for considering risk in calculating costs and benefits. Providing the risk were adequately reflected, I would say that at this time, I have no basis for arguing for any specific higher number than 4⅝, or, more generally, higher than the current yield on Treasury bonds.

Representative MOORHEAD. Well, Mr. Hoffman, what is the current yield on Government bonds?

Mr. HOFFMAN. I believe the figure I saw as of July was about 5.1 percent. On that, however, it seems to me that Mr. Caulfield's point has a good deal of merit. I do think that some reasonably stable figure is required. I do not think that it is possible for the evaluation of water resources programs to track the weekly ups and downs in the Treasury bond market.

Representative MOORHEAD. I agree with you, that we have to average this out, but over what period of time?

Mr. HOFFMAN. The solution adopted by the Water Resources Council is not a bad approximation. Given the long gestation period of proposed water resource projects, I think that you need a relatively constant figure. I might add, however—and this is a problem that I would have to think about—where you are dealing with programs that do not have such a long gestation period for investments you might want a somewhat more active estimate of the going yield on Treasury bonds.

One of the reasons why I would accept the water resource solution is the several-year period between initial proposal and funding. The relevant rate is the rate at the time when you actually begin funding, or perhaps at some intermediate time when you become finally committed to the project.

Representative MOORHEAD. But, Mr. Hoffman, Mr. Caulfield's testimoney on page 14 is that they use the average of bid prices for the fiscal year 1966. That would be the calendar year 1965–66 or 2 years ago. Can you not become a little more current?

Mr. HOFFMAN. Yes, sir. I think in part, this is a function of when the proposal was developed, and I think that it is a matter of judgment as to what leadtime to use and how active to make it. I would argue, however that this figure sets a floor to the figure for use more generally throughout Government.

I do think that we need further study of what a generally applicable minimum rate would be.

Representative MOORHEAD. Mr. Caulfield, you have excepted from the new rate those projects that are already authorized. Is this authorized by the appropriate committee of the Congress—I mean, is it authorization legislation?

Mr. CAULFIELD. For the most part, sir, that is true. There are certain types of projects, such as the smaller Soil Conservation Service projects, which can be authorized administratively by the Department of Agriculture. Then the small projects of the Bureau of Reclamation can be authorized administratively after the Congress has been notified for 60 days that they propose to go through.

But, by and large, what we are talking about are projects that have to have the specific authorization of the Congress.

Representative MOORHEAD. Would this not result in the expenditure of Federal funds for projects which would be considered uneconomical based upon the new discount rate?