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1977 PRESIDENTIAL
REVIEW
Agriculture-Feeding
Programs
Small Agencies

Ag.-Feeding
Programs



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. Lynn

SUBJECT: 1977 Budget decisions: Department
of Agriculture - Feeding Programs

The agency request and my recommendations with respect to 1977 budget amounts for the Department of Agriculture feeding programs are presented in the tabulation attached (Tab A). These amounts are included in the summary tables for the entire Department of Agriculture which is contained in a separate memorandum with issues relating to non-feeding programs. My recommendation for food stamps funding reflects your recent legislative proposal to achieve savings of \$1.3 billion on an annual basis.

Two key issues have been identified for your consideration (additional detail at Tab B).

I. Block grants for feeding needy children.

USDA requested \$3.1 billion in 1977 to fund the National School Lunch Act and Child Nutrition Act Amendments of 1975 (P.L. 94-105). The Department has proposed one legislative change which would limit reimbursement under the Special Milk program to children not provided milk with meals under other feeding programs.

OMB recommends a revised program of block grants for feeding needy children which would be administered by the states. This block grant would cost \$1.9 billion in 1977 and limit eligibility consistent with the poverty guidelines in your proposed Food Stamp Reform legislation. You should note that John Rhodes in a recent letter (Tab C) to you said that "hearings or further consideration of school lunch are not likely until the two year extension expires, and I cannot

see anything to be gained by dumping in a moot bill at this point... the legislation would be viewed with ridicule by the school lunch groups and would be politically detrimental."

Decision: Approve agency recommendation _____

 Approve OMB recommendation _____

II. Special Milk program.

USDA requests a \$67 million 1976 supplemental appropriation for the Special Milk program which is an entitlement program. The enacted appropriation of \$84 million will fund costs only through January 1976. If a supplemental is not requested, a law suit requiring the continuation of the program could be successful. OMB recommends that no supplemental funds be requested.

Decision: Transmit supplemental _____

 Do not transmit supplemental _____

Attachment



TAB A



DEPARTMENT OF AGRICULTURE
1977 Budget

Summary Data
Food and Nutrition Service

| | (In millions) | | <u>Employment, end-of-year</u> | |
|--|-------------------------|----------------|--------------------------------|--------------|
| | <u>Budget Authority</u> | <u>Outlays</u> | <u>Full-time Permanent</u> | <u>Total</u> |
| 1975 actual | 6,819 | 6,643 | 2,359 | 2,595 |
| 1976 February budget (as amended) | 8,382 | 8,304 | 2,575 | 2,811 |
| enacted | 5,448 | 5,802 | 2,575 | 2,811 |
| supplementals recommended | 505 | 527 | xxx | xxx |
| agency request | 7,891 | 8,428 | 2,855 | 3,013 |
| OMB recommendation | 9,089 | 8,569 | 2,422 | 2,522 |
| OMB employment ceiling */ | xxx | xxx | 2,575 | 2,811 |
| TQ February budget (as amended) | 2,127 | 2,386 | xxx | xxx |
| enacted | 1,342 | 1,554 | | |
| supplementals recommended | 22 | 22 | xxx | xxx |
| OMB recommendation | 2,091 | 1,946 | xxx | xxx |
| 1977 planning target | 8,819 | 8,819 | xxx | xxx |
| reduction target | xxx | 7,194 | xxx | xxx |
| agency request | 9,093 | 9,059 | 2,842 | 3,000 |
| OMB recommendation (includes Block Grant proposal) | 5,733 | 7,161 | 2,422 | 2,522 |
| 1978 OMB estimate | 7,490 | 7,490 | 2,300 | 2,400 |

* USDA Feeding programs. Part of the USDA total.



TAB B

Issue Paper

Department of Agriculture
1977 Budget

Issue #1: Block Grants for Feeding Needy Children

Statement of Issue

Should the Administration renew the proposal for block grants for child food assistance to replace the existing array of child feeding programs?

Background

The Administration proposed to substitute block grants for the existing child feeding programs in the 1976 Budget. Congress did not consider the proposal, which was transmitted after the House markup, and enacted the School Lunch/Child Nutrition amendments on October 7, 1975, over your veto by a vote of 397 to 18 in the House and 79 to 13 in the Senate. The enacted amendments substantially expanded the existing categorical programs; provided higher subsidies to more non-needy individuals; and limited the flexibility of the states and institutions.

The block grant proposal would provide Federal funds to states, based on the number of meals to be served to needy children and infants, and replace the existing child feeding programs which subsidize meals for both needy and non-needy children. Under the block grant proposal, Federal funds will enable states to provide at least one-third of the total Recommended Dietary Allowance (RDA) to all poor children.

Consistent with the Food Stamp Reform legislation, a child's eligibility would be based on the family's income and its relationship to the income poverty guidelines.



Alternatives

- #1. Fund the existing child feeding programs, and restrict the Special Milk program to children not receiving benefits under the other school feeding programs (USDA rec.).
- #2. Fund the existing child feeding programs, but limit increases in discretionary program areas and restrict the Special Milk program to children not receiving benefits under the other school feeding programs.
- #3. Substitute block grants to states for the existing child feeding programs, limiting eligibility for free meals to children from poor families (OMB rec.).
- #4. Retain the basic structure of the existing programs and limit eligibility to 150% of the income poverty guidelines (USDA reduction proposal).

Analysis

| Budget Authority/Outlays (\$ millions) | 1975 | | 1976 | | July 1 - Sept. 30, 1976 | | 1977 | | 1978 | |
|--|-------|-------|-------|-------|----------------------------|-----|-------|-------|-------|-------|
| | BA | O | BA | O | BA | O | BA | O | BA | O |
| Alt. #1 (<u>USDA rec.</u> - existing programs and limit Special Milk) | 2,075 | 2,170 | 2,762 | 2,739 | 282 | 565 | 3,107 | 3,106 | 3,324 | 3,324 |
| Alt. #2 (existing mandatory programs only and limit Special Milk) | 2,075 | 2,170 | 2,664 | 2,628 | 282 | 565 | 3,032 | 3,043 | 3,210 | 3,210 |
| Alt. #3 (<u>OMB rec.</u> - Block Grant) | 2,075 | 2,170 | 2,664 | 2,628 | 282 | 565 | 1,932 | 1,861 | 1,990 | 1,990 |
| Alt. #4 (<u>USDA reduction</u> - existing programs limited to near-needy and needy) | 2,075 | 2,170 | 2,664 | 2,628 | 282 | 565 | 2,141 | 2,140 | 2,358 | 2,358 |



USDA Recommendation: Alternative #1 - Continue the existing programs but limit Special Milk

The Department does not recommend a major legislative initiative at this time. They believe congressional enactment of the block grant proposal is highly unlikely. USDA recommends limiting the Special Milk program to children who are not receiving benefits from the other school feeding programs. To limit 1977 outlays below their budget request, USDA offered a reduction proposal to limit benefits to near-needy and needy children within the existing programs; that is, limit eligibility to 150% of the income poverty guidelines.

OMB Recommendation: Alternative #3 - Block grants

Under the proposal, a single Federal grant to the states would be provided to feed poor children in the most appropriate manner: meals or combination of meals, snacks and/or milk or otherwise--that would meet local preferences and requirements.

As states now provide modest matching funds to non-needy children under section 4 of the National School Lunch Act, a shift in Federal emphasis to the needy would still permit states to continue support of non-needy children.

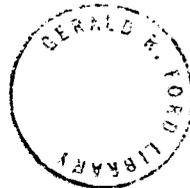
If we do not propose block grants, administrative problems and benefit duplication issues would not be addressed. Block grants to states for feeding needy children would provide states with maximum flexibility in developing the necessary programs, limit Federal support to needy children, and reduce the Federal burden of administering multiple programs.



Recommended Action/Consistent with the Block Grant Proposal (Alt. #3)

| <u>Existing Programs</u> | 1975 <u>Actual</u> | 1976 Budget <u>(Block Grants)</u> | 1976 Current <u>Estimate</u> | 1977 Budget <u>(Block Grants)</u> |
|---|-----------------------|---|------------------------------------|---|
| | | (Outlays in millions) | | |
| <u>School Lunch Program/Basic:</u> 12.25¢ reimbursement for all meals served to children in schools and residential child care institutions. ^{1/} | 481 | -0- | 521 | -0- |
| <u>School Lunch Program/Special Assistance:</u> Additional reimbursement of 54.5¢ and 44.5¢ for meals served to near-needy and needy children respectively. Includes children in schools and residential child care institutions. | 751 | -0- | 950 | -0- |
| <u>Non-Food Assistance:</u> Grants for equipment to schools from areas with poor economic conditions. Includes schools and residential child care institutions. | 24 | -0- | 28 | -0- |
| <u>School Breakfast:</u> Average reimbursement of 32¢ for meals served to all children. Includes additional supplements for near-needy and needy, and also includes children in schools and residential child care institutions. | 86 | -0- | 116 | -0- |
| <u>Special Milk:</u> Average reimbursement of 5.5¢ for each half-pint of milk served to all children in addition to milk served in the Breakfast and Lunch programs. Includes children in schools and residential child care institutions. | 123 | -0- | 137 | -0- |
| <u>Commodity Distribution:</u> Provision of 11¢ of commodities to schools for each meal served to all children. Includes children in schools and residential child care institutions as well as children in summer feeding and day care programs. Includes cash in lieu of commodities. | 361 | -0- | 501 | -0- |

^{1/} Reimbursement rates as of July 1, 1975



| | 1975 <u>Actual</u> | 1976 Budget <u>(Block Grants)</u> | 1976 Current <u>Estimate</u> | 1977 Budget <u>(Block Grants)</u> |
|---|-----------------------|---|------------------------------------|---|
| <u>Supplemental Food for Women, Infants, and Children (WIC):</u> Cash assistance to pregnant or lactating women and infants who are residents of areas with poor economic conditions, and who are determined to be at nutritional risk due to inadequate nutrition or income. | 83 | -0- | 180 | (83) ^{2/} |
| <u>Summer Food Program:</u> Provides reimbursement for meals served to all children participating in summer feeding programs in areas with poor economic conditions. Includes children attending summer camps. | 52 | -0- | 94 | -0- |
| <u>Child Care Food Program:</u> Provides reimbursement for meals served to children in day-care programs. | 49 | -0- | 93 | -0- |
| <u>Other:</u> State Administrative Expenses, Federal Operating Expenses, Nutritional Training and Surveys, and Adjustment | 15 | -0- | 56 | -0- |
| <u>Proposed Legislation</u> | | | | |
| <u>Block Grants for Child Feeding</u> | -0- | 1,722 | -0- | 1,861 |
| TOTAL | 2,025 | 1,722 | 2,676 | 1,861 |

^{2/} \$83 million will be requested in order to supplement the food stamp allotment for pregnant and lactating women.



