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JUSTICE

DEPARTMENT OF JUSTICE
1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Federal Bureau of Investigation	468	-0-	468	-7	461
Immigration and Naturalization Service	218	-0-	218	-9	209
Federal Prison System	297		297	-53	244
LEAA	900	-0-	900	-13	887
Drug Enforcement Administration	159	-0-	159	-6	153
Legal Activities and General Administration	272	-0-	272	-12	260
All Other (Personnel reductions)	-5	-0-	-5	-0-	-5
				(-18)*	
Total	2,309	-0-	2,309	-100	2,209

*Personnel reductions included in suggested reductions for each bureau above.

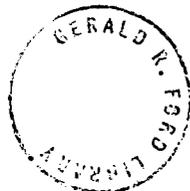


SUMMARY OF OUTLAY REDUCTIONS

DEPARTMENT OF JUSTICE

(dollars in millions)

	Effect on outlays in		
	1976	1977	1978
A. 1977 Planning guidance	xxx		xxx
Adjustments:			
Current estimate	<u>xxx</u> 2,253	<u>2,309</u>	<u>xxx</u> xxx
B. Suggested program reductions:			
Operations (non-personnel costs) and New Prison Construction	<u>-6</u>	<u>-82</u>	<u>-20</u>
C. Personnel Reductions	<u> </u>	<u>-18</u>	<u>-18</u>
Total suggested reduction	<u>-6</u>	<u>-100</u>	<u>-38</u>
Revised 1977 planning guidance and related 1976 amount	2,247	2,209	xxx



1977 Outlay Reductions (Part II)
 Department of Justice
 (dollars in millions)

Date: 8/20/75

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request
<input type="checkbox"/> other administration action
<input type="checkbox"/> substantive legislation | <input type="checkbox"/> deferral action
<input type="checkbox"/> rescission action
<input type="checkbox"/> other congressional action |
|---|---|

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate	1,120	1,253	1,178	1,291	xxx	1,244
OMB recommendation	1,097	1,247	1,087	1,209	xxx	1,224
Suggested reduction	-23	-6	-91	-82	xxx	-20

Actions required:

Defer new prison construction planned in 1976 and 1977 and require absorption of cost increases expected throughout the Department in 1977.

Program impact:

Since both Houses of Congress have denied the Administration's request for new prison construction in actions on the 1976 appropriation, deferral of new construction for another year will further delay plans to relieve present prison overcrowding. This program is presently under review. Absorption of cost increases expected in 1977 will require a combination of reductions in non-personnel activities (equipment, travel, communications) and selective personnel reductions (in the range of 2-3 percent below 1976).

Other considerations:

These recommendations assume LEAA grant programs will be held constant in 1977 and that the juvenile delinquency program will not be expanded. It is further assumed that actions will be taken to avoid the \$92 million increase added by the Senate to LEAA's 1976 budget. If the increases occur, outlay estimates shown above will increase by \$20M and \$56M in 1976 and 1977 respectively.

LABOR



DEPARTMENT OF LABOR

1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Uncontrollable programs					
Unemployment Insurance	16,454	-900	15,554		15,554
Federal Unemployment Benefits	1,130	+670	1,800		1,800
Workers Compensation	374		374		374
All Other	-1		-1		-1
Controllable programs					
Work Incentive program	315		315	- 200	115
Comprehensive Manpower Assistance	2,540	+455	2,995	- 455	2,540
Temporary Employment Assistance	xxx	+2,250	2,250	-1,125	1,125
Emergency Employment Assistance	xxx	xxx	xxx	xxx	xxx
Grants to States for UIS and ES	1,087		1,087		1,087
Occupational Safety and Health	116		116		116
All Other	312		312		312
Employment reduction	xxx		xxx	- 3	-3
Secondary economic effect of reductions (uncontrollable programs)				+1,000	+1,000
Total	<u>22,326</u>	<u>2,475</u>	<u>24,801</u>	<u>-783</u>	<u>24,018</u>

9/5/75



Summary of Outlay Reductions (Part I)

Department of Labor

(dollars in millions)

	Effect on Outlays in:		
	<u>1976</u>	<u>1977</u>	<u>1978</u> <u>Change</u>
A. 1977 planning guidance and related 1976 amount	xxx	22,326	xxx
Adjustments:			
A. Re-estimates of base			
Unemployment Trust Fund		-1,500	
Special Unemployment Assistance		+170	
B. Assumed extension of emergency programs*			
Public service employment		+2,250	
Summer youth employment		+455	
Supplemental UI (weeks 40-65)		+600	
Special Unemployment Assistance		+500	
Subtotal		<u>2,475</u>	<u>xxx</u>
Current estimate	26,072	24,801	



(dollars in millions)

	Effect on Outlays in:			1978 <u>Change</u>
	<u>1976</u>	<u>1977</u>		
B. Suggested program reductions:				
Work incentive program:				
Current estimate	350	315		315
OMB recommendation	<u>350</u>	<u>115</u>		<u>0</u>
Suggested reduction	0		-200	-315
Public Service Employment:*				
Current estimate	2,180	2,250		2,250
OMB recommendation	<u>2,180</u>	<u>1,125</u>		<u>0</u>
Suggested reduction	0		-1,125	-2,250
Summer Youth Employment:*				
Current estimate	455	455		455
OMB recommendation	<u>398</u>	<u>0</u>		<u>0</u>
Suggested reduction		-57	-455	-455
Employment reduction			-3	-3
Secondary economic effect of suggested reductions in this exercise (increased outlays for unemployment benefits).....			+1,000	
Total suggested reduction		-57	-783	-3,023
Revised planning guidance	<u>26,015</u>	<u>24,018</u>		<u>xxx</u>



* The 1977 planning ceiling includes no allowance for continuation, restructuring, or orderly phasing out of the DOL programs enacted in response to the rapid rise in unemployment, pending receipt of proposals from DOL. Since current assumptions show the unemployment rate exceeding 6.8% through fiscal 1978, it is unrealistic to assume that these programs will be abruptly terminated on the expiration dates now in law. Therefore, for the purposes of this exercise, the 1977 ceiling has been adjusted to show continuation of the present levels in employment programs and of present law in the temporary unemployment compensation programs.

1977 Outlay ReductionsDepartment of Labor

The table on the preceding page shows that there are two major controllable programs for which reductions are not proposed.

- A. Comprehensive Manpower Assistance. The principle programs within this account are Job Corps (175 million), CETA State local programs (2 billion). Job Corps has high unit costs (\$8500/man year) but seeks to serve those with greatest need. Reduction attempts since 1969 have involved intense political counterpressure; a handful of camps at \$3-5 million each might be suggested for closing as poorest performers, but a large effort on cost savings grounds has little likelihood of success; there have been no recent rigorous evaluations but one is planned; CETA programs have only been underway one year. The appropriation level is arbitrary; there is no programmatic rationale available to justify a lower figure. A broad scale evaluation is in process but the nature of the program goals (increased earnings over time) dictates that results will not be available for two years at the earliest.

- B. Grants to States for Unemployment Insurance and Employment Services. A reduction in the ceiling in this area is not feasible. First, the amount included for unemployment insurance services does not cover the added workload that will result from the continuation of the emergency programs. Second, the amount included for employment services is regarded as a low estimate, since it does not take into account House action (and apparent Senate intentions to concur) in increasing this item in FY 1976 by some \$68 million above the President's request.

The "All other" line consists of the salaries and expense accounts for the Department, which would be reduced marginally by the employment reduction.

Reduction in the uncontrollable programs are not proposed because of the recent Presidential proposals to increase Unemployment Insurance benefits outlays. The Special Benefit account pays workers' compensation to Federal employees hurt on the job, as well as to longshore and harbor workers and current "Black Lung" victims for whom no responsible employer can be found.

