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APPROVED

APR 5 - 1976

84/5/76

*Ceremony + remarks issued
Rose Garden
3:57 pm 4/5/76*

THE WHITE HOUSE
WASHINGTON
March 31, 1976

ACTION
Last Day: April 6

*To Archive
4/6*

MEMORANDUM FOR
FROM:
SUBJECT:

THE PRESIDENT
JIM CANNON *[Signature]*
H.R. 6346 - Rural Development Act
Research and Development Activities

Attached for your consideration is H.R. 6346, sponsored by Representative Rose, which extends the appropriation authorization not to exceed \$5 million for the transition quarter and \$20 million annually for fiscal years 1977, 1978 and 1979 for certain rural development research and development activities.

The enrolled bill also contains a rider to exempt custom combine operators, hay harvesters and sheep shearers from the Farm Labor Contractor Registration.

A discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 6346 at Tab B.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 31 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6346 - Rural Development Act --
research and development activities
Sponsor - Rep. Rose (D) North Carolina

Last Day for Action

April 6, 1976 - Tuesday

Purpose

Extends through fiscal year 1979 the appropriation authorization for certain rural development research and development activities; exempts certain farm workers from the Farm Labor Contractor Registration Act (FLCRA).

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval
Department of Labor	Cites concerns (Informally)

Discussion

Under Title V of the Rural Development Act, the Secretary of Agriculture is authorized, in cooperation with colleges and universities, to develop and disseminate knowledge, scientific information, technical assistance, and feasibility studies in an effort to improve the rural development capability of local citizens, agencies, and State and local government. Funds are allocated to a State on a formula basis, upon approval by the Secretary of the State plan. Appropriation authorizations for the program were \$15 million for fiscal year 1975 and \$20 million for fiscal year 1976. Appropriations, however, were \$3 million in each year.

The enrolled bill would extend the appropriation authorization in amounts not to exceed \$5 million for the transition quarter and \$20 million annually for fiscal years 1977, 1978, and 1979.

In addition, a nongermane rider was attached to H.R. 6346 on the Senate floor to exempt custom combine operators, hay harvesters, and sheep shearers from the Farm Labor Contractor Registration Act. Accordingly, farmers using these three classes of migrant farm workers would not be required to register documents with the Department of Labor which assure that minimal standards for these workers' housing, wages, food, medical services, and safety are being met.

In reporting to the Agriculture Committees on H.R. 6346, the Department of Agriculture opposed the bill on the basis that rural development projects authorized by Title V of the Rural Development Act can be carried out under the Smith-Lever Act and the Hatch Act. Under these two Acts, formula grants are available to the States for a broad range of agricultural research, including rural development.

However, in its report on H.R. 6346, the Senate Agriculture Committee disputed the Department's arguments by stating that:

"...folding the title V program into the activities carried out under the Smith-Lever Act and the Hatch Act could result in the reduction of rural development, research, and education. This is not because there is no support for rural development, research, and education under present funding for these two Acts. However, the pattern varies and in many States where the problem of community services and rural housing are most severe, the allocation of funds for rural development is too little to achieve the required threshold of research and extension competence to assist rural communities. This situation occurs because of

intense competition for the research and extension dollars for other program areas, particularly for research and education relating to food and fiber production. On the other hand, title V assures allocation of research and extension resources toward rural development. The authorization for title V should not result in a reduction in amounts which would go for agricultural research and extension under other programs; rather it would increase the total research and extension funds for rural development."

With respect to the FLCRA rider, on which the Executive Branch had no opportunity to comment, Senator Dole, in introducing it on the Senate floor, argued that unless the exemption was quickly enacted, custom combine operators would be subject to unnecessary or inappropriate regulations which would result in severe hardship and in some cases could drive these operators out of business. He further noted that the proposed exemption would apply to a small universe of workers who can generally be characterized as educated, skilled or semiskilled, well paid, and properly treated by their farm labor contractors -- this is in marked contrast to the unskilled migrant farm workers that FLCRA is intended to protect.

H.R. 6346 passed by 323 to 11 in the House and on a voice vote in the Senate.

Notwithstanding its earlier opposition to H.R. 6346, Agriculture now recommends approval:

"...extension of authorization of Title V can provide a continued mechanism for State and regional efforts with colleges and universities to conduct research and extension educational programs for rural development."

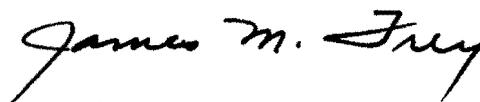
* * * * *

"While we support the intent of the Farm Labor Contractor Registration Act of 1963, as amended, to protect the rights of migrant farm workers, this Department recommends the exclusion of custom combine, hay harvesting, and sheep shearing crews from the Act because of conditions unique to these operations. However, exclusion by legislative action may encourage various interest groups to request similar treatment."

The Department of Labor has informally advised that while it sees problems with the FLCRA exemption and its possible precedential effect, the Department does not recommend veto of the bill.

* * * * *

This Office continues to feel that H.R. 6346 is an undesirable bill. The value of Title V rural development research projects is questionable and funds for continuing this program have not been requested in your 1977 Budget. However, over the last two years, appropriations have been well under the authorization level. With respect to the FLCRA rider, the exemption is narrowly drawn and is not likely to lead to exploitation of the affected custom combiners, hay harvesters, and sheep shearers. While Labor's concern about its possible precedential effect is not without merit, this class of workers cannot really be characterized as typical "migrant" farm workers, and their exclusion from FLCRA will eliminate a burden of unproven merit from the farm labor contractors who use these workers. Accordingly, we concur in Agriculture's recommendation of approval.



Assistant Director for
Legislative Reference

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 4-7-76

TO: Bob Linder

FROM: Jim Frey

Attached is the Labor views letter on H.R. 6346, for inclusion in the enrolled bill file. Thanks.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

APR 6 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

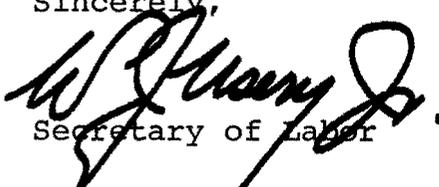
This is in response to your request for a report from this Department on the enrolled enactment of H.R. 6346 "To extend the authorization of appropriations for the Rural Development Act of 1972, and for other purposes."

With respect to the provisions of section 1 of H.R. 6346, concerning an extension of title V of the Rural Development Act, we defer to those agencies more directly involved, such as the Department of Agriculture.

Our primary concern is with section 2 of this legislation, which would amend the Farm Labor Contractor Registration Act of 1963 (FLCRA), as amended. H.R. 6346 provides that the term "farm labor contractor," as defined in section 3(b) of the FLCRA, shall not include any custom combine, hay harvesting, or sheep shearing operation. The effect of this provision will be to exempt such operations from the requirements of the FLCRA.

Our concern applies to only a small part of this bill, the major thrust of which is a Rural Development Act authorization. Accordingly, we are not recommending that the President veto the bill because of the FLCRA provisions of the legislation and are deferring to agencies more directly involved on the question of Presidential approval of H.R. 6346. However, if the President should decide to veto the bill for other reasons, he may also wish to convey our concern to the Congress regarding section 2 and its possible precedent setting aspects.

Sincerely,


Secretary of Labor



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

March 30, 1976

Honorable James T. Lynn
Director, Office of Management
and Budget

Dear Mr. Lynn:

In reply to the request of your office, the following report is submitted on the enrolled enactment H. R. 6346, "To extend the authorization of appropriations for carrying out Title V of the Rural Development Act of 1972, and for other purposes."

This Department recommends the President approve the bill.

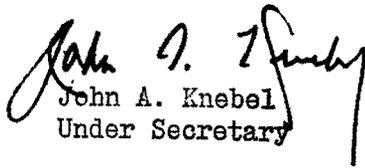
The Department originally opposed the extension of Title V provisions of the Rural Development Act of 1972 because activities similar to the programs carried under provisions of Title V could be performed under existing legislation. However, it recognizes that extension of authorization of Title V can provide a continued mechanism for State and regional efforts with colleges and universities to conduct research and extension educational programs for rural development.

