The original documents are located in Box C7, folder "Presidential Handwriting, 11/29/1974 (2)" of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

November 29, 1974

MEETING WITH ROY L. ASH
Monday, December 2, 1974
2:00 p.m. (60 minutes)
Oval Office

From: Roy L. Ash

I. PURPOSE

To decide issues raised by the FY 76 budgets of the Department of the Interior, NASA, and several smaller agencies.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The FY 76 budgets submitted by the Department of the Interior, NASA, and several agencies have been reviewed by OMB and, at Director's Reviews, by other members of the White House staff. The results of these reviews have been reported to Interior and the other agencies. This meeting will focus on the issues raised in the above discussions that require Presidential determinations. Materials for the meeting are attached. That portion of the materials not covered on Monday, if any, will be considered during the FY 76 budget meeting scheduled for 2:00 p.m. on Tuesday, December 3.

B. Participants: Roy L. Ash, Frank Zarb, Dale McOmber, Donald Ogilvie

C. Press Plan: David Kennerly photo.

III. TALKING POINTS

A. Frank Zarb, will you begin with the first issue for the Department of Interior that we'll be considering?

B. Frank Zarb, what are the key issues we need to consider for NASA?

C. Budget issues for several other agencies are included in the materials I received. Frank Zarb, which agency should we start with?

Attachment

Interior

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

November 29, 1974

MEMORANDUM FOR: THE PRESIDENT

FROM: Roy L. Ash

SUBJECT: 1976 Budget decisions: Department of the Interior

The agency request and my recommendations with respect to 1976 budget amounts for the Department of the Interior are presented in the tabulation attached (Tab A). A summary of the principal budget decisions in my recommendation is provided as background information (Tab B).

Three key issues have been identified for your consideration (detail at Tab C).

I. Leasing of Outer Continental Shelf.

Interior has announced a four-year schedule for planning purposes and requested $72.7 million for environmental baseline studies and oil and gas resource evaluations. Interior believes full amount is required to provide flexibility in sales schedule and to convince environmentalists and congressional members that environmental safeguards will be taken -- that this amount is cheap insurance to decrease opposition to increased leasing activities.

OMB recommends $58.9 million because (a) Government should rely more fully on industry for early broad-grid geophysical evaluations and (b) studies for three FY 1979 sales can be initiated next year with little loss in program flexibility.

Decision: Approve agency recommendation
Approve OMB recommendation

II. Bureau of Indian Affairs.

Navajo Irrigation Costs - Issue is whether the Government should subsidize certain costs for the Navajo irrigation project which, for non-Indian projects, are generally borne by the individual farm operators. Interior believes that on-farm and operating, maintenance, and repair costs incurred by the Navajo should be subsidized by the Government until the project is self-supporting in 4 or 5 years.

OMB believes that costs incurred by the Navajo over and above project income during the first years of the project should be met by the Navajo through loans because of the projected ability of the Navajo to repay such loans in future years from project income.

Decision: Approve agency recommendation
Approve OMB recommendation

III. Land and Water Conservation Fund.

Interior requests "full funding" of $300 million (exclusive of $30 million contract authority) which together with carry-over funds from FY 1975 will provide a program level of $320 million, on the basis that the Federal land acquisition part of the program needs increased funding because of backlog of authorized but unfunded projects such as Piscataway and Big Cypress. "Full funding" would please environmental lobby.

OMB recommends $280 million of new appropriations which together with the carry-over will provide a program level of $300 million, on the basis that Federal acquisition of lands will need to be carried over a number of years anyway. OMB recommendation will result in outlay increase of $15 M over 1975 while Department's request will increase outlays by $36 million.

Environmentalists may make adverse comparison between budgets for the Fund and water projects. They may also consider increase in Fund a necessary prerequisite to increased leasing activity on OCS which they consider endangers the environment.

Decision: Approve agency recommendation
Approve OMB recommendation

Attachments

A - Summary Table

DEPARTMENT OF THE INTERIOR

1976 Budget

Summary Data
(In millions)

	Budget Authority	Outlays	Employment, end-of-period: Full-time Permanent	Employment, end-of-period: Total
1974 actual	3,076	2,863	57,462	72,784
1975 February budget	3,375	3,309	57,078	72,468
February budget, as amended	3,896	3,621	58,836	74,638
Enacted	3,806	3,648	xxx	xxx
Outlay reduction	-0-	-45	xxx	xxx
Supplementals recommended				
BLM-fire	18	17	-0-	-0-
OCS leasing	15 1/	14 1/	37	37
Mined area protection(open)	7	5	-0-	-0-
BIA-fire and energy	6	6	-0-	-0-
Reclamation	10	10	-0-	-0-
OMB Recommendation	5,155 2/	3,412	58,910	75,060
1976 Planning Ceiling	3,969	3,779	xxx	xxx
Agency recommendation	3,806	3,750	60,165	76,685
OMB recommendation	3,768	3,715	60,130	76,650
Transition Period				
Agency request	?	?	?	?
OMB recommendation	1,249	1,253	60,130	76,650
1977 OMB estimate	4,348	4,154	60,130	76,650

1/ Offset by an equal decrease--Office of Coal Research
2/ Includes $1,250 million borrowing authority--BPA.