1977 Outlay Reductions (Part II)

WIN

(dollars in millions)

Date: September 5, 1975 appropriation request deferral action other administration action rescission action substantive legislation other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate	400	350	315	315	xxx	315
OME recommendation	400	350	0	115	xxx	0
Suggested reduction	0	0	315	200	xxx	315

Actions required:

Legislation required to repeal WIN law.

Program impact:

There is little evidence to date showing that the WIN program has any impact on the movement of AFDC recipients into the labor market. A major study to assess the program's impact in this area is underway. Results will not be available until January 1976. Termination of this program will most likely not cause an increase of employables on welfare. Such action would result in a reduction of somewhat more than 11,000 worker-years in training and public service jobs in 1977, 23,000 in 1978.

Other consideration:

Last year the President rejected termination of the program, as such action would be interpreted as placing undue hardship on families during a time of high unemployment. The President decided in June to alter the WIN program by placing emphasis on work test rather than on training. Legislation effecting such a change has not yet been drafted.

1977 Outlay Reduct. (Part II)
 Department of Labor
 Temporary Employment Assistance
 (Public Service Employment, CETA Title VI)

(dollars in millions)

Date: September 5, 1975

<input checked="" type="checkbox"/> appropriation request	<input type="checkbox"/> deferral action
<input type="checkbox"/> other administration action	<input type="checkbox"/> rescission action
<input checked="" type="checkbox"/> substantive legislation	<input type="checkbox"/> other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate	0	2180	2250	2250	xxx	2250
OMB recommendation	<u>0</u>	<u>2180</u>	<u>1125</u>	<u>1125</u>	<u>xxx</u>	<u>0</u>
Suggested reduction	0	0	1125	1125	xxx	2250

Actions required:

No estimate for FY 77 for TEA was included in the planning ceiling to allow Secretary Dunlop maximum flexibility in making his recommendations. For the purposes of this exercise we have increased the '77 ceiling to include a continuation of the '76 program level thru '77. Achieving the proposed phase down requires a new authorization for TEA for FY 77 (and TQ) and an appropriation request.

Program impact:

Phase Title VI enrollments down from peak of about 255,000 to zero by the end of FY 77; the reduction would not effect about 50,000 additional jobs financed from CETA Title II.

Other consideration:

Ability to achieve the reduction depends on continued improvement in the economy. Current Troika assumptions indicate that the unemployment rate will be 7.5% or higher throughout FY 1977, and 6.8% or higher throughout FY 1978. Congressional debate on this program keys heavily on unemployment rate.



1977 Outlay Reductions (Part II)
 Department of Labor
 Summer Youth Employment Program

(dollars in millions)

Date: September 5, 1975

appropriation request

deferral action

other administration action

rescission action

substantive legislation

other congressional action

	<u>1975</u>		<u>1976</u>		<u>TQ</u>	<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Out-lays</u>	<u>BA</u>	<u>Out-lays</u>	<u>Out-lays</u>	<u>BA</u>	<u>Out-lays</u>	<u>BA</u>	<u>Out-lays</u>
<u>Amount:</u>									
Current estimate	455	57	455	455	398	455	455	xxx	455
OMB recommendation	455	57	0	398	0	0	0	xxx	0
Suggested reduction	0	0	455	57	398	455	455	xxx	455

Actions required:

No estimate for FY 77 Summer Youth was included in the planning ceiling to allow Secretary Dunlop maximum flexibility in making his recommendations. For the purpose of this exercise, we have increased the ceiling to reflect continuation in the TQ and in 77 of the 76 level. Achieving this reduction requires taking no action.

Program impact:

840,000 youth do not get Federally subsidized jobs unless States and localities use CETA Title I funds.

Other considerations:

Senator Javits, League of Cities, et al will resist. They have been successful in obtaining a summer appropriation each year. Current Troika assumptions indicate that the unemployment rate will be 7.5% or higher throughout FY 1977, and 6.8% or higher throughout FY 1978. Congressional debate on this program keys heavily on unemployment rate.



STATE

DEPARTMENT OF STATE
1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Educational exchange	66	-	66	-22	44
International narcotics control	45	-	45	-10	35
Foreign buildings	43	-	43	- 8	35
Salaries and expenses	529	-	529	-10	519
Allowance for Soviet refugee assistance	-	20	20	-	20
Employment reduction				- 4	-4
All Other	451	-	451		451
Total	<u>1,134</u>	<u>20</u>	<u>1,154</u>	<u>-54</u>	<u>1,100</u>



SUMMARY OF OUTLAY REDUCTIONS
Department of State
(dollars in millions)

	Effect on outlays in		
	1976	1977	1978
A. 1977 Planning guidance	xxx	1,134	xxx
Adjustments: None			
Soviet refugee amendment.....	xxx	20	
	xxx	-	xxx
Current estimate	1,222	1,154	xxx
B. Suggested program reductions:			
Educational exchange:			
Current estimate	59	66	71
OMB recommendation	48	44	59
Suggested reduction	-11	-22	-12
International narcotics control:			
Current estimate	30	45	48
OMB recommendation	27	35	41
Suggested reduction	- 3	-10	- 7
Foreign buildings:			
Current estimate	42	43	64
OMB recommendation	42	35	64
Suggested reduction	-	- 8	-
Salaries and expenses:			
Current estimate	418	529	574
OMB recommendation	418	519	573
Suggested reduction	-	-10	- 1
C. Employment reduction	-	- 4	- 4
Total suggested reduction	-14	-54	-24
Revised 1977 planning guidance and related 1976 amount	1,208	1,100	xxx



1977 Outlay Reductions (Part II)
 Department of State: Educational Exchange
 (dollars in millions)

Date: September 5, 1975

appropriation request in 1977

deferral action

other administration action

rescission action in 1976

substantive legislation

other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate	65	59	70	66	XXX	71
OMB recommendation	45	48	45	44	XXX	59
Suggested reduction	20	11	25	22	XXX	12

Actions required: Hold 1976-8 program to \$45M (15% below 1975 BA level of \$53M).

Program impact: Because overseas inflation increases program costs by about 10% each year, this cutback would produce effective reductions in program levels of 25% in 1976 and a further 10% in 1977. Would reduce sharply the number of private organizations receiving support monies and curtail planned cultural presentations and educational exchanges. The number and mix of these cuts is impossible to predict.

Other consideration: The State Department would object strongly. The academic community would oppose any such change.



1977 Outlay Revisions (Part II)
 Department of State: International narcotics control
 (dollars in millions)

Date: August 21, 1975

appropriation request in 1977

deferral action

other administration action

rescission action in 1976

substantive legislation

other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate	42	30	42	45	XXX	48
OMB recommendation	32	27	32	35	XXX	41
Suggested reduction	<u>10</u>	<u>3</u>	<u>10</u>	<u>10</u>	<u>XXX</u>	<u>7</u>

Actions required: Hold 1976-8 program to 1975 obligational level of \$32M.

Program impact: In 1976, State planned programs in over 15 foreign countries. Cut would limit activities to the funding of major equipment programs in priority areas, specifically Burma, Mexico and Thailand; and would significantly reduce the U.S. contribution to UN drug control activities.

Program flexibility would be severely curtailed.

Other considerations: A \$10M cutback would be consistent with past Congressional action and expressed concern over the size of this program.

1977 Outlay Reductions (Part II)
 Department of State: Foreign Buildings
 (dollars in millions)

Date: August 21, 1975

appropriation request

deferral action

other administration action

rescission action

substantive legislation

other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate	30	42	49	43	XXX	64
CMB recommendation	30	42	41	35	XXX	64
Suggested reduction	--	--	8	8	XXX	--

Actions required: Defer 1977 acquisitions of office and housing facilities.

