be raised or lowered more than one-quarter of one percent for any year. The average yield shall be computed as the average during the fiscal year of the daily bid prices. Where the average rate so computed is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent nearest to such average rate.

(b) The computation shall be made as of July 1 each year, and the rate thus computed shall be used during the succeeding 12 months. The Executive Director shall annually request the Secretary of the Treasury to inform the Water Resources Council of the rate thus computed.

(c) Subject to the provisions of subsections (d) and (e) of this section, the provision of subsections (a) and (b) of this section shall apply to all Federal and Federally-assisted water and related land resources project evaluation reports submitted to the Congress, or approved administratively, after the close of the second session of the 90th Congress.

(d) Where construction of a project has been authorized prior to the close of the second session of the 90th Congress, and the appropriate State or local governmental agency or agencies have given prior to December 31, 1969, satisfactory assurances to pay the required non-Federal share of project costs, the discount rate to be used in the computation of benefits and costs for such project shall be the rate in effect immediately prior to the effective date of this section, and that rate shall continue to be used for such project until construction has been completed, unless the Congress otherwise decides.

(e) Notwithstanding the provisions of subsections (a) and (b) of this section, the discount rate to be used in plan formulation and evaluation during the remainder of the fiscal year 1969 shall be 4⅝ percent except as provided by subsection (d) of this section.

(f) Section V. G. 2 of the interagency agreement dated May 15, 1962, approved by the President on May 15, 1962, entitled "Policies, Standards, and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources", and published on May 29, 1962, as Senate Document No. 97, 87th Congress, 2d Session, is superseded by the provisions of this section.

(g) This section shall be effective upon publication in the Federal Register.

Representative MOORHEAD. The subcommittee would like now to hear from Mr. Hoffman, Assistant Director of the Bureau of the Budget.

Mr. Hoffman, would you also identify for the record your associate?

STATEMENT OF FRED HOFFMAN, ASSISTANT DIRECTOR, BUREAU OF THE BUDGET, ACCOMPANIED BY JACK W. CARLSON, DIRECTOR, PROGRAM EVALUATION STAFF, BUREAU OF THE BUDGET

Mr. HOFFMAN. Mr. Chairman, Senator Jordan, I have with me this morning Mr. Jack W. Carlson, the Director of the Program Evaluation Staff of the Bureau of the Budget, who will assist me in answering your questions.

Mr. Chairman and Senator Jordan, I am very happy to appear before this committee. I believe the subcommittee in its hearings so far has provided a number of useful papers and has stimulated a good deal of healthy discussion of subjects that concern me greatly in my work at the Bureau. I am particularly pleased that the question of discounting has been raised in the context of the PPB hearings. I welcome the subcommittee's strong support of the kind of analysis that is being developed by the planning, programing, and budgeting system.

This morning, with your permission, I would like to insert into the record the full statement that I have prepared for the committee and, because of its length, merely propose to summarize it at this point.