that proposal. Inasmuch as there are sufficient funds available from savings to finance the supplemental requests allowed, the Committee has not provided the additional Federal payment.

A revised projected cash flow statement for 1974, based on the Committee's recommendations, follows:

DISTRICT OF COLUMBIA GOVERNMENT PROJECTED CASH FLOW, FISCAL YEAR 1974

[In thousands of dollars]

	General fund	Highway fund	Water fund	Sanitary sewage works fund	Metro-politan area sanitary sewage works fund	Total, all funds
OPERATING EXPENSES						
Estimated funds available:						
Opening cash balance.....	\$15,271	\$3,553	-\$470	\$4,574	\$174	\$23,102
Revenues:						
Collections.....	538,305	¹ 31,700	13,800	15,050	80	598,935
Federal payment appropriated.....	187,450		2,555	1,528		191,533
Revenue sharing.....	37,407					37,407
Total, estimated funds available.....	778,433	35,253	15,885	21,152	254	850,977
Estimated funds required:						
Opening accounts payable.....	81,524	3,507	2,176	2,030	1	89,238
Budget appropriated.....	763,890	32,521	14,568	15,502	72	826,553
Less budget limitations on "Personnel" and "Other objects".....	-12,000	-1,260				-13,260
Budget supplemental recommended by House.....	16,230	357	337	249		17,173
Closing accounts payable ²	-90,684	-3,162	-1,475	-1,560	-7	-96,888
Total, estimated funds required.....	758,960	31,963	15,606	16,221	66	822,816
Estimated closing cash balance.....	19,473	3,290	279	4,931	188	28,161

¹ Includes \$500,000 for track removal reimbursement per District of Columbia Council Resolution 73-4 enacted pursuant to sec. 7-604A, District of Columbia Code, 1967 edition, and sec. 7 of Transit's Franchise Act, Public Law 84-757, 70 Stat. 598.

² Includes \$14,000,000 related to Public Law 92-518, enacted Oct. 21, 1972.

DISTRICT OF COLUMBIA FUNDS

OPERATING EXPENSES

A total of \$8,515,000 in additional appropriations for program items is recommended for the remainder of the fiscal year. A comparative summary of the allocations requested and allowed follows:

Item	Requested	Recommended
General operating expenses:		
Executive Office: Unemployment compensation.....	\$1,359,000	\$1,359,000
Department of General Services.....	42,000	-----
Metrobus subsidy.....	4,500,000	4,500,000
Public safety: Department of Corrections.....	2,434,000	2,434,000
Settlement of claims and suits.....	222,000	222,000
Total, operating expenses.....	8,557,000	8,515,000

General operating expenses.—A total of \$5,859,000 is recommended, including \$1,359,000 to cover anticipated excess costs in fiscal 1974 over the current appropriation for Unemployment Compensation. The Committee has not approved the funds (\$42,000) requested for the establishment of a gasoline reserve for District of Columbia Government agencies.

The Committee recommends approval of the budget request of \$4,500,000 to finance a part of the city's share of the Metrobus operating deficits. Of this amount \$1,097,000 is for the fiscal year 1973 deficit and \$3,403,000 is for the fiscal year 1974 deficit. The latest estimate of the total deficit for 1974 is \$15,385,640. The city's share of the deficit is currently 52% of the total anticipated deficit. The allocation is based on the number of bus miles operated within the three participating jurisdictions.

Public safety.—The Committee recommends approval of the request of \$2,434,000 to meet deficits in the program for reimbursement of the Federal Bureau of Prisons for care and custody of D.C. Code violators in Federal prisons. The allowance is composed of deficit amounts for three years: Fiscal year 1972—\$300,000; fiscal year 1973—\$1,000,000; and fiscal year 1974—\$1,134,000. The Committee is concerned that there is such a delay in the billing, identification and documentation of these reimbursements. The matter will be explored further during the hearings on the regular 1975 budget.

Settlement of claims and suits.—Approval of the \$222,000 requested for the settlement of claims and suits is recommended. The Committee is concerned that long periods of time have elapsed in many instances since the date of settlement and the submission of the request for appropriations. In the future, requests for funds for the payment of claims and suits should be submitted for inclusion in both the regular and supplemental appropriation bills so as to preclude any unnecessary delay in payment to the claimants.

CAPITAL OUTLAY

The Committee recommends a total of \$3,577,400 in additional appropriations for capital outlay in fiscal year 1974, as follows:

Project	Requested	Recommended
Washington Metropolitan Area Transit Authority:		
Additional buses and other equipment for bus operations.....	\$1,427,400	\$1,427,400
Facilities for the handicapped in regional rail transit system.....	1,258,000	1,258,000
Washington Aqueduct: Shops and storehouses, Dalecarlia Reservation.....	892,000	892,000
Total, capital outlay.....	3,577,400	3,577,400

Washington Metropolitan Area Transit Authority.—The Committee recommends approval of the request for the District's share of costs for the acquisition of additional buses and other Metrobus system improvements in the amount of \$1,427,400. Approval is also recommended for the appropriation of \$1,258,000 for the city's share of the cost of providing special facilities for the handicapped in the rapid rail transit system currently under construction, as mandated by court order.

Washington Aqueduct.—The sum of \$892,000 is recommended as the final appropriation for the replacement and consolidation of the shops and storehouses at the Dalecarlia Reservation. This project has been underway for a number of years and due to the escalation of costs previous appropriations are not sufficient to meet current bids.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER III			
	DISTRICT OF COLUMBIA			
	FEDERAL FUNDS			
93-266	Federal payment to the District of Columbia-----	\$2, 550, 000		-\$2, 550, 000
	DISTRICT OF COLUMBIA FUNDS			
S. Doc. 93-	<i>General operating expenses:</i>			
	1974-----	(4, 804, 000)	(\$4, 762, 000)	(-42, 000)
	1973-----	(1, 097, 000)	(1, 097, 000)	
S. Doc.	<i>Total, general operating expenses</i> -----	(5, 901, 000)	(5, 859, 000)	(-42, 000)

93-	<i>Public safety:</i>			
	1974-----	(1, 134, 000)	(1, 134, 000)	-----
	1973-----	(1, 000, 000)	(1, 000, 000)	-----
	1972-----	(300, 000)	(300, 000)	-----
	<i>Total, public safety</i> -----	(2, 434, 000)	(2, 434, 000)	-----
S. Doc. 93-	<i>Settlement of claims and suits</i> -----	(222, 000)	(222, 000)	-----
S. Doc. 93-	<i>Capital outlay</i> -----	(3, 577, 400)	(3, 577, 400)	-----
	<i>Total, District of Columbia funds</i> -----	(12, 134, 400)	(12, 092, 400)	(-42, 000)
	<i>Total, chapter III, new budget (obligational) authority</i> -----	2, 550, 000	-----	-2, 550, 000

CHAPTER IV

SUBCOMMITTEE ON FOREIGN OPERATIONS

OTTO E. PASSMAN, Louisiana, *Chairman*

JOHN J. ROONEY, New York
CLARENCE D. LONG, Maryland
EDWARD R. ROYBAL, California
TOM BEVILL, Alabama
J. EDWARD ROUSH, Indiana
SIDNEY R. YATES, Illinois
BILL CHAPPELL, Jr., Florida¹

GARNER E. SHRIVER, Kansas
CLARENCE E. MILLER, Ohio
SILVIO O. CONTE, Massachusetts
LAWRENCE COUGHLIN, Pennsylvania

FOREIGN OPERATIONS

House Document No. 93-240, dated March 18, 1974 contained a supplemental budget estimate of \$54,000,000 for Indochina postwar reconstruction assistance. House Document No. 93-266, dated February 4, 1974 contained budget estimates and certain transfers and limitations dealing with pay cost increases which are handled in Title II of the accompanying bill.

FUNDS APPROPRIATED TO THE PRESIDENT

INDOCHINA POSTWAR RECONSTRUCTION ASSISTANCE

The Committee recommends an appropriation of \$49,000,000, a reduction of \$5,000,000 below the budget request. According to the budget document, this supplemental request is urgently needed to maintain the programs of financing essential imports and of refugee relief assistance in South Vietnam. It has been made necessary by the recent sharp rise in commodity prices worldwide. Without this appropriation, South Vietnam will not be able to afford the quantity of imports critical to its humanitarian programs and to its continued economic stability and development during the period of transition.

¹ Temporary appointment effective May 30, 1973.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER IV FOREIGN OPERATIONS FUNDS APPROPRIATED TO THE PRESIDENT INDOCHINA POSTWAR RECONSTRUCTION ASSISTANCE			
93-240	Indochina postwar reconstruction assistance-----	\$54, 000, 000	\$49, 000, 000	-\$5, 000, 000
	Total, Chapter IV, New budget (obligational) authority-----	54, 000, 000	49, 000, 000	-5, 000, 000

CHAPTER V

SUBCOMMITTEE ON DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-SPACE-SCIENCE-VETERANS

EDWARD P. BOLAND, Massachusetts, *Chairman*

JOE L. EVINS, Tennessee	BURT L. TALCOTT, California
GEORGE E. SHIPLEY, Illinois	JOSEPH M. McDADE, Pennsylvania
J. EDWARD ROUSH, Indiana	WILLIAM J. SCHERLE, Iowa
ROBERT O. TIERNAN, Rhode Island	EARL B. RUTH, North Carolina
BILL CHAPPELL, Florida	
ROBERT N. GIAIMO, Connecticut	

INDEPENDENT AGENCIES

VETERANS ADMINISTRATION

COMPENSATION AND PENSIONS

The Committee recommends the budget estimate of \$137,800,000 to finance increases in the costs of the compensation and pensions program due to legislation recently enacted by the Congress.

Public Law 93-177, which became effective on January 1, 1974, increased the rates of pension to veterans and payments to certain other beneficiaries by approximately ten percent. This has increased requirements in the compensation and pensions program by some \$120,100,000 for this fiscal year.

Another \$17,700,000 is required to finance the expanded scope of veteran burial benefits provided in The National Cemeteries Act, approved June 18, 1973. Burial benefits administered by the Veterans Administration prior to the enactment of the new legislation authorized a \$250 burial allowance and the issuance of a flag to drape the casket of a deceased veteran. The new legislation permits the Administrator to pay a burial plot allowance of \$150 where an eligible veteran is not buried in a national cemetery or other cemetery under the jurisdiction of the United States. In addition, a burial allowance of up to \$800 can be paid when a veteran dies as a result of a service-connected disability.

MEDICAL CARE

An appropriation of \$39,535,000 is recommended for new requirements in the medical care program, which is in addition to the \$143,377,000 provided in title II of the bill for increased pay raise and wage board costs provided by law.

The recommended amount includes \$10,194,000 for increased costs of food in the hospitals, \$2,935,000 for initial funding and activation of the Civilian Health and Medical Program of the Veterans Administration (CHAMPVA), \$22,300,000 for overtime and premium pay benefits for nurses, and \$4,106,000 for increased per diem payments to States for care of veterans in the State home domiciliary, nursing home and hospital programs.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

A supplemental request of \$2,010,000 is recommended to cover part of the cost of severance pay and lump sum payments of accumulated annual leave to employees being released in current reductions in force in the Selective Service System. Another \$4,250,000 is contained in title II of the bill to cover the cost of increased pay costs provided by law.

The number of civilian positions has been reduced since the beginning of the fiscal year from 4,810 to 3,617, and the number of military positions has declined from 224 to 139. Two regional offices have been closed and the number of locations for local boards has been reduced from 1,730 to 961. These and other measures have brought substantial economies as the System seeks more uniformity in its operation throughout the nation with greater efficiency and lower operating costs.

The negative impact of termination costs, however, threatens to curtail additional savings that could be effected during the balance of the year. This supplemental will permit further retrenchment to continue, consistent with current needs of the System.

DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT

The supplemental requests for the Department included three proposals for appropriations to liquidate losses sustained in the special risk insurance, special assistance functions, and national flood insurance funds. The Committee is concerned about the escalating defaults and losses, but sees no urgency or necessity for liquidating appropriations in this supplemental bill. Sufficient funds are available through Treasury borrowing in each fund.

The Committee intends to review the management and financing of these programs thoroughly during the consideration of the 1975 budget. Providing appropriations at this time would not slow down or reduce the number of units in default, nor will deferral increase the financial obligation of the Federal government. Interest costs on Treasury securities are borne either by the funds or by Treasury borrowings necessary to finance the public debt.

The Congress presently has no control over the magnitude of these losses through the annual appropriations process inasmuch as the programs are financed directly by Treasury borrowings. Unless budget control and good management are implemented, appropriating funds to liquidate these program losses will not ameliorate the problem.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER V			
	INDEPENDENT AGENCIES			
	VETERANS ADMINISTRATION			
93-266	Compensation and pensions-----	\$137, 800, 000	\$137, 800, 000	-----
93-266	Medical care-----	39, 535, 000	39, 535, 000	-----
	Total, Veterans Administration-----	177, 335, 000	177, 335, 000	-----
	SELECTIVE SERVICE SYSTEM			
93-266	Salaries and expenses-----	2, 010, 000	2, 010, 000	-----
	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
93-266	Federal Housing Administration fund-----	(91, 968, 000)		(- \$91, 968, 000)
93-266	National flood insurance fund-----	2, 832, 000		-2, 832, 000
93-266	Special assistance functions fund-----	278, 797, 000		-278, 797, 000
	Total, Department of Housing and Urban Development--	281, 629, 000		-281, 629, 000
	Total, chapter V: New budget (obligational) authority---	460, 974, 000	179, 345, 000	-281, 629, 000

CHAPTER VI

SUBCOMMITTEE ON THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

JULIA BUTLER HANSEN, Washington, *Chairman*

SIDNEY R. YATES, Illinois
K. GUNN McKAY, Utah
CLARENCE D. LONG, Maryland
FRANK E. EVANS, Colorado

JOSEPH M. McDADE, Pennsylvania
WENDELL WYATT, Oregon
VICTOR V. VEYSEY, California

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

The Committee recommends an appropriation of \$19,300,000, a reduction of \$1,700,000 below the budget estimate. The appropriation will provide for costs of forest fire suppression and emergency rehabilitation through the remainder of the fiscal year.

BUREAU OF SPORT FISHERIES AND WILDLIFE

RESOURCE MANAGEMENT

The Committee recommends an appropriation of \$300,000, a reduction of \$150,000 below the budget estimate of \$450,000. The appropriation will provide for predator damage control operations in areas where critical livestock predation problems have developed.

CONSTRUCTION AND ANADROMOUS FISH

The budget request for this appropriation was \$1,992,000 to provide for storm damage repairs at four national wildlife refuges. In the course of its hearings, the Committee discovered that there will be an estimated unobligated balance of \$3,332,000 in this account at the end of the fiscal year. The largest portion of the unobligated balance, \$2,264,000, is for pollution abatement projects where standards and criteria are still being developed. The Committee recommends no new appropriation in this account and directs that the Department reprogram funds scheduled to be unobligated at the end of the fiscal year for pollution abatement projects. The Committee expects a formal reprogramming request to implement this directive. The funds reprogrammed will provide for the following projects:

<i>State and refuge</i>	<i>Amount</i>
Oregon and Washington: Columbian White-tailed Deer.....	\$132,000
Ohio: Ottawa (Darby Marsh).....	1,200,000
New Mexico: Las Vegas.....	310,000
Kansas: Quivira.....	350,000
Total.....	1,992,000

OFFICE OF OIL AND GAS

SALARIES AND EXPENSES

The Committee recommends an appropriation of \$18,000,000, the budget estimate. The appropriation will provide \$4,260,750 and 1,000 positions for compliance and enforcement activities under the mandatory petroleum allocation program. The appropriation will also provide \$13,739,250 for expenses for printing and storage of gasoline rationing coupons and for planning for implementation of a rationing program.

BUREAU OF INDIAN AFFAIRS

RESOURCES MANAGEMENT

The Committee recommends an appropriation of \$3,000,000, the budget estimate. The appropriation will provide for costs of forest fire suppression and emergency rehabilitation through the remainder of the fiscal year.

REVOLVING FUND FOR LOANS

The Committee recommends an appropriation of \$900,000, the budget estimate. The appropriation will provide loans to Indian tribes and groups that are without available funds to obtain needed expert assistance in connection with the preparation and trial of their claims before the Indian Claims Commission. This appropriation will complete the authorized funding for this program. There are currently 198 cases pending before the Indian Claims Commission.

TERRITORIAL AFFAIRS

TRUST TERRITORY OF THE PACIFIC ISLANDS

The Committee recommends an appropriation of \$1,500,000, a reduction of \$14,000 below the budget estimate. The appropriation will provide \$750,000 for increased fuel costs which affect the Trust Territory's programs. The appropriation will also provide \$750,000 for cost overruns in the construction of the Ponape Hospital. The increased costs are attributed to dramatic inflation in the cost of construction materials.

RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

FOREST PROTECTION AND UTILIZATION

The Committee recommends an appropriation of \$97,133,000, the budget estimate. The appropriation will provide \$90,920,000 for costs of forest fire suppression and emergency rehabilitation through the

remainder of the fiscal year. The appropriation also provides \$6,213,000 for insect and disease control, as follows:

Tussock moth direct control projects.....	\$2, 090, 000
Tussock moth pilot control projects.....	600, 000
State-Federal Cooperative gypsy moth suppression projects.....	690, 000
Pilot control projects on gypsy moth.....	228, 000
Spruce budworm suppression.....	730, 000
Pilot control projects on spruce budworm.....	104, 000
Southern pine beetle suppression.....	952, 000
Forest resource impact evaluation.....	400, 000
Interior Department: mountain pine beetle, spruce budworm, and tussock moth.....	419, 000

CONSTRUCTION AND LAND ACQUISITION

The Committee recommends an appropriation of \$650,000 for reconstruction of the Bend Silviculture Laboratory, Oregon. The laboratory was recently destroyed by fire.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION

INDIAN HEALTH SERVICES

The Committee recommends an appropriation of \$6,591,000, the budget estimate. The appropriation will provide \$5,091,000 for additional contract health care, \$250,000 to upgrade the Alaska Community Health Aide program, and \$1,250,000 to support expanded ambulatory care services for Indian people.

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION

SALARIES AND EXPENSES

The Committee recommends an appropriation of \$12,375,000, the budget estimate. The appropriation will provide \$1,375,000 in direct grants of \$25,000 each to the 50 States, the District of Columbia, Puerto Rico, and the Territories, and matching grants of \$200,000 each to the above entities to assist them in developing and supporting Bicentennial programs and projects. These grant programs were authorized by PL 93-179, approved December 11, 1973.

INCREASED PAY COSTS

The Committee considered estimates of \$77,385,000 in new budget authority, \$9,410,000 by transfer, and \$6,000,000 in liquidation of contract authority for increased pay costs for the Department of the Interior and related agencies under title II of the bill.