Program impact: Would defer for a year purchases of about 25 high priority buildings for use as residences or small offices, mostly in hardship areas. Would allow \$16M construction program to proceed.

Other considerations: Deferral would result in cost increases of 10-20% when properties are purchased a year later. Congressman Wayne Hays, Chairman of Subcommittee overseeing this program, probably would object. Agency administrators would view this reduction as less serious than those proposed for "S&E."



1977 Outlay Reductions (Part II)
 Department of State: Salaries and Expenses
 (dollars in millions)

Date: September 5, 1975

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|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate	429	418	543	529	XXX	574
OMB recommendation	429	418	532	519	XXX	573
Suggested reduction	-	-	11	10	XXX	1

Actions required: Delete \$11M of \$15M in discretionary increases over 1976.

Program impact: Would allow only \$4M to meet critical new discretionary requirements. Would postpone for a year the first increment (\$5M) of passport mechanization project. Whether this would have serious consequences later depends on whether American travel abroad resumes its upward trend.

Other consideration: No political or public reaction likely. Some, but not serious, effect on Foreign morale.

TRANSPORTATION

Department of Transportation

1977 OUTLAY REDUCTIONS
(\$ in millions)

<u>Program</u>	<u>Planning Guidance</u>	<u>Adjustments</u>	<u>Current Estimate</u>	<u>Suggested Reductions</u>	<u>Revised Planning Guidance</u>
Coast Guard	1074		1074		1074
Federal Aviation Administration	2365		2365		2365
Federal Highway Administration	6290	+700	6990		6990
National Highway Traffic Safety Administration	160		160		160
Federal Railroad Administration	589		589		589
Urban Mass Transportation Admin.	1800		1800	-225	1575
All Other	-28		-28		-28
Employment Reductions				-5	-5
	<u>12,250</u>	<u>+700</u>	<u>12,950</u>	<u>-230</u>	<u>12,720</u>
 <u>Receipt</u>					
Highway Trust Fund (Existing Taxes)	4,900	-	4,900	1,000	5,900
Aviation Trust Fund	1,050	-	1,050	-	1,050
Freight User Charges	-	-	-	1,000	1,000
	<u>5,950</u>	<u>-</u>	<u>5,950</u>	<u>2,000</u>	<u>7,950</u>

Summary of Outlay Reductions
 Department of Transportation
 (Dollars in millions)

	Effect on outlays in		1978
	1976	1977	
A. 1977 Planning guidance		12,250	xxx
Adjustments for Federal-Aid Highway Program		700	
Current estimate	12,075	12,950	xxx
 B. Suggested program reductions:			
Urban Mass Transit			
Current estimate	1,075	1,800	
OMB recommendation	1,075	1,575	
Suggested reduction	-	-225	-225
 C. Suggested Employment Reductions			
Total suggested reduction	-	- 5	- 5
Revised planning guidance	-	-230	-230
	12,075	12,720	xxx
 D. Suggested revenue increases:		Effect on receipts	
Highway Trust Fund Receipts			
Current estimate	5,839	4,900	
OMB recommendation	5,839	5,900	
Suggested increase	-	1,000	-
 Freight User Charges			
Current estimate	-	-	
OMB recommendation	-	1,000	
Suggested increase	-	1,000	1,000
 Total suggested Revenue Increases	-	2,000	1,000

1977 Outlay Reductions

Department of Transportation/Urban Mass Transit Administration
(dollars in millions)

Date: August 19, 1975

appropriation request

deferral action

other administration action

rescission action

substantive legislation

other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
<u>Amount:</u>	<u>PL</u>	<u>Outlays</u>	<u>PL</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Current estimate.....	2,312	1,075	2,700	1,800	xxx	2,400
OMB recommendation.....	<u>2,312</u>	<u>1,075</u>	<u>2,700</u>	<u>1,575</u>	<u>xxx</u>	<u>2,175</u>
Suggested reduction.....	-	-	-	225	xxx	225

Actions required: Legislation to limit the amount of formula grant funds that can be used for transit operating expenses to 50% of localities' formula grant assistance. (an amendment to the Urban Mass Transportation Act).

Program impact: Preliminary estimates indicate that about 90% of formula grant assistance will be used by localities for operating expenses with the remaining 10% used for capital improvements. This amendment would reduce the level of fast outlaying operating assistance and force cities to use additional formula funds for capital improvements. This would reduce pressures to increase the discretionary capital assistance program (since additional capital improvements would be funded from the formula program).

Other considerations: Would force cities to contribute more operating assistance for transit from their general budget, increase transit fares, or reduce transit service. Would be very difficult to achieve.

TREASURY

DEPARTMENT OF THE TREASURY

1977 OUTLAY REDUCTIONS
(dollars in millions)

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Interest on the Public Debt	40,500	+6,000	46,500	-1,000	45,500
Revenue Sharing	6,539	-	6,539	-	6,539
Offsetting Receipts	-2,278	-	-2,278	-	-2,278
Earned income credit.....	-	+1,200	1,200	-	1,200
Miscellaneous Permanent (Uncontrollable) Accounts	1,018	-	1,018	-	1,018
Operating Accounts Total:	(2,610)	(+25)	(2,635)	(-168)	(2,467)
Other operating accounts	804	+12	816	-117	699
Personnel reductions*	<u>1,806</u>	<u>+13</u>	<u>1,819</u>	<u>- 51</u>	<u>1,768</u>
Total	48,389	+7,225	55,614	-1,168	54,446

*Personnel reductions also included in previous cutback exercise; cutback holds Treasury to 1976 personnel level.

SUMMARY OF OUTLAY REDUCTIONS

DEPARTMENT OF THE TREASURY
(dollars in millions)

	Effect on outlays in		
	1976	1977	1978
A. 1977 Planning guidance	xxx	48,389	xxx
Adjustments:			
Interest on the Public Debt ...		+6,000	
Earned income credit.....		+1,200	
Proposed ATF amendment		+17	
Congressional changes		-12	
Reestimates	xxx	+20	xxx
Current estimate	45,392	55,614	xxx
B. Suggested program reductions:			
Interest on the public debt....	--	-1,000	--
Operating (non-personnel costs only) and construction programs	--	-117	-22
C. Personnel reductions (in Operating Programs)	--	-51	-51
Total suggested reduction	--	-1,168	-73
Revised 1977 planning guidance and related 1976 amount	45,392	54,446	xxx



1977 Outlay Reductions (Part II)

Department of the Treasury/Operating (nonpersonnel costs only) and Construction Programs
(dollars in millions)

Date: September 5, 1975

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate	691	692	804	816	xxx	859
OMB recommendation	<u>691</u>	<u>692</u>	<u>688</u>	<u>699</u>	<u>xxx</u>	<u>837</u>
Suggested reduction	-	-	-116	-117	xxx	-22

Actions required:

Require Treasury operating programs to function in 1977 with the same amount of outlays provided in 1976 - eliminates program expansion and cost increases anticipated in 1977; defer all new construction planned to begin in 1977 except Law Enforcement Training Center.

Program impact:

The absorption of anticipated cost increases will result in program levels below 1976; Treasury would absorb the cost increases by reducing non-personnel activities (travel, printing, space); some reduction in personnel would probably also occur in a reduction of this magnitude, resulting in fewer audits and investigations in the revenue producing and law enforcement bureaus.

Other consideration:

Treasury will maintain that any reductions in personnel or non-personnel costs will disrupt their revenue collection and law enforcement programs, and would likely result in revenue losses more than offsetting any outlay saving.