B - Background

DEPARTMENT OF THE INTERIOR

1976 Budget

Background and Strategy

Background

Interior is a complex department with diverse purposes and activities. Each activity has its own clientele frequently causing the Department severe internal conflicts.

Context for decisions -

- Interior administers over 500 M acres -- public domain lands, national parks, wildlife refuges, and areas around Federal reservoirs -- out of total 2.3 B acres in U.S. In addition, it administers 370 M acres of subsurface rights and over 1.1 B acres of continental shelf.

- Heavy pressures continue for increasing Federal acreage for parks and recreation and also for dedication of areas for special uses such as wilderness.

- Major demand and supply problems, both short-run and long-run, exist regarding energy and mineral resources.

- Energy demands heighten pressure for exploiting Federal lands for coal, oil, gas, oil shale, and geothermal resources -- especially the outer continental shelf -- precipitating conflict with preservationists.

- Congress is actively considering legislation to increase authorization for Land and Water Conservation Fund from $300 M annually to $900 M for grants to States and for Federal acquisition of park and other recreation lands. Nearly $1 billion of authorized parks acquisition exists and remains unfunded.

- Interior provides services to Indians that non-Indians receive from all three levels of government -- involving 583,000 Indians living on or near 278 separate reservations covering some 50 M acres. Urban Indians pressure for similar services.

- Federal Government is challenged from both inside and outside as to what should be done for Indians.

- Intense pressure continues from Western congressional delegation to retain subsidized irrigation program for 17 Western States -- although environmentalists strongly oppose some projects.

Interior's FY 1976 Budget Submission

Interior described its budget submission as having been formulated to meet key objectives:

- To improve national capability to effectively foresee and meet energy and materials shortages.

- To improve the quality of the American environment.

- To provide the means and technical assistance to Indian tribal and to Territorial governments for them to meet their goals and objectives.

Interior originally requested budget authority of $4,043 M with outlays of $3,907 M -- increase in outlays of over $400 M over its estimate of 1975 -- of which about $300 M were for energy-related activities -- R&D, leasing, generation and power marketing, issuance of rights-of-way, and environmental studies and monitoring.

Recommendations to the President

Recommendations ($3,768 M BA and $3,715 M BO) are consistent with the President's anti-inflation budget policy and controlling the growth of Federal employment. Some programs as a result may be a little less efficient but national priorities for energy-related activities are recognized.

Summary of outlays:

	Gross Outlays - $ M		
		1976	
	1975	Agency original req.	OMB recom.
Energy:			
R&D	277	449	378
Leasing	126	176	141
Generation and marketing	381	476	451
Other	27	31	28
Subtotal, energy	811	1,132	998
Indians	890	953	922
Recreation	791	893	817
Water	332	322	346
Other (lands, minerals, territories,etc.)	588	607	632
TOTAL	3,412	3,907	3,715
Federal employment (full time permanent)	58,910	65,060	60,130

Above amounts for 1976 include outlays of $358 M ($400 M in BA) which will be transferred to ERDA. Amounts for generation and marketing are on gross basis to show program level rather than on net basis.

. Energy:

- R&D: Increases for coal research to a total of $393 M (BA) with outlays of $346 M. Further discussion on R&D will be included in review material for ERDA.

- Leasing: Provides funding for recently announced 4-year plan for OCS leasing and also funds for onshore leasing but no increase for geophysical work on OCS which can be done by industry or for coal leasing from Federal lands until leasing policy is decided within Administration (see issue paper).

- Generation and marketing: Provides for construction and O&M of Bonneville Power Administration transmission system under self-financing legislation, and construction of hydroelectric facilities by Bureau of Reclamation.

. Indians:

- Continues policy of Indian self-determination enunciated by the President in July 1970. However, lack of practical definition of self-determination may lead to complaint that any reduction from tribal requests for funds or services is a violation of the self-determination policy.

- Assumes new or expanded services (or equivalent amounts) will be provided primarily through contracting with Indian tribes rather than by additional Federal employment -- without declaring a firm policy that new or expanded services can be supplied only by contract.

. Recreation:

- Provides $280 M for Land and Water Conservation Fund rather than full funding at $300 M (see issue paper).

- Provides adequately but stringently for operation and maintenance of national parks and wildlife refuges.

. Other:

- Provides for adequate management of public domain lands but without increased funding for some lower priority activities that have strong public attention, e.g. recreation and management of wild horses and burros.

- Anticipates congressional approval of authorization bill ($80 M) for Trust Territory, but excludes new grant program for Guam pending Administration decision.

- Allowance includes $10 M for subsequent settlement of several minor differences between OMB and Interior.

Issue Paper
Department of the Interior
1976 Budget
Issue #1: Outer Continental Shelf Leasing

Statement of Issue

What are the minimum budget amounts required to provide the information and management capabilities necessary to support the proposed OCS 4-year planning schedule?