The Committee has recommended reductions totaling \$449,000 in new budget authority and \$500,000 in liquidation of contract authority for pay costs. In addition, the Committee disapproves of the proposed \$460,000 transfer from the Office of Water Resources Research to provide for increased pay costs in the Bureau of Reclamation and the reprogramming of \$80,000 in the Office of Water Resources Research for increased pay costs. The Committee directs that the funds be used for the purpose for which they were appropriated and that the OWRR absorb the proposed \$80,000 pay cost increase.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER VI			
	DEPARTMENT OF THE INTERIOR			
	BUREAU OF LAND MANAGEMENT			
93-266	Management of lands and resources-----	\$21, 000, 000	\$19, 300, 000	-\$1, 700, 000
	BUREAU OF SPORT FISHERIES AND WILDLIFE			
93-235	Resource management-----	450, 000	300, 000	-150, 000
93-235	Construction and anadromous fish-----	1, 992, 000	-----	-1, 992, 000
	Total, Bureau of Sport Fisheries and wildlife-----	2, 442, 000	300, 000	-2, 142, 000
	OFFICE OF OIL AND GAS			
93-266	Salaries and expenses-----	18, 000, 000	18, 000, 000	-----
	BUREAU OF INDIAN AFFAIRS			
93-266	Resources management-----	3, 000, 000	3, 000, 000	-----
93-266	Revolving fund for loans-----	900, 000	900, 000	-----
	Total, Bureau of Indian Affairs-----	3, 900, 000	3, 900, 000	-----

TERRITORIAL AFFAIRS				
93-235	Trust Territory of the Pacific Islands-----	1, 514, 000	1, 500, 000	-14, 000
	Total, Department of the Interior-----	46, 856, 000	43, 000, 000	-3, 856, 000
RELATED AGENCIES				
DEPARTMENT OF AGRICULTURE				
FOREST SERVICE				
Forest protection and utilization:				
93-236}	Forest land management-----	97, 133, 000	97, 133, 000	-----
93-266}	Construction and land acquisition-----		650, 000	+650, 000
	Total, Forest Service-----	97, 133, 000	97, 783, 000	+650, 000
HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION				
93-266	Indian health services-----	6, 591, 000	6, 591, 000	-----
AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION				
93-266	Salaries and expenses-----	12, 375, 000	12, 375, 000	-----
	Total, Related Agencies-----	116, 099, 000	116, 749, 000	+650, 000
	Total, Chapter VI: new budget (obligational) authority-----	162, 955, 000	159, 749, 000	-3, 206, 000

CHAPTER VII

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES

DANIEL J. FLOOD, Pennsylvania, *Chairman*

WILLIAM H. NATCHER, Kentucky	ROBERT H. MICHEL, Illinois
NEAL SMITH, Iowa	GARNER E. SHRIVER, Kansas
BOB CASEY, Texas	SILVIO O. CONTE, Massachusetts
EDWARD J. PATTEN, New Jersey	J. KENNETH ROBINSON, Virginia
DAVID R. OBEY, Wisconsin	
EDITH GREEN, Oregon	

DEPARTMENT OF LABOR

MANPOWER ADMINISTRATION

PROGRAM ADMINISTRATION

The bill includes \$71,762,000, the amount of the budget request, and an increase of \$8,894,500 over the comparable fiscal year 1973 appropriation. The bill also includes authority to use \$26,766,000 from the Unemployment Trust Fund, the amount requested, and a decrease of \$223,000 from the amount authorized in 1973. This appropriation provides the funds necessary to administer the manpower programs at the Federal level, including several related activities such as planning, evaluation, and research, apprenticeship services, the U.S. Employment Service, and provision of program direction and support for the States' unemployment insurance programs. The account has been operating under a continuing resolution since July 1, 1973.

Most of the total increase over 1973 is for mandatory items, such as increased pay costs, which account for \$4,608,000, within-grade salary increases, communication services, and rental of space. There is a significant increase of \$6,915,000 associated with the transfer of 96 existing positions from the Office of Economic Opportunity to provide for administration of the migrant program that was transferred to the Department of Labor earlier in the fiscal year. The increases are partially offset by decreases of \$8,245,000, most of which results from a net decrease of 326 permanent positions from the 1973 staffing level. Almost all of the reduction in permanent positions is a direct result of the decentralization of manpower programs under the new Comprehensive Employment and Training Act.

COMPREHENSIVE MANPOWER ASSISTANCE

The bill includes \$1,898,584,000, an increase of \$100,000,000 over the total amount requested for comprehensive manpower assistance. The activities covered by this appropriation have been operating under a continuing resolution since the beginning of the fiscal year because a major part of the authorization expired on June 30, 1973.

The Comprehensive Employment and Training Act of 1973 was enacted on December 28 and repealed the Manpower Development and Training Act and Title I of the Economic Opportunity Act. The budget was then revised to reflect the provisions of the new legislation and the requested appropriation was raised by \$458,584,000 in the President's recent budget. The additional request includes \$250,000,000 for public service employment under Title II of the new legislation, and \$208,584,000 for summer jobs for youths.

The amount recommended by the Committee includes \$1,340,000,000 for the continuation of ongoing manpower programs. Of this amount, \$950,000,000 is for support of State and local manpower training programs, including On-the-Job Training, Operation Mainstream, Neighborhood Youth Corps, Public Service Careers, Concentrated Employment, and other manpower programs. The balance of \$390,000,000 for ongoing activities relates to national programs directed toward job opportunities for veterans, Indians, migrant workers, elderly workers, criminal offenders, and disadvantaged youths.

The Committee has also included \$208,584,000 requested for youth employment during the coming summer months. This amount, together with \$91,416,000 in unobligated funds available from fiscal year 1973, will provide a total summer youth program of \$300,000,000 or about the same funding level as last summer's program. A total of 709,200 job opportunities will be available at an average cost of \$423 per job. The Committee strongly urges the continued support of the summer youth recreation programs, including the hiring of recreation aides and cost of youth transportation, similar to the way this program has operated in the past.

For public service employment, the bill includes \$350,000,000, an increase of \$100,000,000 over the amount requested. An amount of \$250,000,000 will be spent for the program authorized by Title II of the new act. This title authorizes a program of transitional public service employment and in many respects is similar to the program previously authorized by the Emergency Employment Act. However, some significant changes have been made in the new act, including a requirement that an area must have an unemployment rate of 6.5 percent or more for three consecutive months. The Emergency Employment Act provided assistance for all areas when the national unemployment rate exceeded 4.5 percent, with additional assistance to areas with 6 percent unemployment.

Approximately \$665 million will be expended in the current fiscal year from prior year appropriations to carry out the Emergency Employment Act, supporting an estimated 118,700 man years of public employment. The Department estimates that the \$250,000,000 requested under Title II of the new act would provide an additional 35,700 man years of public service employment. Because the current rate of unemployment is higher than that which was contemplated when the budget was prepared, the Committee feels that funds must also be available to continue activities under the broader provisions of the Emergency Employment Act, at least over the next several months while unemployment trends are being examined. The Committee has added \$100,000,000 specifically for activities of the type formerly carried out under the provisions of Section 5 of the Emergency Employment Act and as authorized by Section 3(a) of the Comprehensive Employment and Training Act.

The Committee has deleted proposed appropriation language making funds available for "activities of the type authorized by Title IX of the Older Americans Comprehensive Services Amendments of 1973". This language is clearly unnecessary, since an appropriation of \$10 million specifically for carrying out Title IX was included in the 1974 Supplemental Appropriation Act (P.L. 93-245).

The Committee expects the Title IX program to be administered primarily through national contracts, as intended by the 1974 Supplemental Appropriation Act.

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES

The Committee has approved the requested authorization to use \$85,000,000 from the Unemployment Trust Fund. This amount is in addition to \$817,400,000 already authorized in the regular appropriation bill for fiscal year 1974. The amount of \$85,000,000 is necessary to provide for the increased costs of administration in the State employment security offices resulting from increases in the number of unemployment insurance claims filed and paid in fiscal year 1974 to date. The estimated number of weeks claimed, which the Department has indicated is the single most important workload item, has increased substantially from the original estimate for fiscal year 1974.

In view of the many economic uncertainties that now exist, the bill provides that the funds shall be available for obligation until June 30, 1975. The Committee intends to again examine this appropriation account closely in conjunction with the fiscal year 1975 appropriation bill.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION

HEALTH SERVICES DELIVERY

The bill includes \$60,700,000, a reduction of \$4,300,000 from the budget request, for providing assistance to health maintenance organizations as authorized by the recently enacted Health Maintenance Organization Act of 1973. This would be the first appropriation under the new Act. The amount in the bill includes \$25,000,000 for grants and contracts, \$35,000,000 for loans and loan guarantees, and \$700,000 for program support. Priority for all types of assistance will be given to those HMO's which will serve medically underserved areas, as that term is defined in the Act. Twenty percent of all grant, contract, and loan funds must be used in rural areas.

Of the \$25,000,000 included for grants and contracts, \$3,000,000 will be used for studies to determine whether it is feasible to develop or expand an HMO. Average awards of \$50,000 will be made to approximately 60 organizations for this purpose. Six million dollars will be used for planning purposes, including the development of plans for marketing the services of the HMO. There will be about 48 planning awards made at an average of \$125,000 per award. Sixteen million

dollars will be used to assist 20 projects in the initial development stage, with the average award being \$800,000. Initial development activities will include enrollment campaigns, the design of and arrangements for the health services to be provided, development of fiscal controls, fund accounting procedures, capital financing programs, and the recruitment of personnel.

The amount of \$35,000,000 in the bill for loans and loan guarantees provides for the initial capitalization of the direct loan and loan guarantee revolving fund. Direct loans may be made to public or nonprofit private HMO's to assist them in meeting the amount by which their operating costs in the first thirty-six months of their operation exceed their revenues, up to a maximum of \$2,500,000 in the aggregate. An estimated 20 direct loans will be made during calendar year 1974, at an average of \$500,000 per loan. The direct loans will then be sold and, once sold, will become loan guarantees, for which the Federal government guarantees the payment of principal and interest to the purchaser of the loan. The revolving fund will be used to make any necessary assumption of payments, or to cover any defaults. Loan guarantees may be made to profitmaking HMO's for planning, initial development costs, and initial operating costs, provided that the HMO will serve a medically underserved population.

The Committee has approved \$700,000 of the \$5,000,000 requested in the budget for program support. The amount of \$200,000 in the bill will provide funding for 100 new positions for an average of one month in fiscal year 1974. Funds for providing technical assistance to new or expanding HMO's accounts for the remaining \$500,000 in program support. The budget request for technical assistance was \$4,200,000. The Committee was not persuaded that such a large amount could be wisely spent on technical assistance and believes that the individual HMO's can use grant or contract funds for this purpose.

OFFICE OF EDUCATION

SALARIES AND EXPENSES

The bill includes \$1,725,000, a reduction of \$1,724,000 from the supplemental request for salaries and related costs of administering the guaranteed student loan program. The amount allowed will provide 200 new positions instead of 250 requested in the budget.

At the present time, 258 positions are assigned to the student loan program, including 50 for collection activities, 45 for pre-claims assistance to lenders, and 163 for claims processing, systems development, and general support. The requested increase would have almost doubled the present staff. The Committee has reduced the number requested to 200 new positions because of the potential delay in recruiting a large number of qualified people in the few months remaining in this fiscal year. In addition, salary and related costs have been reduced to reflect a later recruitment date than anticipated in the supplemental request. The budget assumed that the new positions would be filled on or about March 1; the amount allowed adjusts this date to June 1.

The Committee is concerned about building a huge Federal work force directed toward activities after a default occurs. Greater effort should be made toward the prevention of default claims by firmly

enforcing the statutory requirement that lenders exercise care and diligence in making and collecting these loans. The additional positions allowed will provide resources to greatly improve efforts to reduce the potential number of defaults, as well as to increase recoveries on defaulted loans which now aggregate \$245 million.

STUDENT LOAN INSURANCE FUND

The Committee has approved \$30,785,000, the amount requested, to pay for increased defaults in student loans insured by the Federal government. This amount, together with \$57,883,000 appropriated in the regular bill, provides a total of \$88,668,000 for fiscal year 1974.

This Fund was established in fiscal year 1966 under authority of the Higher Education Act for the purpose of depositing receipts and paying expenses on student loans insured or reinsured by the Federal government. Expenses of the Fund consist primarily of payments to lenders for loan defaults. The Education Amendments of 1972 included changes in the basic law which increased the liability of the Fund by providing payment for the unpaid balance of interest, as well as principal, in the case of defaulted insured loans under the program.

As of June 30, 1974, total loans made under the program will reach an estimated \$6.9 billion, of which \$3.4 billion will be in repayment status; cumulative default payments to lenders will amount to \$245 million. The default rate has increased from 4.3 percent in fiscal year 1972 to an estimated 7.2 percent at the end of the current fiscal year. Payment of default claims from lenders is a mandatory expense of the Fund. The amount presently available is insufficient to meet the increase in defaults experienced during the year. The Committee urges a better system for estimating cost requirements in order to avoid the recurring need for supplemental appropriations. This is the third consecutive year in which a supplemental appropriation has been required. The ability to estimate fund requirements appears to be getting worse instead of better. Appropriation requirements for the current year were understated by almost 50 percent. Additional administrative funds have been included in the bill under "Salaries and expenses" with the expectation that part of these resources will be used to develop improved methods of estimating costs.

NATIONAL INSTITUTE OF EDUCATION

NATIONAL INSTITUTE OF EDUCATION

The Committee has not approved the supplemental request of \$25,000,000 for the National Institute of Education. The 1974 Labor-HEW appropriation bill, enacted on December 18, 1973, includes \$75,000,000 for this agency. The supplemental request would have partially restored the reduction made by Congress in the 1974 budget estimate.

The Committee sees no reason to reconsider the level of funding decided by Congress just a few months ago. The amount provided in the regular appropriation bill is adequate to meet funding commitments for existing projects. There is no basis to provide funds in a sup-

plemental appropriation to start new projects or expand existing ones.

The Committee suggests that the agency use the time available to reexamine all of its existing projects and proposed new activities in order to strengthen the justification for the 1975 budget request which will soon be considered in forthcoming hearings.

SOCIAL AND REHABILITATION SERVICE

GRANTS TO STATES FOR PUBLIC ASSISTANCE

The committee recommends the rescission of \$1,000,000,000 in the 1974 appropriation for "Grants to States for public assistance." A total of \$13,403,006,000 is presently available, consisting of \$12,850,779,000 from 1974 appropriations and \$552,227,000 from funds appropriated in the Second Supplemental Appropriations Act, 1973.

On March 25, a letter was set to the Secretary of HEW requesting the latest estimate of funds required for fiscal year 1974 under the various public assistance programs. The response submitted by HEW indicates that, based on the latest State estimates, total grant awards to the States will amount to \$12,327,191,000 instead of the \$13,403,006,000 that had been appropriated. In addition, HEW estimated that approximately \$293 million may be needed by the States for possible supplemental grant awards or other contingencies. Under the Committee recommendation an amount of \$75,815,000 will be available for contingencies. If additional funds are needed by the States there is authority in the 1974 Labor-HEW appropriation act to use the subsequent year's appropriation to meet unforeseen emergencies.

The lower cost estimates are reflected in the following public assistance activities; social services (-\$649 million); welfare payments (-\$187 million); medicaid payments (-\$234 million); and training (-\$6 million). The action recommended by the Committee will not reduce welfare benefits or services to eligible recipients. While recent data show that Aid to Families with Dependent Children (AFDC) has started to decline, the reduction results largely from an overestimate in the amount of appropriations required for the various public assistance activities.

SOCIAL AND REHABILITATION SERVICES

The Committee has added \$20,000,000 for State grants for basic vocational rehabilitation services, bringing the total amount available to \$650,000,000, the full amount authorized for fiscal year 1974. The first supplemental appropriation bill for fiscal year 1974 included \$630,000,000 for this purpose, with the understanding that if additional amounts were needed to fund the authorized allotment of \$650,000,000, a supplemental appropriation would be requested. Information is now available from State administrators of vocational rehabilitation indicating that States have sufficient funds on hand to match the full Federal allotment of \$650,000,000 authorized in the basic law. The Committee fails to understand the delay in submitting a budget request to carry out the clear intent of the law. Although no request for supplemental appropriations has been forthcoming, the Committee has approved the additional amount needed so that the States can proceed with their plans to provide vocational rehabilitation services for the handicapped.

SOCIAL SECURITY ADMINISTRATION

SPECIAL BENEFITS FOR DISABLED COAL MINERS

The bill includes \$44,311,000, the amount requested for benefit payments and administration of the black lung program authorized by the Federal Coal Mine Health and Safety Act. When added to the \$967,868,000 appropriated in the regular bill, the total amount available is \$1,012,179,000 for fiscal year 1974. The amount included in the bill consists of \$27,000,000 for benefit payments and \$17,311,000 for administrative costs.

The amount allowed for benefit payments is a net figure resulting from an increase of \$75,000,000 because of an increase in the average benefit payment, and a decrease of \$48,000,000 because the number of persons receiving benefits during the year is less than anticipated. This program has an automatic cost-of-living device which is geared to the Federal salary structure. Federal pay raises in January 1973 and October 1973 result in increased benefit payments to eligible coal miners and their survivors.

The amount included for administrative costs consists of \$11,277,700 for the Social Security Administration directly and \$6,033,300 for payments to State agencies—usually Vocational Rehabilitation agencies—for developing the necessary medical evidence to support the claim for benefits. Unprocessed cases on hand at the beginning of the fiscal year, together with an increase in new claims, have created a workload in excess of the level originally estimated in the budget. For example, new claims are expected to reach 86,000 instead of the 47,000 originally estimated. Also, the Committee was told that the hearings and appeals workload is running well above the expected level. With the additional resources provided in the bill, the Committee expects that the workload will be processed in a careful and timely way, so that delays and errors in benefit payments can be held to a minimum.

SPECIAL INSTITUTIONS

MODEL SECONDARY SCHOOL FOR THE DEAF

The Committee has not approved the request of \$50,000 for the Model Secondary School for the Deaf. The Committee was recently informed that the school can absorb the additional \$50,000 within its existing fiscal year 1974 appropriation. The amount was requested to provide salary adjustments for non-faculty employees comparable to Federal employees' salary increases.

GALLAUDET COLLEGE

The Committee has approved the budget request of \$438,000 for Gallaudet College. The funds will provide salary adjustments for non-faculty employees comparable to Federal employees' salary increases.

HOWARD UNIVERSITY

The Committee has approved the budget request of \$3,362,000 for Howard University. The funds will provide salary adjustments for non-faculty employees of Howard University and Freedmen's Hospital comparable to Federal employees' salary increases.