1977 Outlay Reductions
Interest on the Public Debt
(dollars in millions)

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate.....	37,800	37,800	46,500	46,500	xxx	xxx
OMB recommendation.....	<u>37,800</u>	<u>37,800</u>	<u>45,500</u>	<u>45,500</u>	<u>xxx</u>	<u>xxx</u>
Suggested reduction.....	--	--	1,000	1,000	--	--

Actions required:

This reduction is consistent with a constrained deficit of \$20 billion in 1977 compared to the current unconstrained deficit of approximately \$50 billion. Increases in the deficit (and consequent borrowing) will reduce the amount of savings that can be achieved.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

1977 OUTLAY REDUCTIONS

(dollars in millions)

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Energy: Nuclear	1025		1025		1025
Non-Nuclear	813		813	-30	783
Defense	1760		1760		1760
Uranium Enrichment	1205		1205		1205
Research, safety, and waste management	642		642		642
Program support and other	289		289		289
Revenues	- 664		- 664		- 664
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
Total	5070		5070	-30	5040



9/5/75

SUMMARY OF OUTLAY REDUCTIONS
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
(dollars in millions)

	Effect on Outlays in		
	1976	1977	1978
A. 1977 Planning Guidance	xxx	5,070	xxx
Adjustments:			
Current estimate.....	xxx		xxx
B. Suggested Program Reductions:			
Energy - other than nuclear and fossil:			
Current Estimate.....	186	222	183
OMB Recommendation	186	192	183
Suggested reduction	---	-30	---
Proposed Federal Alternative Energy Development Tax:			
Suggested Revenue Increase.....	---	(4,300)	(4,300)
Total Suggested Reduction (Receipts would go directly into the Treasury)	---	-30	---
Revised 1977 Planning Guidance and related 1976 amount.....	4,059	5,040	xxx

In the case of ERDA, no significant reduction is considered possible in its 1977 planning ceiling because of the key importance of its programs to carrying out long-term Administration policies in energy and because the current planning allowance is already probably understated. Therefore, aside from some limited programmatically justifiable reductions in non-nuclear research (other than fossil fuel), as described in the attached material - it is recommended that - in lieu of reduction - a 1 cent per gallon tax or its equivalent be imposed on all sales of oil and gas. This tax is further described in the attached material.



1977 Outlay Reductions (Part II)
 ERDA/Energy R&D Other Than Nuclear and Fossil
 (dollars in millions)

Date: September 5, 1975

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administrative action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Amount:						
Current estimate	235	186	266	222	xxx	183
OMB recommendation	235	186	232	192	xxx	183
Suggested reduction.....	---	---	-34	-30	xxx	---

Actions required:

Reduce growth in ERDA's non-nuclear, non-fossil energy R&D programs (solar, geothermal, advanced energy systems -- primarily Magnetohydrodynamics (MHD)--and conservation--which includes buildings, industrial processes, energy storage, energy transmission, and some energy conversion technology) by \$30M in outlays. Allow minor increase in solar and geothermal associated with on-going projects, no new starts or new initiatives in conservation, and reduce the MHD program.

Program impact:

The overall impact of this reduction is to slow the growth in R&D in the lower impact and less urgent alternative energy sources (e.g., bioconversion, wind energy, etc.). Solar R&D would continue to be restricted to small component work. Geothermal field test experiments would be deferred. Completion dates for MHD component research and initiation of construction of an MHD test facility would be deferred. Completion dates for projects in transportation, energy storage, and transmission/distribution would be deferred. Projects which would move research out of the paper analysis into the benchscale hardware phase (e.g., new storage concepts) would be postponed.

Other considerations:

With the exception of MHD, all of these programs appear to have broad public and congressional support (although support for geothermal R&D is primarily restricted to individuals from western states). The agency and Congress would probably argue that actions recommended here can be interpreted as a failure to support a "balanced" energy R&D program (a balanced program being sometimes defined as one which emphasizes equally the following three sources: nuclear, fossil, and non-nuclear non-fossil alternatives such as solar and conservation). Senator Mansfield has pressured ERDA to build an MHD test facility in Montana at an early date and funds were specifically added to current 1976 amendment for this purpose.

EPA

ENVIRONMENTAL PROTECTION AGENCY

1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Construction grants	4,100	---	4,100	-400	3,700
Research and Development	188	---	188	---	188
Abatement and Control	336	---	336	---	336
Pesticides	(30)	---	(30)	---	(30)
Water Planning Grants	(68)	---	(68)	---	(68)
Drinking Water	(25)	---	(25)	---	(25)
State Control Agency Grants	(80)	---	(80)	---	(80)
Other	(133)	---	(133)	---	(133)
Energy, Research and Development	125	---	125	---	125
Enforcement	48	---	48	---	48
Agency and Regional Management	59	---	59	---	59
All Other	9	---	9	---	9
Employment	---	---	---	3	- 3
Total	4,864	---	4,864	-403	4,461



September 4, 1974

SUMMARY OF OUTLAY REDUCTIONS
ENVIRONMENTAL PROTECTION AGENCY
(dollars in millions)

	Effect on outlays in		
	1976	1977	1978
A. 1977 Planning guidance.....	<u>xxx</u>	<u>4,864</u>	<u>xxx</u>
Adjustments: (None)			
	<u>xxx</u>		<u>xxx</u>
Current estimate.....		<u>4,864</u>	<u>xxx</u>
B. Suggested program reductions:			
Construction grants.....	<u> </u>	<u>- 400</u>	<u>- 800</u>
Operating Programs	<u> </u>	<u> </u>	<u> </u>
C. Employment reduction		- 3	- 3
Total suggested reduction.....	<u> </u>	<u>- 403</u>	<u>-803</u>
Revised 1977 planning guidance and related 1976 amount.....		4,461	xxx

September 4, 1975

1977 Outlay Reductions (Part II)
 Environmental Protection Agency
 Wastewater Treatment Construction Grant Program
 (dollars in millions)

Date: 9-4-75

<input type="checkbox"/> appropriation request	<input type="checkbox"/> deferral action
<input checked="" type="checkbox"/> other administration action	<input type="checkbox"/> rescission action
<input type="checkbox"/> substantive legislation	<input type="checkbox"/> other congressional action

<u>Amount:</u>	1976		1977		1978	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Current estimate		2,350		4,100	XXX	5,200
OMB recommendation		<u>2,350</u>		<u>3,700</u>	<u>XXX</u>	<u>4,400</u>
Suggested reduction		--		400	XXX	800

Actions required:

EPA has mounted an intensive campaign to obligate funds in this program as fast as possible. The required action is to advise EPA to shift emphasis from a high obligation rate to a careful review of projects for cost-effectiveness. Though we will be proposing legislative reforms in this grant program, they cannot affect 1977 outlays, even if enacted, because 1977 outlays are determined largely by grants made in 1976 and prior years.

Program impact:

Main impact will be to improve cost-effectiveness review of projects before approval. This will require more time than is now spent on review and slow down obligations and, in turn, outlays.

Other consideration:

EPA will argue that States will maintain pressure for high obligation rate since they have a time limitation on obligation of their allotments and the unobligated funds are reallocated to other States by the Administrator. The answer to this is that we propose legislation to extend the time limitation.

