

Until such time as more reliable information is available any expansion of Job Corps, Neighborhood Youth Corps or the VISTA programs cannot be justified. Accordingly, the Chamber recommends that 1968 obligational authority for these activities be held at present levels.

The Administration has requested \$470 million for the Head Start program and plans to allocate \$135 million of this amount for "follow-up programs" in the early primary grades. The Chamber recommends an increased appropriation for regular Head Start programs. No funds, however, should be made available for the proposed follow-up activities because money for such a program is already provided for in the Elementary and Secondary Education Appropriation.

Even though Head Start has enjoyed some success, the National Chamber continues to recommend that the educational activities authorized under the Economic Opportunity Act of 1964 should be transferred to the Office of Education of the Department of Health, Education, and Welfare.

The Special Impact program, otherwise known as the Javits-Kennedy program, was created by an amendment to the Economic Opportunity Act in the last session of Congress. OED still has not written the administration guidelines for the program and the legislative purpose appears rather amorphous. Therefore, it would be advisable to be cautious in allocating funds to this program until its performance can be evaluated.

Rural Electrification Administration

Budget request: Loan Authorizations for Electrification Program...	\$314, 000, 000
Recommended reduction.....	150, 000, 000

The electrification program of REA continues to grow despite the fact that the original goal of electrifying farms has been substantially completed. Rural electrification cooperatives are using Federal loans at a subsidized interest rate of 2% to re-loan to their consumers for the purpose of financing the installation of electrical wiring on premises and the purchase and installation of electrical and plumbing appliances and equipment. The subsidized interest rate available to these cooperatives gives them an unwarranted competitive advantage over privately financed financial institutions.

The reduction recommended here would help return the program to a level sufficient for any remaining rural electrification needs in keeping with the intent of the Act.

Economic Assistance (foreign aid program)

Budget request.....	\$2, 530, 420, 000
Recommended reduction.....	70, 305, 000

Economic assistance activities should, in general, not be expanded. Exceptions may be justified regarding amounts required for Viet Nam supporting assistance, development loans and technical cooperation and development grants.

A reduction of \$70.3 million applied uniformly will hold all other activities to fiscal year 1967 levels.

Public Health Service

Budget request.....	\$2, 922, 687, 000
Recommended reduction.....	300, 000, 000

The budget estimate for the Public Health Service indicates an increase of \$315 million over the current year. The record of appropriations granted to the Public Health Service over recent years shows an average annual increase of \$250 million in new spending authority. The record also shows that over the period from fiscal year 1962 through fiscal year 1968 appropriations exceed actual expenditures by an average of almost \$500 million per year. In fact, it is estimated that in each of the fiscal years 1966, 1967, and 1968 appropriations will exceed expenditures by well over \$600 million. This constitutes a tremendous backlog of spending authority.

In a recent study of the National Institutes of Health made by a distinguished committee of American citizens headed by Dean E. Wooldridge, the committee reported to the President that NIH has an important organizational need to strengthen its capacity for long-range planning for determining the optimum utilization of its funds.

The backlog of funds accumulating in the Public Health Service could very well lead to grants and other expenditures for extremely low priority projects. Under these circumstances, an overall reduction of the Public Health Service budget of at least \$300 million should be made.