While we support the intent of the Farm Labor Contractor Registration Act of 1963, as amended, to protect the rights of migrant farm workers, this Department recommends the exclusion of custom combine, hay harvesting, and sheep shearing crews from the Act because of conditions unique to these operations. However, exclusion by legislative action may encourage various interest groups to request similar treatment.

The Department estimates that the Title V costs as a result of enactment of this legislation, assuming that Congress appropriates funds to fully implement the bill would be \$5 million for the transition period July 1, 1976 through September 30, 1976, and \$20 million for each of the three fiscal years during the period October 1, 1976 through September 30, 1979.

The exclusion of custom combine, hay harvesting, and sheep shearing operations from the provisions of the Farm Labor Contractor Registration Act of 1963 should result in administrative cost savings to the Department of Labor. This Department defers to the Department of Labor for an estimate of such costs.

Sincerely,


John A. Knebel
Under Secretary

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 31 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6346 - Rural Development Act --
research and development activities
Sponsor - Rep. Rose (D) North Carolina

Last Day for Action

April 6, 1976 - Tuesday

Purpose

Extends through fiscal year 1979 the appropriation author-
ization for certain rural development research and develop-
ment activities; exempts certain farm workers from the
Farm Labor Contractor Registration Act (FLCRA).

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval
Department of Labor	Cites concerns (Informally)

Discussion

Under Title V of the Rural Development Act, the Secretary of Agriculture is authorized, in cooperation with colleges and universities, to develop and disseminate knowledge, scientific information, technical assistance, and feasibility studies in an effort to improve the rural development capability of local citizens, agencies, and State and local government. Funds are allocated to a State on a formula basis, upon approval by the Secretary of the State plan. Appropriation authorizations for the program were \$15 million for fiscal year 1975 and \$20 million for fiscal year 1976. Appropriations, however, were \$3 million in each year.

10-
J. Caron
3-31-76
5:15 p.m.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: **March 31**

Time: **600pm**

FOR ACTION: Paul Leach *ok*
David Lissy *ok*
Max Friedersdorf *ok*
Ken Lazarus *ok*

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: **April 1**

Time: **200pm**

SUBJECT:

H.R. 6346 - Rural Development Act research and development activities

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 31

Time: 600pm

FOR ACTION: Paul Leach
David Lissy
Max Friedersdorf
Ken Lazarus ✓

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: April 1

Time: 200pm

SUBJECT:

H.R. 6346 - Rural Development Act research and development activities

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection.

Ken Lazarus

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

April 1, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M. L. F.*
SUBJECT: H.R. 6346 - Rural Development Act research
and development activities.

The Office of Legislative Affairs concurs with the agencies that the subject bill be signed. We are submitting schedule proposal for a signing ceremony.

Attachments

RURAL DEVELOPMENT ACT AMENDMENTS

JULY 31, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FOLEY, from the Committee on Agriculture,
submitted the following

REPORT

[To accompany H.R. 6346]

The Committee on Agriculture, to whom was referred the bill (H.R. 6346), to make permanent the authorization of appropriations for carrying out title V of the Rural Development Act of 1972, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 8, strike the word "each" and insert in lieu thereof the word "the", and in line 9, strike the word "thereafter" and insert in lieu thereof the words "ending September 30, 1977".

Page 1, at the end of line 9, insert the following:

SEC. 2. Section 503(b) of the Rural Development Act of 1972 is amended to read as follows:

"(b) (1) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (a) shall be distributed by the Secretary as follows:

"(A) 4 per centum to be used by the Secretary for Federal administration, national coordination, and program assistance to the States;

"(B) 10 per centum to be allocated by the Secretary to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States;

"(C) 20 per centum shall be allocated equally among the States;

"(D) 66 per centum shall be allocated to each State in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as deter-

mined by the last preceding decennial census current at the time each such additional sum is first appropriation.

“(2) In any year for which appropriations to carry out the purpose of this title exceed \$5,000,000, the Secretary shall provide that the sum of the payments made to any State under this title shall not be less than \$50,000 per year.”

SEC. 3. The amendments made by Section 2 of this Act shall become effective beginning with the fiscal year ending June 30, 1976.

and amend the title to read as follows:

To extend the authorization of appropriations for carrying out title V of the Rural Development Act of 1972, and to amend section 503(b) of the Rural Development Act of 1972.

PURPOSE AND NEED FOR THE LEGISLATION

H.R. 6346, as amended, extends the authorization of title V of the Rural Development Act of 1972 through September 30, 1977, at a level of \$5 million for the period July 1, 1976, through September 30, 1976, and at a level of \$20 million for the period October 1, 1976, through September 30, 1977. It also changes the formula for the allocation of funds appropriated under the Act in two respects. In lieu of basing 66 percent of the allocation to each State on both rural and farm population, it bases the allocation solely on the rural population. It also provides that the payment to any State would not be less than \$50,000 per year in any year for which appropriations to carry out Title V exceed \$5 million.

The authorization for appropriations under the Act terminates June 30, 1976. In the absence of action by the Congress, this important title of the Rural Development Act would lapse. Title V has as its objective to provide research, extension and training to insure successful programs of rural development so that the highest possible level of employment and quality of life in rural American can be achieved.

Specifically, its purposes include: (a) interpretation and application of information to practical problems and needs in rural development, (b) providing research and investigation in all fields that may contribute to rural development, (c) enhancing the capabilities of colleges and universities to perform public service roles in support of rural development, and (d) expanded research on innovative approaches to rural farm management and technology and extension training and technical assistance to small farmers.

To effectuate the purposes of title V, the Secretary is directed to conduct a rural development extension program, rural development research and small farm extension, research, and development programs in cooperation and in coordination with colleges and universities.

Title V requires a coordinated program in each State with responsibility for administration by the institution designated by the State to administer the Smith-Lever Extension program and Hatch Act Experiment Station program. However, all private and publicly sup-

ported colleges and universities in a State including the land-grant colleges of 1890, are eligible to participate in conducting programs. The chief administrative officer of the university in each State responsible for administering the program is required to appoint a State Rural Development Advisory Council (not in excess of 15 members) to review and approve annual program plans and to advise on administration of the program. The Council includes representatives of farmers, business, labor, banking, local government, multi-county planning and development districts, public and private colleges and Federal and State agencies involved in rural development.

The Act provides authority for a 3-year program through fiscal year 1976 with sums appropriated by Congress to be distributed by the Secretary according to a prescribed formula: 4 percent is used by the Secretary for administration, national coordination, and program assistance; 10 percent is allocated to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States; 20 percent is allocated equally among the States; and 66 percent is allocated to each State—one-half based on rural population of the State and one-half based on the farm population of the State.

Payment of funds to any State are conditioned on the Secretary's approval of the annual plan and budget in compliance with the Secretary's regulations.

The Rural Development Act was adopted on August 30, 1972. Administration of the Act has barely gotten off the ground. In the short time that it has been in operation it has resulted in a number of pilot projects which have received the esteem and commendation of national, State and local leaders.

As originally enacted, the Act provided an authorization of appropriations of \$10 million for fiscal year 1974, \$15 million for fiscal year 1975, and \$20 million for fiscal year 1976. It has been implemented for the two fiscal years ending June 30, 1974, and June 30, 1975, at a level of only \$3 million in each of those years—one-half of the money appropriated for research and the balance for extension. For the fiscal year ending June 30, 1976, the Administration requested no appropriations for implementation of title V. However, the appropriations bill recently adopted by the House provided funds for continuing the title V program for another fiscal year at the same level as in the current year. In the two years the Act has been operative, funds have been disbursed to the States with the largest amount disbursed totaling slightly in excess of \$105,000 and the smallest amount totaling \$14,238.