Issue Paper

Department of Agriculture
1977 Budget

Issue #2: Special Milk Program - 1976 Supplemental

Statement of Issue

Should we request a 1976 supplemental (\$67 million) for the Special Milk program?

Background

The Administration did not request funds for the Special Milk program in the 1976 Budget. Legislation was proposed to substitute a block grant program for this and other child nutrition programs.

Congress did not consider the Administration's legislative proposal and enacted appropriations based on the School Lunch/Child Nutrition amendments. To avoid large increases over your budget request, Congress appropriated funds for the period from July 1, 1975 to January 31, 1976. Additional funds will be necessary if the program is to continue after January 31.

Although no funding was requested for the Special Milk program in the 1976 Budget, OMB General Counsel advice is that the Special Milk program is an entitlement program and federal liability would be found if considered by the courts.

| | <u>(BA in millions)</u> |
|---|-------------------------|
| President's Budget - 1976 | -0- |
| Appropriation (for the period July 1, 1975 through January 31, 1976) | \$ 84 |
| Implicit agency supplemental request - 1976 | \$ 67 |
| Full-year cost - 1976 | \$151 |



Alternatives

- #1. Do not request a supplemental (OMB rec.).
- #2. Request a supplemental of \$67 million (Implicit agency req.).

Analysis

The Administration has expressed strong opposition to the duplication of benefits between the Special Milk program and the other child feeding programs.

Although we believe that \$67 million will be necessary for the Special Milk program after January 31, 1976, we do not recommend that you request a supplemental appropriation. We believe that the Administration should reiterate its strong opposition to the recently expanded child feeding programs and force the Congress to add the necessary funds.

TAB C

WASHINGTON OFFICE:
RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

ALMA A. ALKIRE
RICHARD ROBERTS

DISTRICT OFFICE:
6040 FEDERAL BUILDING
PHOENIX, ARIZONA 85025

ROBERT J. SCANLAN

Office of the Minority Leader
United States House of Representatives
Washington, D.C. 20515

H-233, THE CAPITOL
WASHINGTON, D.C. 20540

JOHN J. WILLIAMS
DENNIS J. TAYLOR
J. BRIAN SMITH
CLARA POSEY

November 10, 1975

NOV 11 1975



The President
The White House
Washington, D. C.

Dear Mr. President:

For some time I have been concerned over the events surrounding H.R. 4222, the School Lunch bill which became P.L. 94-105 over your veto. At the time the House considered your veto of the bill I expressed my support for your block grant approach, however I was frankly disappointed at the way in which the Administration handled your legislative proposal and the "budget shuffling" involved in the veto.

To begin with, there was no timely effort to gain support from interest groups or appropriate Members for the Administration's block grant approach. The Administration proposal was not transmitted to Congress until June 9, 1975, after both Houses had held hearings on their own versions, after the House had passed H.R. 4222, and well beyond any time when there was meaningful opportunity for House Republicans to influence the direction of the legislation.

In an emotional and sensitive area such as this, your proposal should have come much earlier and should not have been relegated to an announcement through the ordinary budget process. With advance planning a Presidential message -- perhaps even on television -- could have placed the issue in perspective, enlisted public support and minimized opposition by school food service lobbyists. In addition, Republicans in Congress could have introduced the proposal. As it was, no viable alternative to H.R. 4222 was available during its consideration, and any Member venturing to introduce your proposal when it came up would have been marked for special electoral attention by interest groups locked into H.R. 4222.

I feel an obligation to see that Administration legislative proposals are at least introduced, and considered introducing your legislation after committee Republicans in both the House and Senate declined to do so. Quite candidly, hearings or further consideration of school lunch are not likely until the two year extension expires, and I cannot see anything to be gained by dumping in a moot bill at this point.

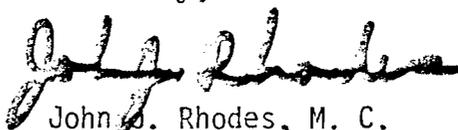
In fact, informal discussions with Administration officials indicate they do not now want me to introduce the legislation. Aside from being moot, the legislation would be viewed with ridicule by the school lunch groups and would be politically detrimental.

In addition, many Members did not buy, and in fact resented, the budget sleight of hand used to oppose H.R. 4222. The real figures of the budget were ignored and OMB persisted -- even in the veto message -- in basing its budget estimates on the cost figures of the block grant proposal rather than on the actual program costs or actual budget figures. As a result, the amount claimed in the veto message as being over the budget was really only the amount over the cost projections of the block grant proposal. This type of eleventh hour budget gimmickery just did not generate confidence or support in light of the momentum behind H.R. 4222.

It is difficult for Republicans to sustain a veto or become enthusiastic under these kinds of circumstances. Late transmittals of the proposal, lack of proper groundwork, and the absence of Congressional input accounted for the dismal vote of 397 to 18 in overriding the veto.

My earnest hope is that on future issues and subsequent consideration of this topic we can develop a closer rapport and coordination of efforts.

Sincerely,



John D. Rhodes, M. C.
Minority Leader

JJR/tp



Small
Agencies

1977 Presidential Review
Small Agencies
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Community
Services
Administration

COMMUNITY SERVICES ADMINISTRATION

Comments

Agency request is based on the FY 1976 Continuing Resolution with increases for inflation and programs not covered by the Continuing Resolution, including new migrants and rural housing activities. OMB mark would continue the 1976 Budget strategy by further reducing community action funding to reflect the lower FY 1977 Federal matching rate.

| | Budget authority (In thousands of dollars) | Outlays (In thousands of dollars) | Full-time permanent employment |
|---|--|--------------------------------------|--------------------------------------|
| 975 actual | 499.4 | 476.5 | 1,006 |
| 976 current estimate | 435.7 | 520.0 | 960 |
| 1976 OMB employment ceiling | xxxx | xxxx. | 960 |
| Transition quarter current estimate | 105.0 | 140.0 | xxxx |
| <u>1977:</u> | | | |
| Alternative A - Agency request | 508.2 | 497.4 | 1,006 |
| Alternative B - Delivery system support strategy | 466.0 | 435.0 | 950 |
| Alternative C - 1976 Budget strategy | 324.0 | 355.0 | 900 |
| (OMB recommendation) | | | |
| Effect of OMB recommenda- tion on agency request | -184.2 | -142.4 | -106 |
| 1978 estimate | 324.0 | 350.0 | 900 |



COMMUNITY SERVICES ADMINISTRATION

Background

The Community Services Administration (CSA), formerly the Office of Economic Opportunity (OEO), was created January 4, 1975, by the Community Services Act of 1974 (P.L. 93-644). The Agency's primary activity is support of 889 community action agencies (CAA's) which employ an estimated 100,000 people who administer \$1.2 billion of programs, most of which are federally funded by agencies other than CSA.

Under the Community Services Act, you may propose a reorganization plan to transfer Community Action programs to HEW and Community Economic Development programs to Commerce. The plan could be rejected by the Congress. The Act also provides for gradually increasing the non-Federal share to match Federal monies granted to CAA's. The non-Federal share requirement changes as follows:

| <u>CAA's Federal Funding Level</u> | <u>% of CAA's</u> | <u>Local Initiative Non-Federal Matching Rate</u> | | |
|--|-----------------------|---|-------------|-------------|
| | | <u>FY75</u> | <u>FY76</u> | <u>FY77</u> |
| \$300,000 or less | 75% | 20% | 25% | 30% |
| over \$300,000 | 25% | 20% | 30% | 40% |

In signing the Act you strongly supported the shift toward non-Federal funding. CAA's oppose the higher requirement and support a House bill returning the non-Federal share to 20%. CSA advises us that passage of the bill is likely. The FY76 Budget reduced CAA administrative support from \$330 to \$295 million to reflect the higher non-Federal share, but the House and Senate restored the \$330 million level in the Labor-HEW



Appropriations Bill. CSA estimates that about 95% of the non-Federal share is "soft" in-kind contributions. In seeking this increase, CAA's argued that the higher, "soft" non-Federal contributions could not replace the "hard" cash Federal share and therefore a reduction in Federal funds would cut back CAA employment and administrative capability.