GSA

September 5, 1975

GENERAL SERVICES ADMINISTRATION
1977 Outlay Reductions

	<u>Planning Guidance</u>	<u>Adjustments</u>	<u>Current Estimate</u>	<u>Suggested Reductions</u>	<u>Revised Planning Guidance</u>
<u>PROGRAM</u>					
Real Property Activities	-47	-	-47	-	-47
Personal Property Activities	153		153		153
Automated Data and Tele- communications Activities	7		7		7
Other Programs	155		155		155
Deductions for:					
Stockpile receipts	-450	+400	-50	-750	-800
Other receipts	-45	-	-45	-	-45
Employment reduction	-	-	-	-3	-3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-227	+400	173	-753	-580

Summary of Outlay Reductions (Part I)
 General Services Administration
 (dollars in millions)

Date: September 4, 1975

	Effect on outlays in:		
	<u>1976</u>	<u>1977</u>	<u>1978</u>
A. 1977 planning guidance	xxx	-227	xxx
Adjustments:			
No enactment of stockpile disposal legislation	xxx	+400	xxx
Subtotal	xxx	+400	xxx
Current estimate.....	<u>14</u>	<u>173</u>	<u>xxx</u>
B. Suggested program reductions:			
Stockpile Sales Increase	xxx	-750	-430
C. Employment Reduction	xxx	-3	xxx
Total suggested reduction	<u>xxx</u>	<u>-753</u>	<u>-430</u>
Revised 1977 and related 1976 amount planning guidance	14	-580	xxx



1977 Outlay Reductions (Part II)
GSA Stockpile Sales
(dollars in millions)

Date September 4, 1975

appropriation request	deferral action
other administration action	rescission action
X substantive legislation	other congressional action

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate.....	-139	-139	-50	-50	-	-40
OMB recommendation.....	-139	-139	-800	-800	-	-470
Suggested reduction.....			-750	-750		-430

Actions required:

Large scale enactment of stockpile disposal legislation.

Program impact:

No significant impact on Federal programs. Could have a downward price impact for certain commodities.

Other considerations:

Because of Congressional resistance to stockpile disposal legislation (Congressman Bennett) and because of DOD opposition, the NSC has issued a NSSM to review stockpile policy guidance, to be completed before the end of September. Completion of this study is a prerequisite to any disposal action.



NASA

National Aeronautics and Space Administration

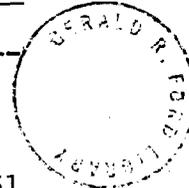
1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Space Shuttle (including related facilities)	1,436	--	1,436	-80	1,356
Space Science and Applications	698	--	698	-77	621
Space and Aeronautical Research and Technology	254	--	254	-13	241
Satellite Tracking	276	--	276	--	276
Operation of NASA Installations	951	--	951	-45	906
Construction of Facilities (excluding Shuttle Facilities)	41	--	41	--	41
All other (Including New Start allowance)	149	--	149	-35	114
	<u>3,805</u>	<u>--</u>	<u>3,805</u>	<u>-250</u>	<u>3,555</u>



SUMMARY OF OUTLAY REDUCTIONS
National Aeronautics and Space Administration
(dollars in millions)

	Effect on outlays in:		
	1976	1977	1978
A. 1977 planning guidance.....	xxx	3,805	xxx
Adjustments:	<u>xxx</u>	<u>--</u>	<u>--</u>
Current estimate	3,498	3,805	xxx
B. Suggested program reductions:			
Delay Space Shuttle Development			
Current estimate.....	1,126	1,436	1,395
OMB recommendation.....	<u>1,090</u>	<u>1,356</u>	<u>1,445</u>
Suggested reduction	-36	-80	+50
Cancel Pioneer-Venus Project			
Current estimate.....	56	62	31
OMB recommendation.....	<u>15</u>	<u>--</u>	<u>--</u>
Suggested reduction	-41	-62	-31
Eliminate FY 1977 New Starts			
Current estimate.....	--	20	77
OMB recommendation.....	<u>--</u>	<u>--</u>	<u>--</u>
Suggested reduction	--	-20	-77
Reduce Institutional Manpower ^{1/}			
Current estimate.....	951	951	950
OMB recommendation.....	<u>951</u>	<u>906</u>	<u>905</u>
Suggested reduction	--	-45	-45



^{1/} The suggested reduction in FY 1977 includes approximately \$10M related to a reduction of 500 positions in NASA's civil service work force.

SUMMARY OF OUTLAY REDUCTIONS (CONT'D.)
National Aeronautics and Space Administration
(dollars in millions)

	Effect on outlays in:		
	<u>1976</u>	<u>1977</u>	<u>1978</u>
Reduce Various Research and Development Programs			
Current estimate.....	1,049	968	812
OMB recommendation.....	<u>1,049</u>	<u>925</u>	<u>772</u>
Suggested reduction	--	-43	-40
Total suggested reduction.....	<u>-77</u>	<u>-250</u>	<u>-143</u>
Revised 1977 planning guidance and related 1976 amount.....	3,421	3,555	xxx

1977 Outlay Reductions (Part II)
 NASA/Space Shuttle and Related Facilities
 (dollars in millions)

Date: 9/5/75

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request
<input type="checkbox"/> other administration action
<input type="checkbox"/> substantive legislation | <input type="checkbox"/> deferral action
<input type="checkbox"/> rescission action
<input type="checkbox"/> other congressional action |
|---|---|

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate	1,261	1,126	1,482	1,436	XXX	1,395
OMB recommendation	1,261	1,090	1,382	1,356	XXX	1,445
Suggested reduction	--	- 36	- 100	- 80	XXX	+ 50

Actions required:

Delay initial launch of the reusable space shuttle by 6 months (from 6/79 to 1/80). If this reduction were anticipated for FY 1977, it would be prudent to take early action in FY 1976 because the Shuttle program is continuing to build up in manpower and commitments.

Program impact:

Such a slip would require the entire Shuttle Development program to be reworked including renegotiation of major development contracts (which is inherently costly and increases the difficulty in enforcing accountability for schedules and cost controls throughout the program). It would increase the overall cost of the program by an estimated \$200 million and could also adversely affect NASA's ability to manage the technical, cost, and schedule performance of shuttle contractors (who would be provided an opportunity to negotiate new contractual agreements with the government because of the schedule slippage).



Other considerations:

NASA has in the past argued very adamantly (including direct appeals to the President) that the Space Shuttle should be exempted from major program readjustments undertaken solely for economic reasons (i.e., to constrain the budget). NASA can be expected to argue very strenuously that delaying the Shuttle schedule would be very costly and might cause political problems for the agency (i.e., that a "lack of Administration support" for the Shuttle could result in the program being cancelled by the Congress).

Because of budget constraints, NASA has already reduced and deleted some shuttle development activities to cut program costs. The Shuttle program has been slipped by two years from initial milestones as a result of budgetary decisions in previous years. These delays have already increased overall Shuttle program development costs and have reduced the reserve margin built into the estimate to handle unforeseen development problems. NASA believes that the Shuttle requires a stable funding plan to insure schedule accomplishment and for NASA effectively to manage the program.

It should also be noted that the U.S. will not have a capability to put man in space until the space shuttle flies. The need to provide for a continuing U.S. manned presence in space was a major consideration in the President's decision last fall to continue space shuttle development on its current schedule.

1977 Outlay Reductions (Part II)
 NASA/Pioneer-Venus Mission
 (dollars in millions)

Date: 9/5/75

appropriation request

deferral action

other administration action

rescission action

substantive legislation

other congressional action

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate	66	56	70	62	XXX	31
OMB recommendation	20	15	--	--	XXX	--
Suggested reduction	-46	-41	-70	-62	XXX	-31

Action required:

Cancel the Pioneer-Venus orbiter/probe missions to explore the atmosphere and surface of the planet Venus in calendar year 1978. This mission was approved in the FY 1975 budget and is already under contract development. In order to maximize savings, the mission should be cancelled as soon as possible.

Program impact:

The Pioneer-Venus mission has been assigned high priority by NASA and the scientific community. Scientists believe that understanding Venus (with a heavy CO₂ atmosphere) may indirectly contribute toward furthering our knowledge of the earth's atmosphere, particularly the results of introducing pollutants into the atmosphere. The cancellation of the program would forego a unique opportunity in 1978. In 1978 Venus will be closer to the earth than during other launch opportunities. This means NASA can send a large spacecraft with minimum size launch vehicle. In the next launch window in 1980 NASA would have to reduce the size of the spacecraft (hence, its scientific payload) or increase the size (and cost) of the launch vehicle.