During the hearings on H.R. 6346, as amended, testimony was received from Members of Congress, the United States Department of Agriculture, and officials of colleges and universities. All were warm in their praise of the work done under title V. All but representatives of the Administration called for continuation of the program at an increased level of funding. The Administration in its testimony praised the projects carried out under title V, stating that it fully supports the intent and purpose of title V, but recommended that the type of activities provided for under title V should be carried out under the authority of the Smith-Lever and Hatch Act. The Committee is of the view that folding the program into the Smith-Lever

and Hatch Acts could well result in the reduction of rural development, research and education. This is not because there is no support for rural development, research and education under present funding for these two Acts. However, the pattern varies and in many States where the problem of community services and rural housing are most severe, the allocation of funds for rural development is too little to achieve the required threshold of research and extension competence to assist rural communities. This situation occurs because of intense competition for the research and extension dollars for other program areas, particularly for research and education relating to food and fiber production. On the other hand title V assures allocation of research and extension resources toward rural development. If the title V money were folded into the traditional Smith-Lever and Hatch Act programs, the program would probably be submerged and there would be no means of determining whether the moneys were spent for rural development purposes. The authorization for title V should not result in a reduction in amounts which would go for agricultural research and extension under other programs; rather it would increase the total research and extension funds for rural development.

It is the view of the Committee that there is a need truly to begin to implement and fund title V of the Act so that rural development could become more of a reality. In title V there is a new model of research and extension. The Act mandates working cooperatively with other public and private institutions in the State and provides for the coordination of the total program within the State which is not embodied in the Smith-Lever and Hatch Acts. The Advisory Committee structure is part of the planning process to get State and community involvement. In addition, the regional center concept of which there are four, provides a means for using the limited resources made available under title V very effectively. Through the regional centers, institutions can collectively work together and pool their resources and accomplish more than if the relatively small amounts were disbursed equally among the States. This is demonstrated by the projects carried out through the regional centers as described in the testimony of the Center's leaders before the Subcommittee. There is no provision for this kind of action in either the Smith-Lever or Hatch Act.

Another strength of the title V program has been the broad-based input going into identifying Statewide and local development objectives. This arises from the direct involvement of State advisory and local citizens advisory councils in title V program direction. Representing farmers, business, labor, local government and multi-county planning and development organizations, advisory council members are sensitizing title V administrators to needs confronting rural areas of the State and providing significant input into program development.

The individual projects themselves carried out within each of the States have given new direction to the thrust of research and extension. For example, President McVicker of Oregon State University illustrated a project that was carried out in his State under which people of small rural towns were motivated to resolve for themselves a problem which was in serious need of development in the community. It helped in providing inputs in understanding better the underlying problems of the community and in how best to deal with them.

Rural development efforts are directed toward a broad base of people living in rural America. The economic and social problems of farmers, low income groups, ethnic minorities, small town businessmen and local elected officials and planning bodies are among those being addressed through the combined research-extension effort.

Title V has demonstrated that effective integration of research and extension activities can result in innovative and creative approaches to problems of rural development. Locally elected officials and those serving on planning bodies have been helped in obtaining the kind of planning assistance they need; communities have been helped in obtaining the leadership and organizational assistance required to address public problems. Testimony was received that most of the States have been inspired by the program to supplement title V funds with other moneys despite tight budgets.

The provisions in H.R. 6346 for allocating 66 percent of funds approved for title V to each State according to the State's share of the Nation's rural population would be more equitable than the present formula which also take account of the State's farm population. Research and extension efforts under title V are intended to benefit all rural people whether living on a farm or living elsewhere in the countryside or in a variety of small towns of rural America. In today's America, rural society feels their problems are intermixed and share most rural development problems in common. There is not, for example, a health and medical care system in a community and another system for the rural nonfarm neighbors in the same community.

Another change made in the formula by H.R. 6346 would be to provide a minimum allocation of \$50,000 to each State each time the appropriation for the year for title V was at least \$5 million. This provision is of particular benefit to States which have relatively small rural populations and will assist them in carrying out a program which would have a reasonable chance of making a measured impact in the rural areas.

COMMITTEE CONSIDERATION

The Subcommittee on Family Farms and Rural Development has held extensive hearings on administration of the Rural Development Act of 1972 and on H.R. 6346, as amended, and related legislation that dealt with title V and other provisions of the Act. On June 9 and 10, 1975, the Subcommittee met specifically to hear testimony on H.R. 6346 and H.R. 6678, bills to amend title V. As introduced these bills would make permanent the authorization of appropriations for carrying out title V and would change the formula for distribution of funds by the Secretary under title V. The changes in the formula provide for payments to each State to be in an amount not less than \$50,000 per year and for allocation of funds to each State to take into account the rural population in the State in lieu of both farm and rural population.

Testimony was received from Congressmen Tom Harkin, Michael Blouin, and a statement was received from Congressman Charles Wilson (Texas). In addition, detailed testimony was presented by representatives of the Department of Agriculture and representatives from the academic community, including the directors of the regional centers for rural development and officials from State universities and colleges.

Testimony from the witnesses was unanimously in support of the projects and efforts that have been carried out under title V. The Department did not support enactment of these bills. It was of the view that the title V efforts should in the future be folded into the Smith-Lever and Hatch Act programs because of the overhead required to administer title V. It stated nonetheless that it "fully supports the intent and purpose of title V," that it considered the individual State projects conducted under title V to have been very effective, complimented the land-grant universities for their implementation and administration of the pilot effort and remarked that these universities have demonstrated their ability and willingness to meet the intent of Congress expressed in the Act.

Testimony by the representatives of the Regional Centers for Rural Development and educators from the State colleges and universities provided specific details of the many beneficial projects carried out with the limited funds thus far provided under title V. The projects demonstrated how the program is developing and disseminating the know-how required to improve the rural development capability of local citizens, agencies and governments. Their testimony strongly supported the position that efforts to develop rural America could most effectively be carried out by continuing to fund separate programs specifically for extension and research under title V of the Rural Development Act.

They also supported provisions in the bills for basing 66 percent allocation to the States on rural population instead of both farm and rural population, since the focus of title V is on problems facing all sectors of society in rural America, and for providing a minimum allocation of \$50,000 to each State.

On June 18, 1975, the Subcommittee voted with a quorum present, to report H.R. 6346 and H.R. 6678 to the full Committee. The Committee on Agriculture met on July 8 and amended the bills to (a) extend the title V authorization through September 30, 1977, instead of making a permanent extension of the authorization, and (b) provide for minimum payment to each State to be not less than \$50,000 in any year for which the appropriations to carry out the purposes of the title exceed \$5 million. The Committee then incorporated the language of H.R. 6678, as amended, into H.R. 6346 and reported the bill by a voice vote in the presence of a quorum.

SECTION-BY-SECTION ANALYSIS

H.R. 6346, as amended, contains a preamble and two sections which amend title V of the Rural Development Act of 1972.

The preamble amends section 503 to extend the title V authorization through September 30, 1977, with an authorization of \$5 million for the transition period of July 1-September 30, 1976, and of \$20 million for the fiscal year ending September 30, 1977.

Section 2 changes the formula for the allocation of sums appropriated to carry out title V in two respects. First, it provides that 66 percent shall be allocated to each State based on the rural population in the State. Under current law one-half of this sum is allocated based on rural population and one-half is allocated based on farm popula-

tion in each State. It also provides that the payments to any State under title V shall be not less than \$50,000 in any year in which appropriations for title V exceed \$5 million.

Section 3 provides for the amendments made by section 2 to become effective beginning with the fiscal year ending June 30, 1976.

ADMINISTRATION POSITION

The following letters forwarded to the Chairman by J. Phil Campbell, Under Secretary, dated June 7, 1975, on H.R. 6346, and by Richard A. Ashworth, Deputy Under Secretary, dated July 10, 1975, on H.R. 6678 set forth the position of the Department of Agriculture:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 7, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of April 30, 1975 for a report on H.R. 6346, a bill "To make permanent the authorization of appropriations for carrying out Title V of the Rural Development Act of 1972."

The Department recommends that the bill not be enacted.