Background

Interior recently announced a new Administration policy to lease in all promising areas (high-grading) on the entire OCS as rapidly as possible.

In conjunction with the announcement, Interior issued a proposed 4-year OCS planning schedule through CY 1978 of (1) lease sales--21 sales in 14 areas not previously leased; (2) environmental baseline studies prior to sales; and (3) environmental monitoring of each area after sales.

There are two interrelated sub-issues concerning the 1976 budget supporting the OCS planning schedule as follows:

Sub-issue #1a: Is there a need for early Federal collection of broad-grid geophysical data for oil and gas resources and environmental hazard assessment prior to nomination of lease areas by industry?

Alternatives

#1. Prior to initial selections of basins for lease sales, collect extensive amounts of broad-grid geophysical data at Federal cost (paralleling industry data collection) to assess potential location of oil and gas resources and environmental hazards (agency req.).

#2. Rely heavily on industry nominations (based on their collection and analysis of geophysical data) for selection of basins for sales and then subsequently rely on detailed geophysical data collected by Geological Survey in preparing sales to pinpoint any geologic hazards on particular sale tracts which should be deleted from the sale or for which special development stipulations should be required.

Analysis

	1974		1975		1976	
	BA	BO	BA	BO	BA	BO
Budget Authority/Outlays ($ Millions)						
OCS Geophysics						
Alt. #1 (Agency req.)						
Broad grid geophysics	3.9	3.9	10.2	9.3	12.5	12.4
Detailed Geophysics..	4.6	4.6	12.9	12.5	15.5	15.3
Total	8.5	8.5	23.1	21.8	28.0	27.7
Alt. #2 (OMB Recom.)						
Broad grid geophycis	3.9	3.9	10.2	9.3	7.6	7.6
Detailed Geophysics..	4.6	4.6	12.9	12.5	15.5	15.5
Total	8.5	8.5	23.1	21.8	23.1	23.1
FTP employment						
Alt. #1	45		55		80	
Alt. #2	45		55		45	

Agency Request

Alt. #1. Interior believes it needs to collect geophysical data on broad grids before calling for industry nominations in order to persuade certain Congressmen, Senators, and the public that the Department has sufficient information in order to: (a) identify basins with relatively high promise for exploration independently of the industry in "frontier" areas; (b) provide a check on industry nominations of basins for lease sales within large OCS areas; (c) identify deep faults or abnormally pressurized zones which might inhibit exploration; (d) develop resource estimates for preparation of Environmental Impact Statements.

Interior believes this is inexpensive insurance to lessen congressional and public opposition to OCS leasing activities.

OMB Recommendation

Alt. #2. OMB believes (a) industry should identify basins with high promise/high risks and if it doesn't, sales should be postponed because industry is not likely to bid fair market value until it has evaluated area; (b) there is no a priori reason to assume that industry nominations would differ from Interior basin selections for sales; (c) Geological Survey will subsequently prepare detailed geophysics for sales preparation which will reveal faults and other geologic hazards on specific tracts; (d) National Environmental Policy Act does not mandate a given level of data quality.

Sub-issue #1b: Whether to fund in FY 1976 environmental baseline studies for the last 3 sales (out of 21) on the draft lease planning schedule?

Alternatives

#1. Fund these 3 studies at cost of $8.9 million (Interior request).

#2. Do not fund these 3 studies in FY 1976 and reevaluate the need in preparing FY 1977 budget (OMB recommendation).

Analysis

Budget Authority/Outlays ($ in millions)	1974 BA	1974 BO	1975 BA	1975 BO	1976 BA	1976 BO
OCS Baseline Studies						
Alt. #1	0	0	20.5	13.2	44.7	35.6
Alt. #2	0	0	20.5	13.2	35.8	30.0

Agency Request

Alt. #1. Interior recommends building maximum flexibility into the lease schedule in case specific sales are delayed or cancelled due to litigation or other reasons. Because of unpredictable weather conditions in waters around Alaska, the Department recommends initiating the baseline studies for the last 3 areas on the schedule in FY 1976, 3 years in advance of leasing. Interior believes the cost of doing these studies is small compared to the costs from delaying developments. One such cost being interest foregone on bonus payments.