Other considerations:

Cancellation of the project after it has been approved by the Congress could draw substantial criticism from the Congress (particularly the authorization committees). NASA also believes that such action could bring pressure on the space shuttle because critics would argue that the reductions in space science program, and the specific cancellation of this mission, are the result of NASA (and the Administration) placing too much emphasis on space Shuttle development as compared with other space program objectives.



1977 Outlay Reductions (Part II)
 NASA/New Starts in Space Science and Applications
 (dollars in millions)

Date: 9/5/75

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate	--	--	50	20	XXX	77
OMB recommendation	--	--	--	--	XXX	--
Suggested reduction	--	--	-50	-20	XXX	-77

Action required:

Allow for no new program starts in FY 1977 (i.e., initiation for specific new satellite or research projects). This would amount to a two year deferral of "new starts" since in the FY 1976 Budget, a decision was made that no new program initiatives would be in NASA's FY 1976 budget in order to comply with the President's "no new start" policy for FY 1976.

Program impact:

No new starts in FY 1977 would result in the postponement of potential new missions such as the Solar Maximum Mission to study the sun during maximum Solar flare activity in 1979-80, the Large Space Telescope to study other galaxies in the universe, a planetary mission to Uranus, earth atmospheric experiments, and the development of scientific instruments for the European-developed Spacelab. Because of the nature of space technology, the conduct of R&D activities in space science and applications require periodic initiation of new satellite development efforts to replace satellites that have failed or completed their specific research mission.

Other considerations:

NASA has taken the position that the agency should be allowed to initiate new starts each year in the unmanned satellite programs in order to maintain program balance while the shuttle is being developed. Otherwise, the Administration might be accused by certain members of the Congress (e.g. Senator Proxmire, Senator Moss, Congressman Teague) of developing the shuttle at the expense of advancements in space science and applications. In addition, if no new starts were allowed for several years NASA might be accused of building a space shuttle that will have no scientific and applications payloads to fly.

1977 Outlay Reductions (Part II)
 NASA/Operation of NASA Installations
 (dollars in millions)

Date: 9/9/75

<input checked="" type="checkbox"/> appropriation request	<input type="checkbox"/> deferral action
<input checked="" type="checkbox"/> other administration action	<input type="checkbox"/> rescission action
<input type="checkbox"/> substantive legislation	<input type="checkbox"/> other congressional action

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate	942	951	951	951	XXX	950
OMB recommendation	942	951	901	906	XXX	905
Suggested reduction	--	--	-50	-45	XXX	-45

Actions required:

Reduce overall in-house manpower levels (civil service and support contractor) at NASA Field Center Installations and Headquarters. Would be accomplished by means of reduced authorization and appropriation requests and reduction in end-of-year ceilings for the civil service work force. OMB staff have assumed that a reduction of this magnitude would probably require elimination of about 500 civil service positions, 1,000-1,200 support contractors as well as general belt-tightening in other areas related to the operation of the NASA centers. In order to obtain maximum cost savings in FY 1977, it would be desirable to initiate the reductions during FY 1976.

Program impact:

OMB staff believe that by judicious review of the manpower requirements of each NASA center, the agency can accomplish cost savings of this magnitude without affecting the ability of NASA to carry out its basic overall mission and program objectives including the shuttle. There would, however, be some disruption of activities related to the possible need to conduct reductions in force (RIFs) at the NASA centers. It should be noted that large reductions in NASA's manpower levels have already been achieved since the completion of the Apollo mission (NASA civil service employment has been decreased by about 10,000 positions from its peak level of 35,000 in FY 1966).



Other considerations:

NASA has in the past vigorously defended the need for the large in-house workforces at the ten NASA field installations and may not accept the OMB staff assessment that the outlay reductions projected here are achievable without major impact on various NASA programs. NASA argues that the U.S. should strive to maintain the very substantial technical capabilities built up at the NASA centers during the 1960's. We do not anticipate that any groups outside of NASA who are interested in the space program (i.e., particularly the Congress) would object to these reductions, particularly in the context of the other reductions considered for FY 1977. The reductions proposed in this area are admittedly somewhat arbitrary, but are in the view of OMB staff appropriate in relation to the other programmatic reductions identified in the NASA program.

1977 Outlay Reductions (Part II)
 NASA/Ongoing Programs in Aeronautics, Science, Applications and Energy
 (dollars in millions)

Date: 9/5/75

<input type="checkbox"/> appropriation request	<input checked="" type="checkbox"/> deferral action
<input type="checkbox"/> other administration action	<input type="checkbox"/> rescission action
<input type="checkbox"/> substantive legislation	<input type="checkbox"/> other congressional action

<u>Amount:</u>	1976		1977		1978	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Current estimate	999	1,049	890	968	XXX	812
OMB recommendation	999	1,049	840	925	XXX	772
Suggested reduction	--	--	-50	-43	XXX	-40

Actions required:

Reduce funding for various ongoing NASA R&D programs. Actions contemplated include: terminating NASA direct funding for energy R&D programs (and relying on ERDA funds); terminating the advanced manned missions program (e.g., space station design studies); reducing activities in technology utilization, aeronautical research and technology, space science and space applications. The principal means for accomplishing these reductions would be reduced authorization and appropriation requests, but it may also be necessary to initiate deferral actions for specific space flight projects whose scheduled launch dates could be affected by the reductions.

Program impact:

Reductions of this magnitude may be possible without adversely affecting the flight schedules for most of the currently-committed NASA satellite projects. The principal programmatic impact would fall upon long-range basic research and technology development activities.

Other considerations:

NASA could be expected to object to the level of these reductions, primarily on the basis that these programs have been subjected to many such reductions during the past six years, thereby endangering the effectiveness of NASA's long-term science and technology development efforts. Some outside pressure in support of these views could be expected from Congress, particularly the authorization committees (Senator Moss, Congressman Teague).

VETERANS ADMINISTRATION

1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning Guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Compensation & Pensions...	7815	248	8063	360	7703
Readjustment Benefits.....	3855	485	4340	485	3855
Medical Care.....	3922	130	4052	327	3725
Construction	260	-	260	10	250
Other	<u>966</u>	<u>23</u>	<u>989</u>	<u>20</u>	<u>969</u>
Total.....	16,818	886	17,704	1,202	16,502



	<u>1976</u>	<u>Effect on Outlays in</u> <u>1977</u>	<u>1978</u>
C. Employment outlay reduction (non-add; included in Medical Care---staffing reduction)	0	53	53

	Effect on Outlays in		
	<u>1976</u>	<u>1977</u>	<u>1978</u>
B. Suggested program reductions (cont'd.)			
Medical Care...beneficiary travel			
Current estimate	3,721	4,052	4,139
OMB recommendation	<u>3,721</u>	<u>4,027</u>	<u>4,114</u>
Suggested reduction ..	0	25	25
Construction			
Current estimate	184	260	220
OMB recommendation.....	<u>184</u>	<u>250</u>	<u>190</u>
Suggested reduction ..	0	10	30
Medical & Prosthetic Research			
Current estimate	95	100	100
OMB recommendation.....	<u>95</u>	<u>80</u>	<u>100</u>
Suggested reduction...	0	20	0
GI Bill			
Current estimate	5,310	4,340	3,543
OMB recommendation	<u>5,310</u>	<u>3,855</u>	<u>3,034</u>
Suggested reduction ..	0	485	509
Pensions			
Current estimate	2,929	2,899	2,875
OMB recommendation.....	<u>2,929</u>	<u>2,624</u>	<u>2,600</u>
Suggested reduction...	0	275	275
Burial benefits			
Current estimate.....	86	91	95
OMB recommendation	<u>86</u>	<u>6</u>	<u>6</u>
Suggested reduction...	0	85	89
Total suggested reduction.....	<u>0</u>	<u>1,202</u>	<u>1,293</u>
Revised 1977 planning guidance and related 1976 amount.....	18,167	16,502	xxx