The bill would amend Section 503(a) of the Rural Development Act of 1972 (7 U.S.C. 2663(a)) to authorize appropriations of not to exceed \$5,000,000 for the period July 1, 1976 through September 30, 1976, and not to exceed \$20,000,000 for each fiscal year thereafter to carry out the purposes of Title V of the Rural Development Act of 1972. Section 503(a) currently provides funding authorization only through June 30, 1976.

Title V of the Rural Development Act of 1972 authorizes the Secretary of Agriculture to conduct, in cooperation and coordination with colleges and universities, rural development and small farm research and extension programs. The Department believes that funds to carry out work provided for under Title V beyond fiscal year 1976 could be provided under other existing authorizations such as the Smith-Lever Act and the Hatch Act. Therefore, the Department does not recommend enactment of H.R. 6346.

The estimated cost of enacting this legislation will not result in additional cost in fiscal year 1975. However, if the legislation is fully funded it will cost \$5,000,000 during the period July 1, 1976 through September 30, 1976 and \$20,000,000 for each fiscal year thereafter.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., July 10, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your May 9, 1975 letter for a report on H.R. 6678, a bill "To amend Section 503(b) of the Rural Development Act of 1972."

The Department recommends that the bill not be enacted.

The bill would amend Section 503(b) of the Rural Development Act (7 U.S.C. 2663(b)) to change the formula for allocating amounts authorized by Congress for payment to States for fiscal year 1976. The bill would require that 66 percent of the amount appropriated be paid to the States on the basis of rural population. Currently 33 percent is allocated on the basis of rural population and 33 percent on the basis of farm population. The bill also provides that the total of payments to any State under Title V of the Rural Development Act of 1972 shall not be less than \$50,000 per year.

Title V of the Rural Development Act of 1972 authorizes the Secretary of Agriculture to conduct, in cooperation with colleges and universities, rural development and small farm research and Extension programs. The Department believes that funds to carry out work provided under Title V for fiscal year 1976 could be provided under other existing authorizations and has so requested Congress to increase such funds in its fiscal year 1976 budget request for the Smith-Lever Act and Hatch Act in lieu of continuing to provide funding under separate authority.

The Department's reason for requesting the transfer is that the administrative costs and procedures to conduct the program are excessive. Under Title V of the Rural Development Act, States are required to organize a State advisory committee consisting of up to 15 members. They are required to submit a plan of work through this advisory committee. The States are also required to specifically account for these funds and to submit a financial report. The Department believes that the objectives of the program are already authorized and can be effectively met under the Smith-Lever and Hatch Acts. The States can continue under these authorizations the same kind of programs initiated with Title V funds. At the current level of funding it would be more economical for these funds to be transferred and handled as a part of the regular Smith-Lever and Hatch Act formulas.

If the bill is enacted, it is estimated that the cost for fiscal year 1976 would be \$10,000,000 to permit all States to receive the minimum \$50,000 if the funds are distributed according to the formula prescribed and amounts to States entitled to more than \$50,000 are not reduced. This amount would increase budget outlays and add to the projected Federal deficit in fiscal year 1976.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD A. ASHWORTH,
Deputy Under Secretary.

In addition, Paul A. Vander Myde, Deputy Assistant Secretary, Conservation, Research and Education, appeared before the Committee on June 9, 1975, and made the following statement:

STATEMENT BY PAUL A. VANDER MYDE, DEPUTY ASSISTANT SECRETARY, CONSERVATION, RESEARCH AND EDUCATION, BEFORE THE HOUSE SUBCOMMITTEE ON FAMILY FARMS AND RURAL DEVELOPMENT

Mr. Chairman and Members of the Committee, we appreciate the opportunity to testify before this subcommittee today and to present our position with regard to the enactment of H.R. 6346 and H.R. 6678.

During Fiscal Years 1974 and 1975 the Extension Service and the Cooperative State Research Service, in close partnership with State Land Grant Universities, implemented the research and education component (Title V) of the Rural Development Act of 1972 in all 50 States and Puerto Rico.

The Department fully supports the intent and purpose of Title V, which is to develop and disseminate essential knowledge, scientific information technical assistance, and feasibility studies required to improve the rural development capability of local citizens, agencies, and governments.

However, the Department does not support the enactment of the two bills mentioned above—H.R. 6346 which would extend Title V and authorize annual appropriations of up to \$20 million and H.R. 6678 which would provide for a minimum of \$50,000 per state and eliminate the farm population factor from the formula used to allocate funds among the 50 States and Puerto Rico.

We do not favor the enactment of these two bills because of the inordinate amount of overhead required to administer Title V, and because the intent and purpose of Title V can and should be carried out through the existing authorities for extension and research work under the Smith-Lever and Hatch Acts.

The administrative process to carry out Title V, which provided as little as \$14,238 per state for FY's 1974 and 1975 involves, among other things, naming a coordinator for Title V in each state, the establishment of a 12 to 15 person statewide advisory council for Title V in each state, the development of an annual plan of work and the development of an annual progress report in each state. As the federal level, each of the state plans and progress reports must be reviewed and approved. While the Department is not unalterably opposed to such advisory and planning processes per se, they require an inordinate amount of administrative overhead, in this instance.

In addition, the intent and purpose of Title V can and to a large extent is being carried out under the authority of the Smith-Lever and Hatch Acts. Much of this work is similar in nature to that being done under Title V.

In addition to Title V efforts in the states, the Cooperative Extension Services are already committing approximately 1,500 man years to rural development work providing leadership and organizational assistance, technical assistance, and educational assistance to help rural communities throughout the nation solve their community problems. Last year assistance was provided to nearly 50,000 different local community projects. Selected local communities in nearly 2900 of the 3150 counties are receiving this assistance. More than 700 Extension Agents and Specialists have specific rural development responsibilities occupying one-half or more of their time.

Under the State Experiment Stations there are 867 rural development research projects in progress. These projects involve approximately 275 scientist man years of effort. Slightly more than half of the total research program is supported by State funds.

In its Fiscal Year 1976 budget request, the Department has requested Congress to increase funding under the Smith-Lever and Hatch Acts by the amount of the FY 1975 Title V funds, to provide states greater flexibility in utilizing these funds and to simplify administrative procedures and still allow for the purpose and intent of Title V to be met. Therefore, the Department does not recommend passage of either H.R. 6346 or H.R. 6678.

Although we do not favor the extension of Title V, we do consider the individual state projects conducted under Title V during FY 1974 and 1975 to have been very effective. We compliment the Land Grant Universities for their implementation and administration of the pilot effort. These universities have demonstrated their ability and willingness to meet the intent of the Congress expressed in the Act.

As H.R. 6678 is now drafted, it would require an appropriation of \$10 million, if the proposed allocation formula is used, to meet the requirement that no state receive less than \$50,000 per year. We do not support this Bill because it would add to an already substantial budget deficit.

Thank you very much for this opportunity to present our position with regard to the enactment of H.R. 6346 and H.R. 6678 and to review rural development research and extension efforts currently underway.

We will be happy to respond to questions if you so desire. Thank you.

CURRENT AND FIVE SUBSEQUENT FISCAL YEAR COST ESTIMATE

Pursuant to clause 7 of Rule XIII of the Rules of the House of Representatives, the Committee estimates the cost to be incurred by the Federal Government during the current and the five subsequent fiscal years as a result of the enactment of this legislation would be as follows: \$5 million for the transition period July 1, 1976, through September 30, 1976, and \$20 million for the period October 1, 1976, through September 30, 1977, assuming that Congress appropriates funds to implement fully the authorization contained in H.R. 6346, as amended.

The bill does not provide an authorization for appropriations beyond fiscal year 1977 and thus costs to be incurred under title V for the balance of the five fiscal year period will be dependent on future legislation by the Congress.

The same cost estimate was submitted to the Committee by the Department of Agriculture.