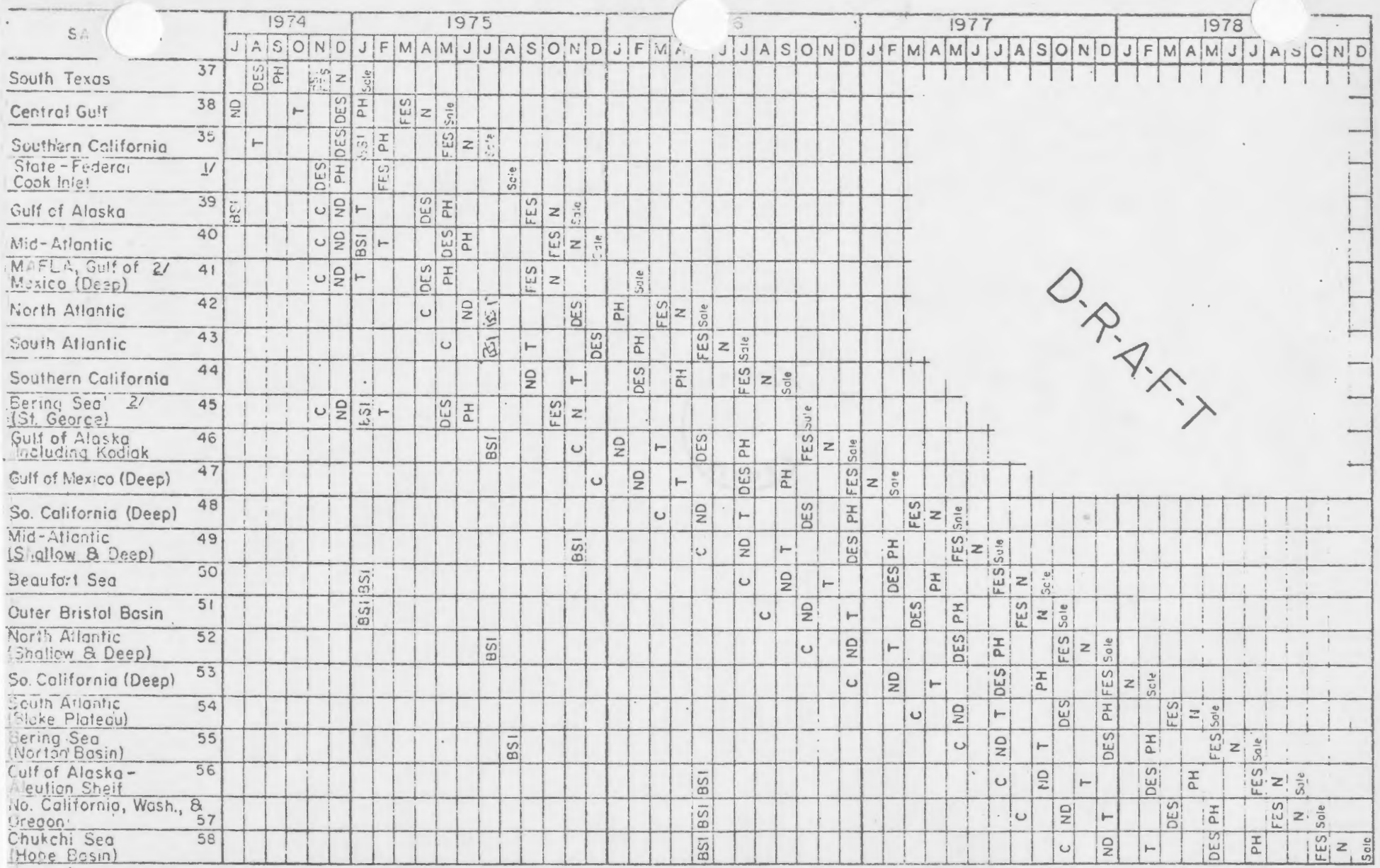
OMB Recommendation

Alt. #2. OMB agrees flexibility is important but believes that this will be provided within the 18 sales preceding the sales in question. OMB believes that if legal delays are encountered in the other areas, that the same delays would prohibit leasing in the 3 sale areas under question.

With these 3 areas having the least potential for oil and gas, OMB recommends delaying a decision until FY 1977 on whether baseline studies for them should be started. OMB believes this would little reduce Interior's flexibility. In addition, if the studies are funded in FY 1977 it should still be possible to lease them in FY 1979 and have 2 years of baseline studies before drilling begins.

PROPOSED OCS PLANNING SCHEDULE

NOVEMBER 1974



BSI Baseline Studies Initiated
C Call for Nominations
ND Nominations Due
T Announcement of Tracts
DES Draft Environmental Statement
PH Public Hearing
FES Final Environmental Statement
N Notice of Sale

Baseline studies scheduled are contingent upon scientific personnel and equipment being available to perform the studies.

The holding of sales in the Atlantic is dependent upon the outcome of pending litigation with the Atlantic States regarding jurisdiction over this area.

Sales are contingent upon technology being available for exploration and development. A decision whether to hold any of the lease sales listed will not be made until completion of all necessary studies of the environmental impact and the holding of public hearings; as a result of the environmental, technical, and economic studies employed in the decision-making process, a decision, may, in fact, be made not to hold any sale on this schedule.

1/ State may conduct sale.

2/ These sales could be contingency sales for either Gulf of Alaska (39) Mid-Atlantic (40)

Issue Paper
Department of the Interior
1976 Budget
Issue #2: On-Farm and Operating, Maintenance and Repair Subsidies for the Navajo Indian Irrigation Project, Bureau of Indian Affairs

Statement of Issue

Should the Federal Government subsidize on-farm development and operating, maintenance, and repair (OM&R) costs for the Navajo Indian irrigation project? The Federal Government has already agreed to pay the construction costs estimated at $270 million.