SUMMARY OF OUTLAY REDUCTIONS

Veterans Administration
(dollars in millions)

	Effect on Outlays in		
	<u>1976</u>	<u>1977</u>	<u>1978</u>
A. 1977 Planning guidance.....	xxx	16,818	xxx
Adjustments:			
1. Non-repeal of GI Bill 2-year eligibility extension.....		485	509
2. Non-enactment of health in- surance reimbursement legislation		130	135
3. Enactment of mandatory legislation, and workload increases in mandatory programs.....		<u>271</u> 886	<u>271</u> 915
Current estimate.....	18,167	17,704	xxx
B. Suggested program reductions:			
Medical Care... staffing			
Current estimate	3,721	4,052	4,139
OMB recommendation	<u>3,721</u>	<u>3,880</u>	<u>3,909</u>
Suggested reduction	0	172	230
Medical Care... insurance reimbursement			
Current estimate	3,721	4,052	4,139
OMB recommendation	<u>3,721</u>	<u>3,922</u>	<u>4,004</u>
Suggested reduction.....	0	130	135



1977 Outlay Reduction (Part II)
 Veterans Administration - Medical Care
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

<u>Amount</u>	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Current estimate.....	3721	3721	4052	4052	xxx	4139
OMB recommendation	3721	3721	3880	3880	xxx	3909
Suggested reduction.....	0	0	172	172	xxx	230

Actions required:

Reduce allowances made in planning numbers for increased workload, program and personnel costs. Eliminate Quality Care allowance which allowed hiring of 3,200 persons in FY 1977, and workload allowance by 200 additional positions.

Program impact: Arbitrarily reduces spring allowances for workload and program cost increases. Requires VA to absorb increases, which would probably impact on treatment programs. Eliminates Quality Care dollars to hire 3,200 new personnel, and reduces by 200, personnel needed to meet workload increases. Reduces 1977 Medical Care personnel increase from 7,700 to 4,300, which will affect patient care.

Other considerations

Agency and Congress will vehemently oppose reductions. Breaks Administration commitment toward implementing Quality Care Survey-identified deficiencies in VA staffing. Would damage VA morale severely.

1977 Outlay Reduction (Part II)
 Veterans Administration - Medical Care
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input checked="" type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount</u>						
Current estimate	3721	3721	4052	4052	xxx	4139
OMB recommendation.....	<u>3721</u>	<u>3721</u>	<u>3922</u>	<u>3922</u>	<u>xxx</u>	<u>4004</u>
Suggested reduction ...	0	0	130	130	xxx	135

Actions required:

Propose legislation to allow reimbursement to VA for treatment rendered to those eligibles covered by insurance programs including workmen's compensation.

Program impact:

No direct impact on delivery of care.

Other consideration:

Legislation has been proposed but not acted upon in previous years, due to lack of interest by Congress. Additionally, not strongly pushed by VA.



1977 Outlay Reduction (Part II)
 Veterans Administration - Medical Care
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input checked="" type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

<u>Amount</u>	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Current estimate	3721	3721	4052	4052	xxx	4139
OMB recommendation.....	3721	3721	4027	4027	xxx	4114
Suggested reduction...	0	0	25	25	xxx	25

Actions required:

Propose that Congress amend Title 38 to eliminate the payment of travel expenses to all but service-connected VA beneficiaries and for emergency ambulance or transfer from one VA facility to another while under treatment. This action could also be taken by the VA Administrator without requiring Congressional action.

Program impact:

Will have no impact upon the provision of medical treatment or on the quality of medical program. Could slightly affect treatment demands on some VA hospitals.

Other consideration: Controversial project. VA patients approximately 60% non-service-connected to be treated basically as space available. Travel expenses reimbursement is thus true bonus to them. Program has been poorly administered so that many get travel money who can well afford to pay. Moreover, VA is only agency that pays its beneficiaries travel costs, even for insurance examinations. Neither active duty servicemen nor their dependents are paid for travel in connection with medical treatment or examination.

1977 Outlay Reduction (Part II)
 Veterans Administration - Construction
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

<u>Amount</u>	1976		1977		1978	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Current estimate	404	184	160	260	xxx	220
OMB recommendation.....	404	184	94	250	xxx	190
Suggested reduction....	0	0	66	10	xxx	30

Actions required:

Reduce planning number for Major Construction to zero (0) for FY 1977.

Program impact: No Major Construction in FY 1977 would mean no replacement VA hospital in FY 1977; a reduction from planning decision to build one replacement per year. This will slow down VA efforts to bring hospitals up to modern standards. Impact on patient care difficult to measure. Other improvement projects would be postponed also.

Other consideration:

Congress is especially anxious to have several hospitals replaced and will not like a one-year halt. VA will also oppose.

1977 Outlay Reduction (Part II)
 Veterans Administration - Medical & Prosthetic Research
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request
<input type="checkbox"/> other administration action
<input type="checkbox"/> substantive legislation | <input type="checkbox"/> deferral action
<input type="checkbox"/> rescission action
<input type="checkbox"/> other congressional action |
|---|---|

<u>Amount</u>	1976		1977		1978	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Current estimate.....	95	95	100	100	xxx	100
OMB recommendation.....	<u>95</u>	<u>95</u>	<u>80</u>	<u>80</u>	<u>xxx</u>	<u>100</u>
Suggested reduction...	<u>0</u>	<u>0</u>	<u>20</u>	<u>20</u>	<u>xxx</u>	<u>0</u>

Actions required:

Reduce planning number for medical research by \$20.0 M in FY 1977.

Program impact: This is an arbitrary reduction which may affect recruitment and retention of some (no estimate possible) VA clinical medical personnel. Should allow for continuation of ongoing projects but will require VA to reprioritize its research.

Other consideration:

Will be strongly opposed by Congress and VA who justify research for professional recruitment/retention and as critical to medical programs. Some VA research appropriate (e.g., prosthetic, spinal cord injuries, etc.) to veteran illness, but much done which pursued by other groups.

1977 Outlay Reduction (Part II)
 Veterans Administration - G.I. Bill
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input checked="" type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

<u>Amount</u>	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Current estimate	5325	5310	4255	4,340	xxx	3543
OMB recommendation	5325	5310	3770	3,855	xxx	3034
Suggested reduction ..	0	0	-485	-485	xxx	-509

Actions required:

Repropose repeal of two-year GI Bill eligibility extension and propose repeal of advance payment and prepayment provisions.

Program impact: Repeal of the two-year eligibility extension (-385 in FY 1976, -469 in FY 1977) would cause 311 thousand veterans not to receive GI Bill benefits in FY 1977, and 379 thousand in FY 1978. Repeal of the advance payment and prepayment provisions would greatly reduce the growing overpayments which now all too often become bad debts. Veterans would be paid after the end of a school-certified month in training, much as the Korean GI Bill operated.

Other consideration: The two-year extension now only affects veterans discharged between 1955 and 1968. Because of the length of time since their separation, these veterans should need much less readjustment assistance than a recently separated veteran. However, Congress has, to date, resisted moving this item. The advance and prepayment procedures originally were the work of Congress. However, with the rapid increase in overpayments, there seems to be a mood to go back to the prior system.



1977 Outlay Reduction (Part II)
 Veterans Administration - Pensions
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input checked="" type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

<u>Amount</u>	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Current estimate.....	2919	2929	2830	2899	xxx	2875
OMB recommendation.....	2919	2929	2555	2624	xxx	2600
Suggested reduction.....	0	0	-275	-275	xxx	-275

Actions required:

Propose enactment of legislation which would eliminate the spouse's income exclusion from the calculation of a veteran's pension.