INFLATIONARY IMPACT STATEMENT

Pursuant to Rule XI, clause 2(1) (4), of the Rules of the House of Representatives, the Committee estimates that enactment of H.R. 6346, as amended, would not have any inflationary impact on prices and costs in the operation of the national economy. The beneficial effects of this legislation in helping overcome the problems of rural America should contribute to a sound agricultural economy.

BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The provisions of clause (1) (3) (B) and clause (1) (3) (C) of Rule XI of the House of Representatives, and Section 308(a) and Section 403 of the Congressional Budget Act of 1974 (relating to estimates of new budget authority or new or increased tax expenditures and estimates and comparisons prepared by the Director of the Congressional Budget Office), are not considered applicable.

OVERSIGHT STATEMENT

No specific oversight activities, other than the hearings accompanying the Committee's consideration of H.R. 6346 (and H.R. 6678 and related bills) were made by the Committee, within the definition of clause 2(b) (1) of Rule X of the House. No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b) (2) of Rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 6346.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman) :

RURAL DEVELOPMENT ACT OF 1972

* * * * *

TITLE V.—RURAL DEVELOPMENT AND SMALL FARM RESEARCH AND EDUCATION

SEC. 501. PURPOSES.—The purpose of this title is to encourage and foster a balanced national development that provides opportunities for increased numbers of Americans to work and enjoy a high quality of life dispersed throughout our Nation by providing the essential

knowledge necessary for successful programs of rural development. It is further the purpose of this title—

(a) to provide multistate regional agencies, States, counties, cities, multicounty planning and development of districts, businesses, industries, organizations, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and others involved with public services and investments in rural areas or that provide or may provide employment in these areas the best available scientific, technical, economic, organizational, environmental, and management information and knowledge useful to them, and to assist and encourage them in the interpretation and application of this information to practical problems and needs in rural development;

(b) to provide research and investigations in all fields that have as their purpose the development of useful knowledge and information to assist those planning, carrying out, managing, or investing in facilities, services, businesses, or other enterprises, public and private, that may contribute to rural development;

(c) to enhance the capabilities of colleges and universities to perform the vital public service roles of research, transfer, and practical application of knowledge in support of rural development;

(d) to expand research on innovative approaches to small farm management and technology and extend training and technical assistance to small farmers so that they may fully utilize the best available knowledge on sound economic approaches to small farm operations.

SEC. 502. PROGRAMS AUTHORIZED.—The Secretary of Agriculture (hereafter referred to as the “Secretary”) is directed and authorized to conduct in cooperation and in coordination with colleges and universities the following programs to carry out the purposes of this title.

(a) RURAL DEVELOPMENT EXTENSION PROGRAMS.—Rural development extension programs shall consist of the collection, interpretation, and dissemination of useful information and knowledge from research and other sources to units of multistate regional agencies, State, county, municipal, and other units of government, multicounty planning and development districts, organizations of citizens contributing to rural development, business, Indian tribes on Federal or State reservations or other federally recognized Indian tribal groups, or industries that employ or may employ people in rural areas. These programs also shall include technical services and educational activity, including instruction for persons not enrolled as students in colleges or universities, to facilitate and encourage the use and practical application of this information. These programs also may include feasibility studies and planning assistance.

(b) RURAL DEVELOPMENT RESEARCH.—Rural development research shall consist of research, investigations, and basic feasibility studies in any field or discipline which may develop principles, facts, scientific and technical knowledge, new technology, and other information that may be useful to agencies of Federal, State, and local government, industries in rural areas, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and other

organizations involved in rural development programs and activities in planning and carrying out such programs and activities or otherwise be practical and useful in achieving increased rural development.

(c) SMALL FARM EXTENSION, RESEARCH, AND DEVELOPMENT PROGRAMS.—Small farm extension and research and development programs shall consist of extension and research programs with respect to new approaches for small farms in management, agricultural production techniques, farm machinery technology, new products, cooperative agricultural marketing, and distribution suitable to the economic development of family size farm operations.

SEC. 503. APPROPRIATION AND ALLOCATION OF FUNDS.—(a) There is hereby authorized to be appropriated to carry out the purposes of this title not to exceed \$10,000,000 for the fiscal year ending June 30, 1974 not to exceed \$15,000,000 for the fiscal year ending June 30, 1975, [and] not to exceed \$20,000,000 for the fiscal year ending June 30, 1976[.]

, not to exceed \$5,000,000 for the period July 1, 1976, through September 30, 1976, and not to exceed \$20,000,000 for the fiscal year ending September 30, 1977.

[(b) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (a) shall be distributed by the Secretary as follows:

(1) 4 per centum to be used by the Secretary for Federal administration, national coordination, and program assistance to the States;

(2) 10 per centum to be allocated by the Secretary to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States;

(3) 20 per centum shall be allocated equally among the States;

(4) 66 per centum shall be allocated to each State, as follows: One-half in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such additional sum is first appropriated.]

(b) (1) *Such sums as the Congress shall appropriate to carry out the purpose of this title pursuant to subsection (a) shall be distributed by the Secretary as follows:*

(A) *4 per centum to be used by the Secretary for Federal administration, national coordination, and program assistance to the States;*

(B) *10 per centum to be allocated by the Secretary to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States;*

(C) *20 per centum shall be allocated equally among the States;*

(D) 66 per centum shall be allocated to each State in an amount which bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated.

(2) In any year for which appropriations to carry out the purpose of this title exceed \$5,000,000, the Secretary shall provide that the sum of the payments made to any State under this title shall not be less than \$50,000 per year.

(c) Funds appropriated under this title may be used to pay salaries and other expenses of personnel employed to carry out the functions authorized by this title, to obtain necessary supplies, equipment, services, and rent, repair, and maintenance of other facilities needed, but may not be used to purchase or construct buildings.

(d) Payment of funds to any State for programs authorized under section 503(a), (b), and (c) shall be contingent upon the Secretary's approval of an annual plan and budget for programs conducted under each part and compliance with such regulations as the Secretary may issue under this title. Funds shall be available for use by the State in the fiscal year for which appropriated and the next fiscal year following the year for which appropriated. Funds shall be budgeted and accounted for on such forms and at such times as the Secretary shall prescribe.

(e) Funds provided to each State under this title may be used to finance programs through or at private and publicly supported colleges and universities other than the university responsible for administering the programs authorized by this title.

SEC. 504. COOPERATING COLLEGES AND UNIVERSITIES.—(a) Each of the programs authorized by this title shall be organized and conducted by one or more colleges or universities in each State so as to provide a coordinated program in each State.

(b) To assure national coordination with programs under the Smith-Lever Act of 1914 and the Hatch Act (as amended, August 11, 1955), administration of each State program shall be a responsibility of the institution or university accepting the benefits of the Morrill Act of 1862 (12 Stat. 503) as amended. Such administration shall be in association with the programs conducted under the Smith-Lever Act and the Hatch Act. The Secretary shall pay funds available to each State to said institution or university.

(c) All private and publicly supported colleges and universities in a State including the land-grant colleges of 1890 (26 Stat. 417) shall be eligible to conduct or participate in conducting programs authorized under this title. Officials at universities or colleges other than those responsible for administering programs authorized by this title who wish to participate in these programs shall submit program proposals to the university officials responsible for administering these programs and they shall be responsible for approval of said proposals.

(d) The university in each State responsible for administering the program authorized by this title shall designate an official who shall be responsible for programs authorized by each part of section 502 and an official who shall be responsible for the overall coordination of said programs.

(e) The chief administrative officer of the university in each State responsible for administering the program authorized by this title shall appoint a State Rural Development Advisory Council, consisting of not more than fifteen members. The administrative head of agriculture of that university shall serve as chairman. The administrative head of a principal school of engineering in the State shall be a member. There shall be at least ten additional members who shall include persons representing farmers, business, labor, banking, local government, multi-county planning and development districts, public and private colleges and Federal and State agencies involved in rural development.

It shall be the function of the Council to review and approve annual program plans conducted under this title and to advise the chief administrative officer of the university on matters pertaining to the program authorized.