In FY74, FY75, and FY76, there has been growing disparity between the President's Budget and congressional appropriation action. Since the attempted dismantling of OEO in 1973, the budget has consistently recommended reduced funding for Community Action programs. Congress has continually increased CSA's appropriation level. The FY76 Continuing Resolution is over 30% higher than the FY76 Budget level. Congressional increases have been prompted primarily by intense lobbying of CSA grantees (community action agencies and community development corporations), bolstered by recent support from State and local governments. The congressional add-ons have largely centered on categorical programs concerned with the elderly poor, nutrition, and home winterization. The FY76 appropriation may include new programs for veterans, migrants, and rural housing.

Alternative A - CSA Request (BA \$508.2 million; O \$497.4 million) -- CSA bases its request on the FY76 Continuing Resolution level of \$474.4 million with increases for: (1) a 5% inflation increase for three of its larger Community Action programs; (2) funding for the summer youth programs not in the Continuing Resolution; (3) new migrants and rural housing programs; and (4) new efforts to train grantees' staff and evaluate Federal poverty programs. Funding is not requested for CSA's current energy conservation program consistent with the Administration position to fund this activity in FEA. The CSA request alternative supports and expands CSA categorical programs and would enhance CSA's stature as an independent agency. A significantly higher funding level than previously proposed by the President could also signal a larger CSA role in poverty related efforts.

Alternative B - Delivery System Support (BA \$466.0 million; O \$435.0 million) -- All categorical programs are eliminated except the non-duplicative summer youth programs. One million dollars is provided to promote technical assistance for grantees' staff



to improve CAA's accountability (financial and evaluation reporting) to CSA. Community Economic Development programs are held to the FY75 level. Budget authority for CAA administrative funds would be increased by \$50 million over the FY76 Continuing Resolution level to restore forward funding for smaller CAA's (75% of CSA grantees). This increase in budget authority would not affect outlays and would not be continued after FY77. Currently, CSA funds all of its grantees on a quarterly basis. Added budget authority would relieve the administrative burden of quarterly funding on CSA and the grantees. This action would be viewed positively by CAA's and exhibit support of CAA's as a delivery system for Federal assistance to the poor. However, this option would still preserve the option to submit a reorganization plan.

Alternative C - 1976 Budget Strategy (BA \$323.7 million; O \$355.0 million) -- The FY76 Budget proposed elimination of all categorical programs. Community Economic Development was held to the FY75 Budget level of \$39 million. Administrative funding for CAA's was reduced to reflect the decrease in the Federal share requirement. Alternative C is a continuation of the FY76 Budget strategy. It holds Community Economic Development to the FY75 level and further reduces CAA funding for the continuing decrease in the Federal matching rate. Employment is reduced due to less Federal support for CAA programs. Although this approach may stiffen opposition to a reorganization plan, OMB recommends Alternative C to emphasize the Administration's current position that Community Action programs must depend upon local financial support rather than increased Federal funding.

Legal Services
Corporation

LEGAL SERVICES CORPORATION

Comments

Agency requested increases to improve its program capability and geographically expand the delivery of legal services. OMB mark would hold funding to the FY 1976 appropriation of \$88 million, an increase of \$16.5 million over the FY 1975 level, and require the agency to sponsor its FY 1977 initiatives within its current resource level. A background paper is attached.

| | Budget authority | Outlays |
|---|----------------------------------|-------------|
| | <u>(In thousands of dollars)</u> | |
| 1975 actual | 71.5 | 72.6 |
| 1976 current estimate | 88.0 | 78.0 |
| Transition quarter current estimate ... | 24.6 | 24.0 |
| 1977 agency request | 140.8 | 127.3 |
| 1977 OMB recommendation | <u>88.0</u> | <u>85.0</u> |
| Effect of OMB recommendation on agency request | -52.8 | -42.3 |
| 1978 estimate | 88.0 | 87.0 |

Legal Services Corporation

The Legal Services Corporation (LSC), a private nonmembership, nonprofit corporation established by the Legal Services Corporation Act of 1974, provides legal assistance in noncriminal matters for low-income persons through grants to 269 legal services centers.

In FY 1976, LSC requested, independent of the Administration, a \$25 million budget increase to fund higher grantee attorney salaries, new attorneys, and rising administrative costs. The Legal Services Corporation Act of 1974 provides that OMB may review and submit comments upon LSC's budget request at the time it is transmitted to the Congress. After reviewing the Corporation's FY 1976 budget request, OMB recommended to the Congress a resource allocation of \$71.5 million, the same level as the continuing resolution. The Congress approved an \$88 million FY 1976 appropriation. The FY 1977 LSC request--a \$52.8 million increase--seeks to: (1) further raise attorney salaries and hire additional staff (\$15 million); (2) expand the programs' geographic coverage (\$26 million); (3) fund legal services centers currently supported by the Department of Labor and the Community Services Administration (\$2 million); and (4) conduct evaluations and demonstrate other methods for improving the delivery of legal services (\$8 million).

LSC has not evaluated any of its existing legal services centers. OMB recommends that evaluation of current activities, development of new policies and guidelines, and restructuring existing activities be undertaken in advance of increased funding for program growth. Since LSC received an FY 1976 increase of \$16.5 million, OMB believes LSC has sufficient funds at the FY 1976 level to maintain an adequate legal services program in FY 1977 as well as conduct the necessary evaluations and demonstration projects to improve the delivery of legal services.

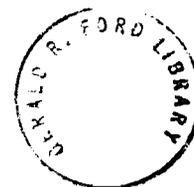


National Founda-
tion on the Arts
and the Humanities

National Foundation on the Arts and the Humanities

Comments

Foundation request would provide an increase of \$100 million in operating funds above the FY 1976 request level of \$190 million. OMB FY 1977 mark would hold to the 1976 budget level, or at the congressional level, whichever is less. A backup paper is attached. The Foundation has not been informed of the OMB recommendation.



| | Budget authority (In millions of dollars) | Outlays of dollars) | Full-time permanent employment |
|---|---|------------------------|--------------------------------------|
| 1975 actual | 173.3 | 128.1 | 356 |
| 1976 current estimate | 190.0 | 183.0 | 387 |
| 1976 OMB employment ceiling | xxx | xxx | 387 |
| Transition quarter current estimate | 59.9 | 57.0 | xxx |
| 1977 agency request | 290.4 | 280.0 | 608 |
| 1977 OMB recommendation | <u>190.0</u> 1/ | <u>183.0</u> | <u>387</u> |
| Effect of OMB recommendation on agency request | -100.4 | -97.0 | -221 |
| 1978 estimate | 190.0 | 185.0 | 387 |

1/ House action has reduced the Foundation by some \$5 million. Senate action is pending. The OMB recommendation would be either the FY 1976 request or congressional action, whichever is less.

National Foundation on the
Arts and the Humanities
1977 Budget

There are four options available for consideration:

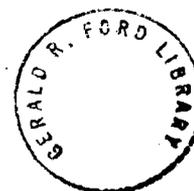
Option #1: Agency Request

(\$ in millions)

| <u>President's FY 1976 Budget</u> | | <u>Agency FY 1977 Request</u> | |
|---------------------------------------|-----|-----------------------------------|-----|
| BA | O | BA | O |
| 190 | 183 | 290 | 280 |

Personnel

| <u>FY 1976 Budget</u> | | <u>1977 Agency Request</u> | |
|-----------------------|--------------|----------------------------|--------------|
| <u>FTP</u> | <u>Total</u> | <u>FTP</u> | <u>Total</u> |
| 387 | 557 | 608 | 858 |



- This request represents nearly full funding of the authorization request currently pending before the Congress.
- It represents a continued commitment to growth in the Foundation's budget.

Option #2: Provide for an increase of \$25 million in 1977 above the FY 1976 request of \$190 million. Total - \$215 million.

- This is the planning figure that was given to the Foundation.
- Would represent a continuation of growth, possibly leading to further growth in later years.

Option #3: OMB recommendation. Provide for the current FY 1976 level to be continued in FY 1977: \$190 million in BA and some \$183 million in outlays (President's budget request; Congress may provide \$5 million to \$10 million less).

- This would provide continuation of the congressionally approved level of support for the Foundation.

Option #4:

| President's Budget for FY 1976 | | Option #4 | |
|-----------------------------------|----------|-----------|----------|
| <u>BA</u> | <u>0</u> | <u>BA</u> | <u>0</u> |
| 190 | 183 | 130 | 156 |

Personnel

| FY 1976 Budget | | Option #4 | |
|----------------|--------------|------------|--------------|
| <u>FTP</u> | <u>Total</u> | <u>FTP</u> | <u>Total</u> |
| 387 | 557 | 387 | 557 |



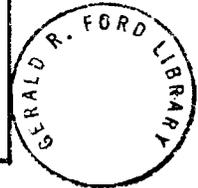
- Represents a reduction in the Foundation's budget in accord with the need to control expenditures.
- Foundation participation in the Bicentennial is in excess of \$50 million in FY 1976. The Foundation maintains that these are regular activities that are a part of their normal program that can be classified as Bicentennial in nature. However, past increases have been justified by the Foundation upon the need for Bicentennial efforts.
- Personnel would remain constant and the Foundation would be directed to seek ways to reduce operating costs and staffing requirements through a reexamination of current activities: technical assistance, travel, equipment, etc.