Background

The Navajo Indian irrigation project authorized by Congress in 1962 will irrigate 111,000 acres on the Navajo Reservation at an estimated Federal construction cost of $270 M, of which over $80 M has been allotted to date. The first block of some 10,000 acres is due to be opened for the 1976 growing season. The original project plan called for the Federal Government to pay for the construction costs to bring the water to the edge of each field, and for the Navajo to pay the on-farm costs for applying the water to the fields and the operating, maintenance, and repair costs for the project. These costs on non-Indian projects are borne by farm operators who also pay for part of the project construction costs.

Alternatives

#1. Subsidize on-farm development and OM&R costs in FY 1976 (Agency request).

#2. Do not provide a direct subsidy for such costs but assist the Navajo to meet such costs from loan programs.

#3. Subsidize on-farm development and OM&R costs through 1980.

Analysis	1974		1975		1976		July 1-Sept.30 1976		1977		1978		1979		1980	
Budget Authority/Outlays (in millions)	BA	BO	BA	BO	BA	BO	BA	BO	BA	BO	BA	BO	BA	BO	BA	BO
Alt. #1 (Agency req.)	0	0	0	0	4.1	4.1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Alt. #2 (OMB rec.) ..	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Alt. #3	0	0	0	0	4.1	4.1	.2	.2	4.1	4.1	4.8	4.8	5.5	5.5	6.2	6.2

A 1974 study by the Department of the Interior projected a total of $944 million in primary benefits to the Navajo from this project over 100 years. Total on-farm costs during this period were projected at $71 million and total OM&R costs were projected at $229 million.

Agency Request: Stated as alternative #1, but more likely assumes alternative #3. The Department believes that during the early operation of the project, the tribe will not have sufficient income to meet these costs. It further states that the tribe has expressed a preference to receive such a subsidy in place of a like amount of other services from BIA.

OMB Recommendation. Alternative #2. OMB believes that it is likely that a subsidy in FY 1976 would result in subsidies for future years as shown in alternative #3 as more lands are irrigated. Furthermore, given the substantial benefits projected for the project life, OMB believes that Navajo cash shortages during the early years are most appropriately met through loans. To initiate direct subsidies of the type proposed would set an unfortunate precedent.

Issue Paper
Department of the Interior
1976 Budget
Issue #3: Land and Water Conservation Fund

Statement of Issue

What should be the program level for the Land and Water Conservation Fund (LWCF) in 1976?

Background

The LWCF is financed from motorboat fuel taxes, surplus Federal property sales, and outer continental shelf revenues, credited to the Fund up to the authorized annual income level of $300 million. The LWCF is not a trust fund; funds must be appropriated annually by the Congress.

Two programs are financed from the LWCF: (1) a State 50-50 matching grant-in-aid program for acquisition and development of recreation lands and facilities; and (2) a Federal program for recreation land acquisition by the National Park Service, Forest Service, Fish and Wildlife Service, and Bureau of Land Management.

Since the inception of the Fund in 1965, $1.1 billion has been made available to the States and $800 million to the Federal agencies. Despite this level of funding, constant congressional authorization of new park and recreation areas have led to a currently authorized but unpurchased "backlog" of about $1 billion of recreation lands.

The President's budgets have generally proposed funding the LWCF at "full funding"- $300 million of new appropriations - except for FY 1974 when carryover balances were used to reduce budget authority. Environmental groups, many Congressmen, and Secretary Morton attach a great deal of symbolic importance to the $300-million figure. Very recently, there has been considerable activity in the Congress to increase the authorization level to $900 million per year. The Administration has opposed this increase on the basis of the current economic situation and need to obtain a balanced budget.

In 1975, $20 million of obligations and outlays for Federal programs and $10 million of outlays for State programs are being deferred for fiscal policy reasons. This amount will become available in 1976.

Alternatives

#1. "Full funding" of $300 million new appropriations in 1976 (Agency request).

- Will provide an obligational program of $320 million - an increase of $20 million over 1975.

- Will result in an outlay increase of $36 million over 1975.

- May appease environmental lobby and Secretary Morton somewhat but will not abate congressional interest in increasing authorization level.

#2. Provide a program level of $300 million obligations, utilizing $20 million deferred from 1975 and $280 million of new appropriations.

- Will provide a consistent program level with 1975 for State grants and provides an increase for Federal acquisition.

- Will result in outlay increase of only $15 million over 1975.

Analysis

	1974	1975	1976	
			Alt. #1	Alt. #2
State grants				
Budget authority	66	180	176	176
Obligations	179	188	176	176
Outlays	151	150	160	160
Federal program				
Budget authority	5	114	118	98
Obligations	105	106	138	118
Outlays	92	100	130	105
Administrative Expenses				
Budget authority	5	6	6	6
Obligations	5	6	6	6
Outlays	5	6	6	6
TOTAL				
Budget authority	76	300	300	280
Obligations	289	300	320	300
Outlays	248	256	292	271

Agency Request: Alternative #1. Secretary Morton believes funding of the LWCF at the authorization level is essential if any progress is to be made in decreasing the "backlog" of authorized and unacquired areas.