SEC. 505. AGREEMENTS AND PLANS.—(a) Programs authorized under this title shall be conducted as mutually agreed upon by the Secretary and the university responsible for administering said programs in a memorandum of understanding which shall provide for the coordination of the programs authorized under this title, coordination of these programs with other rural development programs of Federal, State, and local government, and such other matters as the Secretary shall determine.

(b) Annually said university shall submit to the Secretary an annual program plan for programs authorized under this title which shall include plans for the programs to be conducted by each cooperating and participating university or college and such other information as the Secretary shall prescribe. Each State program must include research and extension activities directed toward identification of programs which are likely to have the greatest impact upon accomplishing the objectives of rural development in both the short and longer term and the use of these studies to support the State's comprehensive program to be supported under this title.

SEC. 506. WITHHOLDING FUNDS.—When the Secretary determines that a State is not eligible to receive part or all of the funds to which it is otherwise entitled because of a failure to satisfy conditions specified in this title, or because of a failure to comply with regulations issued by the Secretary under this title, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the Congress next succeeding a session of the legislature of the State from which funds have been withheld in order that the State may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be covered into the Treasury. If any portion of the moneys received by the designated officers of any State for the support and maintenance of programs authorized by this title shall by any action or contingency be diminished or lost, or be misapplied, it shall be replaced by said State.

SEC. 507. DEFINITIONS.—For the purposes of this title—

(a) "Rural development" means the planning, financing, and development of facilities and services in rural areas that contribute to making these areas desirable places in which to live and make private and

business investments; the planning, development, and expansion of business and industry in rural areas to provide increased employment and income; the planning, development, conservation, and use of land, water, and other natural resources of rural areas to maintain or enhance the quality of the environment for people and business in rural areas; and processes and procedures that have said objectives as their major purposes.

(b) The word "State" means the several States and the Commonwealth of Puerto Rico.

SEC. 508. REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this title.

○

EXTENSION OF TITLE V OF THE RURAL DEVELOPMENT ACT OF 1972

MARCH 22, 1976.—Ordered to be printed

Mr. CLARK, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany H.R. 6346]

The Committee on Agriculture and Forestry, to which was referred the bill (H.R. 6346) to extend the authorization of appropriations for carrying out title V of the Rural Development Act of 1972, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

SHORT EXPLANATION

H.R. 6346, as amended by the Committee, extends through September 30, 1979, the authorization of appropriations for carrying out title V of the Rural Development Act of 1972. The bill authorizes the appropriation of (1) not to exceed \$5 million for the period July 1, 1976, through September 30, 1976, and (2) not to exceed \$20 million for each of the three fiscal years during the period October 1, 1976, through September 30, 1979.

COMMITTEE AMENDMENT

The Committee amendment strikes all after the enacting clause and inserts in lieu thereof the following: That subsection (a) of section 503 of the Rural Development Act of 1972 (7 U.S.C. 2663(a)) is amended—

(1) by striking out the word "is" and inserting in lieu thereof "are";

(2) by striking out the word "and"; and

(3) by changing the period at the end thereof to a comma, and adding the following:

not to exceed \$5,000,000 for the period July 1, 1976,
through September 30, 1976, and not to exceed \$20,-

000,000 for each of the three fiscal years during the period beginning October 1, 1976, and ending September 30, 1979.

H.R. 6346, as passed by the House, extends the authorization of appropriations for carrying out title V of the Rural Development Act through September 30, 1977. The House bill authorizes the appropriation of (1) not to exceed \$5 million for the period July 1, 1976, through September 30, 1976; and (2) not to exceed \$20 million for the fiscal year beginning October 1, 1976, and ending September 30, 1977.

The Committee amendment retains the House provision and extends the authorization of appropriations for two additional fiscal years through September 30, 1979. Not to exceed \$20 million is authorized to be appropriated for each of the two years.

BACKGROUND AND NEED FOR LEGISLATION

I.

The authorization for appropriations under title V of the Rural Development Act of 1972 terminates this year. Therefore, in the absence of action by the Congress, this important title of the Act will lapse.

The objective of title V is to provide research, extension, and training to ensure successful programs of rural development in order that the highest possible level of employment and quality of life in rural America may be achieved. The stated purposes of title V include (a) interpretation and application of information to practical problems and needs in rural development; (b) providing research and investigation in all fields that may contribute to rural development; (c) enhancing the capabilities of colleges and universities to perform public service roles in support of rural development; and (d) expanded research on innovative approaches to rural farm management and technology and extension training and technical assistance to small farmers.

To effectuate the purposes of title V, the Secretary of Agriculture is directed to conduct a rural development extension program, rural development research and small farm extension, research, and development programs in cooperation and in coordination with colleges and universities.

Title V requires a coordinated program in each State with responsibility for administration by the institution designated by the State to administer the Smith-Lever Extension program and Hatch Act Experiment Station program. However, all private and publicly supported colleges and universities in a State, including the land-grant colleges of 1890, are eligible to participate in conducting programs. The chief administrative officer of the university in each State responsible for administering the program is required to appoint a State Rural Development Advisory Council (not in excess of 15 members) to review and approve annual program plans and to advise on administration of the program. The Council includes representatives of farmers, business, labor, banking, local government, multi-county planning and development districts, public and private, colleges and Federal and State agencies involved in rural development.

Under title V, sums appropriated by Congress are distributed by the Secretary according to a prescribed formula: 4 percent is used by the Secretary for administration, national coordination, and program assistance; 10 percent is allocated to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States; 20 percent is allocated equally among the States; and 66 percent is allocated to each State—one-half based on rural population of the State and one-half based on the farm-population of the State.

Payment of funds to any State is conditioned on the Secretary's approval of the annual plan and budget in compliance with the Secretary's regulations.

II.

The Department of Agriculture opposes the extension of title V and states its belief that projects authorized by title V could be carried out under the Smith-Lever Act and the Hatch Act.

However, folding the title V program into the activities carried out under the Smith-Lever Act and the Hatch Act could result in the reduction of rural development, research, and education. This is not because there is no support for rural development, research, and education under present funding for these two Acts. However, the pattern varies and in many States where the problem of community services and rural housing are most severe, the allocation of funds for rural development is too little to achieve the required threshold of research and extension competence to assist rural communities. This situation occurs because of intense competition for the research and extension dollars for other program areas, particularly for research and education relating to food and fiber production. On the other hand, title V assures allocation of research and extension resources toward rural development. The authorization for title V should not result in a reduction in amounts which would go for agricultural research and extension under other programs; rather it would increase the total research and extension funds for rural development.

In title V, there is a new model of research and extension. The Act mandates working cooperatively with other public and private institutions in the State and provides for the coordination of the total program within the State which is not embodied in the Smith-Lever Act and the Hatch Act. The Advisory Committee structure is part of the planning process to get State and community involvement. In addition, the regional center concept, of which there are four, provides a means for using the limited resources made available under title V. Through the regional centers, institutions can collectively work together and pool their resources and accomplish more than if the relatively small amounts were disbursed equally among the States. There is no provision for this kind of action in either the Smith-Lever Act or the Hatch Act.

Another strength of the title V program has been the broadbased input going into identifying Statewide and local development objectives. This arises from the direct involvement of State advisory and local citizens advisory councils in title V program direction. Representing farmers, business, labor, local government and multi-county planning and development organizations, advisory council members

are acquainting title V administrators to needs confronting rural areas of the State and providing significant input into program development.

III.

Title V has demonstrated that effective integration of research and extension activities can result in innovative and creative approaches to problems of rural development. Locally elected officials and those serving on planning bodies have been helped in obtaining the kind of planning assistance they need; communities have been helped in obtaining the leadership and organizational assistance required to address public problems.

Utilizing title V funds, State land grant universities have contributed approximately 147 staff years of professional assistance and 15 staff years of paraprofessional assistance to local governments and informal leaders in defining and solving the problems of rural communities. Ten different Federal agencies and 23 different State government agencies were involved. In more than one-half the States, industries or organizations from the private sector were also involved. Nearly two-thirds of the States involved more than 30 colleges and universities other than the administering land grant institutions.