OFFICE OF THE SECRETARY

DEPARTMENTAL MANAGEMENT

The bill includes \$2,950,000, a reduction of \$2,050,000 from the amount requested for Departmental Management. The amount allowed is to prevent interruption in the public information activities of the Social Security Administration.

In the regular 1974 appropriation bill, Congress reduced this appropriation by \$10,000,000 to reflect savings which the Department had projected in public information activities among HEW agencies. The Department indicated that it will be able to achieve only one-half of the \$10,000,000 savings without disrupting the flow of information to beneficiaries of HEW programs and services. An example of the information material that would be deferred is a booklet describing hospital and medical insurance benefits under the Medicare program.

The Committee does not condone a delay or deferral in printing and distributing information on Medicare or other social security programs. Basic information about eligibility and benefits should be readily available to beneficiaries of these programs.

Recently, the Department requested permission to reprogram 30 positions within the Departmental Management appropriation to establish an internal investigations staff. The purpose of this new function is to investigate allegations of corruption arising from grants and contracts awarded by HEW agencies. It would not ordinarily involve investigations of general employee behavior.

The Committee is sympathetic to the need for an internal oversight capability, particularly in a large organization handling billions of dollars in grants and contracts. An earnest effort to eliminate the problems of waste, conflict of interest, collusion, or other misconduct is certainly a desirable undertaking. If the proposed reprogramming is acceptable to the Senate, the Committee would have no objection to meeting the problem in this manner.

RELATED AGENCIES

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

The bill includes \$85,000 for the Federal Mediation and Conciliation Service, a reduction of \$509,000 from the budget request. The amount in the bill provides support for 26 new positions instead of 52 requested in the budget. There appears to be no urgency to approve this many positions in a supplemental appropriation bill and the Committee has deferred most of the request for consideration in the 1975 budget. The amount allowed is based on the new positions being filled on June 1 rather than April 1 as assumed by the budget. The Committee has not allowed the request for contracts with educational institutions for research, training, and analytical studies.

The new positions provided in the bill permit a reasonable expansion in activities aimed at resolving labor-management relations problems and grievance disputes. During 1974, collective bargaining agreements covering nearly 10 million workers will be renegotiated. A portion of the new positions will also be used to increase technical services designed to prevent labor-management disputes.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
CHAPTER VII				
DEPARTMENT OF LABOR				
MANPOWER ADMINISTRATION				
93-266 and 93-16	Program administration-----	\$71, 762, 000	\$71, 762, 000	-----
	<i>Limitation on trust fund transfer</i> -----	(26, 766, 000)	(26, 766, 000)	-----
93-266 and 93-16	Comprehensive manpower assistance-----	1, 798, 584, 000	1, 898, 584, 000	+ \$100, 000, 000
93-244	<i>Limitation on grants to States for unemployment insurance and employment services</i> -----	(85, 000, 000)	(85, 000, 000)	-----
	Total, Department of Labor-----	1, 870, 346, 000	1, 970, 346, 000	+ 100, 000, 000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE				
HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION				
93-266	Health services delivery-----	65, 000, 000	60, 700, 000	- 4, 300, 000
EDUCATION DIVISION				
OFFICE OF EDUCATION				
93-266	Salaries and expenses-----	3, 449, 000	1, 725, 000	- 1, 724, 000
93-266	Student loan insurance fund-----	30, 785, 000	30, 785, 000	-----

NATIONAL INSTITUTE OF EDUCATION			
93-266	National Institute of Education-----	25, 000, 000	-25, 000, 000
SOCIAL AND REHABILITATION SERVICE			
193- —	Grants to States for public assistance (recission)-----	-783, 000, 000	-1, 000, 000, 000
	Social and rehabilitation services-----		20, 000, 000
			+20, 000, 000
SOCIAL SECURITY ADMINISTRATION			
93-266	Special benefits for disabled coal miners-----	44, 311, 000	44, 311, 000
SPECIAL INSTITUTIONS			
93-266	Model Secondary School for the Deaf-----	50, 000	-50, 000
93-266	Gallaudet College-----	438, 000	438, 000
93-266	Howard University-----	3, 362, 000	3, 362, 000
OFFICE OF THE SECRETARY			
93-266	Departmental management-----	5, 000, 000	2, 950, 000
	Total, Department of Health, Education, and Welfare-----	-605, 605, 000	-835, 729, 000
			-230, 124, 000
RELATED AGENCIES			
FEDERAL MEDIATION AND CONCILIATION SERVICE			
93-266	Salaries and expenses-----	594, 000	85, 000
	Total, related agencies-----	594, 000	85, 000
	Total, chapter VII:		
	New budget (obligational) authority-----	1, 265, 335, 000	1, 134, 702, 000
	<i>Increase in limitations</i> -----	(111, 766, 000)	(111, 766, 000)

¹ Senate Document.

CHAPTER VIII

SUBCOMMITTEE ON LEGISLATIVE BRANCH

BOB CASEY, Texas, *Chairman*

FRANK E. EVANS, Colorado
ROBERT N. GIAIMO, Connecticut
EDITH GREEN, Oregon
JOHN J. FLYNT, JR., Georgia
EDWARD R. ROYBAL, California
LOUIS STOKES, Ohio

LOUIS C. WYMAN, New Hampshire
ELFORD A. CEDERBERG, Michigan
EARL B. RUTH, North Carolina
LAWRENCE COUGHLIN, Pennsylvania.

LEGISLATIVE BRANCH

The Committee recommends a total of \$20,846,295 in new budget (obligational) authority. Of this total, \$2,816,500 is included in this chapter for program items and \$18,029,795 is carried in Title II for increased pay costs. The supplemental estimates considered by the Committee were submitted in House Document Numbered 93-266, the appendix to the 1975 budget, Senate Document Numbered 93-66, and total \$23,949,195. The overall reduction is \$3,102,900.

Conforming to long practice, funds exclusively for operation and activities of the Senate, including items under the Architect of the Capitol, are left for decision and insertion by that body.

HOUSE OF REPRESENTATIVES

A total of \$1,981,500 in supplemental appropriations is recommended in this chapter for program items. Included is \$1,500,000 to cover increases in rates and allowances to Members for telegraph and telephone, and \$439,000 to fund the increase in the stationery allowance effective in January of this year. The bill includes the usual gratuity payable on the death of a Member, the Honorable Charles M. Teague of California.

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

The Committee has approved the additional \$25,000 requested by the Chairman of the Joint Committee for fiscal year 1974 to meet the costs of an increasingly heavy workload.

ADDITIONAL PARKING FACILITIES FOR CONGRESSIONAL EMPLOYEES

The bill includes language, requested by the Chairman of the Select Committee on Parking of the House of Representatives, to enable that Committee to make a detailed study of the House garages to determine the feasibility of providing additional parking within the garages and the means by which it could be provided. The language provides authority to use up to \$25,000 of the funds previously appropriated

for parking facilities outside the Capitol grounds for this purpose. It was testified that the use of the parking facilities at the District of Columbia Stadium has not justified the expense involved and that the project was to be terminated on or about April 1.

LIBRARY OF CONGRESS

A total of \$810,000 is recommended for several agencies within the Library to cover additional postage costs. The United States Postal Service has ruled that the Library, as a Federal agency, is not entitled to the use of two subsidized classes of mail previously used to a great extent. Two fiscal years are involved—for fiscal year 1973, \$300,000; and for fiscal year 1974, \$510,000.

INCREASED PAY COSTS

Title II of the bill includes \$18,029,795 for increased pay costs, a reduction of \$3,145,400 in the amount requested. Estimates considered, which exclude those for the Senate, total \$21,175,195.

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RECOMMENDED IN BILL

COMBINATION OF NEW BUDGET (OBTAINABLE)

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY ESTIMATES AND AMOUNTS
RECOMMENDED IN BILL**

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in bill	Bill compared with estimates
	CHAPTER VIII LEGISLATIVE BRANCH HOUSE OF REPRESENTATIVES			
	PAYMENTS TO WIDOWS AND HEIRS OF DECEASED MEMBERS OF CONGRESS			
	Gratuity, deceased Member -----		\$42, 500	+\$42, 500
	CONTINGENT EXPENSES OF THE HOUSE			
93-266	Telegraph and telephone -----	\$1, 500, 000	1, 500, 000	
93-266	Stationery (revolving fund) -----	439, 000	439, 000	
	Total, House of Representatives -----	1, 939, 000	1, 981, 500	+ 42, 500

JOINT ITEMS				
S. Doc. 93-66	Joint Committee on Internal Revenue Taxation-----	25, 000	25, 000	-----
LIBRARY OF CONGRESS				
S. Doc. 93-66	Salaries and expenses-----	184, 800	184, 800	-----
S. Doc. 93-66	Copyright Office, salaries and expenses-----	24, 700	24, 700	-----
S. Doc. 93-66	Distribution of catalog cards, salaries and expenses:			
	1974-----	259, 900	259, 900	-----
	1973-----	300, 000	300, 000	-----
S. Doc. 93-66	Books for the blind and physically handicapped, salaries and expenses--	40, 600	40, 600	-----
	Total, Library of Congress-----	810, 000	810, 000	-----
	Total, chapter VIII: New budget (obligational) authority-----	2, 774, 000	2, 816, 500	+ 42, 500

CHAPTER IX

SUBCOMMITTEE ON MILITARY CONSTRUCTION

ROBERT L. F. SIKES, Florida, *Chairman*

EDWARD J. PATTEN, New Jersey
CLARENCE D. LONG, Maryland
DAVID R. OBEY, Wisconsin
GUNN McKAY, Utah

ROBERT C. McEWEN, New York
GLENN R. DAVIS, Wisconsin
BURT L. TALCOTT, California

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, NAVY

The Committee has approved the Navy's supplemental request for \$29,000,000 for the expansion of facilities at the communications station on the atoll of Diego Garcia, British Indian Ocean Territories. Increasing naval presence in the Indian Ocean by the Soviet Union has been apparent for several years and could expand dramatically. A growing Russian military potential in the area could develop into a threat to supplies of raw materials to us and to our allies. There is greater recognition in the United States of our vital interests there. It is now felt that U.S. task forces must resume periodic deployments to the area. The cost and difficulty of providing these forces is increased by the limited availability of supply points and lack of U.S. bases. Accordingly, the expansion of this station to provide minimal support for aircraft and ships of United States forces operating in the Indian Ocean has become urgent.

In 1968 the United Kingdom announced the withdrawal of all British forces east of Suez. In fiscal year 1971 the Congress approved the first increment of construction of an austere communications facility for joint use by U.S. and British forces according to an agreement between the United States and the United Kingdom to provide limited base facilities on this British territory. Since then, the evidence of Soviet expansion of influence and the development of support capabilities for the Russian Navy in several of the littoral states on the Indian Ocean has increased markedly. Additionally, the opening of the Suez Canal could provide a temptation for the U.S.S.R. to deploy sizeable forces to the Indian Ocean from its Black Sea ports either on a temporary or permanent basis. In order to offset or forestall these or additional Soviet capabilities, the United States requires a reliable "filling station" for forces it deploys to the Indian Ocean on a periodic basis or on short notice. The problems encountered in committing large naval forces to the Indian Ocean without this reliable refueling capability have been demonstrated in recent years when the United States has felt compelled to deploy carrier task forces to the Indian Ocean. For instance, during the deployment of the carrier USS HANCOCK following the Arab/Israeli war, normal

U.S. sources of fuel supply on the Indian Ocean littoral were greatly diminished. Navy resources were stretched very thin in providing resupply from our stockpiles at bases in the Philippines, 4,000 miles away.

The base which is proposed at Diego Garcia represents a limited but critical link in our support of forces deployed to the Indian Ocean during peacetime. Its advantage lies chiefly in the fact that as a British territory its use does not subject us to nor does it get us involved in the politics of littoral states. Although it probably could be expanded to provide slightly greater wartime capability than is now planned, it is limited by its size, position, and vulnerability and no such expansion now is programmed.

The additional facilities which the Navy proposes to construct with the amount recommended in this bill include extension of the current 8,000 foot airstrip to 12,000 feet; 64,750 square yards of additional aircraft parking space to support transient aircraft; expansion of fuel storage facilities from those necessary merely to support the communications station to those necessary to refuel deployed forces; and more personnel and general support facilities, including bachelor housing for 309 men, an addition to the subsistence building, an armed forces radio and television station, cold storage, general storage, a limited ammunition magazine, an addition to the receiver building, powerplant and utilities expansion, a small arms range, and a repair hardstand. All of the above are to be built by the Seabees.

Additional dredging to provide anchorage for a task force and ammunition resupply ship can be provided within funds appropriated for the third increment of facilities at the Naval Communications Station in fiscal year 1973.

It is well to note that in terms of the physical assets and geographical situation, Diego Garcia would not, nor for that matter would the Suez Canal, represent very much in the way of survivable resupply or operational capability during a large conflict. Both are quite vulnerable. Their chief advantage lies in an ability to show the flag or make a show of force. Fresh water at Diego Garcia is limited, and all other supplies must be shipped over long distances. Diego Garcia does not have the ground space nor is it properly located to become a major naval or air base. It is currently limited in terms of the number of maintenance personnel it can support and in the space available for aircraft parking and for storage, all of which are critical factors in a major base. Nor could it be expanded without much larger military construction expenditures than those proposed.

Its runway, when expanded, will not be designed to support the loads involved in landing or take-off of B-52 aircraft nor will it be wide enough for these aircraft.

As contrasted to our plans at Diego Garcia, the Soviet Union's involvement with littoral states and its construction of port, airfield, and military facilities, if unchecked, represent a dangerous trend. Expansion of Diego Garcia is designed to make our navy self-sufficient in the Indian Ocean during peacetime. Clearly, for the United States or Russia to provide a continued high level of deployments during peacetime or to achieve sustained wartime military capabilities without the use of very substantial bases in the area would be extremely expensive. This is true because in order to keep one additional ship

on station using normal deployment schedules, approximately three additional ships are required. Similarly, the cost of maintaining forces increases with the distance from home bases and major supply points. On the other hand, to the extent that the United States or the Soviet Union obtains alliances with littoral states and develops major port and/or homeporting capabilities; large amounts of war materials storage; and industrial and airfield facilities as well as easy access to supplies of fuel, labor, and materials, the cost of maintaining major peacetime or wartime forces would be reduced and the capability increased. This still would be costly, would represent real military escalation, and would mean significantly increased and dangerous political involvement in the area. We have sought to avoid such measures although they are within our reach. But, it is not clear that the Russians are showing restraint in developing alliances and base capabilities.

The timing of the approval of these limited additional facilities reflects, first of all, the fact that the Soviet Union has access to, is currently building, or could build in client states facilities which potentially could give the Russians military capability more threatening than that proposed for Diego Garcia. Secondly, the Suez Canal is expected to open soon which will ease their access and supply situation during peacetime. Limitations on military buildup by the superpowers in the Indian Ocean have been strongly supported by many of the nations in the area. On the other hand, most of the littoral states are anxious to avoid Russian predominance in that part of the world. Were the Congress to deny the proposed facilities, attempts to negotiate an agreement limiting military escalation when the Russians have the apparent advantage of the shorter Suez Canal route and a real advantage in bases on the littoral, and the United States has no ongoing program to improve its position, would be difficult or impossible. Early approval of this project should lead to earlier commencement of negotiations. We can be criticized for failing to attempt to negotiate arms limits. On the other hand, the United States cannot properly be criticized for providing facilities for the support of our fleet similar to those which the Soviet fleet enjoys or will soon enjoy.

Thus, the additional facilities at Diego Garcia represent additional support of military forces deployed during peacetime. Hopefully, the approval of these facilities at this critical time may forestall further expansion of warmaking capability by the superpowers in the Indian Ocean.

INCREASED PAY COSTS

FAMILY HOUSING, DEFENSE

The budget estimate of \$3,866,000 for increased pay costs is included in title II of the bill. The Committee also approves an increase of that amount in the limitation on Department of Defense, operation, maintenance. To deny or defer these funds would only increase the large and growing backlog of deferred maintenance in military family housing.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER IX MILITARY CONSTRUCTION			
93-266	Military Construction, Navy-----	\$29, 000, 000	\$29, 000, 000	-----
	Total, Chapter IX: New budget (obligational) authority-----	29, 000, 000	29, 000, 000	-----

CHAPTER X

SUBCOMMITTEE ON PUBLIC WORKS—AEC

JOE L. EVINS, Tennessee, *Chairman*

EDWARD P. BOLAND,
Massachusetts
JAMIE L. WHITTEN, Mississippi
JOHN M. SLACK, West Virginia
OTTO E. PASSMAN, Louisiana

GLENN R. DAVIS, Wisconsin
HOWARD W. ROBISON, New York
JOHN T. MYERS, Indiana

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES

Because of the disastrous and continuing floods the Committee recommends an appropriation of \$80 million to accelerate the levee raising and for other essential projects necessary to meet present needs along the Mississippi River and Tributaries. This fund together with \$20,000,000 for similar repairs and works on Soil Conservation Service projects are within the \$100,000,000 Budget Estimates submitted by the President on March 26, 1974, in Senate Document 93-67. While the Corps of Engineers did a fine job of trying to contain the disastrous floods of 1973, a detailed analysis by the Corps indicates that an adjustment is necessary in the project design flowlines in several reaches of the river and that the height of the flowline would have to be raised as much as 5½ feet in order to pass a potential project design flood. With the approach of the spring flood season along the Mississippi River, all available data on current hydrologic conditions indicate a strong possibility of a recurrence of the 1973 flood condition. The Committee believes it urgent to expedite the raising of levees and to meet other problems in the most critical areas in order to help prevent a repeat of last year's floods and a continuation of existing problems.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

OPERATION AND MAINTENANCE

The Committee recommends a supplemental appropriation of \$7,000,000, a reduction of \$700,000 from the budget request, for Operation and Maintenance. The funds are required for purchase power and wheeling due to increased cost of power from the Centralia thermal project in the State of Washington.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER X			
	DEPARTMENT OF DEFENSE—CIVIL			
193-67	DEPARTMENT OF THE ARMY CORPS OF ENGINEERS—CIVIL Flood control, Mississippi River and tributaries-----	\$100, 000, 000	\$80, 000, 000	—\$20, 000, 000
93-235	DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION Operation and maintenance-----	7, 700, 000	7, 000, 000	—700, 000
	Total, Chapter X: New budget (obligational) authority-----	107, 700, 000	87, 000, 000	—20, 700, 000

¹ Senate document.