OMB Recommendation. Alternative #2. A consistent program level with 1975 will be maintained at a level which the agencies have proved themselves capable of achieving. Funding a program of $320 million in obligations will likely result in unobligated balances at the end of 1976.

Department of the Interior
1976 Budget
Other Highlights

1. National Visitor Center. Construction will be financed from $7.5 million of road contract authority and $5.4 million reprogrammed from other projects. No supplemental will be needed in 1975. However, railroads have not yet signed final agreement with Government. Until this is signed, no further Federal funds will be obligated.

2. Grazing Fees. Secretaries Morton and Butz recommended change in formula for determining grazing fee on lands administered by Forest Service and Bureau of Land Management. Proposed formula would set CY 1975 fee significantly lower than existing formula and would provide greater subsidy to those ranchers grazing livestock on public lands. OMB has disapproved change because it would be deviation from charging fair market value and because other Federal programs are currently available to ranchers needing financial assistance.

For CY 1975 the estimated difference between the two formulas is $12.8 million. Morton, Butz and Ash to discuss subject further.

3. Territorial Affairs. The recommendation includes $80 million for the Trust Territory of the Pacific Islands, $10 million to pay Micronesian claims dating back to World War II, and $3.5 million for the rehabilitation of Eniwetok Atoll, all generally in support of political future negotiations. It does not include any amount (Interior request is $11.2 million) for a new program of grants/loans for Guam pending a Presidential decision on the merits of the overall proposal ($56 million over 5 or 6 years), covered in a broad NSC study of U.S./Guam relations.

4. Bonneville Power Administration (BPA). On October 17, 1974, new authorizing legislation was signed into law for the BPA, a federally financed electric power transmission system serving much of the Pacific Northwest. The Act would make BPA independent of appropriations by allowing the use of power revenues and bond sales for constructing and operating the system.

Because of the quasi-utility responsibility of BPA, the rapid cost escalation experienced in the electric construction

industry, and the nature of the new revolving fund authority, increases to the budget allowance may be required, in both fiscal years 1975 and 1976. These potential adjustments are expected to involve relatively small outlay amounts in total; less than $10 million in FY 1975 and $30 million in FY 1976. Shifting BPA from appropriations to a self-financing arrangement will ultimately result in some upward pressure on power rates. The interest rate charged on Bonds will be substantially higher than the rate (6-1/8%) charged on repayment of appropriated funds.

5. Mining Enforcement Safety Administration (MESA). Recommendation includes funds and personnel for additional mine inspectors to increase frequency of inspections.

6. Coal Leasing. 1976 recommendation excludes increases requested by Interior ($10 million to $15 million) to support a new program of leasing Federal coal lands in the West until the Department has prepared and OMB has reviewed the overall proposed policy and program related to reopening these Federal lands for coal leasing.

NASA

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: Roy L. Ash

Subject: 1976 Budget decisions: National Aeronautics and Space Administration

The agency request and my recommendations with respect to 1976 budget amounts for the National Aeronautics and Space Administration are presented in the tabulation attached (Tab A).

Three key issues have been identified for your consideration (Detail at Tab B).

I. Space shuttle and manned space flight alternatives

NASA is requesting $1,251 million in FY 1976 for development of the space shuttle--$451 million above the 1975 level as part of the orderly build up of the program toward a 1979 first launch. Dr. Fletcher is, however, willing to accept $45 million less in 1976, which can be accommodated by accepting some higher degree of risk in the program.

The key question for FY 1976 is not just additional funds for the shuttle, but whether the U.S. should continue its manned space flight program, with the shuttle as its key element. In the issue paper attached, OMB recommends on balance that the manned space flight program should be continued and that the shuttle is the only feasible approach at this time. Assuming that the shuttle were to continue, OMB would recommend a $396 million increase for the program--$10 million below NASA's minimum request. This last $10 million reduction does not represent a programmatic recommendation but rather a final step in reaching the OMB planning ceiling, as discussed in section three of this memo.

Decision: Approve agency recommendation 1/13
Approve OMB recommendation _____
See me _____

II. Earth resources survey satellite

NASA has requested $14 million (in BA) in 1976 to initiate a third Earth Resources Technology Satellite (ERTS-C) in FY 1976. The project would cost $50 million and would be launched in September 1977 to follow directly on the ERTS-B satellite scheduled for launch in January 1975.

OMB believes that the initiation of ERTS-C should be deferred for consideration at least a year because of overall budget stringency; because we do not accept NASA's position that data continuity is required in order to carry out an experimental earth resources program; and because we need additional time to assess the real contribution of NASA's earth resources program compared with other technologies and user needs.

Decision: Agree ✓
Disagree _____
See me _____

III. Total NASA allowance

NASA has taken the position that, aside from ERTS-C, the overall level of the OMB recommendation is insufficient to allow the agency flexibility to carry out its approved programs.

