TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In millions of dollars]

Federal Government:	
Purchases of goods and services:	
Wages and salaries	1.2
Other	.7
Transfer payments to individuals	[1] 32.5
Total, Federal expenditures	34.4
Non-Federal expenditures	(2)

[1] Value of bonus coupons issued to food stamp participants.
[2] Not available.

Rural Electrification Administration

Electrification Program

PART I. DESCRIPTION OF THE PROGRAM

1. Objectives

The Rural Electrification Administration was established to execute a self-liquidating loan program for electric and telephone service in rural areas on an area coverage basis. To this end, the Administration conducts two capital investment programs: (a) the rural electrification program to provide electric service to farms and other rural establishments; and (b) the rural telephone program to furnish and improve telephone service in rural areas.

REA borrowers are independent corporate bodies, locally owned and controlled. REA works with the borrowers to move them as far and as fast as is feasible toward a situation in which every borrower possesses the internal strength to guarantee its permanent success as an independent local enterprise. As borrowers gain in strength and maturity, REA's necessary activities to protect loan security proportionately diminish.

2. Operation

Rural electrification.—This program is carried out through loans which bear 2 percent interest and must be repaid within a period not to exceed 35 years. Loans are also made for shorter periods at 2 percent interest to electrification borrowers to be reloaned to their consumers for the purpose of financing the wiring of premises and the acquisition and installation of electrical and plumbing appliances and equipment, including machinery.

Electrification loans are made primarily to cooperative associations formed solely for the purpose of supplying electricity in rural areas and borrowers are encouraged to expeditiously extend service to remaining unserved farms.

REA field people work with borrowers in helping them create sound, viable organizations. REA assistance includes advice in connection with activities such as power use promotion and improved member service programs as well as technical assistance in fields such as automatic data processing, accounting, long-range planning, rate design, and so forth.

Rural telephone.—This program is carried out through loans which are made for the purpose of financing the improvement, expansion, construction, acquisition, and operation of the telephone lines and