Under title V work, the following kinds of problems were addressed and progress made toward their solutions:

<i>Problem area</i>	<i>Number of States Reporting progress or improvements</i>
Job creation and income improvement.....	31
Improving employability of local residents.....	8
Housing.....	16
Waste disposal, sewer and water systems.....	9
Educational services and facilities.....	5
Health/medical services and facilities.....	9
Transportation services and facilities.....	6
Land and water use policy/planning.....	20
Recreation and tourism.....	8
Other community services and facilities.....	6
Local government modernization and improvement.....	23
Enhancing community viability.....	20

The kinds of progress or improvements reported range widely for each of the problem areas.

Emergency medical services were established for the first time in one county of West Virginia, while the physical examination practices of professional nurses serving rural areas were upgraded in Connecticut.

Feasibility studies for locating processing plants were conducted in Michigan, while the industrial development skills of local leaders and elected officials were upgraded in Arizona.

The capability of local leaders and elected officials to solve future problems was increased in Indiana, while youth groups in Alabama were given leadership skills essential to obtaining, by cooperative community-wide action, the recreational facilities they needed.

Scattered rural residents in South Dakota were assisted in getting badly needed domestic and livestock water systems, while local officials and leaders in South Carolina were assisted in meeting the demands for solid waste disposal systems which will meet federal and state requirements.

More than 300 low income and elderly residents of Maine were assisted in improving their houses, while Colorado's self-help housing project provided new homes for low income families (\$7,000 to \$10,000 annual income per family) in two counties of Colorado.

A town was incorporated in New Mexico while sewer and water and ecological area protection districts were organized in several states, and land use policies were under development in others.

COMMITTEE CONSIDERATION

On October 3, 1975, Senator Huddleston, joined by 10 other members of the Committee on Agriculture and Forestry, introduced S. 2467, a bill to authorize funds for title V of the Rural Development Act of 1972 through September 30, 1979. S. 2467 was referred to the Committee and its Subcommittee on Rural Development. On October 7, 1975, the bill was referred to the Department of Agriculture with a request for a report. A report was received from the Department recommending that title V not be extended.

H.R. 6346, a bill to make permanent the authorization of appropriations for carrying out title V, was considered by the House Committee on Agriculture and public hearings were held. As a result of the hearings and subsequent floor action, H.R. 6346 was amended and passed by the House to extend title V through September 30, 1977.

The Subcommittee on Rural Development was polled on March 12, 1976, and on March 18, 1975, the Committee amended H.R. 6346 to extend the authorization of appropriations for title V through September 30, 1979, and ordered the bill reported to the Senate.

DEPARTMENTAL VIEWS

In a letter to the Chairman dated November 24, 1975, the Department of Agriculture recommended that S. 2467 not be enacted. The letter from the Department reads as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., November 24, 1975.

HON. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of October 7, 1975 requesting a report on S. 2467, a bill "To Authorize Funds for Title V of the Rural Development Act of 1972 through September 30, 1979."

The Department recommends that the bill not be enacted.

The bill would amend Section 503(a) of the Rural Development Act of 1972 (7 U.S.C. 2663(a)) to authorize appropriations not to exceed \$20 million for the fiscal year ending June 30, 1976, not to exceed \$5 million for the period beginning July 1, 1976 and ending September 30, 1976, and not to exceed \$20 million for each of the three succeeding fiscal years through September 30, 1979.

Title V of the Rural Development Act of 1972 authorizes the Secretary of Agriculture to conduct, in cooperation and coordination with

colleges and universities, rural development and small farm research and extension programs. The Department believes that funds to carry out work provided for under Title V beyond fiscal year 1976 could be provided under other existing authorizations such as the Smith-Lever Act and the Hatch Act. Therefore, the Department does not recommend enactment of S. 2467.

The estimated cost of this legislation if enacted and fully funded would be \$20 million for the period July 1, 1975 through June 30, 1976, \$5 million for the three month period ending September 30, 1976, and \$20 million for each of the three succeeding fiscal years ending September 30, 1979.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Acting Secretary.

COST ESTIMATE

Pursuant to section 252 of the Legislative Reorganization Act of 1970, the Committee estimates that the costs which would be incurred by the Federal Government as a result of the enactment of this legislation (assuming that Congress appropriates funds to implement fully the authorization contained in the bill) would be as follows: \$5 million for the transition period July 1, 1976, through September 30, 1976, and \$20 million for each of the three fiscal years during the period October 1, 1976, through September 30, 1979.

The same cost estimate was submitted to the Committee by the Department of Agriculture.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

RURAL DEVELOPMENT ACT OF 1972

* * * * *

TITLE V—RURAL DEVELOPMENT AND SMALL FARM RESEARCH AND EDUCATION

SEC. 501. PURPOSES.—The purpose of this title is to encourage and foster a balanced national development that provides opportunities for increased numbers of Americans to work and enjoy a high quality of life dispersed throughout our Nation by providing the essential knowledge necessary for successful programs of rural development. It is further the purpose of this title—

(a) to provide multistate regional agencies, States, counties, cities, multicounty planning and development of districts, businesses, industries, organizations, Indian tribes on Federal and

State reservations or other federally recognized Indian tribal groups, and others involved with public services and investments in rural areas or that provide or may provide employment in these areas the best available scientific, technical, economic, organizational, environmental, and management information and knowledge useful to them, and to assist and encourage them in the interpretation and application of this information to practical problems and needs in rural development;

(b) to provide research and investigations in all fields that have as their purpose the development of useful knowledge and information to assist those planning, carrying out, managing, or investing in facilities, services, businesses, or other enterprises, public and private, that may contribute to rural development;

(c) to enhance the capabilities of colleges and universities to perform the vital public service roles of research, transfer, and practical application of knowledge in support of rural development;

(d) to expand research on innovative approaches to small farm management and technology and extend training and technical assistance to small farmers so that they may fully utilize the best available knowledge on sound economic approaches to small farm operations.

SEC. 502. PROGRAMS AUTHORIZED.—The Secretary of Agriculture (hereafter referred to as the "Secretary") is directed and authorized to conduct in cooperation and in coordination with colleges and universities the following programs to carry out the purposes of this title.

(a) RURAL DEVELOPMENT EXTENSION PROGRAMS.—Rural development extension programs shall consist of the collection, interpretation, and dissemination of useful information and knowledge from research and other sources to units of multistate regional agencies, State, county, municipal, and other units of government, multicounty planning and development districts, organizations of citizens contributing to rural development, business, Indian tribes on Federal or State reservations or other federally recognized Indian tribal groups, or industries that employ or may employ people in rural areas. These programs also shall include technical services and educational activity, including instruction for persons not enrolled as students in colleges or universities, to facilitate and encourage the use of practical application of this information. These programs also may include feasibility studies and planning assistance.

(b) RURAL DEVELOPMENT RESEARCH.—Rural development research shall consist of research, investigations, and basic feasibility studies in any field or discipline which may develop principles, facts, scientific and technical knowledge, new technology, and other information that may be useful to agencies of Federal, State, and local government, industries in rural areas, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and other organizations involved in rural development programs and activities in planning and carrying out such programs and activities or otherwise be practical and useful in achieving increased rural development.

(c) SMALL FARM EXTENSION, RESEARCH, AND DEVELOPMENT PROGRAMS.—Small farm extension and research and development pro-

grams shall consist of extension and research programs with respect to new approaches for small farms in management, agricultural production techniques, farm machinery technology, new products, cooperative agricultural marketing, and distribution suitable to the economic development of family size farm operations.