OMB recognizes that the its recommendations for NASA in FY 1976 are tight and that NASA's programs have been significantly reduced in previous years-thus removing much of the agency's ability to accomplish a general belt-tightening. Never-the-less, we believe that the ceiling amounts provided to NASA as the basis for formulating its FY 1976 budget proposal, represent a balancing of the overall priorities of the NASA program against the need for fiscal stringency.

The OMB recommendation for NASA would allow a net increase of $227 million in BA and $237 million in outlays above the FY 1975 level to cover in part the effects of inflation and the increased requirements for the space shuttle - offset by selected minor reductions in a variety of other activities, not significantly affecting major programs. Current differences between the OMB and NASA positions are $87 million in BA and $58 million in outlays which represent, respectively, 2.5 percent and 1.7 percent of NASA's recommended budget. The estimated employment, impact of these differences is a loss of approximately 3,000 contractor jobs spread throughout the country,

Decision: Agree ✓
Disagree _____
See me _____

Attachments

A

National Aeronautics and Space Administration
1976 Budget

Summary Data

	(in millions)		Employment, end-of period	
	Budget Authority	Outlays	Full-time Permanent	Total
1974 actual	3,040	3,252	24,854	26,007
1975 January bedget	3,247	3,273	24,616	26,011
enacted	3,211	3,256	xxxx	xxxx
outlay reduction	---	-70	xxxx	xxxx
OMB recommendation	3,211	3,186	24,316	25,711
1976 planning ceiling	3,450	3,425	xxxx	xxxx
agency request	3,544	3,495	24,316	25,711
OMB recommendation	3,438	3,423	24,316	25,711
agency recommendation	3,525	3,481	24,316	25,711
Transition period				
agency request	965	911	24,316	25,711
OMB recommendation	950	900	24,316	24,316
agency recommendation	965	911	24,316	24,316
1977 OMB estimate	3,625	3,600	24,316	25,711

B

11/29/74

Issue Paper
National Aeronautics and Space Administration

Space Shuttle and Alternatives in the U.S. Manned Space Flight Program

Statement of the Issue

o Should the U.S. manned space flight program be continued on its present course (including development of the space shuttle), be redirected, or be cancelled?

Background

o The space shuttle program was approved by President Nixon in January 1972 and is currently the key developmental objective of the U.S. civilian space program. Current plans are for the shuttle to be operational in the early 1980's.

o The total development cost of the space shuttle is estimated to be $6 billion in FY 1975 dollars, of which about $900 million has been spent to date.

o OMB believes that the space shuttle program, and the broader question of continuing the U.S. manned space flight program, should be reconsidered in the FY 1976 budget for the following reasons:

- Cancelling the shuttle (and all manned space flight activities) could potentially result in relatively large near-term savings in the Federal budget (on the order of $1.0 - 1.5 billion/yr.). Funding requirements for the shuttle will be large (i.e., $1.2 billion/yr.) in the next several years and will require increases in NASA's budget.

- Reconsideration of the space shuttle decision offers the Administration an opportunity to visibly reorder national priorities.

- The value to the nation of continuing a U.S. manned space flight program is a fair question. No urgent civilian or military requirements have been identified for the space shuttle.

o In reviewing NASA's FY 1976 budget, OMB requested NASA to develop a position paper on the space shuttle and manned space flight alternatives. (The classified NASA response is attached at Tab C.) The major points are summarized below:

Why continue manned space flight?

o NASA and other supporters, argue the following case:

- That the long-term political and international position of the United States requires us to at least keep abreast of the Soviets in terms of manned capabilities in space.

- That manned space flight is an integral part of the overall U.S. efforts in space and provides additional and unique capabilities over those possible with unmanned satellites.

- That manned space flight provides a basis for national pride and a medium for international competition and cooperation.

Why develop the space shuttle?

o NASA argues:

- That the shuttle provides for a continuing U.S. manned space program that is both cheaper than other manned alternatives and is forward-looking in advancing space technology.

- That the shuttle will provide a means for cheaper and more effective utilization of space for a wide variety of potential applications

- That the shuttle will provide new capabilities for scientific and civilian applications as well as for national defense purposes.

Alternatives

1. - Continue NASA's current plans for developing the space shuttle, with initial operations in the early 1980's.

2. - Cancel the space shuttle and discontinue all U.S. manned space flights after the Apollo-Soyuz docking mission is completed in July 1975.

3. - Cancel the space shuttle, but seek to develop a less ambitious and lower cost means for continuing manned space flight.