Consumer Product
Safety
Commission

CONSUMER PRODUCT SAFETY COMMISSION (CPSC)

Comments

CPSC requests accepting congressional add-ons of \$5 million above the Administration's request of \$37 million in 1976, and a further increase of \$13 million in 1977 to expand all program activities and increase the output of standards. OMB mark would rescind the congressional add-on in 1976 and hold CPSC to the 1976 level of \$37 million in 1977. CPSC has been informed of the 1976 decisions but not of the 1977 decisions.



| | Budget authority (In thousands of dollars) | Outlays (In thousands of dollars) | Full-time permanent employment |
|---|--|--------------------------------------|--------------------------------------|
| 1975 actual | 37,454 | 34,213 | 884 |
| 1976 current estimate | 36,595 | 43,400 | 890 |
| 1976 OMB employment ceiling | xxxx | xxxx | 890 |
| Transition quarter current estimate | 9,148 | 7,982 | 890 |
| 1977 agency request | 54,858 | 50,445 | 1,226 |
| 1977 OMB recommendation | <u>37,000</u> | <u>34,000</u> | <u>890</u> |
| Effect of OMB recommendation on agency request | -17,858 | -16,445 | -336 |
| 1978 estimate | 37,000 | 40,000 | 890 |

National Labor
Relations
Board

NATIONAL LABOR RELATIONS BOARD

Comment

NLRB requested increases to maintain pace with a rising caseload and to reduce backlogs causing significant delays in deciding cases. OMB mark would permit processing of most intake on a current basis and some backlog reduction. NLRB did not appeal the OMB Mark.

| | Budget authority (In thousands of dollars) | Outlays | Full-time permanent employment |
|---|--|---------|--------------------------------------|
| 1975 actual | 62,458 | 60,889 | 2,349 |
| 1976 current estimate.. | 67,849 | 70,059 | 2,588 |
| 1976 OMB employment ceiling..... | xxx | xxx | 2,600 |
| Transition quarter current estimate... | 16,902 | 15,550 | xxx |
| 1977 agency request.... | 78,579 | 77,588 | 2,978 |
| 1977 OMB recommendation | 74,780 | 73,800 | 2,825 |
| Effect of OMB recommen- dation on agency request | -3,799 | -3,788 | -153 |
| 1978 estimate..... | 78,900 | 78,900 | 2,825 |



Federal Mediation
and Conciliation
Service

FEDERAL MEDIATION AND CONCILIATION SERVICE

Comment

FMCS requested staff and resource increases to meet anticipated mediation workload increases in the health care and construction industries and in the public sector. OMB mark recognizes discretionary nature of FMCS workload and reflects a level program in FY 1977. FMCS has appealed the OMB mark. An issue paper is attached.



| | Budget authority (In thousands of dollars) | Outlays | Full-time permanent employment |
|---|--|---------|--------------------------------------|
| 1975 actual..... | 16,245 | 15,498 | 490 |
| 1976 current estimate. | 17,904 | 17,350 | 550 |
| 1976 OMB employment ceiling..... | xxx | xxx | 575 |
| Transition quarter current estimate.. | 4,476 | 4,909 | xxx |
| 1977 agency request... | 23,545 | 22,135 | 693 |
| 1977 OMB recommendation | 19,114 | 19,114 | 550 |
| Effect of OMB recommen- dation on agency request | -4,431 | -3,021 | -143 |
| 1978 estimate | 20,074 | 20,074 | 550 |

Discussion of Recommendations

Personnel Increases

FMCS has requested \$2,455,000 for 143 additional positions to provide increased mediation, management, and administrative support to meet expected workload increases in the health care and construction industries and the public sector. The Service feels the additional manpower and funds are essential if FMCS is to provide the services needed to maintain labor-management peace, thereby contributing to a stable economy. Assuming acceptance of the Senate version of the 1976 appropriation bill (an increase of 51 positions), FMCS will have increased its staff by 106 (25%) since 1974. The Service has actively increased its involvement in intrastate and non-Federal public sector disputes as well as in disputes involving fewer than 100 workers. The latter activity now comprises about one-third of the mediators' workload. Program statistics do not show a substantial increase in mediator workload, and ample opportunity exists for reassigning the current on-board mediator staff as priorities change. OMB believes FMCS can accomplish all necessary activities without further staff increases.

Rental, Communications, and Utilities

FMCS expenses in these areas have increased more than 400 percent between 1974 and 1976. The major expense is in spiraling rent cost occasioned by the upgrading of 31 field offices and increased square footage to accommodate increased staff and provide more conference space. OMB believes that current offices are larger than needed for the particular nature of the work, which is primarily in the field, and that present conference space is more than adequate. Accordingly, OMB recommends reducing the requested increase from \$1,175,000 to \$456,000. OMB continues to recommend that FMCS utilize interagency conference space to absorb any increased rental costs in the field.



Other Services

FMCS is requesting a \$1,065,000 increase to expand its arbitration, technical services, and research activities. There is no evidence that the current staff cannot handle adequately the Service's responsibility to provide panels of arbitrators from an automated roster to the private and public sectors for arbitration of disputes arising under collective bargaining agreements. The technical services and research activities duplicate in many respects research and evaluation undertaken by the Department of Labor as well as professional associations and institutions of higher education. OMB does not see any need to increase activities in these areas.

Alternative Action Costs

In January 1975, the President restored 76 of the positions requested by FMCS for FY 1976. The House reduced this number to 40, while the Senate provided 51. OMB estimates that it would add approximately \$390,000 (full year basis) to its recommendation to restore in FY 1977 the full complement of staff recommended by the President for FY 1976.



National
Mediation
Board

NATIONAL MEDIATION BOARD

Comments

Agency requested ceiling increase in order to hire 5 more mediators. OMB recommends 3 to handle increasing number of airline disputes. Agency is not appealing, but may be back with a supplemental request if workload and complexity of disputes continue to increase.



| | Budget authority (In thousands of dollars) | Outlays | Full-time permanent employment |
|---|--|---------|--------------------------------------|
| 1975 actual | 3,224 | 3,107 | 71 |
| 1976 current estimate.. | 3,387 | 3,382 | 74 |
| 1976 OMB employment ceiling | xxx | xxx | 74 |
| Transition quarter current estimate... | 845 | 840 | xxx |
| 1977 agency request.... | 3,622 | 3,617 | 76 |
| 1977 OMB recommendation | 3,471 | 3,465 | 74 |
| Effect of OMB recommen- dation on agency request | -151 | -151 | -2 |
| 1978 estimate..... | 3,471 | 3,465 | 74 |

Occupational Safety
and Health Review
Commission

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Comment

The Commission requested legal staff and administrative law judges increases to adjudicate increased numbers of Department of Labor occupational safety and health inspections. OMB recommends a personnel level sufficient to handle DOL inspections provided in the 1977 OMB mark for DOL. The Commission did not appeal the OMB recommendation

| | Budget authority (in thousands of dollars) | Outlays | <u>Full-time permanent employment</u> |
|---|--|--------------|---|
| 1975 actual..... | 5,512 | 5,292 | 164 |
| 1976 current estimate..... | 5,638 | 5,731 | 175 |
| 1976 OMB employment ceiling | xxx | xxx | 175 |
| Transition quarter | | | |
| current estimate..... | 1,418 | 1,504 | xxx |
| 1977 agency request..... | 9,633 | 9,537 | 264 |
| 1977 OMB recommendation... | <u>6,280</u> | <u>6,280</u> | <u>181</u> |
| Effect of OMB recommenda- tion on agency request.. | -3,353 | -3,257 | -83 |
| 1978 estimate..... | 6,280 | 6,280 | 181 |

National Commission
on Libraries and
Information Science

National Commission on Libraries and Information Science

Comments

Agency requested a \$3.5 million 1976 supplemental for the White House Conference on Libraries and Information Sciences. For 1977, it requested increases for five staff, travel, overhead and use of consultants. The OMB mark would not provide funds for the Conference. The mark would provide additional in-house research capability and would provide the Commission sufficient resources in order to complete their national program plan. The Commission has not been informed of the OMB recommendation. A backup paper is attached.



| | Budget authority (In thousands of dollars) | Outlays | Full-time permanent employment |
|---|--|------------|--------------------------------------|
| 1975 actual | 409 | 449 | 3 |
| 1976 current estimate | 468 | 419 | 5 |
| 1976 OMB employment ceiling | xxx | xxx | 9 |
| Transition quarter current estimate | 117 | 114 | xx |
| 1977 agency request | 750 | 624 | 10 |
| 1977 OMB recommendation | <u>502</u> | <u>450</u> | <u>8</u> |
| Effect of OMB recommendation on agency request | -248 | -174 | -2 |
| 1978 estimate | 502 | 490 | 8 |

National Commission on Libraries and Information Science
1977 Budget

Issue #1: White House Conference on Libraries and
Information Services



Statement of Issue

Should the Administration approve a funding request for the White House Conference on Libraries and Information Services?

Background

On December 31, 1974, the President signed S.J. Res. 40 (P.L. 93-569) which authorized up to \$3.5 million for and requested the President to call a White House Conference on Library and Information Services not later than 1978. Appropriations for S.J. Res. 40 were not included in the Labor/HEW Supplemental Appropriations Bill for 1975. Neither the FY 1975 nor FY 1976 Presidential budgets included funds for the Conference. The National Commission on Libraries and Information Science, designated administrator for the Conference, submitted a supplemental appropriation request for FY 1975. The Administration rejected the request indicating that it would entertain the proposal in concert with FY 1977 budget deliberations. The Senate included \$3.5 million in the regular FY 1976 Appropriation Act, but the full amount was deleted in conference. The Conference Report stated that if a budget request for the White House Conference were to be submitted, it would be considered in connection with a supplemental appropriations bill. A 1976 supplemental appropriations request was also denied in favor of consideration during the regular budget process for FY 1977.

In the interim, 13 members of the 28 member Advisory Committee of the Conference have been appointed; 5 each by the Speaker of the House and President pro tempore of the Senate, and 3 by the Chairman of the NCLIS. The President may appoint not more than 15 persons.