CHAPTER XI

SUBCOMMITTEE ON DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY AND RELATED AGENCIES

JOHN J. ROONEY, New York, *Chairman*

JOHN M. SLACK, West Virginia
NEAL SMITH, Iowa
JOHN J. FLYNT, JR., Georgia
ROBERT L. F. SIKES, Florida

ELFORD A. CEDERBERG,
Michigan
MARK ANDREWS, North Dakota
WENDELL WYATT, Oregon

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

SALARIES AND EXPENSES

The Committee recommends the appropriation of \$6,000,000 additional for "Salaries and Expenses" of the Department of State. This amount, which is \$1,000,000 less than the total requested, will provide funds for opening diplomatic and consular posts in East Berlin, German Democratic Republic; Ulaanbaatar, Mongolian People's Republic; and Port Moresby, Papua-New Guinea. Funds are also included for the establishment of ambassadorial representation in the United Arab Emirates, Oman, Bahrain, and Qatar and for expanded commercial representation in Saudi Arabia. In addition, funds are provided for staff and facilities in response to recent international developments and for additional expenses which had not been foreseen.

ACQUISITION, OPERATION, AND MAINTENANCE OF BUILDINGS ABROAD

The bill includes a total of \$1,324,000 for the foreign buildings program for increased costs resulting from devaluation of the dollar. Of this total, \$324,000 is carried in the special foreign currency account, which provides for payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States.

PAYMENT TO FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

The sum of \$17,563,000 is included in the bill for payment to the Foreign Service Retirement and Disability Fund. This payment is required as a result of salary increases in January and October of 1973, and for inclusion in the Foreign Service retirement system of career Foreign Service employees of the Agency for International Development as authorized by Public Law 93-189.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

The request of \$2,287,000 to complete payment of the calendar year 1973 assessment for the International Labor Organization has not been allowed.

EDUCATIONAL EXCHANGE

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

The bill includes an additional amount of \$200,000 for the East-West Center to fund pay increases for employees of the State of Hawaii who work for the Center.

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES AND GENERAL ADMINISTRATION

SALARIES AND EXPENSES, ANTITRUST DIVISION

The Committee recommends the full amount requested, \$761,000, for additional litigative costs of the Antitrust Division in connection with the case, *United States v. I.B.M.*

FEES AND EXPENSES OF WITNESSES

The bill includes an additional amount of \$600,000 to meet the increased cost of expert witnesses and for the protection of a greater number of government witnesses than originally anticipated.

DEPARTMENT OF COMMERCE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

The sum of \$75,000, which is \$10,000 less than the budget request, is included in the bill to cover the costs of discontinuing the National Industrial Pollution Control Council.

REGIONAL ACTION PLANNING COMMISSIONS

REGIONAL DEVELOPMENT PROGRAMS

The bill carries language which will permit funds already appropriated for this item for fiscal year 1974 to remain available until expended.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

ADMINISTRATION OF PRIBILOF ISLANDS

An additional appropriation of \$250,000, \$86,000 less than the budget request, is included in the bill to meet increased costs of Pribilof Islands operations.

FISHERMEN'S GUARANTY FUND

The Committee recommends \$40,000 for the settlement of claims by U.S. fishermen for certain financial losses resulting from vessel seizures by foreign countries.

OFFSHORE SHRIMP FISHERIES FUND

The bill includes \$325,000 to carry out the provisions of the Offshore Shrimp Fisheries Act of 1973, Public Law 93-242. This amount plus anticipated receipts of \$275,000 from vessel owners is for payment to Brazil pursuant to the agreement implemented by the Act. The total of \$600,000 is for enforcement expenses for calendar years 1972, 1973, and 1974.

NATIONAL BUREAU OF FIRE PREVENTION

OPERATIONS, RESEARCH, AND ADMINISTRATION

The request of \$4,000,000 for a national fire prevention program has been denied, since authorizing legislation has not been enacted. Authorizing legislation is presently pending in Congress and the program will receive further consideration in the budget for fiscal year 1975.

MARITIME ADMINISTRATION

OPERATING-DIFFERENTIAL SUBSIDIES

(LIQUIDATION OF CONTRACT AUTHORITY)

The additional sum of \$23,000,000, the full amount requested, is recommended in order to liquidate obligations incurred under operating-differential subsidy contracts with qualified U.S. ship operators.

RELATED AGENCIES

DEPARTMENT OF THE TREASURY

BUREAU OF ACCOUNTS

FISHERMEN'S PROTECTIVE FUND

The bill includes \$1,000,000, a reduction of \$1,500,000 from the budget request, for payment to the Fishermen's Protective Fund. This fund is used to reimburse vessel owners for fines, fees, and other direct charges paid to foreign countries to secure release of their vessels and crews.

INTERNATIONAL RADIO BROADCASTING

INTERNATIONAL RADIO BROADCASTING ACTIVITIES

The Committee recommends \$4,500,000 for mandatory costs resulting from the termination of personnel in connection with the partial consolidation of Radio Free Europe and Radio Liberty.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

The bill provides for the transfer of \$5,000,000 from the "Disaster Loan Fund" to "Salaries and Expenses" for administrative costs associated with making disaster loans.

UNITED STATES INFORMATION AGENCY

SPECIAL INTERNATIONAL EXHIBITIONS

The Committee recommends the appropriation of \$6,300,000 for the special international exhibition program. This amount includes \$700,000 for costs associated with traveling exhibits to be shown in the Soviet Union and \$5,600,000 for participation in the International Ocean Exposition to be held in Okinawa, Japan, from July, 1975 to January, 1976.

Of the \$5,600,000 provided for participation in the Okinawa Exposition, not less than \$2,500,000 is to be paid in Japanese yen accrued under the Settlement on Post-War Economic Assistance between the United States and Japan, dated January 9, 1962.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER XI			
	DEPARTMENT OF STATE			
	ADMINISTRATION OF FOREIGN AFFAIRS			
93-266	Salaries and expenses-----	\$7, 000, 000	\$6, 000, 000	-\$1, 000, 000
93-266	Acquisition, operation, and maintenance of buildings abroad-----	1, 196, 000	1, 000, 000	-196, 000
93-266	Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)-----	324, 000	324, 000	-----
93-266	Payment to Foreign Service retirement and disability fund-----	17, 563, 000	17, 563, 000	-----
	Total, administration of foreign affairs-----	26, 083, 000	24, 887, 000	-1, 196, 000
	INTERNATIONAL ORGANIZATIONS AND CONFERENCES			
93-266	Contributions to international organizations-----	2, 287, 000	-----	-2, 287, 000
	EDUCATIONAL EXCHANGE			
93-266	Center for Cultural and Technical Interchange Between East and West-----	269, 000	200, 000	-69, 000
	Total, Department of State-----	28, 639, 000	25, 087, 000	-3, 552, 000

DEPARTMENT OF JUSTICE			
LEGAL ACTIVITIES AND GENERAL ADMINISTRATION			
93-228	Salaries and expenses, Antitrust Division-----	761,000	761,000-----
93-228	Fees and expenses of witnesses-----	600,000	600,000-----
	Total, Department of Justice-----	1,361,000	1,361,000-----
DEPARTMENT OF COMMERCE			
GENERAL ADMINISTRATION			
93-266	Salaries and expenses-----	85,000	75,000 -10,000
REGIONAL ACTION PLANNING COMMISSIONS			
93-234	Regional development programs-----	Language	Language-----
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			
93-266	Administration of Pribilof Islands-----	336,000	250,000 -86,000
93-234	Fishermen's Guaranty Fund-----	40,000	40,000-----
93-234	Offshore Shrimp Fisheries Fund-----	325,000	325,000-----
	Total, National Oceanic and Atmospheric Administration-----	701,000	615,000 -86,000
NATIONAL BUREAU OF FIRE PREVENTION			
93-266	Operations, research, and administration-----	4,000,000	----- -4,000,000
MARITIME ADMINISTRATION			
93-266	Operating-differential subsidies (liquidation of contract authority)-----	(23,000,000)	(23,000,000)-----
	Total, Department of Commerce-----	4,786,000	690,000 -4,096,000

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	RELATED AGENCIES			
	DEPARTMENT OF THE TREASURY			
	BUREAU OF ACCOUNTS			
93-266	Fishermen's Protective Fund-----	\$2,500,000	\$1,000,000	-\$1,500,000
	INTERNATIONAL RADIO BROADCASTING			
93-266	International radio broadcasting activities-----	4,970,000	4,500,000	-470,000
	SMALL BUSINESS ADMINISTRATION			
93-266	Salaries and expenses (by transfer)-----	(5,000,000)	(5,000,000)	-----

U.S. INFORMATION AGENCY

93-266 and 93-229	Special international exhibitions-----	6,300,000	6,300,000	-----
	Total, related agencies-----	13,770,000	11,800,000	-1,970,000
Total, chapter XI:				
	New budget (obligational) authority-----	48,556,000	38,938,000	-9,618,000
	<i>By transfer</i> -----	(5,000,000)	(5,000,000)	-----
	<i>Liquidation of contract authority</i> -----	(23,000,000)	(23,000,000)	-----

CHAPTER XII

SUBCOMMITTEE ON DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES

JOHN J. McFALL, California, *Chairman*

SIDNEY R. YATES, Illinois
TOM STEED, Oklahoma
JULIA BUTLER HANSEN,
Washington
EDWARD P. BOLAND,
Massachusetts

SILVIO O. CONTE, Massachusetts
WILLIAM E. MINSHALL, Ohio
JACK EDWARDS, Alabama

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

The Committee recommends an appropriation of \$4,000,000 to carry out the Secretary of Transportation's responsibilities under the Regional Rail Reorganization Act of 1973. This is a reduction of \$5,500,000 from the budget request of \$9,500,000.

The funds recommended are in addition to the \$3,000,000 appropriated for this purpose earlier this year. Of this initial appropriation, about \$1,500,000 has not yet been obligated. The Committee believes that these unobligated funds plus the \$4,000,000 included in the accompanying bill will be sufficient to carry out the Secretary's responsibilities until June 30, 1975. If additional funds are required beyond that date, the Committee will consider any future requests in connection with its regular fiscal year 1976 appropriation bill.

INTERIM OPERATING ASSISTANCE

The Committee considered a budget request of \$50,000,000 for additional payments to the trustees of certain railroads presently in reorganization. These payments are authorized by Section 213(b) of the Regional Rail Reorganization Act. The initial interim funding under this authorization was provided in Title VII of the Foreign Assistance and Related Programs Appropriation Act of 1974. Of the \$35,000,000 appropriated by that Act, about \$10,800,000 has been obligated.

The Committee recommends an interim operating assistance appropriation of \$10,800,000, an amount equal to the funds already obligated. Thus, available grant funds under Section 213(b) would total \$35,000,000, the same amount as provided in the original appropriation.

In addition to the funding available under Section 213(b), the Regional Rail Reorganization Act included under Section 215 loan guarantee authority of \$150,000,000. Testimony indicates that these funds are available to meet certain expenditures of the bankrupt railroads, and the Committee feels that these funds should, to the maximum extent possible, be used prior to direct operating assistance grant funds. Such a utilization would, in the opinion of the Committee, be consistent with the intent of the Congress.

TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

The accompanying bill includes an appropriation of \$3,170,000 under the Transportation planning, research, and development appropriation of the Office of the Secretary. This is a reduction of \$330,000 from the budget request.

The amount recommended includes \$3,000,000 to restore the funds transferred to the Salaries and expenses appropriation to provide initial funding for the Secretary's responsibilities under the Regional Rail Reorganization Act of 1973, and \$170,000 to conduct studies of public transportation needs and revenue mechanisms as authorized by Section 138 of the Federal-Aid Highway Act of 1973.

Testimony indicates that a total of \$330,000 has already been obligated to conduct the studies specified under the Federal-Aid Highway Act. The Committee is pleased that the Department was able to defer certain lower priority projects to begin work on these studies and has included an appropriation of \$170,000 for the completion of the studies.

COAST GUARD

RETIRED PAY

The Committee considered a budget request of \$6,098,000 for payments to retired Coast Guard personnel. Recent recomputations indicate that an appropriation of \$5,750,000 will be sufficient.

FEDERAL HIGHWAY ADMINISTRATION

INTER-AMERICAN HIGHWAY

The bill includes an appropriation of \$2,000,000 to pay revised contractor claims related to the construction of the Inter-American Highway. This is a reduction of \$1,000,000 from the budget request.

Although revised contractor claims presently total about \$5,200,000, the Committee believes that the funds recommended should be sufficient to resolve these claims.

RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION PROJECTS

The Federal-Aid Highway Act of 1973 authorized funding for a number of railroad-highway crossings demonstration projects. The projects involve the relocation of railroad lines from the central area of cities, the elimination or protection of public ground-level rail-highway crossings, and the construction of overpasses and underpasses.

The Congress approved an appropriation of \$6,000,000 for these projects in the regular fiscal year 1974 Department of Transportation and Related Agencies Appropriation Act. The Committee has been

advised that the combined right-of-way and engineering costs of these projects is about \$7,500,000. In view of this, the Committee recommends a transfer of \$1,500,000 to cover these additional costs.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

TRAFFIC AND HIGHWAY SAFETY

The Highway Safety Act of 1973 requires the Secretary of Transportation to conduct a number of studies. The National Highway Traffic Safety Administration has indicated that its program efforts completed before the Act was passed will, in some instances, provide the basic information needed to respond to these study requirements. However, a supplemental request of \$1,000,000 was submitted to augment this existing base of information. The \$800,000 recommended in the bill is a reduction of \$200,000 from the budget request and is allocated as follows:

<i>Study</i>	<i>Amount recommended</i>
Feasibility study, National Center for Statistical Analysis of Highway Operations.....	\$220, 000
Pedestrian and bicycle safety study.....	105, 000
Highway safety needs study.....	475, 000
Total.....	800, 000

Testimony indicates that the National Highway Traffic Safety Administration has effected certain reprogrammings without advising the Committee. While the amount of funds involved are not large in comparison with NHTSA's total budget, these funds were reprogrammed to initiate studies for which no prior appropriations had been provided. The Committee expects to be advised of any subsequent reprogrammings of this nature.

FEDERAL RAILROAD ADMINISTRATION

RAILROAD RESEARCH

The Committee recommends an appropriation of \$1,000,000, to be derived by transfer, to restore those funds which had been transferred from this appropriation to enable the United States Railway Association to begin its operations.

The amount included in the bill is to be derived from the appropriation for Emergency rail facilities restoration. Since the date for accepting loan applications under that appropriation has past, these funds were scheduled to lapse at the end of fiscal year 1974. The Committee, therefore, has recommended that these funds be utilized in lieu of providing a new appropriation.

HIGH SPEED GROUND TRANSPORTATION RESEARCH AND DEVELOPMENT

The accompanying bill includes \$5,000,000 to restore the funds which had previously been transferred from this appropriation to enable the United States Railway Association to begin its operations. As in the case of the Railroad research appropriation, these funds are also recommended to be derived by transfer from the appropriation for Emergency rail facilities restoration.

On March 7, 1974, the Secretary of Transportation notified the Committee of a number of proposed reprogrammings under this

appropriation. These proposals were covered in the hearings and the Committee interposes no objection to these actions.

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

The Committee recommends a supplemental appropriation of \$41,300,000 to enable the Secretary of Transportation to make additional Federal grants to the National Railroad Passenger Corporation (Amtrak).

Amtrak assumed the responsibility for providing intercity rail passenger service between certain designated cities on May 1, 1971. The Rail Passenger Service Act of 1970 required that a basic national intercity passenger system was to be established by that date, and authorized this basic system to be continued in operation until July 1, 1973. With the enactment of the Amtrak Improvement Act of 1973 (Public Law 93-146), Amtrak's basic system of routes was continued and the ICC was provided a major role in setting quality of service standards for intercity rail passenger service. The Committee believes that a higher quality of service is necessary, but it will not come cheaply. As a result of this cost and others, such as, additional inflation, a railroad retirement tax increase, additional maintenance by the railroads, and expansion of Amtrak's reservation and ticketing capabilities, the Committee recommends a \$41,300,000 appropriation to cover Amtrak's increased deficit.

The amount recommended by the Committee is \$10,700,000 less than the budget request. As a result of the audit of railroad bills, Amtrak is in the process of negotiating about \$19,000,000 in bills from the railroads. The Committee feels that the funds recovered from these negotiations should be more than adequate to cover the reduction recommended.

Amtrak's request includes \$7,500,000 related to additional inflation. The increased cost of fuel and other operating cost increases are expenses which must be paid. Amtrak was, however, established by the Congress as a "for profit" corporation. In view of this, the Committee feels that it is the intent of the Congress that fare adjustments be made to cover at least part of these cost increases. Such actions would be generally consistent with the actions taken by other corporations in the private sector.

RELATED AGENCIES

CIVIL AERONAUTICS BOARD

PAYMENTS TO AIR CARRIERS

The Committee has approved the budget request of \$6,834,000, contained in House Document No. 93-233, to cover the subsidy obligations of the Government for local service air carriers' revised rates under class rate VII, which became effective July 1, 1973.

Subsidy rate orders issued by the Board obligate the Government to pay air carriers for the services performed in accordance with prescribed rates. Based on class rate VII, the Board has indicated that it requires an additional \$6,834,000, above its original \$66,431,000 appropriation, to meet increased obligations for the current fiscal year.

INTERSTATE COMMERCE COMMISSION

SALARIES AND EXPENSES

The Committee recommends a supplemental appropriation of \$3,500,000 for the Interstate Commerce Commission, \$3,400,000 of which is to fund the positions requested by the Commission's new rail services planning office. This office was authorized by the Regional Rail Reorganization Act of 1973 to perform the following functions:

(1) Review and analyze the rail services report of the Secretary of Transportation and the preliminary systems plan of the U.S. Railway Association;

(2) Hold public hearings on these proposals;

(3) Provide attorney services to insure full development of the record in these proceedings; and

(4) Establish criteria to determine whether particular rail properties are suitable for rail service continuation subsidies and actively assist state and local governments in the application of those criteria.

The budget requested that the funds for the rail service planning office remain available until expended. The Committee has limited the availability of funds to June 30, 1975, and has, accordingly, reduced the appropriation by \$1,600,000. If additional funds are required beyond that date, the Committee will consider any future requests in connection with its regular fiscal year 1976 appropriation bill.

The remaining \$100,000 included in the bill should fund, for an average of about 2 months, the 25 new positions requested by the Commission. These new positions will be assigned to the Commission's investigation of the railroad freight rate structure and its increased environmental responsibilities.

UNITED STATES RAILWAY ASSOCIATION

ADMINISTRATIVE EXPENSES

The Regional Rail Reorganization Act authorizes the establishment of the United States Railway Association, a non-profit government corporation to prepare and implement the final rail systems plans in the Northeast and Midwest regions. The authorizing legislation anticipates that this restructured system will be operated by a new "for profit" organization, the Consolidated Rail Corporation.