Program impact:

This action would deliver the program benefits on a more equitable basis, i.e., to the recipients who have the greatest total family financial need. Many thousands of present beneficiaries would either be dropped from the rolls or have their benefits reduced.

Other consideration:

Past attempts in Congress have not been fruitful. There may be more sympathy for this action with the deficit going up, but the effects of inflation on persons with fixed incomes are likely to make this unpopular in Congress.

Veterans Pensions is a veterans welfare program, more comparable to SSI. No contributions have been made and there is no comparison to OASDI. Eligibility is based solely on war-time service, veteran's lack of employability due to physical condition, and need, as determined by other countable income.

1977 Outlay Re-estimation (Part II)
 Veterans Administration - Burial Benefits
 (dollars in millions)

Date: Sept. 5, 1975

- | | |
|---|---|
| <input type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input checked="" type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

<u>Amount</u>	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Current estimate	86	86	91	91	xxx	95
OMB recommendation	86	86	6	6	xxx	6
Suggested reduction ...	0	0	-85	-85	xxx	-89

Actions required:

Propose enactment of legislation which would provide the VA burial benefit to families of deceased veterans only when and in such amount as was not provided in any other similar purpose payment by the U.S. Government.

Program impact: The VA payment presently is made regardless of inherent family need. Additionally, nearly all veterans are eligible for other Federal financial assistance programs, e.g., more than 90% of all veterans are covered under the Social Security program.

Other consideration: This item has not been provided hearings in Congress. As an example of an expensive, overlapping Federal benefit, however, it might be a good item to emphasize in a deficit reduction program.

Veterans burial benefits are not completely duplicative of social security death payments. The latter payments are made to the surviving spouse regardless of whether the spouse pays for burial, and are not intended specifically as burial insurance. About 55% of social security lump sum death payments are made to the surviving spouse.



CIVIL SERVICE
COMMISSION

September 5, 1975

CIVIL SERVICE COMMISSION
1977 OUTLAY REDUCTIONS

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Entitlement Programs	9070	1188	10258	-312	9946
Central Personnel Management	104	-	104	-	104
Intergovernmental Personnel Assistance	15	-	15	-	15
Intrafund offsets	-19	-	-19	-	-19
Employment reduction	-	-	-	-	-
<u>Total</u>	<u>9170</u>	<u>1188</u>	<u>10358</u>	<u>-312</u>	<u>10046</u>



Summary of Outlay Reductions (Part I)
 Civil Service Commission
 (dollars in millions)

Date: September 4, 1975

	Effect on outlays in:		
	1976	1977	1978
A. 1977 planning guidance	xxx	9170	xxx
Adjustments:			
A. No enactment of - Elimination of 1% kicker in retirement annuity indexation	xxx	158	xxx
B. No enactment of - 5% cap to pay and to cost-of-living annuity escalator in retirement program	xxx	1030	xxx
Subtotal	xxx	1188	xxx
Current estimate.....	8712	10358	xxx
B. Suggested program reductions:			
Entitlement Program, Civil Service Retirement, eliminate 1% kicker	xxx	-158	-339
Limit cost-of-living increases in retirement programs.....	xxx	-154	-154
C. Employment reduction	xxx	xxx	xxx
Total suggested reduction.....	xxx	-312	-493
Revised 1977 and related 1976 amount planning guidance.....	8712	10046	xxx



1977 Outlay Reductions (Part II)
Entitlement - Retirement Fund
(dollars in millions)

Date: September 4, 1975

_____ appropriation request	_____ deferral action
_____ other administration action	_____ rescission action
<u>X</u> substantive legislation	_____ other congressional action

<u>Amount:</u>	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
Current estimate.....	12318	8624	14600	10252		11683
OMB recommendation.....	12318	8624	14600	10094		11344
Suggested reduction.....				-158		-339

Actions required:

Legislation to eliminate 1% bonus in annuity indexation effective July 1, 1976 for this entitlement. The bonus is now added to cost-of-living increases to compensate for the time lag between the actual rise in cost-in-living and the effective date of the increase.

Program impact:

Retiree annuity increases will be less due to elimination of 1% bonus which tends to overcompensate retirees over time.

Other consideration:

In view of past Congressional opposition to reductions in employee benefits, Congressional resistance to this proposal is expected.



1977 Outlay Reductions (Part II)
Entitlement - Retirement Fund
(dollars in millions)

Date: September 4, 1975

<u> </u> appropriation request	<u> </u> deferral action
<u> </u> other administration action	<u> </u> rescission action
<u> X </u> substantive legislation	<u> </u> other congressional action

	1976		1977		1978	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Amount:</u>						
Current estimate.....	12318	8624	14600	10252		11683
OMB recommendation.....	12318	8624	14600	10098		11529
Suggested reduction.....				-154		-154

Actions required:

Enact legislation to apply a "limit" to pay and benefit increases by May 31, 1976. The "limit" would be equal to 60% of the increase in the applicable index.

Program impact:

Retiree annuity increases will be less due to elimination of 1% bonus and cap on cost-of-living.

Other consideration:

Government employee unions and beneficiaries will resist the change strongly. In view of past Congressional opposition to "caps", Congressional resistance to this proposal is expected.



EXPORT-IMPORT
BANK

EXPORT-IMPORT BANK

1977 OUTLAY REDUCTIONS
(dollars in millions)

<u>Program</u>	<u>Planning guidance</u>	<u>Adjustments</u>	<u>Current estimate</u>	<u>Suggested reductions</u>	<u>Revised planning guidance</u>
Direct Loans	1700	0	1700	390	1310
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	1700	0	1700	390	1310



SUMMARY OF OUTLAY REDUCTIONS

EXPORT-IMPORT
(dollars in millions)

	Effect on outlays in:		
	<u>1976</u>	<u>1977</u>	<u>1978</u>
A. 1977 Planning guidance.....	xxx	1700	xxx
Adjustments:		0	
	<u>xxx</u>		<u>xxx</u>
Current estimate.....	1700	1700	xxx
B. Suggested program reductions:			
Direct loans.....		390	1170
Total suggested reduction.....	<u>65</u>	<u>390</u>	<u>1170</u>
Revised 1977 planning guidance and related 1976 amount.....	1635	1310	xxx

1977 Outlay Reductions (Part II)
Export-Import
(dollars in millions)

Date: 9/6/75

- | | |
|---|---|
| <input checked="" type="checkbox"/> appropriation request | <input type="checkbox"/> deferral action |
| <input type="checkbox"/> other administration action | <input type="checkbox"/> rescission action |
| <input type="checkbox"/> substantive legislation | <input type="checkbox"/> other congressional action |

	<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Amount:</u>						
Current estimate.....	2,913	1,700	2,900	1,700	xxx	1,700
OMB recommendation.....	<u>2,890</u>	<u>1,635</u>	<u>2,236</u>	<u>1,310</u>	<u>xxx</u>	<u>530</u>
Suggested reduction.....	0	65	664	390		1,170

Actions required:

In the second half of 1976 and in 1977, reduce the Exim direct loan authorization level by an amount sufficient to preclude credits to countries that probably could arrange other means of financing, i.e., the industrialized countries and capital-exporting oil producing countries. Also, aircraft export financing would be terminated.

Program impact:

This would reduce Eximbank direct credits by about 22% and total program (including discount loans and guarantees and insurance) by less than 10%. The impact may not be severe since it would conform to the likely outcome of ongoing negotiations to limit international export credit competition. If international negotiations fail, however, the cutback would make it difficult for Eximbank to meet foreign competition.