Alternatives

- #1. Approve funding for the Conference as a January 1976 supplemental.
- #2. Disapprove funding for the Conference.
- #3. Approve funding for the Conference as part of the FY 1977 budget.



Analysis:

| Budget Authority/Outlays (\$ Millions) | 1975 | | 1976 | | July 1- Sept. 30, 1976 | | 1977 | | 1978 | | 1979 | | 1980 | | 1981 | |
|---|------|----|------|-----|---------------------------|----|------|-----|------|-----|------|----|------|----|------|----|
| | BA | O | BA | O | BA | O | BA | O | BA | O | BA | O | BA | O | BA | O |
| White House Conference: | | | | | | | | | | | | | | | | |
| Alt. #1 (Agency req.) | -- | -- | 3.5 | 1.0 | -- | -- | -- | 1.3 | -- | 1.2 | -- | -- | -- | -- | -- | -- |
| Alt. #2 (OMB rec.) | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Alt. #3 | -- | -- | -- | -- | -- | -- | 3.5 | 2.3 | -- | 1.2 | -- | -- | -- | -- | -- | -- |

Arguments for Alternatives #1 and #3.

- The Conference must be called not later than 1978. The process for holding a conference of this size could take up to 35 months (as claimed by the NCLIS) or perhaps be completed in 27 months.
- The White Conference is an essential vehicle to rally support for the NCLIS program.

Arguments for Alternative #2:

- Forums already exist for the identification and discussion of library and information service ideas including the NCLIS planning process.
- Holding the Conference would acknowledge a Federal responsibility for library programs and provide a national forum for recommending a major expansion in Federal support.
- A White House Conference would be in conflict with the Administration's current legislative and budgetary posture which seeks to phase down Federal support of library programs.
- The Library Partnership Act first proposed in the 1975 Budget and continued as a \$20 million 1976 Budget proposal has been submitted to the Congress recommending focused Federal support of libraries in the areas of resource sharing and information networking demonstrations.
- S.J. Res. 40 was an authorization, not a mandate to hold a Conference.

-- In considering the authorization, OMB recommended signing contingent upon resistance to any attempt to fund the White House Conference. HEW also indicated in its enrolled bill letter that it did not plan to request funds in light of present fiscal constraints.

Agency Request: Alternative #1. The Commission believes that a White House Conference is essential to motivate the library and information service communities to adopt the NCLIS national program of information networking.

OMB Recommendation. Alternative #2. Disapprove funding for the Conference. The costs of holding the Conference in terms of negating the Administration's legislative proposal and budgetary strategy for library programs, outweigh any possible benefits from promoting a dialogue and encouraging State leadership.

Committee for
the Blind

Committee for Purchase from the Blind
and Other Severely Handicapped

Comments

Agency requested three more employees to meet increased workload in adding items to the list of products and services that are suitable for Government procurement, and in changing prices for such products and services. OMB recommendation for two more employees would provide for increased activity in these two areas. Agency does not appeal the OMB recommendation.

| | Budget authority | Outlays | Full-time permanent employment |
|--|---------------------------|------------|--------------------------------------|
| | (In thousands of dollars) | | |
| 1975 actual..... | 252 | 237 | 8 |
| 1976 current estimate..... | 255 | 251 | 8 |
| 1976 OMB employment ceiling... | xxx | xxx | 8 |
| Transition quarter current estimate..... | 64 | 68 | xx |
| 1977 agency request..... | 341 | 327 | 11 |
| 1977 OMB recommendation..... | <u>307</u> | <u>293</u> | <u>10</u> |
| Effect of OMB recommendation on agency request..... | -34 | -34 | -1 |
| 1978 estimate..... | 307 | 293 | 10 |



Railroad
Retirement
Board

RAILROAD RETIREMENT BOARD

COMMENTS

The railroad retirement benefit is composed of two tiers. The first tier is equivalent to social security, while the second is equivalent to a staff pension. If there is a cap on social security cost-of-living increases, it will also apply to the first tier of the railroad retirement benefit, and the agency outlay figures will be adjusted accordingly. RRB requested \$68.5M for regional rail protective payments to workers adversely affected by the Northeast rail reorganization. OMB mark holds these payments to \$40M, essentially the 1976 level, as there is yet no basis upon which to estimate these payments, since the Final Systems Plan has not yet gone into effect. Employment remains at the 1976 level in 1977 although recent law substantially increases the workload and its complexity.

| | Budget authority (In thousands of dollars) | Outlays (In thousands of dollars) | Full-time permanent employment |
|---|--|--------------------------------------|--------------------------------------|
| 1975 actual | 2,782 | 3,081 | 1,900 |
| 1976 current estimate | 3,431 | 3,680 | 1,900 |
| 1976 OMB employment ceiling | xxx | xxx | 1,900 |
| Transition quarter current estimate | 327 | 897 | xxx |
| 1977 agency request | 3,934 | 3,926 | 1,900 |
| 1977 OMB recommendation | 3,905 | 3,897 | 1,900 |
| Effect of OMB recommendation on agency request | -29 | -29 | 0 |
| 1978 estimate | 4,068 | 4,019 | 1,900 |



ACTION

ACTION

Comments

Agency requested increase of \$57M for overall expansion of nearly all volunteer programs with the largest increases, \$33M, requested for the Older Americans Volunteer Programs. OMB mark provides reductions of \$38M from FY 1976 level for decreased Federal support for full-time volunteer programs (VISTA, Peace Corps, University Year for ACTION). Appeal from agency is attached. Background paper discussing OMB position and agency appeal is attached.

| | Budget authority (In millions of dollars) | Outlays | Full-time permanent employment |
|---|---|---------|--------------------------------------|
| 1975 actual | 178 | 178 | 1,639 |
| 1976 current estimate .. | 182 | 186 | 1,784 |
| Transition quarter current estimate ... | 47 | 60 | xx |
| 1977 agency request | 239 | 194 | 1,897 |
| 1977 OMB recommendation | 144 | 151 | 1,557 |
| Effect of OMB recommenda- tion on agency request | -95 | -43 | -340 |
| 1978 estimate | 144 | 151 | 1,557 |



ACTION

Background

ACTION, the Federal volunteer agency, was created to bring together a number of volunteer programs including VISTA, Peace Corps, Foster Grandparents, and Retired Senior Volunteer program. In 1973, the Domestic Services Volunteer Act was enacted, thereby, giving the agency expanded authority to conduct a wide range of demonstration volunteer activities.

OMB and the agency agree that the fundamental issue underlying review of ACTION's FY 1977 budget request centers on a determination of the appropriate role for the Federal Government in voluntarism. The agency is firmly committed to a strong Federal role which would include complete support for full-time, stipended "volunteers," part-time non-stipended programs, and support for private and public non-profit volunteer efforts as well. The agency has submitted draft legislation for FY's 1977, 1978, and 1979 which would enable them to carry out an even greater range of volunteer activities. No decision has yet been made, however, on the appropriateness of this expanded Federal role.

OMB Position

The recommended OMB mark of \$144M would force the agency to reduce its present funding for most of its programs below the FY 1976 level. The OMB mark is premised on the belief that the Federal Government should not take a strong role in the field of voluntarism where private resources are sufficient without Federal contribution. Recent census data shows that ACTION volunteers account for less than 1% of all volunteers in the United States. The OMB level would have the effect of causing the agency to emphasize activities that would build upon State, local, and private institutional support and de-emphasize high-cost, full-time, federally supported volunteer programs such as Peace Corps and VISTA which are estimated to cost approximately \$15,000 and \$8,000 respectively, per volunteer year in FY 1977.



The OMB mark includes \$70.8M for the Peace Corps, a reduction of \$10M from the FY 1976 level. This level was presented as a floor to the agency so that the agency would not increase funding for domestic programs by further reductions in the Peace Corps program thereby, jeopardizing foreign relations. The mark, however, will force the agency to take a combined approach to reducing Peace Corps costs which will include selective phase-out of marginal countries and no new country entries, decreased use of high cost recruitment programs, reductions in support costs, reductions in trainee input, and some reduction in volunteer levels below the FY 1976 level. The Peace Corps program is already operating below the FY 1976 level due to FY 1975 reductions by the Appropriations Committees which are at the present continuing resolution level.

Depending on the agency's distribution of the OMB recommended reductions, the Older Americans Volunteer Programs may or may not remain at their FY 1976 level although there is sufficient flexibility in the OMB mark to keep these programs constant if reductions are taken in other domestic programs. The OMB recommendation also includes a reduction of 5% from June 30, 1975, actual employment to reflect the recommended program reductions.

Agency Position and Appeal

The agency's original FY 1977 request was for \$239M, an increase of \$57M over the FY 1976 budget level. This increase was requested to provide expansion for nearly all of ACTION's programs with the greatest increase, \$33M, for the Older Americans Volunteer Programs (Retired Senior Volunteer Program, Foster Grandparents, Senior Companions).

In a written appeal (copy attached) the agency has asked that the FY 1977 funding level be restored to \$190M, an increase of \$8M over the FY 1976 level, and that the floor on the Peace Corps budget be removed to allow the agency flexibility to make their own allocations within the overall level. The agency did not specify how the \$190M would be allocated among their programs. The appeal was based on the agency's belief that small amounts of Federal money can produce substantial, inexpensive



talent to deal with social problems. In the appeal, the agency also reaffirmed their commitment to creating a focal point for voluntarism within the Federal Government and their concern that a hard look be taken at the role of the agency. The agency did not include a specific appeal from employment reductions but can be expected to do so to match any restorations in program funds.