The \$8,000,000 recommended for administrative expenses of the Association is a reduction of \$12,000,000 from the budget request. The budget request would have funded the costs of the Association through December 1975. The Committee believes that the \$8,000,000 in this bill and the \$6,000,000 appropriated earlier this year should be sufficient to enable the Association to continue its activities until June 30, 1975. As in the case of the ICC's rail services planning office, the Committee will consider any future funding requests in connection with its regular fiscal year 1976 appropriation bill.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

FEDERAL CONTRIBUTION

The bill includes an appropriation of \$13,600,000 to provide a Federal contribution for elevators for the handicapped in all stations of the rapid rail transit system now being built in the Washington, D.C. area. Provision of facilities for the handicapped in rapid rail transit systems is required by Public Law 91-205.

In reviewing this request the Committee looked into the feasibility of access to the system by use of stairclimbing wheelchairs. Although the Committee considers this type of access to be entirely consistent with the intent of the Congress, the Committee does not feel that, under present circumstances, it is practical for the Washington, D.C. system. The Committee does expect WMATA to provide the Congress with an annual report indicating the utilization and related operating costs of its elevators.

INCREASED PAY COSTS

The Committee has recommended a number of reductions in the increased pay costs contained in Title II of the bill. These estimates totalled \$134,242,000 in new budget (obligational) authority, \$6,931,800 in transfers from other appropriations and \$968,000 in increases in limitations on administrative expenses. The amounts recommended are \$128,302,000 in new budget (obligational) authority, \$6,648,000 in transfers, and \$968,000 in increased limitations. These represent reductions of \$5,940,000 in new budget authority and \$283,800 in transfers. No reductions are proposed in the increases in limitations.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER XII			
	DEPARTMENT OF TRANSPORTATION			
	OFFICE OF THE SECRETARY			
93-266	Salaries and expenses-----	\$9, 500, 000	\$4, 000, 000	-\$5, 500, 000
93-266	Interim operating assistance-----	50, 000, 000	10, 800, 000	-39, 200, 000
93-266	Transportation planning, research and development-----	3, 500, 000	3, 170, 000	-330, 000
	COAST GUARD			
93-266	Retired pay-----	6, 098, 000	5, 750, 000	-348, 000
	FEDERAL HIGHWAY ADMINISTRATION			
93-266	Inter-American highway-----	3, 000, 000	2, 000, 000	-1, 000, 000
-----	Railroad-Highway Crossings demonstration projects (<i>By transfer</i>)-----		(1, 500, 000)	(+1, 500, 000)
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION			
93-266	Traffic and highway safety-----	1, 000, 000	800, 000	-200, 000
	FEDERAL RAILROAD ADMINISTRATION			
93-266	Railroad research-----	1, 000, 000	¹ (1, 000, 000)	-1, 000, 000

93-266	High-speed ground transportation research and development-----	5,000,000	¹ (5,000,000)	-5,000,000
93-266	Grants to the National Railroad Passenger Corporation-----	52,000,000	41,300,000	-10,700,000
	Total, Department of Transportation-----	131,098,000	67,820,000	-63,278,000
	<i>By transfer</i> -----		(6,000,000)	(+6,000,000)
RELATED AGENCIES				
CIVIL AERONAUTICS BOARD				
93-233	Payments to air carriers-----	6,834,000	6,834,000	-----
INTERSTATE COMMERCE COMMISSION				
93-266	Salaries and expenses-----	5,150,000	3,500,000	-1,650,000
U.S. RAILWAY ASSOCIATION				
93-266	Administrative expenses-----	20,000,000	8,000,000	-12,000,000
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY				
93-266	Federal contribution-----	13,700,000	13,600,000	-100,000
	Total, related agencies-----	45,684,000	31,934,000	-13,750,000
Total, Chapter XII:				
	New budget (obligational) authority-----	176,782,000	99,754,000	-77,028,000
	<i>By transfer</i> -----		(7,500,000)	(+7,500,000)

¹ By transfer.

CHAPTER XIII

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

TOM STEED, Oklahoma, *Chairman*

JOSEPH P. ADDABBO, New York
EDWARD R. ROYBAL, California
LOUIS STOKES, Ohio
TOM BEVILL, Alabama
GEORGE E. SHIPLEY, Illinois
JOHN M. SLACK, West Virginia

HOWARD W. ROBISON, New York
CLARENCE E. MILLER, Ohio
VICTOR V. VEYSEY, California
C. W. BILL YOUNG, Florida

DEPARTMENT OF THE TREASURY

BUREAU OF ACCOUNTS

SALARIES AND EXPENSES

The Committee recommends an appropriation of \$10,778,000, the total amount of the budget estimate.

The appropriation recommended will provide for increased postage requirements resulting from the rate increases that became effective March 2, 1974 as well as increases in the number of mailings over that anticipated for fiscal year 1974. The total increase in postal cost amounts to \$7,468,000. In addition, the funds recommended will provide for increased costs in raw materials and inventory items (blank checks, envelopes, etc.) amounting to \$3,060,000, as well as increased costs to the Bureau of Accounts in connection with reimbursing the Federal Reserve Banks for their services in the amount of \$250,000.

BUREAU OF PUBLIC DEBT

ADMINISTERING THE PUBLIC DEBT

The Committee recommends an appropriation of \$2,250,000, the full amount of the budget estimate.

The appropriation recommended will provide \$1,800,000 to reimburse Federal Reserve Banks for services to the Bureau of the Public Debt; and \$450,000 to reimburse paying agents for redemptions of savings-type securities subject to fees.

INTERNAL REVENUE SERVICE

ACCOUNT, COLLECTION AND TAXPAYER SERVICE

The Committee recommends an appropriation of \$17,442,000, the full amount of the budget estimate.

The amount recommended will provide \$16,452,000 for increased postage cost incident to increased mailing as well as the rate increases which become effective March 2, 1974.

The amount recommended will also provide \$850,000 to cover cost increases associated with the Federal Employees Health Benefits Program authorized by Public Law 93-246 and \$140,000 to cover increased costs of reimbursing employees for the use of privately owned vehicles pursuant to a rate increase from 11 cents to 12 cents per mile for such use.

U.S. SECRET SERVICE

SALARIES AND EXPENSES

The Committee recommends an appropriation of \$2,900,000 a reduction of \$325,000 below the budget estimate.

The amount recommended in the accompanying bill will provide \$800,000 for additional travel cost of Secret Service Agents in connection with visiting foreign dignitaries and U.S. officials visiting abroad; \$125,000 for increased cost in connection with the government's contribution to the Federal Employees Health Benefits Program pursuant to Public Law 93-246; an increase in personnel in the Executive Protective Service subject to the statutory limitation on such personnel; and related equipment and supplies in connection with the mission of the United States Secret Service.

It is the express direction of the Committee, however, that none of the funds contained in the accompanying bill be used to employ personnel in excess of the statutory limitation for the Executive Protective Service.

The reduction below the budget estimate takes into account the lapse in time since this supplemental estimate was first developed.

Title II of the accompanying bill provides funds in the amount of \$3,350,000 for increased pay costs pursuant to law.

U.S. POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

The Committee recommends an appropriation of \$230 million, a reduction of \$6,018,000 below the budget estimate.

The appropriation recommended will provide for revenue lost as a result of the delay in the proposed postal rate increase from January 5,

1974 to March 2, 1974 pursuant to the Cost of Living Council order dated December 21, 1973. It will also provide \$96,000 to meet liabilities of the former Post Office Department to the Employees' Compensation Fund, in addition to \$30 million previously appropriated for FY 1974.

The pertinent paragraph of the Cost of Living Council's order is as follows:

"The Cost of Living Council Hereby Orders That:

1. The request of the United States Postal Service for loss low profit treatment is hereby denied, and in lieu of the requested increases of 18.7 percent for mail services, expected to produce \$1,542 million in additional revenues during calendar year 1974, the Council hereby approves an increase during calendar year 1974 which would produce a sum equal to 15.8 percent above the revenues that would be received from mail at the current rates, which amounts to additional revenues of \$1,306 million above the revenues that would be received from mail at the current rates."

On the basis of this order the United States Postal Service calculated that the loss in revenue during the period from January 5, 1974 to March 2, 1974 would be \$235,922,000. Of this amount, the Committee has allowed \$230 million including the \$96,000 referred to above for the Employees' Compensation Fund.

In view of the fact that a point of order was raised against appropriation to the Postal Service during House consideration of the 1974 supplemental bill last December, the Committee requested an opinion from the Comptroller General of the United States concerning the legality of appropriations to the Postal Service pursuant to Section 2004 of the Postal Reorganization Act (39 U.S.C. 2004). The pertinent portion of the Comptroller General's opinion (B-114874) dated March 8, 1974 is as follows:

"The legislative history does not provide any specific guidelines as to what transitional appropriations the Congress intended to authorize by 39 U.S.C. 2004 nor as to the duration of the transition period. While admittedly arguments can be made for a contrary view, we think the House of Representatives, because of the special circumstances involved in the delay in obtaining timely action on the Postal rate increases, could reasonably consider the proposed appropriation as being authorized by 39 U.S.C. 2004. We recommend, however, that clarifying legislation be enacted, especially as to the duration of the transition period. Otherwise, the question of authorization of appropriations could well arise in the future, depending upon when the Postal Service can be deemed to be self-sustaining."

The Committee feels that the Congress must continue to subsidize the Postal Service in relatively substantial amounts until such time as the rate making process can generate sufficient revenues to achieve a self-sufficient status for the Postal Service. Since postage is the only substantial source of revenue for the Postal Service, the only alternative to subsidy would be the reduction of service to an unacceptable level or the increase of postage rates to an unreasonable level. Over the years, the Congress has granted postal subsidies by permitting certain classes of mailers to utilize the mails at concessionary rates. The Postal Reorganization Act, in effect, continued that system.

EXECUTIVE OFFICE OF THE PRESIDENT

NATIONAL COMMISSION ON PRODUCTIVITY

SALARIES AND EXPENSES

The Committee conducted hearings on the appropriation request. However, the request must be denied in its entirety because the legislation authorizing the continuation of this Commission had not been enacted at the time this supplemental appropriation bill was ready for presentation to the House.

INDEPENDENT AGENCIES

CIVIL SERVICE COMMISSION

PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUNDS

The Committee recommends an appropriation of \$292,429,000, the full amount of the budget estimate.

The amount recommended will provide funds for payment into the Civil Service Retirement and Disability Fund in accordance with the formula approved by the Civil Service Retirement Amendments Act of 1969 (Public Law 91-93). Public Law 92-392 approved August 19, 1972 provided a system for fixing and adjusting the rates of pay for wage board workers. The annual payment into the fund pursuant to that law in accordance with the formula established in Public Law 91-93 requires \$33,700,000.

The Executive Order 11691 effective January, 1973 increased pay rates for General and Related Schedule workers. The annual payment into the fund pursuant to that law is \$115,000,000.

The Second Supplemental Act, fiscal year 1973, Public Law 93-50, provided funds for the first installments under the two laws cited above and the accompanying bill will provide funds for the second installment.

Executive Order 11739 effective October, 1973 and adjustments under Public Law 92-392 increased General Schedule and Wage Board salaries which will require an annual payment into the fund of \$143,729,000. The total of these three annual payments amounts to \$292,429,000 the appropriation for which is recommended in the accompanying bill.

GOVERNMENT PAYMENT FOR ANNUITANTS,
EMPLOYEES' HEALTH BENEFITS

The Committee recommends an appropriation of \$13,165,000, the full amount of the budget estimate.

This appropriation is required for payment of Government contributions under the Federal Employees' Health Benefits Program (Chapter 89 of Title V, U.S.C.) and the Retired Federal Employees' Health Benefits Act of 1960 (Public Law 86-724).

A supplemental is needed in fiscal year 1974 of the amount recommended in the accompanying bill. While there was a carryover of \$17,988,000 from 1973 due to lower than originally estimated rates, the number of annuitants enrolled in this program has risen 70,000 above the previous 1974 estimate. This is primarily due to the July 1, 1973 and January 1, 1974 cost of living increases and Public Law 93-39 which permitted earlier optional retirement in certain reduction-in-force situations.

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER XIII			
	TREASURY DEPARTMENT			
	BUREAU OF ACCOUNTS			
93-266 and 93-232	Salaries and expenses-----	\$10, 778, 000	\$10, 778, 000	
	BUREAU OF THE PUBLIC DEBT			
93-266	Administering the Public Debt-----	2, 250, 000	2, 250, 000	
	INTERNAL REVENUE SERVICE			
93-266 and 93-232	Accounts, Collection and Taxpayer Service-----	17, 442, 000	17, 442, 000	
	SECRET SERVICE			
93-266 and 93-232	Salaries and expenses-----	3, 225, 000	2, 900, 000	-\$325, 000
	Total, Treasury Department-----	33, 695, 000	33, 370, 000	- 325, 000

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

TITLE I

H. Doc. No.	Department or activity	Budget estimates	Recommended in the bill	Bill compared with estimates
	CHAPTER XIII—Continued			
	U.S. POSTAL SERVICE			
93-266	Payment to the Postal Service Fund-----	\$236, 018, 000	\$230, 000, 000	-\$6, 018, 000
	EXECUTIVE OFFICE OF THE PRESIDENT			
93-266	National Commission on Productivity-----	2, 500, 000	-----	-2, 500, 000
	INDEPENDENT AGENCIES			
	CIVIL SERVICE COMMISSION			
93-266	Government payment for annuitants, employees health benefits -----	13, 165, 000	13, 165, 000	-----
	Payment to Civil Service retirement and disability fund-----	292, 429, 000	292, 429, 000	-----
	Total, Civil Service Commission-----	305, 594, 000	305, 594, 000	-----
	Total, Independent agencies-----	305, 594, 000	305, 594, 000	-----
	Total, Chapter XIII: New budget (obligational) authority-----	577, 807, 000	568, 964, 000	-8, 843, 000

TITLE II

INCREASED PAY COSTS

The following table summarizes recommendations of the committee for pay costs increases in the bill:

	Estimates	Bill	Difference
New budget (obligational) authority.....	\$3,614,934,495	\$3,399,274,095	-\$215,660,400
By transfer.....	(62,963,600)	(56,397,800)	(-6,565,800)
Increase in limitation.....	(19,250,000)	(15,021,000)	(-4,229,000)
Liquidation of contract authority.....	(6,000,000)	(5,500,000)	(-500,000)

Title II of the bill includes \$3,399,274,095 in budget authority for pay increases and related costs estimated in House Document 93-266 and Senate Document 93-66.

Title II provides the supplemental funds required to meet the unabsorbed portion of increased pay and related costs for fiscal 1974. Government agencies and departments absorbed 13% of the additional pay raises while the Appropriations Committee has recommended further reductions totaling \$215,660,400.

The increases in Title II were ordered pursuant to law, as follows:

- Executive Orders 11691 of December 15, 1972 and 11739 of October 3, 1973, which adjusted the salary scales of civilian statutory pay systems to rates comparable to those paid for similar work in private industry, pursuant to Public Law 91-656.
- Executive Orders 11692 of December 15, 1972 and 11740 of October 3, 1973 which adjusted the pay of the uniformed services in accordance with Public Law 90-207. This law provides that whenever the rates of the General Schedule are adjusted upward there must be a comparable adjustment in the basic pay of the uniformed services.
- Actions by agency heads pursuant to law increasing the pay of wage board employees in line with prevailing rates (5 U.S.C. 5431) and accomplishing other adjustments through administrative action.

The bill also includes the costs of pay increases ordered pursuant to law for employees of the District of Columbia as well as for wage board employees in line with prevailing rates.

The regular 1974 appropriations did not allow for these costs, and agencies have been spending on a deficiency basis as the law permits in such cases. (Sec. 3679 of the Revised Statutes, as amended (31 U.S.C. 665).)

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

TITLE II—INCREASED PAY COSTS

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in bill	Bill compared with estimates
LEGISLATIVE BRANCH			
HOUSE OF REPRESENTATIVES			
SALARIES, OFFICERS AND EMPLOYEES			
Office of the Speaker-----	\$18, 920	\$18, 920	-----
Office of the Parliamentarian-----	12, 275	12, 275	-----
Compilation of precedents of House of Representatives-----	1, 680	1, 680	-----
Office of the Clerk-----	¹ 274, 910	274, 910	-----
Office of the Sergeant at Arms-----	512, 965	387, 965	-\$125, 000
Office of the Doorkeeper-----	164, 930	64, 930	-100, 000
Office of the Postmaster-----	53, 360	53, 360	-----
Committee employees-----	441, 400	100, 000	-341, 400

¹ Includes \$75,745 in S. Doc. 93-66.