SEC. 503. APPROPRIATION AND ALLOCATION OF FUNDS.—(a) There [is] are hereby authorized to be appropriated to carry out the purposes of this title not to exceed \$10,000,000 for the fiscal year ending June 30, 1974, not to exceed \$15,000,000 for the fiscal year ending June 30, 1975, [and] not to exceed \$20,000,000 for the fiscal year ending June 30, 1976¹, not to exceed \$5,000,000 for the period July 1, 1976, through September 30, 1976, and not to exceed \$20,000,000 for each of the three fiscal years during the period beginning October 1, 1976, and ending September 30, 1979.¹

(b) Such sums as the Congress shall appropriate to carry out the purposes of this title pursuant to subsection (a) shall be distributed by the Secretary as follows:

(1) 4 per centum to be used by the Secretary for Federal administration, national coordination, and program assistance to the States;

(2) 10 per centum to be allocated by the Secretary to States to finance work serving two or more States in which universities in two or more States cooperate or which is conducted by one university to serve two or more States;

(3) 20 per centum shall be allocated equally among the States;

(4) 66 per centum shall be allocated to each State, as follows: One-half in an amount which bears the same ratio to the total amount to be allocated as the rural population of the States bears to the total rural population of all the States as determined by the last preceding decennial census current at the time each such additional sum is first appropriated; and one-half in an amount which bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States as determined by the last preceding decennial census current at the time such additional sum is first appropriated.

(c) Funds appropriated under this title may be used to pay salaries and other expenses of personnel employed to carry out the functions authorized by this title, to obtain necessary supplies, equipment, services, and rent, repair, and maintenance of other facilities needed, but may not be used to purchase or construct buildings.

(d) Payment of funds to any State for programs authorized under section 502(a), (b), and (c) shall be contingent upon the Secretary's approval of an annual plan and budget for programs conducted under each part and compliance with such regulations as the Secretary may issue under this title. Funds shall be available for use by the State in the fiscal year for which appropriated and the next fiscal year following the year for which appropriated. Funds shall be budgeted and accounted for on such forms and at such times as the Secretary shall prescribe.

¹ Public Law 94-144, approved December 9, 1975, provides a general authorization for appropriations from July 1, 1976, through September 30, 1976, for all Federal programs and activities for which funding was authorized on June 30, 1976.

(c) Funds provided to each State under this title may be used to finance programs through or at private and publicly supported colleges and universities other than the university responsible for administering the programs authorized by this title.

SEC. 504. COOPERATING COLLEGES AND UNIVERSITIES.—(a) Each of the programs authorized by this title shall be organized and conducted by one or more colleges or universities in each State so as to provide a coordinated program in each State.

(b) To assure national coordination with programs under the Smith-Lever Act of 1914 and the Hatch Act (as amended, August 11, 1955), administration of each State program shall be a responsibility of the institution or university accepting the benefits of the Morrill Act of 1862 (12 Stat. 503) as amended. Such administration shall be in association with the programs conducted under the Smith-Lever Act and the Hatch Act. The Secretary shall pay funds available to each State to said institution or university.

(c) All private and publicly supported colleges and universities in a State including the land-grant colleges of 1890 (26 Stat. 417) shall be eligible to conduct or participate in conducting programs authorized under this title. Officials at universities or colleges other than those responsible for administering programs authorized by this title who wish to participate in these programs shall submit program proposals to the university officials responsible for administering these programs and they shall be responsible for approval of said proposals.

(d) The university in each State responsible for administering the program authorized by this title shall designate an official who shall be responsible for programs authorized by each part of section 502 and an official who shall be responsible for the overall coordination of said programs.

(e) The chief administrative officer of the university in each State responsible for administering the program authorized by this title shall appoint a State Rural Development Advisory Council, consisting of not more than fifteen members. The administrative head of agriculture of that university shall serve as chairman. The administrative head of a principal school of engineering in the State shall be a member. There shall be at least ten additional members who shall include persons representing farmers, business, labor, banking, local government, multi-county planning and development districts, public and private colleges and Federal and State agencies involved in rural development.

It shall be the function of the Council to review and approve annual program plans conducted under this title and to advise the chief administrative officer of the university on matters pertaining to the program authorized.

SEC. 505. AGREEMENTS AND PLANS.—(a) Programs authorized under this title shall be conducted as mutually agreed upon by the Secretary and the university responsible for administering said programs in a memorandum of understanding which shall provide for the coordination of the programs authorized under this title, coordination of these programs with other rural development programs of Federal, State, and local government, and such other matters as the Secretary shall determine.

(b) Annually said university shall submit to the Secretary an annual program plan for programs authorized under this title which shall include plans for the programs to be conducted by each cooperating and participating university or college and such other information as the Secretary shall prescribe. Each State program must include research and extension activities directed toward identification of programs which are likely to have the greatest impact upon accomplishing the objectives of rural development in both the short and longer term and the use of these studies to support the State's comprehensive program to be supported under this title.

SEC. 506. WITHHOLDING FUNDS.—When the Secretary determines that a State is not eligible to receive part or all of the funds to which it is otherwise entitled because of a failure to satisfy conditions specified in this title, or because of a failure to comply with regulations issued by the Secretary under this title, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the Congress next succeeding a session of the legislature of the State from which funds have been withheld in order that the State may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be covered into the Treasury. If any portion of the moneys received by the designated officers of any State for the support and maintenance of programs authorized by this title shall by any action or contingency be diminished or lost, or be misapplied, it shall be replaced by said State.

SEC. 507. DEFINITIONS.—For the purposes of this title—

(a) "Rural development" means the planning, financing, and development of facilities and services in rural areas that contribute to making these areas desirable places in which to live and make private and business investments; the planning, development, and expansion of business and industry in rural areas to provide increased employment and income; the planning, development, conservation, and use of land, water, and other natural resources of rural areas to maintain or enhance the quality of the environment for people and business in rural areas; and process and procedures that have said objectives as their major purposes.

(b) The word "State" means the several States and the Commonwealth of Puerto Rico.

SEC. 508. REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this title.

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Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To extend the authorization of appropriations for carrying out title V of the Rural Development Act of 1972, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 503 of the Rural Development Act of 1972 (7 U.S.C. 2663(a)) is amended—

- (1) by striking out the word “is” and inserting in lieu thereof “are”;
- (2) by striking out the word “and”; and
- (3) by changing the period at the end thereof to a comma, and adding the following: “not to exceed \$5,000,000 for the period July 1, 1976, through September 30, 1976, and not to exceed \$20,000,000 for each of the three fiscal years during the period beginning October 1, 1976, and ending September 30, 1979.”.

SEC. 2. Subsection (b) of section 3 of the Farm Labor Contractor Registration Act of 1963, 78 Stat. 920, as amended (7 U.S.C. 2041-2055), is amended—

- (1) by striking the word “or” at the end of paragraph (6);
- (2) by striking the period at the end of paragraph (7) and inserting in lieu thereof a semicolon; and
- (3) by adding at the end thereof a new paragraph (8) as follows:

“(8) any custom combine, hay harvesting, or sheep shearing operation.”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
REMARKS OF THE PRESIDENT
TO THE
OFFICIALS OF THE
KANSAS FARM BUREAU

THE ROSE GARDEN

3:57 P.M. EST

Secretary Butz, distinguished Members of the Congress:

Let me welcome you all here today for the signing of H.R. 6346, which extends the authority for certain rural development and research and development activities through fiscal year 1979.

Most importantly, however, another section of this bill exempts custom combine operators, hay harvesters and sheep shearers from the Farm Labor Contractor Registration Act.

I am only sorry that my good friend Bob Dole is not able to participate in this ceremony. I know he would like to have been here with the other Members of Congress, since he, along with others, led the effort to clarify the Farm Labor Contractors Registration Act. I understand that failure to change this act could lead to very severe hardship for the custom combine operators, as well as others.

Since the Farm Labor Act was intended to protect unskilled migrant farm laborers, not the more skilled workers exempted today by the legislation I am signing, I think this one exemption makes a great deal of sense.

I am committed, as I think all of the Members of Congress know, to reducing and resisting regulation in areas such as this where it is not needed or certainly is not appropriate.

So, it is a privilege and a pleasure for me to sign this legislation and to provide this exemption, which I think is badly needed in the field of agriculture.

END (AT 3:59 P.M. EST)