Recommendation

In view of the agency appeal, the OMB position remains unchanged. The OMB recommended mark of \$144M will force the agency to fund the most cost-efficient of their programs while reducing support for the higher cost full-time volunteer programs. OMB also recommends that the funding floor for Peace Corps be retained. Informally, the agency has indicated their intent to further reduce Peace Corps funding below the \$10M reduction recommended by OMB. A further reduction may create problems for the State Department which has indicated their concern that agency management not be allowed to precipitously withdraw from Peace Corps countries. The OMB recommended level of \$70.8M for the Peace Corps program will force the agency to reduce country programs on the basis of considerations of cost-efficiency and programmatic and foreign policy priorities without creating foreign relations problems for the Department of State.





ACTION

November 20, 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Lynn:

I have been informed of the 40% reduction proposed by your staff in ACTION's proposed Fiscal Year 1977 budget and wish to be heard with respect to that proposal before any final determination is made by the President.

In the face of all the indications that voluntarism is a growing force in the country--in the world for that matter--and that very small amounts of Federal money can bring forth a great amount of relatively inexpensive talent to deal with many of our social ills, I am at a loss to understand the lack of perception on the part of OMB. For several months now we have attempted to open a dialogue with OMB on the role of the Federal government in the marshaling of volunteer resources. We have been unsuccessful. The Congress seems to have a better grasp of the potential in voluntarism and I fear it is the Congress which will take the initiative.

Be that as it may, let me deal with specific concerns:

1. The total reduction of 40% is made worse because OMB has chosen to put a floor under the Peace Corps side of our business--thus the Peace Corps is cut 20% while the Domestic programs receive a crippling 50% reduction. I do not believe that the problems of this country are that much lower in priority than those of the rest of the world.
2. The recommended funding levels will inevitably lead to a decision to abandon VISTA, a program which has had strong Congressional support and after many years of doubtful value, has begun to make some meaningful contribution to the solution of social problems all over the country.
3. The Older American Programs, particularly the Foster Grandparent Program, which has been so successful in dealing with handicapped children,



will be stopped in their tracks at a time when the growth potential is so great. These programs are working, as evidenced by their growth and accomplishments--and they are dirt cheap. The modest growth planned for Fiscal Year 1977 would have permitted the states to reach a few more children, but there are so many more out there in need of the love and care that the Foster Grandparent Program brings.

As was pointed out in the course of our discussions with OMB staff, the funds required to finance growth in these programs can be obtained from related savings in the Supplemental Security Income program. The President knows the Foster Grandparent Program, the dollars involved are few, the rewards are great, but the emotionalism is extremely high. Unquestionably, Congress will expand this program next spring--with or without Administration support.

4. The OMB proposal reduces ACTION's funding level to less than the level which existed when the agency formed in 1971 (since then volunteers supported by ACTION programs have increased from 20,000 to 180,000) and makes it almost impossible to do much in the way of experimental programming.

This calls into question whether or not there should even be such an agency of the Federal government. I believe that a focal point for volunteer efforts is needed, but I think the President and his advisors should take a hard look and decide. If we intend to provide nothing more than a half-hearted maintenance effort, the remaining discrete programs can be administered by other parts of the Federal establishment, the agency abolished and, perhaps, some overhead saved.

I would point out that in two years this little agency has done more to create a grass roots approach to problem solving than many of the great Cabinet departments. You will recall that on June 10, 1975 before the President, Vice President and the entire Cabinet, I stated ACTION's greatest problem is that it is under-utilized by the Executive branch of the government. I further stated that ACTION has unlimited potential, and that such potential should be recognized, but that without such recognition the agency should be abolished.

Assuming then that the President decides to keep ACTION alive, I suggest the following:

1. Restore the agency fund level to the anticipated Fiscal Year 1976 Congressional level of \$190 million (a 21% reduction from our Fiscal Year 1977 request).

2. Permit ACTION to make necessary allocations of funds **and** priorities between the Peace Corps and Domestic programs, after consulting the State Department.

As you know, ACTION and its managers will support the President in any decision, but before a decision is made, we ask that potential for voluntarism, the Agency and its track record, all be recognized.

Sincerely,

Handwritten signature of Michael P. Balzano, Jr. in cursive script.

Michael P. Balzano, Jr.

Equal Employment
Opportunity
Commission

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Comments

Agency requested a 22% increase over 1976 for general expansion of on-going programs. OMB mark assumes disallowance of 200 position increase in 1976 which the Congress added within the requested 1976 totals. Filling these positions in 1976 would require a supplemental appropriation in the Transition Quarter. In 1977, OMB mark will cause the backlog to grow approximately 13%. The real issue, however, is whether an increase of \$11 million (17% increase), to reduce the backlog by only 10% (12,800 charges) is worth the investment.

A background paper is attached.

| | Budget authority (In millions of dollars) | Outlays of dollars) | Full-time permanent employment |
|---|---|------------------------|--------------------------------------|
| 1975 actual | 55.08 | 56.13 | 2,127 |
| 1976 current estimate | 63.04 | 62.99 | 2,384 ^{1/} |
| Transition Quarter current estimate | 18.29 | 17.27 | 2,384 ^{1/} |
| 1977 agency request | 76.84 | 74.78 | 3,136 |
| 1977 OMB recommendation .. | 65.76 | 63.79 | 2,398 |
| Effect of OMB recommenda- tion on agency request . | -11.08 | -10.99 | -738 |
| 1978 estimate | 65.88 | 63.90 | 2,398 |

^{1/} Assumes disallowance of 200 position congressional increase.





year. In addition, the Commission contemplates having no training program available until early 1977. These positions would all be allocated to the field offices.

Although Chairman Perry is publicly committed to mobilizing these new resources and therefore is highly disturbed about the prospect of having to forego them, it is highly questionable whether the Commission can effectively absorb such a large amount of new personnel at this point in time.

1977

Chairman Perry has also requested full restoration for 1977--an increase of \$11 million and an additional 738 positions. There is little programmatic merit to this increase. The increase in output in 1976, after factoring in a substantial lapse reduction, does not seem to keep pace with the growth in resources. To continue substantial infusions of resources to keep up with a growing backlog does not make sense. There is no question that larger resources produce more absolute results, but the law of diminishing returns is clearly in evidence in the Commission's own projections--a 300% increase in the backlog by 1981 given constant resources of \$77 million. Development of a new strategy to handle the backlog, as well as management consolidation and improvement, should be the real focus of the Commission, not more resources.

Recommendation

OMB feels that restoration for both 1976 and 1977 is programmatically unwarranted. Restoration of the 200 positions in 1976, however, would probably satisfy Chairman Perry and make him more agreeable to holding the line in 1977. Since Congress is unlikely to approve a request to resubstitute State and local contract operations for these 200 positions and since the attempt to turn back the 200 positions might be misinterpreted as a lack of Administration commitment for civil rights enforcement, approving the 1976 positions may represent the best compromise position. Should the 200 positions be restored, we would still recommend holding the line in 1977.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION



Background

The Commission is the largest and best known Federal civil rights agency. It receives considerable public attention and is generally regarded as a bell weather in the civil rights enforcement area. A significant reduction in this agency could send wrong signals to the civil rights community as to the commitment of this Administration to enforcement of civil rights activities. The real issue in a tight budgetary situation is whether the requested 17% increase in resources that the Commission seeks can be justified, given the small benefit from the restoration of 200 positions in 1976 and of \$11 million in 1977. Regardless of the amount requested by EEOC, a substantial backlog would still exist.

Discussion

The Commission has grown rapidly in size and scope since 1964. Congress has enacted a 1976 appropriation which authorizes 2,584 full-time employees and \$63.4 million. This provided 200 more positions than requested in the 1976 budget but reduced state and local agencies by \$2 million to cover the increase. Despite substantial management assistance, OMB and GAO note continuing management and program problems. In particular, productivity gains remain elusive. For example, the Commission's current plan shows that restoration of the 200 positions in 1976 which would require a supplemental appropriation for the Transition Quarter buys only an additional 2,500 charge resolutions for the 15-month period, thereby reducing the backlog from 129,600 charges to 127,100 charges.

Chairman Perry in a written appeal has expressed his strong concern about the OMB recommendation. His particular concern is the proposal to disallow the 200 additional positions that Congress added. In fact, if he were granted restoration of these 200 positions in 1976, he probably would withdraw his appeal of the 1977 mark. The general thrust of his appeal is that decisive action must be taken now to get at the backlog. By the Commission's own justification though, even a full restoration would not accomplish that. The other points he makes in his letter are:



- projected charge receipts will continue to increase but Commission productivity increases will plateau in 1977 leading to continuing growth in the backlog if additional resources are not forthcoming in future years. "...with level funding [\$76.08 million] the inventory will reach three hundred thousand charges by 1981--more than a three hundred percent increase over the current inventory."
- courts have held that the Commission should process charges within a reasonable period of time. The Commission currently is not meeting this prescription and a growing backlog would exacerbate the situation. Ultimately, if processing delays are not shortened, courts might force the Commission to process all charges within 180 days, a very costly possibility.
- new strategies depend in some part on increased resources since the portion the Commission devotes to the backlog must remain at least constant. Also morale would suffer should resources not be substantially increased.
- the Commission now questions the capacity of State and local fair employment practices agencies to absorb the \$8 million originally requested for contract operation. It feels these contracts should be left at the \$6 million level Congress authorized with the remaining \$2 million devoted, as Congress suggested, to 200 additional positions to work on the backlog.