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in bill	Bill compared with estimates
Special and minority employees:			
6 minority employees-----	\$5, 620	\$5, 620	
House Democratic Steering Committee-----	1, 515	1, 515	
House Republican Conference-----	1, 515	1, 515	
Office of the majority floor leader-----	10, 225	10, 225	
Office of the minority floor leader-----	8, 740	8, 740	
Office of the majority whip-----	7, 230	7, 230	
Office of the minority whip-----	7, 230	7, 230	
2 printing clerks, majority and minority caucus rooms-----	2, 175	2, 175	
Technical assistant, Office of the Attending Physician-----	1, 960	1, 960	
Official reporters of debates-----	15, 165	15, 165	
Official reporters to committees-----	15, 755	15, 755	
Committee on Appropriations (investigations)-----	12, 865	12, 865	

Office of the Legislative Counsel.....	37, 825	37, 825	-----
Members' clerk hire.....	5, 715, 500	4, 715, 500	-1, 000, 000
Government contributions.....	487, 460	487, 460	-----
Special and select committees.....	744, 990	744, 990	-----
Leadership automobiles:			
Speaker's automobile.....	1, 395	1, 395	-----
Majority leader's automobile.....	1, 395	1, 395	-----
Minority leader's automobile.....	1, 395	1, 395	-----
Total, House of Representatives: New budget (obligational) authority.....	8, 560, 395	6, 993, 995	-1, 566, 400
JOINT ITEMS			
Joint Committee on Reduction of Federal Expenditures.....	6, 360	6, 360	-----
Joint Economic Committee.....	57, 390	57, 390	-----
Joint Economic Committee—Subcommittee on Fiscal Policy.....	15, 505	15, 505	-----
Joint Committee on Atomic Energy.....	26, 650	26, 650	-----
Joint Committee on Printing.....	19, 080	19, 080	-----
Joint Committee on Internal Revenue Taxation.....	58, 460	58, 460	-----
Joint Committee on Defense Production.....	12, 125	12, 125	-----
Joint Committee on Congressional Operations.....	43, 290	43, 290	-----
Capitol Guide Service.....	23, 540	23, 540	-----
Total, joint items: New budget (obligational) authority.....	262, 400	262, 400	-----

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
LEGISLATIVE BRANCH—Continued			
ARCHITECT OF THE CAPITOL			
OFFICE OF THE ARCHITECT OF THE CAPITOL			
Salaries-----	\$62, 000	\$62, 000	-----
CAPITOL BUILDINGS AND GROUNDS			
Capitol buildings-----	110, 000	110, 000	-----
Capitol grounds-----	24, 000	24, 000	-----
House office buildings-----	371, 600	371, 600	-----
Capitol power plant-----	15, 000	15, 000	-----
LIBRARY BUILDINGS AND GROUNDS			
Structural and mechanical care-----	37, 000	37, 000	-----
Total, Architect of the Capitol: New budget (obligational) au- thority-----	619, 600	619, 600	-----
BOTANIC GARDEN			
Salaries and expenses-----	24, 500	24, 500	-----

LIBRARY OF CONGRESS

Salaries and expenses ----- 2, 660, 000 2, 660, 000 -----

COPYRIGHT OFFICE

Salaries and expenses ----- 369, 000 319, 000 ----- -\$50, 000

CONGRESSIONAL RESEARCH SERVICE

Salaries and expenses ----- 735, 000 564, 000 ----- -171, 000

DISTRIBUTION OF CATALOG CARDS

Salaries and expenses ----- 483, 000 483, 000 -----

BOOKS FOR THE BLIND AND PHYSICALLY HANDICAPPED

Salaries and expenses ----- 89, 000 89, 000 -----

REVISION OF ANNOTATED CONSTITUTION

Salaries and expenses ----- 2, 900 2, 900 -----

REVISION OF HINDS' AND CANNON'S PRECEDENTS

Salaries and expenses ----- 11, 400 11, 400 -----

Total, Library of Congress: New budget (obligational) authority --- 4, 350, 300 4, 129, 300 ----- -221, 000

GOVERNMENT PRINTING OFFICE

OFFICE OF SUPERINTENDENT OF DOCUMENTS

Salaries and expenses ----- 508, 000 400, 000 ----- -108, 000

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
LEGISLATIVE BRANCH—Continued			
GENERAL ACCOUNTING OFFICE			
Salaries and expenses.....	\$6, 850, 000	\$5, 600, 000	—\$1, 250, 000
Total, Legislative Branch (excluding Tax Court).....	21, 175, 195	18, 029, 795	—3, 145, 400
U.S. TAX COURT			
Salaries and expenses.....	58, 000	58, 000	-----
Total, Legislative Branch: New budget (obligational) authority.....	21, 233, 195	18, 087, 795	—3, 145, 400
THE JUDICIARY			
SUPREME COURT OF THE UNITED STATES			
Salaries.....	233, 000	190, 000	—43, 000
Automobile for the Chief Justice.....	1, 000	1, 000	-----
Care of the building and grounds.....	16, 300	16, 300	-----

COURT OF CUSTOMS AND PATENT APPEALS		
Salaries and expenses.....	32, 000	- 32, 000
CUSTOMS COURT		
Salaries and expenses.....	158, 000	83, 000 - 75, 000
COURT OF CLAIMS		
Salaries and expenses.....	88, 000	40, 000 - 48, 000
COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES		
Salaries of supporting personnel.....	7, 248, 000	6, 550, 000 - 698, 000
Representation by court-appointed counsel and operation of defender organizations.....	175, 000	175, 000
Administrative Office of the U.S. Courts.....	302, 000	302, 000
Salaries and expenses of U.S. Magistrates.....	243, 000	- 243, 000
Expenses of referees.....	855, 000	640, 000 - 215, 000
FEDERAL JUDICIAL CENTER		
Salaries and expenses.....	73, 000	73, 000
Total, the Judiciary: New budget (obligational) authority.....	9, 424, 300	8, 070, 300 - 1, 354, 000

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
EXECUTIVE OFFICE OF THE PRESIDENT			
THE WHITE HOUSE OFFICE			
Salaries and expenses-----	\$668, 000	\$668, 000	-----
EXECUTIVE RESIDENCE			
Operating expenses-----	1, 316, 000	1, 316, 000	-----
COUNCIL OF ECONOMIC ADVISERS			
Salaries and expenses-----	38, 000	38, 000	-----
Special assistance to the President-----	17, 000	17, 000	-----
COUNCIL ON INTERNATIONAL ECONOMIC POLICY			
Salaries and expenses-----	26, 000	26, 000	-----
OFFICE OF MANAGEMENT AND BUDGET			
Salaries and expenses-----	1, 000, 000	1, 000, 000	-----

OFFICE OF TELECOMMUNICATIONS POLICY			
Salaries and expenses-----	56, 000	56, 000	-----
SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS			
Salaries and expenses-----	19, 000	19, 000	-----
Total, Executive Office of the President: New budget (obligational) authority-----	1, 887, 000	1, 887, 000	-----
FUNDS APPROPRIATED TO THE PRESIDENT			
ECONOMIC STABILIZATION ACTIVITIES			
Salaries and expenses-----	4, 660, 000	3, 495, 000	-\$1, 165, 000
FOREIGN ASSISTANCE			
ECONOMIC ASSISTANCE			
Food and nutrition, development assistance (<i>by transfer</i>)-----	(2, 350, 000)	(-----)	(-2, 350, 000)
Administrative expense (<i>by transfer</i>)-----	(1, 382, 000)	(-----)	(-1, 382, 000)
Administrative and other expenses (<i>by transfer</i>)-----	(119, 000)	(119, 000)	(-----)
Total, funds appropriated to the President:			
New budget (obligational) authority-----	4, 660, 000	3, 495, 000	-1, 165, 000
<i>By transfer</i> -----	(3, 851, 000)	(119, 000)	(-3, 732, 000)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF AGRICULTURE			
Office of the Secretary-----	\$683, 000	\$683, 000	-----
Office of the Inspector General-----	989, 000	989, 000	-----
<i>(By transfer)</i> -----	<i>(284, 000)</i>	<i>(284, 000)</i>	<i>(-----)</i>
Office of the General Counsel-----	572, 000	572, 000	-----
Office of Management Services-----	308, 000	308, 000	-----
Agricultural Research Service-----	12, 353, 000	12, 353, 000	-----
Animal and Plant Health Inspection Service-----	17, 651, 000	17, 651, 000	-----
Cooperative State Research Service <i>(by transfer)</i> -----	<i>(148, 000)</i>	<i>(148, 000)</i>	<i>(-----)</i>
Extension Service <i>(by transfer)</i> -----	<i>(308, 000)</i>	<i>(308, 000)</i>	<i>(-----)</i>
National Agricultural Library <i>(by transfer)</i> -----	<i>(242, 000)</i>	<i>(242, 000)</i>	<i>(-----)</i>

Statistical Reporting Service (<i>by transfer</i>)	(1,357,000)	(1,357,000)	(-----)
Economic Research Service	1,307,000	1,307,000	-----
Commodity Exchange Authority (<i>by transfer</i>)	(214,000)	(214,000)	(-----)
Packers and Stockyards Administration	276,000	276,000	-----
Farmers Cooperative Service	141,000	141,000	-----
Foreign Agricultural Service	881,000	881,000	-----
Federal Crop Insurance Corporation:			
Administrative and operating expense: (<i>by transfer</i>)	(1,008,000)	(1,008,000)	(-----)
Rural Development Service	28,000	28,000	-----
Rural Electrification Administration: Salaries and expenses	769,000	769,000	-----
Farmers Home Administration: Salaries and expenses	8,350,000	8,350,000	-----
Soil Conservation Service: Conservation operations	5,457,000	5,457,000	-----
Agricultural Marketing Service:			
Marketing services: (<i>by transfer</i>)	(2,222,000)	(2,222,000)	(-----)
Funds for increasing markets, income, and supply (<i>increase in limitation</i>)	(232,000)	(232,000)	(-----)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF AGRICULTURE—Continued			
Forest Service:			
Forest protection and utilization:			
Forest land management-----	\$13,467,000	\$13,400,000	-\$67,000
Forest research-----	3,431,000	3,400,000	-31,000
State and private forestry cooperation-----	262,000	262,000	-----
Total, Forest Protection and Utilization-----	17,160,000	17,062,000	-98,000
Forest roads and trails (<i>liquidation of contract authority</i>)-----	(6,000,000)	(5,500,000)	(-500,000)
Total, Department of Agriculture:			
New budget (obligational) authority-----	66,925,000	66,827,000	-98,000
<i>By transfer</i> -----	(5,783,000)	(5,783,000)	(-----)
<i>Increase in limitation</i> -----	(232,000)	(232,000)	-----
<i>Liquidation of contract authority</i> -----	(6,000,000)	(5,500,000)	(-500,000)

DEPARTMENT OF COMMERCE

GENERAL ADMINISTRATION

Salaries and expenses-----	559, 000	550, 000	-9, 000
Administration of economic development assistance programs-----	1, 143, 000	1, 100, 000	-43, 000

SOCIAL AND ECONOMIC STATISTICS ADMINISTRATION

Salaries and expenses-----	2, 773, 000	2, 700, 000	-73, 000
Periodic censuses and programs-----	1, 310, 000	1, 300, 000	-10, 000

DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION

Salaries and expenses-----	2, 664, 000	2, 600, 000	-64, 000
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FOREIGN DIRECT INVESTMENT REGULATION

Salaries and expenses-----	121, 000	100, 000	-21, 000
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MINORITY BUSINESS ENTERPRISE

Minority business development-----	493, 000	450, 000	-43, 000
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U.S. TRAVEL SERVICE

Salaries and expenses-----	147, 000	100, 000	-47, 000
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NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Operations, research, and facilities-----	15, 268, 000	15, 072, 000	-196, 000
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(By transfer)----- (2, 178, 000) (2, 178, 000) (-----)

Administration of Pribilof Islands-----	155, 000	155, 000	
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COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY ESTIMATES AND AMOUNTS
RECOMMENDED IN THE BILL—Continued

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF COMMERCE—Continued			
SCIENCE AND TECHNOLOGY			
Scientific and technical research and services-----	\$7, 637, 000	\$7, 350, 000	-\$287, 000
MARITIME ADMINISTRATION			
Operations and training-----	1, 880, 000	1, 800, 000	-80, 000
Total, Department of Commerce:			
New budget (obligational) authority-----	34, 150, 000	33, 277, 000	-873, 000
By transfer-----	(2, 178, 000)	(2, 178, 000)	
DEPARTMENT OF DEFENSE—MILITARY			
MILITARY PERSONNEL			
Military personnel, Army-----	611, 650, 000	595, 850, 000	-15, 800, 000
Military personnel, Navy-----	432, 150, 000	384, 650, 000	-47, 500, 000
Military personnel, Marine Corps-----	121, 434, 000	113, 834, 000	-7, 600, 000
Military personnel, Air Force-----	571, 250, 000	564, 950, 000	-6, 300, 000
Reserve personnel, Army-----	41, 092, 000	36, 092, 000	-5, 000, 000

Reserve personnel, Navy-----	13, 897, 000	11, 197, 000	-2, 700, 000
Reserve personnel, Marine Corps-----	3, 827, 000	1, 527, 000	-2, 300, 000
Reserve personnel, Air Force-----	9, 885, 000	6, 885, 000	-3, 000, 000
National Guard personnel, Army-----	51, 600, 000	51, 600, 000	-----
National Guard personnel, Air Force-----	14, 583, 000	7, 583, 000	-7, 000, 000
OPERATION AND MAINTENANCE			
Operation and maintenance, Army-----	274, 160, 000	260, 400, 000	-13, 760, 000
Operation and maintenance, Navy-----	201, 500, 000	191, 000, 000	-10, 500, 000
Operation and maintenance, Marine Corps-----	14, 200, 000	13, 500, 000	-700, 000
Operation and maintenance, Air Force-----	163, 150, 000	155, 000, 000	-8, 150, 000
Operation and maintenance, Defense agencies-----	92, 750, 000	88, 000, 000	-4, 750, 000
Operation and maintenance, Army Reserve-----	10, 790, 000	10, 200, 000	-590, 000
Operation and maintenance, Navy Reserve-----	3, 500, 000	3, 300, 000	-200, 000
Operation and maintenance, Marine Corps Reserve-----	50, 000	48, 000	-2, 000
Operation and maintenance, Air Force Reserve-----	8, 120, 000	7, 700, 000	-420, 000
Operation and maintenance, Army National Guard-----	21, 870, 000	20, 800, 000	-1, 070, 000
Operation and maintenance, Air National Guard-----	17, 250, 000	16, 375, 000	-875, 000
National Board for the Promotion of Rifle Practice, Army-----	11, 000	10, 000	-1, 000
Court of Military Appeals, Defense-----	53, 000	50, 000	-3, 000

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF DEFENSE—MILITARY—Continued			
RESEARCH, DEVELOPMENT, TEST, AND EVALUATION			
Research, development, test, and evaluation, Army-----	\$35, 898, 000	\$17, 930, 000	-\$17, 968, 000
Research, development, test, and evaluation, Navy-----	38, 528, 000	19, 243, 000	-19, 285, 000
Research, development, test, and evaluation, Air Force-----	29, 466, 000	14, 721, 000	-14, 745, 000
Research, development, test, and evaluation, Defense agencies-----	5, 016, 000	2, 506, 000	-2, 510, 000
Subtotal, Dept. of Defense, excluding military construction-----	2, 787, 680, 000	2, 594, 951, 000	-192, 729, 000
MILITARY CONSTRUCTION			
FAMILY HOUSING			
Family housing, Defense-----	3, 866, 000	3, 866, 000	

(Increase in limitation)-----	(3,866,000)	(3,866,000)	(-----)
Total, Department of Defense—Military:			
New Budget (obligational) authority-----	2,791,546,000	2,598,817,000	—192,729,000
Increase in limitation-----	(3,866,000)	(3,866,000)	(-----)
DEPARTMENT OF DEFENSE—CIVIL			
DEPARTMENT OF THE ARMY			
Corps of Engineers—Civil: General expenses-----	2,325,000	2,300,000	—25,000
U.S. SOLDIERS' AND AIRMEN'S HOME			
Operation and maintenance-----	516,000	516,000	-----
THE PANAMA CANAL			
Canal Zone Government: Operating expenses-----	1,097,000	1,000,000	—97,000
Panama Canal Company: Limitation on general and administrative expenses (Increase in limitation)-----	(942,000)	(942,000)	(-----)
Total, Department of Defense—Civil:			
New budget (obligational) authority-----	3,938,000	3,816,000	—122,000
Increase in limitation-----	(942,000)	(942,000)	(-----)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE			
FOOD AND DRUG ADMINISTRATION			
Salaries and expenses <i>(by transfer)</i> -----	(\$5, 370, 000)	(\$5, 370, 000)	(-----)
HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION			
Saint Elizabeths Hospital <i>(by transfer)</i> -----	(\$3, 784, 000)	(\$3, 784, 000)	(-----)
Health services delivery <i>(by transfer)</i> -----	(\$2, 470, 000)	(\$2, 470, 000)	(-----)
Preventive health services <i>(by transfer)</i> -----	(\$1, 789, 000)	(\$1, 789, 000)	(-----)
National health statistics <i>(by transfer)</i> -----	(\$1, 024, 000)	(\$1, 024, 000)	(-----)
Office of the Administrator <i>(by transfer)</i> -----	(\$945, 000)	(\$945, 000)	(-----)
Indian health services <i>(by transfer)</i> -----	(\$9, 410, 000)	(\$9, 410, 000)	(-----)

NATIONAL INSTITUTES OF HEALTH			
John E. Fogarty International Center for Advanced Study in the Health Sciences <i>(by transfer)</i> -----	(17, 000)	(-----)	(-\$17, 000)
National Library of Medicine <i>(by transfer)</i> -----	(458, 000)	(458, 000)	(-----)
Office of the Director <i>(by transfer)</i> -----	(903, 000)	(903, 000)	(-----)
EDUCATION DIVISION			
Office of the Assistant Secretary for Education: Salaries and expenses, Assistant Secretary for Education <i>(by transfer)</i> -----	(124, 000)	(124, 000)	(-----)
Office of Education: Salaries and expenses <i>(by transfer)</i> -----	(4, 073, 000)	(2, 000, 000)	(-2, 073, 000)
National Institute of Education <i>(by transfer)</i> -----	(700, 000)	(700, 000)	(-----)
SOCIAL SECURITY ADMINISTRATION			
Social Security Administration: Special benefits for disabled coal miners <i>(by transfer)</i> -----	(1, 746, 000)	(1, 746, 000)	(-----)
OFFICE OF THE SECRETARY			
Office for Civil Rights <i>(by transfer)</i> -----	(1, 302, 000)	(1, 302, 000)	(-----)
Office of Consumer Affairs <i>(by transfer)</i> -----	(82, 000)	(82, 000)	(-----)
Departmental management <i>(by transfer)</i> -----	(5, 096, 000)	(5, 096, 000)	(-----)
Total, Department of Health, Education, and Welfare:			
<i>By transfer</i> -----	(39, 293, 000)	(37, 203, 000)	(-2, 090, 000)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
HOUSING PRODUCTION AND MORTGAGE CREDIT			
Salaries and expenses, Housing production and mortgage credit programs---	\$140, 000	\$126, 000	-\$14, 000
Limitation on administrative and nonadministrative expenses, Federal Housing Administration:			
Administrative expenses (<i>increase in limitation</i>)-----	(400, 000)	(365, 000)	(-35, 000)
Nonadministrative expenses (<i>increase in limitation</i>)-----	(4, 945, 000)	(945, 000)	(-4, 000, 000)
Limitation on administrative expenses, Government National Mortgage Association (<i>increase in limitation</i>)-----	(24, 000)	(22, 000)	(-2, 000)
HOUSING MANAGEMENT			
Salaries and expenses, Housing management programs-----	689, 000	621, 000	-68, 000
COMMUNITY PLANNING AND MANAGEMENT			
Salaries and expenses, Community planning and management programs-----	250, 000	225, 000	-25, 000

COMMUNITY DEVELOPMENT			
Salaries and expenses, Community development programs-----	656, 000	591, 000	- 65, 000
RESEARCH AND TECHNOLOGY			
Research and technology:			
<i>(Increase in limitation on administrative expenses)</i> -----	<i>(121, 000)</i>	<i>(109, 000)</i>	<i>(- 12, 000)</i>
FAIR HOUSING AND EQUAL OPPORTUNITY			
Fair housing and equal opportunity-----	256, 000	231, 000	- 25, 000
DEPARTMENTAL MANAGEMENT			
General departmental management-----	132, 000	119, 000	- 13, 000
Salaries and expenses, Office of general counsel-----	97, 000	87, 000	- 10, 000
Salaries and expenses, Office of inspector general-----	193, 000	174, 000	- 19, 000
Administration and staff services-----	211, 000	190, 000	- 21, 000
Regional management and services-----	493, 000	444, 000	- 49, 000
Total, Department of Housing and Urban Development:			
New budget (obligational) authority-----	3, 117, 000	2, 808, 000	- 309, 000
<i>Increase in limitation</i> -----	<i>(5, 490, 000)</i>	<i>(1, 441, 000)</i>	<i>(- 4, 049, 000)</i>