1976

Restoration of the 200 positions in 1976, as the Commission requests, would not cost anything in 1976 but would require a supplemental appropriation of \$1 million in the Transition Quarter. An additional \$1.2 million would be required in 1977 to annualize these positions. Since the Commission has only 2,077 positions currently filled, restoration of the 200 positions means that the Commission has to hire 507 full-time permanent employees in the remaining seven months of the fiscal

Appalachian
Regional
Commission

APPALACHIAN REGIONAL COMMISSION

Comments

Agency requested major increase in appropriations for construction of the Appalachian Developmental Highway System which consists of 2,700 corridor highway miles in 11 of the 13 states comprising the region. OMB mark provides for half of the requested increase, offset by reductions in the non-highway area development programs and reductions in research, technical assistance and general administrative funding. Overall, appropriations for FY 1977 are \$3M below the FY 1976 level. The agency has accepted the OMB recommendation and does not intend to appeal.

| | <u>Budget</u> <u>authority</u> ^{1/} <u>(In millions of dollars)</u> | <u>Outlays</u> <u>(In millions of dollars)</u> | <u>FTP</u> |
|---|--|---|------------|
| 1975 actual | 320 | 313 | 10 |
| 1976 current estimate | 320 | 340 | 10 |
| Transition quarter current estimate | 13 | 96 | xx |
| 1977 agency request..... | 318 | 340 | 10 |
| 1977 OMB recommendation | 292 | 320 | 10 |
| Effect of OMB recommendation on agency request | -26 | -20 | 0 |
| 1978 estimate | 292 | 340 | 10 |



^{1/} Includes highway contract authority not made available due to congressional obligation ceilings

Office of Tele-
communications
Policy

OFFICE OF TELECOMMUNICATIONS POLICY

Comments

Agency requested increases to expand effective government management of radio spectrum and initiate several additional policy research activities. OMB mark allows 15% increase in spectrum management program; but, it requires stricter setting of priorities for policy studies by reducing FY 1976 amount by 8% and restraining outlays. OMB and OTP agree support should stop for Domestic Council Committee on the Right of Privacy. A background paper is attached.

| | Budget authority (In thousands of dollars) | Outlays (In thousands of dollars) | Full-time permanent employment |
|---|--|--------------------------------------|--------------------------------------|
| 1975 actual | 8,450 | 7,753 | 61 |
| 1976 actual | 8,500 | 9,152 | 48 |
| 1976 OMB employment ceiling | XXX | XXX | 48 |
| Transition quarter actual | 2,100 | 2,478 | XXX |
| 1977 agency request. | 9,984 | 10,106 | 67 |
| 1977 OMB recommenda- tion | <u>8,200</u> | <u>8,100</u> | <u>48</u> |
| Effect of OMB recommendation on agency request | -1,784 | -2,006 | -19 |
| 1978 estimate | 8,200 | 8,100 | (48) |



OFFICE OF TELECOMMUNICATIONS POLICY

The Office of Telecommunications Policy (OTP) in the Executive Office of the President, manages the government's use of the radio spectrum (by delegation of Presidential power) and serves as policy advisor on telecommunications matters. To keep the Executive Office staff small, OTP pays for reimbursable work in the Commerce Department's Office of Telecommunications (OT), which conducts approximately 95% of the spectrum management work and 30% of the policy development work.

OTP Activities

After five years in existence, OTP's advisory and operating role remains undirected. OTP recommends a comprehensive review of its role and the ill-defined Executive Branch organization for dealing with telecommunications issues. In the interim OTP requests additional funds in FY 1977 to undertake several new policy research initiatives. OMB and OTP believe that an organizational review of Telecommunications in the Executive Branch is appropriate and that it can go forward quickly on the basis of existing knowledge. (In FY 1976, after consideration of transfer to the Commerce Department, it was decided to retain OTP in the Executive Office.) Therefore, OMB recommends restraining the level of OTP activity pending conclusion of this review. OMB believes that careful management of these resources will guarantee adequate activity in FY 1977.

Privacy Committee

Since FY 1975, OTP has supported the staff of the Domestic Council Committee on the Right of Privacy, which now numbers 12 (not included in the OTP ceiling). In FY 1976, OTP received \$328,000 for this Committee, chaired by the Vice President, and created in support of the 1974 short-term privacy initiatives, i.e. proposing Executive orders, studying government privacy issues, legislation, etc. OMB believes--and OTP concurs--that the need for an independent Committee is over and that all future work planned can be handled by an ad hoc group of various agencies' personnel meeting under the aegis of the Domestic Council. In addition, the mandate to the Privacy Protection Study Commission--at an FY 1977 recommended level of



\$750K--is to serve both the Executive and Legislative Branches in identifying issues for further study, which seems to be the sole activity of the Committee staff at present. The OMB mark eliminates support for this staff.



Commission of
Fine Arts

COMMISSION OF FINE ARTS

Comments

Agency requested an increase of \$10,000 for 1977 to cover a substantial jump in the costs of support services (photo-processing, stenotyping, and layout work) for its activities. Economies in these areas are unfortunately almost impossible to capture. In addition, there are some deferred development costs for two publications to fund and a need to replenish inventory of some popular books that the agency sells. OMB recommends an increase of \$10,000 but from the current estimate which is a lower base than the agency used. The decrease of \$2,000 will not affect operations significantly and has been accepted by the agency.

| | Budget authority | Outlays | |
|---|----------------------------------|------------|------------|
| | <u>(In thousands of dollars)</u> | | <u>FTP</u> |
| 1975 actual | 176 | 175 | 6 |
| 1976 current estimate | 200 | 190 | 7 |
| Transition quarter current estimate | 45 | 43 | xx |
| 1977 agency request | 210 | 213 | 7 |
| 1977 OMB recommendation | <u>208</u> | <u>211</u> | <u>7</u> |
| Effect of OMB recommendation on agency request | -2 | -2 | 0 |
| 1978 estimate | 204 | 194 | 7 |



American Revolution
Bicentennial
Administration

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION (ARBA)

Comments

Agency requested funds to carry grant and field operations through August 1976. ARBA plans phase out of staff and program activities, after that time and agency termination by June 30, 1977. OMB mark reflects scrutiny of actual personnel costs against a phase-out plan and assumes some program funding support will remain available from continuing revenue flow from sales of commemorative items. (Figures below do not include estimated annual \$3.5M in net revenues used for grants and program purposes.) Archival and exhibit materials will be transferred to other agencies as appropriate. Agency will not appeal.

| | Budget authority (In thousands of dollars) | Outlays of dollars) | FTP |
|---|--|------------------------|------------|
| 1975 actual | 9,686 | 11,899 | 140 |
| 1976 current estimate | 10,000 | 21,717* | 173 |
| Transition quarter current estimate | 1,876 | 3,676* | xxx |
| 1977 agency request | 2,332 | 10,000 | xxx |
| 1977 OMB recommendation | <u>1,965</u> | <u>2,165</u> | <u>xxx</u> |
| Effect of OMB recommendation on agency request | -367 | -7,835* | xxx |
| 1978 estimate (agency terminated) | -- | -- | |

*OMB working with ARBA to outlay states grants funds (in FY 1976) faster so they are useful during Bicentennial year.



Advisory Commission
on Intergovernmental
Relations

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Comments

ACIR requested increases to maintain the current level of activity; no additional projects or staff were proposed. The OMB recommendation would allow for normal vacancies in ACIR employment. ACIR would also be told to secure funding from other levels of government represented on the Commission, or face cutbacks in 1978.

| | Budget authority (In thousands of dollars) | Outlays | Full-time permanent employment |
|--|--|--------------|--------------------------------------|
| 1975 actual..... | 1,186 | 660 | 34 |
| 1976 current estimate..... | 1,204 | 1,818 | 37 |
| 1976 OMB employment ceiling... | xxxx | xxxx | 37 |
| Transition quarter current estimate..... | 300 | 300 | xx |
| 1977 ACIR request..... | 1,392 | 1,392 | 37 |
| 1977 OMB recommendation..... | <u>1,367</u> | <u>1,367</u> | <u>37</u> |
| Effect of OMB recommendation on ACIR request..... | -25 | -25 | -- |
| 1978 estimate | 1,367 | 1,367 | 37 |



Commission on
Civil Rights

COMMISSION ON CIVIL RIGHTS

Comments

Agency requested an increase of 30% in budget authority to \$10 million and 330 full-time permanent positions. OMB mark provides no new positions although it does permit a small programmatic increase. Agency appealed by letter of November 10, 1975, requesting restoration of \$.7 million. An analysis of this appeal is attached.

| | Budget authority (In thousands | Outlays of dollars) | FTP |
|---|--------------------------------------|------------------------|------------|
| 1975 actual | 7,000 | 6,914 | 239 |
| 1976 current estimate | 7,700 | 7,737 | 280 |
| Transition quarter current estimate | 1,925 | 2,194 | 280 |
| 1977 agency request | 10,005 | 10,238 | 330 |
| 1977 OMB recommendation | <u>8,413</u> | <u>8,455</u> | <u>280</u> |
| Effect of OMB recommendation on agency request | -1,592 | -1,783 | - 50 |
| 1978 estimate | 8,413 | 8,305 | 280 |



COMMISSION ON CIVIL RIGHTS

The Commission is requesting a restoration of \$700,000 and 20 permanent positions for 1977.

An additional \$295,000 and 8 positions would provide for five more hearing days and permit greater use of the subpoena power. The direct costs of funding the extra hearing days, however, total less than \$150,000 and are fully absorbable within current ceilings. There is flexibility within the Commission's current workplan and, therefore, all additional hearing days could reflect reassigned staff rather than new resources.