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF THE INTERIOR			
BUREAU OF LAND MANAGEMENT			
Management of lands and resources-----	\$5, 000, 000	\$5, 000, 000	-----
BUREAU OF INDIAN AFFAIRS			
Education and welfare services-----	10, 450, 000	10, 400, 000	-\$50, 000
Resources management-----	4, 504, 000	4, 500, 000	-4, 000
General administrative expenses-----	384, 000	350, 000	-34, 000
Total, Bureau of Indian Affairs-----	15, 338, 000	15, 250, 000	-88, 000
BUREAU OF OUTDOOR RECREATION			
Salaries and expenses-----	332, 000	300, 000	-32, 000
Land and water conservation (<i>increase in limitation</i>)-----	(378, 000)	(350, 000)	(-28, 000)
GEOLOGICAL SURVEY			
Surveys, investigations, and research-----	9, 520, 000	9, 500, 000	-20, 000
BUREAU OF MINES			
Mines and minerals-----	7, 752, 000	7, 746, 000	-6, 000
BUREAU OF SPORT FISHERIES AND WILDLIFE			
Resource management-----	5, 277, 000	5, 250, 000	-27, 000

NATIONAL PARK SERVICE			
Operation of the National Park System.....	10,743,000	10,700,000	-43,000
Preservation of historic properties.....	283,000	283,000	-----
Total, National Park Service.....	11,026,000	10,983,000	-43,000
BUREAU OF RECLAMATION			
General Administrative expenses.....	775,000	1,200,000	+425,000
(By transfer).....	(460,000)	-----	(-460,000)
BONNEVILLE POWER ADMINISTRATION			
Operation and maintenance.....	1,893,000	1,833,000	-60,000
SOUTHWESTERN POWER ADMINISTRATION			
Operation and maintenance.....	67,000	67,000	-----
OFFICE OF THE SOLICITOR			
Salaries and expenses.....	595,000	590,000	-5,000
OFFICE OF THE SECRETARY			
Salaries and expenses.....	1,100,000	1,070,000	-30,000
Departmental operations.....	350,000	340,000	-10,000
Total, Office of the Secretary.....	1,450,000	1,410,000	-40,000
Total, Department of the Interior:			
New budget (obligational) authority.....	59,025,000	59,129,000	+104,000
By transfer.....	(460,000)	(-----)	(-460,000)
Increase in limitation.....	(378,000)	(350,000)	(-28,000)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF JUSTICE			
LEGAL ACTIVITIES AND GENERAL ADMINISTRATION			
Salaries and expenses, general administration-----	\$953, 000	\$900, 000	-\$53, 000
Salaries and expenses, general legal activities-----	3, 476, 000	3, 250, 000	-226, 000
Salaries and expenses, Antitrust Division-----	1, 010, 000	1, 010, 000	-----
Salaries and expenses, U.S. attorneys and marshals-----	6, 795, 000	6, 650, 000	-145, 000
Salaries and expenses, Community Relations Service-----	233, 000	233, 000	-----
FEDERAL BUREAU OF INVESTIGATION			
Salaries and expenses-----	25, 788, 000	25, 788, 000	-----
IMMIGRATION AND NATURALIZATION SERVICE			
Salaries and expenses-----	10, 406, 000	10, 406, 000	-----
FEDERAL PRISON SYSTEM			
Salaries and expenses, Bureau of Prisons-----	8, 103, 000	8, 103, 000	-----

Federal Prison Industries, Incorporated: Federal Prison Industries Fund: Vocational training and administrative expenses (<i>increase in limitation</i>)	(429, 000)	(429, 000)	(-----)
LAW ENFORCEMENT ASSISTANCE ADMINISTRATION			
Salaries and expenses	612, 000		- 612, 000
DRUG ENFORCEMENT ADMINISTRATION			
Salaries and expenses	5, 434, 000	5, 434, 000	
Total, Department of Justice: New budget (obligational) authority	62, 810, 000	61, 774, 000	- 1, 036, 000
<i>Increase in limitation</i>	(429, 000)	(429, 000)	(-----)
DEPARTMENT OF LABOR			
LABOR-MANAGEMENT SERVICES ADMINISTRATION			
Salaries and expenses	975, 000	898, 000	- 77, 000
EMPLOYMENT STANDARDS ADMINISTRATION			
Salaries and expenses	2, 218, 000	2, 218, 000	
BUREAU OF LABOR STATISTICS			
Salaries and expenses	2, 465, 000	1, 235, 000	- 1, 230, 000
DEPARTMENTAL MANAGEMENT			
Salaries and expenses	1, 694, 000	1, 249, 000	- 445, 000
Total, Department of Labor: New budget (obligational) authority	7, 352, 000	5, 600, 000	- 1, 752, 000

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF STATE			
ADMINISTRATION OF FOREIGN AFFAIRS			
Salaries and expenses-----	\$13, 130, 000	\$13, 130, 000	-----
Acquisition, operation, and maintenance of buildings abroad-----	185, 000	185, 000	-----
INTERNATIONAL ORGANIZATIONS AND CONFERENCES			
Missions to international organizations-----	226, 000	226, 000	-----
International trade negotiations-----	44, 000	44, 000	-----
INTERNATIONAL COMMISSIONS			
International Boundary and Water Commission, United States and Mexico: Salaries and expenses-----	311, 000	311, 000	-----
American sections, international commissions-----	53, 000	53, 000	-----
International fisheries commissions-----	58, 000	58, 000	-----
EDUCATIONAL EXCHANGE			
Mutual educational and cultural exchange activities-----	787, 000	787, 000	-----

OTHER			
Migration and refugee assistance	52, 000	25, 000	-\$27, 000
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Total, Department of State: New budget (obligational) authority	14, 846, 000	14, 819, 000	-27, 000
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DEPARTMENT OF TRANSPORTATION			
OFFICE OF THE SECRETARY			
Salaries and expenses	1, 325, 000		-1, 325, 000
COAST GUARD			
Operating expenses	39, 841, 000	39, 500, 000	-341, 000
Acquisition, construction, and improvements	557, 000		-557, 000
Reserve training	1, 770, 000	1, 770, 000	
Research, development, test, and evaluation	158, 000		-158, 000
FEDERAL AVIATION ADMINISTRATION			
Operations	83, 510, 000	82, 000, 000	-1, 510, 000
Operation of maintenance, National Capital Airports	342, 000	342, 000	
FEDERAL HIGHWAY ADMINISTRATION			
Salaries and expenses	373, 000	300, 000	-73, 000
<i>(By transfer)</i>	<i>(6, 271, 000)</i>	<i>(5, 000, 000)</i>	<i>(-1, 271, 000)</i>
Highway beautification	67, 000		-67, 000
Highway-related safety grants, salaries and expenses <i>(by transfer)</i>	<i>(27, 000)</i>	<i>(-----)</i>	<i>(-27, 000)</i>

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF TRANSPORTATION—Continued			
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION			
Traffic and highway safety-----	\$1, 311, 000	-----	-\$1, 311, 000
<i>(By transfer)</i> -----	(-----)	(\$1, 000, 000)	(+1, 000, 000)
FEDERAL RAILROAD ADMINISTRATION			
Office of the Administrator, Salaries and expenses-----	200, 000	-----	-200, 000
<i>(By transfer)</i> -----	(-----)	(200, 000)	(+200, 000)
Railroad safety <i>(by transfer)</i> -----	(633, 800)	(448, 000)	(-185, 800)
ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION			
Administrative expenses <i>(increase in limitation)</i> -----	(26, 000)	(26, 000)	(-----)
NATIONAL TRANSPORTATION SAFETY BOARD			
Salaries and expenses-----	300, 000	280, 000	-20, 000
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Total, Department of Transportation: New budget (obligational) authority-----	129, 754, 000	124, 192, 000	-5, 562, 000
<i>By transfer</i> -----	(6, 931, 800)	(6, 648, 000)	(-283, 800)
<i>Increase in limitation</i> -----	(26, 000)	(26, 000)	(-----)
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DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

Salaries and expenses----- 1, 153, 000 950, 000 -203, 000

FEDERAL LAW ENFORCEMENT TRAINING CENTER

Salaries and expenses----- 55, 000 55, 000 -----

BUREAU OF ACCOUNTS

Salaries and expenses----- 1, 390, 000 1, 390, 000 -----

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

Salaries and expenses----- 5, 448, 000 5, 448, 000 -----

BUREAU OF CUSTOMS

Salaries and expenses----- 16, 048, 000 15, 850, 000 -198, 000

BUREAU OF THE MINT

Salaries and expenses----- 2, 015, 000 1, 915, 000 -100, 000

BUREAU OF THE PUBLIC DEBT

Administering the public debt----- 1, 880, 000 1, 880, 000 -----

INTERNAL REVENUE SERVICE

Salaries and expenses----- 2, 450, 000 2, 450, 000 -----

Accounts, collection, and taxpayer service----- 36, 523, 000 36, 523, 000 -----

Compliance----- 46, 504, 000 44, 500, 000 -2, 004, 000

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DEPARTMENT OF THE TREASURY—Continued			
OFFICE OF THE TREASURER			
Salaries and expenses-----	\$815, 000	\$815, 000	
UNITED STATES SECRET SERVICE			
Salaries and expenses-----	3, 350, 000	3, 350, 000	
Total, Department of the Treasury: New budget (obligational) authority-----	117, 631, 000	115, 126, 000	-\$2, 505, 000
INDEPENDENT AGENCIES			
ATOMIC ENERGY COMMISSION			
Operating expenses-----	11, 644, 000	11, 400, 000	-244, 000
Total, Atomic Energy Commission: New budget (obligational) authority-----	11, 644, 000	11, 400, 000	-244, 000
ENVIRONMENTAL PROTECTION AGENCY			
Research and development-----	1, 200, 000	1, 200, 000	
Abatement and control-----	2, 300, 000	2, 300, 000	
Enforcement-----	1, 000, 000	1, 000, 000	

Agency and regional management-----	1, 100, 000	1, 100, 000	
Total, Environmental Protection Agency: New budget (obligational) authority-----	5, 600, 000	5, 600, 000	
GENERAL SERVICES ADMINISTRATION			
Real Property Activities: Operating expenses, Public Building Service----	11, 558, 000	11, 250, 000	- 308, 000
Personal Property Activities: Operating expenses, Federal Supply Service----	6, 123, 000	5, 950, 000	- 173, 000
Records activities: Operating expenses, National Archives and Records Service-----	2, 353, 000	850, 000	- 1, 503, 000
Records declassification-----	85, 000	85, 000	
Automated Data and Telecommunications Service: Operating expenses----	503, 000	500, 000	- 3, 000
Property management and disposal activities: Operating expenses, Property Management and Disposal Service-----	1, 732, 000	1, 732, 000	
General activities: Salaries and expenses, Office of Administrator-----	202, 000	200, 000	- 2, 000
Consumer Information Center-----	30, 000	30, 000	
Indian tribal claims-----	93, 000	90, 000	- 3, 000
Administrative operations fund (<i>increase in limitation</i>)-----	(2, 957, 000)	(2, 957, 000)	(-----)
Emergency preparedness:			
Salaries and expenses-----	350, 000	350, 000	
Defense mobilization functions of Federal agencies-----	269, 000	260, 000	- 9, 000
Total, General Services Administration:			
New budget (obligational) authority-----	23, 298, 000	21, 297, 000	- 2, 001, 000
<i>Increase in limitation</i> -----	(2, 957, 000)	(2, 957, 000)	(-----)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
INDEPENDENT AGENCIES—Continued			
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Research and program management-----	\$37,786,000	\$37,600,000	-\$186,000
Total, National Aeronautics and Space Administration: New budget (obligational) authority-----	37,786,000	37,600,000	-186,000
VETERANS ADMINISTRATION			
Medical care-----	143,377,000	143,377,000	
Medical administration and miscellaneous operating expenses-----	1,463,000	1,463,000	
General operating expenses-----	22,023,000	21,623,000	-400,000
Construction, minor projects-----	315,000	315,000	
Total, Veterans Administration: New budget (obligational) authority-----	167,178,000	166,778,000	-400,000
OTHER INDEPENDENT AGENCIES			
Action: Operating expenses, domestic programs-----	899,000	899,000	
International programs, Peace Corps-----	1,275,000	1,000,000	-275,000

American Battle Monuments Commission: Salaries and expenses-----	353, 000	300, 000	-53, 000
Arms Control and Disarmament Agency-----	330, 000	330, 000	-----
Civil Aeronautics Board: Salaries and expenses-----	791, 000	770, 000	-21, 000
Civil Service Commission:			
Salaries and expenses-----	4, 780, 000	4, 780, 000	-----
Transfers from trust funds to Salaries and expenses (by transfer)-----	(1, 016, 800)	(1, 016, 800)	(-----)
Federal Labor Relations Council: Salaries and expenses-----	57, 000	57, 000	-----
Commission of Fine Arts: Salaries and expenses-----	10, 000	10, 000	-----
Commission on Civil Rights: Salaries and expenses-----	300, 000	250, 000	-50, 000
Equal Employment Opportunity Commission: Salaries and expenses-----	1, 400, 000	1, 400, 000	-----
Farm Credit Administration (<i>Increase in limitation</i>)-----	(126, 000)	(126, 000)	(-----)
Federal Communications Commission: Salaries and expenses-----	1, 395, 000	295, 000	-1, 100, 000
Federal Home Loan Bank Board:			
Administrative expenses (<i>increase in limitation</i>)-----	(500, 000)	(450, 000)	(-50, 000)
Nonadministrative expenses (<i>increase in limitation</i>)-----	(476, 000)	(430, 000)	(-46, 000)
Federal Savings and Loan Insurance Corporation: Limitation on administrative expenses (<i>increase in limitation</i>)-----	(15, 000)	(-----)	(-15, 000)
Federal Maritime Commission: Salaries and expenses-----	426, 000	385, 000	-41, 000

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
OTHER INDEPENDENT AGENCIES—Continued			
Federal Mediation and Conciliation Service: Salaries and expenses-----	\$770, 000	\$770, 000	-----
Federal Power Commission: Salaries and expenses-----	1, 696, 000	1, 600, 000	—\$96, 000
Federal Trade Commission: Salaries and expenses-----	1, 896, 000	1, 896, 000	-----
Foreign Claims Settlement Commission: Salaries and expenses-----	42, 000	42, 000	-----
Historical and Memorial Commissions: American Revolution Bicentennial Administration: Salaries and expenses-----	149, 000	130, 000	—19, 000
Indian Claims Commission: Salaries and expenses-----	78, 000	78, 000	-----
Intragovernmental agencies: Advisory Commission on Intergovernmental Relations: Salaries and expenses-----	70, 000	70, 000	-----
Interstate Commerce Commission: Salaries and expenses-----	2, 600, 000	2, 340, 000	—260, 000
National Capital Planning Commission: Salaries and expenses-----	111, 000	100, 000	—11, 000
National Council on Indian Opportunity: Salaries and expenses-----	14, 000	7, 000	—7, 000
National Labor Relations Board: Salaries and expenses-----	1, 007, 000	1, 007, 000	-----
National Mediation Board: Salaries and expenses-----	63, 000	63, 000	-----

National Science Foundation: Salaries and expenses-----	1, 860, 000	1, 860, 000	-----
<i>(Increase in limitation on program development and management)</i> -----	(1, 860, 000)	(1, 860, 000)	(-----)
Railroad Retirement Board: Limitation on salaries and expenses (<i>increase in limitation</i>)-----	(1, 387, 000)	(1, 387, 000)	(-----)
Renegotiation Board: Salaries and expenses-----	115, 000	115, 000	-----
Securities and Exchange Commission: Salaries and expenses-----	2, 427, 000	2, 200, 000	-227, 000
Selective Service System: Salaries and expenses-----	4, 250, 000	4, 250, 000	-----
Small Business Administration:			
Salaries and expenses-----	850, 000	850, 000	-----
<i>(By transfer)</i> -----	(3, 450, 000)	(3, 450, 000)	(-----)
Smithsonian Institution: Salaries and expenses-----	3, 203, 000	3, 150, 000	-53, 000
National Gallery of Art: Salaries and expenses-----	370, 000	370, 000	-----
Tariff Commission: Salaries and expenses-----	343, 000	300, 000	-43, 000
U.S. Information Agency:			
Salaries and expenses-----	7, 062, 000	7, 062, 000	-----
Special international exhibitions-----	138, 000	138, 000	-----
Total, other independent agencies:			
New budget (obligational) authority-----	41, 130, 000	38, 874, 000	-2, 256, 000
<i>(By transfer)</i> -----	(4, 466, 800)	(4, 466, 800)	(-----)
<i>(Increase in limitation)</i> -----	(4, 364, 000)	(4, 253, 000)	(+15, 000)

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

TITLE II—INCREASED PAY COSTS—Continued

Department or activity	Supplemental estimate, H. Doc. 93-266	Recommended in the bill	Bill compared with estimates
DISTRICT OF COLUMBIA ²			
<i>District of Columbia funds:</i>			
<i>General operating expenses</i> -----	(\$1, 437, 000)	(\$1, 437, 000)	-----
<i>Public safety</i> -----	(1, 398, 000)	(1, 398, 000)	-----
<i>Education</i> -----	(1, 261, 000)	(1, 261, 000)	-----
<i>Recreation</i> -----	(240, 000)	(240, 000)	-----
<i>Human resources</i> -----	(2, 737, 000)	(2, 737, 000)	-----
<i>Highways and traffic</i> -----	(394, 000)	(394, 000)	-----
<i>Environmental services</i> -----	(1, 191, 000)	(1, 191, 000)	-----
<i>Total, District of Columbia: New budget (obligational) authority, District of Columbia funds</i> -----	(8, 658, 000)	(8, 658, 000)	-----

ANNEXED BUDGETS

EXPORT-IMPORT BANK OF THE UNITED STATES

Limitation on administrative expenses (<i>increase in limitation</i>)-----	(566, 000)	(525, 000)	(- \$41, 000)
Total, annexed budgets: (<i>increase in limitation</i>)-----	(566, 000)	(525, 000)	(- 41, 000)
Total, title II:			
New budget (obligational) authority-----	3, 614, 934, 495	3, 399, 274, 095	-215, 660, 400
<i>By transfer</i> -----	(62, 963, 600)	(56, 397, 800)	(- 6, 565, 800)
<i>Increase in limitation</i> -----	(19, 250, 000)	(15, 021, 000)	(- 4, 229, 000)
<i>Liquidation of contract authority</i> -----	(6, 000, 000)	(5, 500, 000)	(- 500, 000)

² Estimates contained in S. Doc. 93- .