The remaining \$405,000 and 12 positions "are needed to carry on the traditional activities" of the Commission. OMB disagrees. The Commission shows no signs of conducting its business under constrained circumstances. Its General Counsel's position has been vacant for two years. Four senior level employees have recently been detailed for lengthy assignments elsewhere. The Commissioners have begun to question some of the staff travel and there certainly have been space improvements that were not required. In short, there is no evidence to support the Commission's appeal nor that the mark would really prevent them from carrying out business in an orderly manner.

OMB recommends that the appeal be rejected.



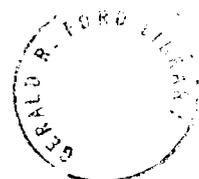
National Capital
Planning
Commission

NATIONAL CAPITAL PLANNING COMMISSION (NCPC)

Comments

Agency requested staff and funding increases for general purpose activity. OMB mark reflects the fact that, under Home Rule, the District Government has assumed all responsibility for local planning matters. Mark does not recommend decrease in NCPC staff because of workload increases ahead due to D.C. highway and road changes and urban redevelopment projects requiring timely NCPC action. Total increase represents GSA rent increase on existing space. Agency does not intend to appeal.

| | Budget authority (In thousands of dollars) | Outlays | FTP |
|---|--|--------------|-----------|
| 1975 actual | 1,777 | 1,711 | 58 |
| 1976 current estimate | 1,876 | 1,876 | 64 |
| Transition quarter current estimate | 419 | 419 | xx |
| 1977 agency request | 1,998 | 1,998 | 67 |
| 1977 OMB recommendation | <u>1,909</u> | <u>1,909</u> | <u>64</u> |
| Effect of OMB recommendation on agency request | -89 | -89 | -3 |
| 1978 estimate | 1,909 | 1,909 | 64 |



Federal Home
Loan Bank Board

FEDERAL HOME LOAN BANK BOARD

Comments

Disbursements under the Forward Commitment Program will be completed in 1976 putting the Board in a more normal receipt pattern in 1977. The estimates below assume repayment of the Treasury loan over a 20-year period rather than from a single repayment. The Board's request for 1977 includes a 4.7-percent increase for expenses, but no staff increase. OMB recommends approval of that request based on the expanded regulatory duties of the Board. The Board does not require any appropriated funds, meeting all expenses from fees and insurance premiums collected from the members of the Federal Home Loan Bank System.

| | Budget Authority (In thousands of dollars) | Outlays | Full-time Permanent Employment |
|--|--|----------|--------------------------------------|
| 1975 actual..... | 2,000,000 | 924,200 | 1,361 |
| 1976 current estimate..... | -2,000,000 | -40,778 | 1,385 |
| 1976 OMB employment ceiling. | xxxx | xxxx | 1,385 |
| Transition quarter current estimate..... | --- | -98,547 | xxxx |
| 1977 agency request..... | --- | -378,377 | 1,385 |
| 1977 OMB recommendation..... | --- | -378,377 | 1,385 |
| Effect of OMB recommendation on agency request..... | --- | --- | --- |
| 1978 estimate..... | --- | -428,058 | 1,385 |



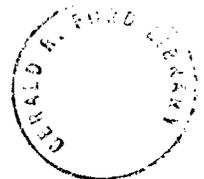
Corporation for
Public Broad-
casting

CORPORATION FOR PUBLIC BROADCASTING (CPB)

Comments

Agency requested increase for general expansion of ongoing programs and to cover slight mandatory cost increases for television and radio networking. OMB mark provides no increase in belief that it would have little short-term effect on level and quality of existing public broadcasting activities. OMB mark at variance with Administration back-door spending proposal for CPB long-range funding. A background paper is attached.

| | Budget authority | Outlays |
|---|----------------------------------|---------------|
| | <u>(In thousands of dollars)</u> | |
| 1975 actual | 62,000 | 62,000 |
| 1976 current estimate | 70,000 | 70,000 |
| Transition quarter current estimate | 17,500 | 17,500 |
| 1977 agency request | 103,000 | 103,000 |
| 1977 OMB recommendation | <u>70,000</u> | <u>70,000</u> |
| Effect of OMB recommendation on agency request | -33,000 | -33,000 |
| 1978 estimate | 70,000 | 70,000 |



CORPORATION FOR PUBLIC BROADCASTING (CPB)

CPB is an independent non-profit corporation chartered by Congress, which serves as the main conduit for Federal funds to the public broadcasting system. At \$70M, it provides approximately 23% of annual system revenues.

The Administration sponsored a five-year funding bill, authorizing and appropriating a maximum of \$70-100M in FY 1976-80, based on a match of one Federal dollar to each \$2.50 in non-Federal system income. At this ratio, CPB estimates that the Federal contribution should be \$88-160M, if the match provision is to be fully operative and provide a real incentive for non-Federal contributors. In order to get Administration backing for backdoor five-year funding which is politically "insulated" from the annual appropriations process, CPB agreed to support a legislated pass-through to public broadcasting stations of approximately 50% of each year's appropriation, but declined to accept Administration ceilings.

House and Senate Committees have rejected five-year appropriations, but have reported out five-year authorizations at the higher CPB ceilings and with the match provision. The latter means that once a level of funding is appropriated, CPB must certify the system's amount of non-Federal income in order to claim the appropriate amount. Floor action is expected by mid-November.

Since its inception, CPB resources have increased in the following manner: FY 1969 - \$5M; FY 1970 - \$15M; FY 1971 - \$23M; FY 1972 - \$35M; FY 1973 - \$35M; FY 1974 - \$50M; FY 1975 - \$62M; recommended FY 1976 - \$70M. CPB traditionally submits a budget request to OMB and requests Congress to approve that level. CPB negotiates its annual budget allocations with members of the public broadcasting industry and feels few Federal programmatic restraints beyond the appropriation level itself--and none from the Executive Branch.

OMB believes that this rapid growth should stop in FY 1977 and that the Budget should reflect this position. OMB believes there is great flexibility within the mark despite some cost increases in networking and program production costs which CPB



must share with local stations and production centers. This flexibility is enhanced by the fact that CPB has operated on continuing resolution levels through the first half of most fiscal years.

The OMB mark will constrain expansion of networked television and radio hours; but, it should not significantly affect the numbers or quality of new productions because: 1) private foundation support will continue at a healthy level in FY 1976-77; 2) CPB has already instituted the policy of stopping its financial support of programs after two years; and 3) public broadcasting stations will receive the same level of CPB grant support as in FY 1976 to be used at local discretion. The mark is inconsistent with the Administration's long-range funding bill to the extent that the bill had assumed automatic appropriation of increasing amounts over the next five years. In addition, retention of the match provision means that if Congress appropriates funds in FY 1976 for this year and two years in advance (FY 1977-78) at amounts higher than the Administration's proposal, a rescission will be required to reach the OMB recommendation. Insofar as this was recommended solely with the purpose of "insulating" public broadcasting from political actions, and because this concept has been soundly rejected by Congress, the OMB mark reflects a constraint on CPB in the same manner as other recommended reductions in FY 1977. Unfortunately, time will not permit an amendment to the pending bill.



Privacy Protec-
tion Study
Commission

PRIVACY PROTECTION STUDY COMMISSION

Comments

Agency requested their full authorization of \$750,000 for FY 1977 in order to carry out the following mandates of the Privacy Act of 1974: (1) to study non-Federal data banks and information systems to ascertain what procedures are in place for ensuring personal privacy; and, (2) to recommend to the President and to Congress the extent to which Federal privacy standards should be extended to non-Federal systems. The OMB mark provides for the full amount of the Commission's request.



| | Budget ^{1/} authority (In thousands of dollars) | Outlays | FTP ^{2/} |
|---|--|---------|-------------------|
| 1975 actual | 0 | 0 | |
| 1976 current estimate | 548 | 451 | (14) |
| Transition quarter current estimate | 200 | 237 | |
| 1977 agency request | 750 | 765 | (25) |
| 1977 OMB recommendation | 750 | 765 | (25) |
| Effect of OMB recommendation on agency request | 0 | 0 | |
| 1978 estimate | 0 | 45 | (25) |

1/ Commission expires by statute on July 10, 1977.

2/ These positions do not fit the strict A-11 definitions (e.g., none of the "permanent" type positions will be filled for a full 12 months in FY 1976) but represent the Commission's best estimates of total staff needs in basically permanent type positions and in expert/consultant positions by June 30, and September 30, 1976.

Pennsylvania Ave-
nue Development
Corporation

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION (PADC)

Comments

Agency requested appropriation in FY 1977 of all financial authority to begin implementation of Pennsylvania Avenue redevelopment plan. Legislation authorizing Treasury borrowing authority and use of appropriated funds to carry out the 12-14 year plan is in the final OMB clearance process, per your earlier decision to proceed. Although the plan represents joint Federal-private construction starts, the OMB mark recommends proceeding because the plan--which is the third in 14 years of planning activity--has been approved by the Congress and the Administration. But, the mark allows start-up and implementation only on a step-by-step basis, with review of progress and Federal costs annually. OMB and PADC feel that the only sensible alternative at this date if we don't proceed is to abolish PADC and repeal the enabling act.

| | Budget authority (In thousands of dollars) | Outlays (In thousands of dollars) | Full-time permanent employment |
|---|--|--------------------------------------|--------------------------------------|
| 1975 actual..... | 824 | 824 | 17 |
| 1976 current estimate.. | 1,256 | 1,231 | 27 |
| Transition quarter current estimate... | 314 | 484 | XXX |
| 1977 agency request.... | 331,479 | 24,889 | 33 |
| 1977 OMB recommendation | <u>37,875</u> | <u>24,835</u> | <u>33</u> |
| Effect of OMB recommenda- tion on agency request | -293,604 | -54 | -- |
| 1978 estimate..... | 46,500 | 24,500 | 33 |