TITLE III

GENERAL PROVISIONS

Title III of the bill contains five general provisions. Three are routine and the other two have been carried in certain other appropriation measures for the fiscal year 1974.

Section 301 carries the usual prohibition against the obligation of funds provided in the bill beyond the current fiscal year as follows:

SEC. 301. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Sections 302 and 303 constitute the routine provisions associated with the many pay increase appropriations contained in the bill as follow:

SEC. 302. Except where specifically increased or decreased elsewhere in this Act, the restrictions contained within appropriations, or provisions affecting appropriations or other funds, available during the fiscal year 1974, limiting the amounts which may be expended for personal services, or for purposes involving personal services, or amounts which may be transferred between appropriations or authorizations available for or involving such services, are hereby increased to the extent necessary to meet increased pay costs authorized by or pursuant to law.

SEC. 303. Applicable appropriations or funds available for the fiscal year 1974 shall also be available for payment of prior fiscal year obligations for retroactive pay increases granted pursuant to 5 U.S.C. 5341.

The Continuing Resolution and the Foreign Assistance and Related Programs Appropriation Act for fiscal year 1974 carried prohibitions against aid to North Vietnam. This bill contains a similar provision as follows:

SEC. 304. No funds appropriated in this Act shall be expended to aid or assist in the reconstruction of the Democratic Republic of Vietnam (North Vietnam).

Both the Continuing Resolution and the Department of Defense Appropriation Act for fiscal year 1974 carried prohibitions against the use of funds for combat activities by United States forces in Southeast Asia. This bill also carries a similar provision as follows:

SEC. 305. None of the funds herein appropriated may be obligated or expended to finance directly or indirectly combat activities by United States military forces in or over or from off the shores of North Vietnam, South Vietnam, Laos, or Cambodia.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 7, in connection with military recruitment:

SEC. 102. None of the funds available to the Department of Defense shall be used for the enlistment or pay of non-prior service personnel during fiscal year 1974 when the enlistment will cause the percentage of non-high school graduate enlistments of the service concerned to exceed 45 per centum or the mental category IV enlistments to exceed 18 per centum of the total non-prior service enlistments for the entire fiscal year.

On page 10, in connection with "Office of Oil and Gas":

Provided, That advances, repayments or transfers from appropriations under this head for the current fiscal year may be made to any department or agency for expenses of carrying out fuel allocation activities.

On page 14, in connection with "Health Services Delivery":

Provided, That grants from funds available for the purposes of sections 508, 509, and 510 of the Social Security Act may be made for projects under those sections for any period prior to July 1, 1975.

On page 16, in connection with "Capitol Buildings and Grounds, Additional Parking Facilities for Congressional Employees":

Not to exceed \$25,000 of the appropriation provided under this head in the Supplemental Appropriations Act, 1974 is hereby made available for expenditure by the Architect of the Capitol, under the direction of the Select Committee on Parking of the House of Representatives created and appointed under authority of House Resolution 145, Ninety-third Congress, agreed to February 7, 1973, for the employment of consultants, by contract or otherwise, without regard to Section 3709 of the Revised Statutes, as amended, to make a detailed study of the House garages located in the Rayburn and Cannon House Office Buildings and in Squares 637 and 691 to determine the feasibility of providing additional parking within such garages and the means by which such additional parking can be effectively so provided.

On page 21, in connection with "Regional Action Planning Commissions," Regional Development Programs:

The amount made available in the appropriation under this head in the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1974 shall remain available until expended.

COMPLIANCE WITH RULE XIII—CLAUSE 3

The following is submitted in compliance with clause 3 of Rule XIII of the Rules of the House of Representatives.

EXISTING LAW

Public Law 93-238 (approved January 2, 1974) under General Provisions:

SEC. 737. (a) Not to exceed \$1,126,000,000 of the appropriations available to the Department of Defense during the current fiscal year shall be available for their stated purposes to support (1) Vietnamese and other free world forces in support of Vietnamese forces; (2) local forces in Laos; and for related costs on such terms and conditions as the Secretary of Defense may determine: *Provided*, That none of the funds appropriated by this Act may be used for the purpose of paying any overseas allowance, per diem allowance, or any other addition to the regular base pay of any person serving with the free world forces in South Vietnam if the amount of such payment would be greater than the amount of special pay authorized to be paid, for an equivalent period of service, to members of the Armed Forces of the United States under section 310 of

(144)

THE BILL AS REPORTED

On page No. 7, beginning on line No. 13, under General Provisions, Department of Defense:

SEC. 101. *Section 737(a) of Public Law 93-238 (87 Stat. 1044), is amended by deleting \$1,126,000,000" and inserting "\$1,326,000,000" in lieu thereof.*

title 37, United States Code, serving in Vietnam or in any other hostile fire area, except for continuation of payments of such additions to regular base pay provided in agreements executed prior to July 1, 1970: *Provided further*, That nothing in clause (1) of the first sentence of this subsection shall be construed as authorizing the use of any such funds to support Vietnamese or other free world forces in actions designed to provide military support and assistance to the Government of Cambodia or Laos. *Provided further*, That nothing contained in this section shall be construed to prohibit support of actions required to insure the safe and orderly withdrawal or disengagement of United States forces from Southeast Asia, or to aid in the release of Americans held as prisoners of war.

Public Law 93-192 (approved December 18, 1973) under the Department of Health, Education, and Welfare:

SOCIAL AND REHABILITATION SERVICE

GRANTS TO STATES FOR PUBLIC ASSISTANCE

For carrying out, except as otherwise provided, titles I, IV, VI, X, XI, XIV, XVI, and XIX of the Social Security Act, and the Act of July 5, 1960 (24 U.S.C. ch. 9), \$12,853,279,000, of which \$50,000,000 shall be for child welfare services under part B of title IV.

On page No. 14, line No. 17, under the Department of Health, Education, and Welfare:

GRANTS TO STATES FOR PUBLIC ASSISTANCE

The appropriation for fiscal year 1974 under this heading is hereby reduced in the amount of \$1,000,000,000.

ADDITIONAL VIEWS OF THE HONORABLE DAVID R. OBEY; HONORABLE SILVIO O. CONTE; HONORABLE EDWARD J. PATTEN; AND HONORABLE EDITH GREEN

Under the new manpower act passed a few months ago the administration asked for \$250 million to fund title II which provides for public service employment for areas which have 6.5 percent unemployment or more.

To that request the Appropriations Committee has added \$100 million and has specified that the additional money be used under the transitional provisions of the Manpower Act which enables public service employment funds to also be channeled to communities that have less than 6.5 percent unemployment.

We believe that amount should be increased by \$150 million.

Here's why: In fiscal year 1973 when unemployment was 5.2 percent, Congress created 140,000 jobs under this program. Last October before we felt the economic impact of the energy crisis and unemployment was at only 4.6 percent we still maintained 100,000 jobs under the program. But despite the manpower administration's projection of a 6 percent unemployment rate before the end of this fiscal year, the administration would cut the program to 73,500 jobs. The \$100 million added by the committee would raise this figure to over 85,000 but that would still be 17 percent below the October, 1973 level when unemployment was much lower. The additional \$150 million we are asking for would bring the number of jobs back up to the level it was at last October.

Elsewhere in the same chapter of this bill you will see that the committee is providing additional funds to help States process the increasing number of unemployed persons applying for unemployment compensation. It is contradictory for the Congress to drastically increase funds for State employment services because of rising unemployment and in the same chapter of the same bill allow the major Federal program which creates jobs for the unemployed to be cut.

Furthermore, current funding for public employment programs will expire in almost all communities in the country by the end of April. Only a small portion of the communities nationally will be eligible for Public Service Employment programs under title II and the option provided communities excluded from title II funds under the new act to continue public employment programs with the use of title I money will not be open until the so-called "manpower revenue-sharing" program is in place. That will not be until after the beginning of the new fiscal year at the earliest and all funds to allow continuation of the program in these communities between now and then will have to come under the transitional provisions of the act. The \$100 million added by the committee to the transitional provisions will provide only 8,500 jobs to these communities although they contain nearly 60 percent of the Nation's unemployed.

The committee will tell you that we can handle any of the potential unemployment problems that may arise with the regular appropriation bill, but the fact is PEP programs are terminating this month and the regular appropriation bill will not be approved until some time in August or September if past years are any indication. That means that most of the PEP jobs that have existed in the typical congressional district won't be there next month and there is nothing that can be done to change that until late summer or early fall if action is not taken now.

We think this country ought to make at least the same effort to fight unemployment during the next 14 months that we were making last October and that is what an additional \$150 million would accomplish.

DAVID R. OBEY.
EDITH GREEN.
SILVIO CONTE.
EDWARD PATTEN.

DISSENTING VIEWS OF THE HONORABLE DAVID R. OBEY

It is simply not necessary to appropriate money in a supplemental appropriation for Diego Garcia. One has to go no farther than this Committee report to be convinced of that.

(1) This report says, for example, that the Soviet naval presence in the Indian Ocean "could" expand dramatically, and "could" threaten our supplies of raw materials. From those two "coulds" this report concludes that a supplemental appropriation for Diego Garcia is "urgent." There was certainly no evidence presented to this committee to indicate that either of these "coulds" were likely to occur in the immediate future. How do two "coulds" make an emergency which necessitates the appropriation of this money in a supplemental budget bill—just a few months before the regular appropriation bill is acted upon?

(2) This committee report says that Diego Garcia would be vulnerable during a conflict, and that the chief advantage of the facility is "an ability to show the flag . . ." It also says that the expansion of Diego Garcia will aid the Navy "during peacetime." If this is true, where is the urgency which necessitates this supplemental finding?

(3) The committee says the approval of funds for the expansion of Diego Garcia "may forestall" further expansion of warmaking capability by the superpowers in the Indian Ocean. How can we forestall an expansion of warmaking capability of the superpowers by expanding the warmaking powers of one of the superpowers?

The purpose of supplemental appropriation bills is, and should be, to deal with situations which are of a special or emergency nature. There is no emergency here that warrants the disruption of the regular appropriations process.

It is disturbing enough when agencies ask for funds in supplemental appropriation bills for programs which are not of an emergency nature. It is even more disturbing when Congress acquiesces in that practice.

The Appropriations Committee held approximately 1 hour of hearings on the question of funding for Diego Garcia and the hearing record totals only 40 pages. There are many questions which should be asked when discussing an expansion of U.S. forces in the Indian Ocean and the possibility of a costly arms race in that area—and that is what the money for Diego Garcia in this bill is all about. You won't find answers to those questions in this committee report or in the committee hearings on this bill. The Congress, and this committee especially, owes itself time to seek answers to those questions.

Before we rush pell-mell into approving this project, there are certain questions which need answers.

WHAT ARE THE CONSEQUENCES?

What are the economic, political and strategic consequences of expanding our facilities on Diego Garcia? These consequences could be

substantial and they deserve more attention than Members of this House and this committee can give them in a supplemental appropriation bill.

The "essential" reason given in the hearings for money now for the development of Diego Garcia is "time." The convenience of a construction schedule, however, should be minor in comparison with some of the other considerations—military and political—which are involved.

THE MIDDLE EAST AND OIL

We are told, for example, that an expansion at Diego Garcia is a natural result of the recent war in the Middle East, needed to protect the sea lanes in the Indian Ocean through which we get oil and other raw materials.

But if we expand facilities on Diego Garcia, is there any guarantee that our supplies of oil will not again be cut off—not in the seas but at the wellhead? It is obvious that the presence of a U.S. carrier task force in the Indian Ocean during the October war did not stop the Arabs from doing just that. And, it is also true that in the naval build-up in the Indian Ocean following the Indo-Pakistan and Arab-Israeli wars, the stand-off firepower provided by U.S. carriers was a sufficient match for anything that the Soviets could or did deploy.

Won't the Russians think twice about interfering with the oil flow from the Persian states when we could respond by massively interfering with their seaborne trade? They are not unmindful, I'm sure, that exits from the two major Soviet import-export areas, the Baltic and Black Seas, which together account for 85 percent of all Soviet seaborne trade, are narrow channels bordered by NATO countries (Turkey, Denmark, Norway), and the English Channel, 22 miles wide at its narrowest point, is bordered by two more (Britain and France). The only functioning exit from the Mediterranean, the Straits of Gibraltar, is also dominated by a British base in a sea where six NATO countries maintain a large naval force.

THE SUEZ CANAL

We are told that an expansion of the facilities at Diego Garcia is needed because the Soviets will be able to use the soon to be opened Suez Canal to increase its presence in the Indian Ocean.

If the opening of the Suez Canal can have such serious consequences for our security, why is this government spending money to help open that canal? How much will the Russians rely on the Suez Canal if, as everyone seems to agree, the canal is vulnerable in a crisis and would leave Soviet ships far from their support facilities? Can the Soviets afford to send more ships into the Indian Ocean by transferring ships from their Atlantic, Mediterranean or Pacific fleets?

NEGOTIATIONS

We are told that the Soviets have not come up with any concrete proposals for a negotiated agreement on a limitation of force levels in the Indian Ocean. Have we done any better?

On two occasions—March and June 1971—the Soviets raised the question of a possible limitation of naval forces in the Indian Ocean

by both the United States and the Soviet Union. What did we do to follow that up?

The printed hearings on this supplemental appropriation bill show that when questioned about the benefits of negotiations to limit our deployments in the Indian Ocean, thereby saving this country a great deal of money, "the Chief of Naval Operations refused to answer" the question. To further quote from the Committee report, "After a delay of 20 days, during which they were repeatedly requested to obtain a responsible answer, the Navy has agreed to initiate steps to obtain an answer from the Department of State."

Why shouldn't we have the benefit of that information before we vote on the question of funding for Diego Garcia?

PLAYING CATCH-UP

We are told that an expansion of facilities at Diego Garcia is needed to balance an increased Soviet force which is already there. But is it not possible that the Soviets feel they must catch-up with us?

The U.S. Navy has sought the use of islands in the Indian Ocean for naval bases since the late 1950's. Proposals similar to the one contained in this bill were made in 1967. But the Soviets did not start to deploy vessels in the Indian Ocean until March, 1968.

Several public hearings have also revealed that the total number of Russian major surface combat ships in the Indian Ocean has never been substantial, ranging between three and ten such ships, and averaging closer to the lower end of the scale.

Moreover it is irrelevant to talk just of the numbers of Soviet ships in that area. When you look more closely at the kinds of Soviet naval activities in the Indian Ocean, you see that by far the greatest portion of their increased activity is accounted for by minesweepers and other auxiliary ships. The picture then becomes far less grim than the Navy would have us believe.

The International Institute for Strategic Studies has recently published a paper, by Geoffrey Jukes, which suggests that the Soviets are in fact reacting to a US presence in the Indian Ocean. He points out, for example, the Soviet's concern with the stationing of US Polaris submarines in the Indian Ocean, putting within range of submarine-launched missiles the industrial heartland of Russia. Is it then unreasonable to suggest, as Jukes does, that the Russian Navy is in the Indian Ocean as a flag-showing force, to familiarize its Navy with an area where it might have to contest the presence of US Polaris submarines and to create pressure on the United States to avoid a great power naval race in the Indian Ocean? If one accepts this thesis, the Soviet offer to negotiate naval limitations makes much sense.

Is it not possible that the Soviets feel the real reason for Diego Garcia is a maritime reconnaissance base from which US aircraft can track Soviet ships and submarines? Even if that is not our intent, is it unreasonable for the Soviets to think otherwise, and to increase their naval forces because they do think so?

The Soviets have a substantial fishing fleet in the Indian Ocean. Is it not possible that they are there, in some part, to protect those fleets?

COSTS

We are told that an expansion of facilities at Diego Garcia will make it less costly for the United States to deploy ships and aircraft in the Indian Ocean.

But isn't there a real possibility that an expansion of Diego Garcia, and the deployment of a carrier task force in the Indian Ocean on a regular basis could cost this government a very substantial sum of money?

Navy officials have stated that if we keep a carrier in the Indian Ocean for six months or more each year, it will require either a reduction of our forces in the Mediterranean or the Pacific or an increase in our carrier force levels, at an enormous cost. Are we ready to say now that we should thin out our 7th Fleet or spend billions of dollars for the procurement and operation of two or even more new aircraft carriers which may be needed?

STABILITY IN THE REGION

We are told that our military presence in the Indian Ocean provides tangible evidence of our concern for security and stability in the region where significant United States interests are located.

But we have also been told that strife which has occurred in the littoral states has come from historic tensions between the countries themselves. Examples are numerous: India-Pakistan, Iraq-Iran, Iraq-Kuwait, and Somalia-Ethiopia among others.

If historic rivalries are the basic tensions in the area, how can the development of Diego Garcia substantially help stabilize the region?

In fact there could be benefits in moving cautiously in this area. Many of the littoral states do not want a great-power arms race in the Indian Ocean. That view is held not only by India and Indonesia among others, but by New Zealand and Australia, two of our major allies.

And there are other questions.

At the present time we are giving significant amounts of military aid to a number of countries in the Indian Ocean, including Saudi Arabia and Iran. Does that, combined with the attempt to develop Diego Garcia, mean that the United States is consciously moving toward greater involvement in that entire region? Can the Soviets not interpret it that way in any event?

On the Southwest coast of Iran a \$600 million military base is being constructed by American contractors. Reportedly this will be the largest base of its kind in the Indian Ocean. The Russians are building smaller bases elsewhere in the littoral states. If we assume that the Russians are, or can, use these bases for their benefit, isn't it likely that the Russians assume we could use this Iranian base for our purposes?

Is it not true that Iran, an ally of the United States, has a great advantage in terms of the military balance of power in the Persian Gulf, while India, supposedly the Soviet's most important ally in the area, has so far resisted attempts by the Soviets to acquire base rights in that country? Will the Indians continue their resistance if we develop Diego Garcia over their objections?



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All these questions bear on the issue of whether we should provide funds in this supplemental appropriation bill for the development of facilities on Diego Garcia.

It may well be that our best interests require a permanent naval base on that island. My concern is that we don't know that now! The Navy has asked for \$29 million for the development of naval facilities on Diego Garcia and is trying to sell the idea to the Congress as a super-Texaco station in the middle of the Indian Ocean. The question which I have posed indicate, I think, that an expansion of those facilities can mean a great deal more than that. Certainly an appropriation of these funds, if they are justified, can wait at least until the consideration of the fiscal year 1975 budget in just a few short months!

DAVID R. OBEY.