Analysis

This table provides OMB estimates of the total cost of the civilian space program for the three alternatives:

	(Outlays in millions of constant FY 1976 dollars)					
	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
Alternative 1	3,186	3,425	3,600	3,500	3,300	3,100
Alternative 2	3,088	2,190	2,000	2,000	2,100	2,300
Alternative 3	3,094	2,715	2,900	3,000	3,100	3,200
Potential Savings (2-1)	-98	-1,235	-1,600	-1,500	-1,200	-800

o The benefits of the manned space flight program are largely intangible, involving, for example, maintaining both the appearance and the fact of international technological parity (particularly with respect ot the Soviet Union).

o Although future plans call for DOD missions to be flown on the space shuttle, there are at present no military missions that would require the unique capabilities of the shuttle.

o There are different views within DOD whether or not the shuttle will be a cost-effective means for accomplishing DOD missions. While DOD has agreed to participate in the space shuttle program defense has deferred any commitment of major funds for shuttle hardware or facilities for several years.

o Whether at some future time the U.S. might be required to react to Soviet manned activities in space (i.e., some presently undefined reoccurrence of the Sputnik episode) is problematical, as is the possibility that some future military mission might develop which could use the unique capabilities of the space shuttle.

o The economic arguments presented in support of the shuttle are not entirely convincing because they assume a vary high level of future space activity and a cost performance for the space shuttle which may prove technically difficult to achieve.

o Despite these concerns related to NASA's current program planning assumptions, OMB can identify no clearly-preferable alternatives.

o Cancelling manned space flight would be difficult:

- Would require a major resizing of NASA as an agency, including closing several major facilities (there are now 10 major NASA centers);

- Would have a substantial impact on employment of technical personnel (now totaling more than 30,000 industrial contractor employees plus about 10,000 civil servants and 15,000 support contractor employees at the three NASA manned space flight centers).

- Could have international implications for U.S./Soviet relations and for U.S. joint cooperative programs with the Europeans, who have committed $400 million to the development of a Spacelab which will be flown in conjunction with the shuttle.

o Cancelling space shuttle without cancelling all U.S. manned space flight programs is a possibility but:

- The options are not well-defined and may have the disadvantage of being a step backward technically;

- Some costs would have to be incurred to cancel the shuttle, and in this option the manned space flight centers would be maintained until a new program was initiated; and

- The potential cost savings of non-shuttle options may be relatively small compared with continuing the shuttle.

o Delaying the space shuttle is also possible but:

- A major delay would not save much in the short term, because we are too far into the program; and

- Would add to the long-term cost of the program.

Recommendation

Our general recommendation is to continue with the development of the space shuttle, but to avoid making any firm committments to a specific completion date that might be construed as providing a sense of urgency of high budgetary priority to the development of the shuttle.

We believe that if a decision is taken to continue the shuttle program, the funding should not be driven by an arbitrarily-defined completion date. If major technical problems arise consideration should be given to slipping the schedule rather than increasing costs to hold to a given completion date. There is no urgency to having the shuttle operational at any specific time.

At the same time, we also believe that shuttle funding should not continue to be arbitrarily raised or lowered to meet changes in economic conditions or in the budget climate, because of the potential impact of such changes on NASA's ability to effectively manage the program.

11/29/74

Issue Paper
National Aeronautics and Space Administration

Earth Resources Survey Satellite

Statement of the Issue

o Should initiation of a third Earth Resources Technology Satellite (ERTS-C) be approved in the FY 1976 budget.

Background

o NASA's first Earth Resources Technology Satellite (ERTS-A) was launched in July 1972 and has completed more than two years of successful operations.

o The second (ERTS-B) is scheduled for launch in January 1975 to continue experimentation, to provide additional data for current users and to allow for the implementation of several demonstration projects.

o NASA is requesting $11 M (outlays) in the FY 1976 budget for a third satellite (ERTS-C) to be launched in September 1977, when ERTS-B is expected to fail. Total cost of ERTS-C including launch vehicle, is about $50 million.

o During the past year substantive committees in both the House and Senate have urged the Administration to initiate ERTS-C as early as possible, principally to minimize any hiatus in data from ERTS satellites.

o OMB has testified before the same congressional committees that a data gap would not be serious because large volumes of data will be available from ERTS-A&B--and that in an experimental program such as ERTS, scarce resources are better utilized in advancing technology rather than in guaranteeing data continuity. Although some limited commerical use is being made of ERTS data, Federal agencies do not generally argue for continuity of data (beyond ERTS-B).

Analysis

Total funding for NASA's Earth Resources Program, including ERTS satellites (in millions of dollars) is as follows:

	FY 1975		FY 1976	
	BA	Outlays	BA	Outlays
NASA Request	61	60	62	66
OMB Recommendation	56	57	51	57
Differences	-5	-3	-11	-9
Related Launch Vehicle Savings	--	--	-3	-2

o As indicated in table above, NASA (in addition to development of ERTS satellites) is conducting a large supporting R&D program on advanced, higher performance sensors, techniques for analysis and handling of data generated by these satellites, and experiments for demonstrating applications of the technology.

NASA Recommendation: The agency strongly urges that ERTS-C be initiated in FY 1976 on the grounds:

- That improved instrumentation to be flown on ERTS-C represents a significant advancement in the state of remote-sensing technology.

- That continuity of ERTS data, is an essential aspect of developing and sustaining interest among potential users.

OMB Recommendations: OMB believes that there are major uncertainties about the potential for ERTS technology (as opposed to other alternatives) and that consideration of ERTS-C can be deferred at least a year, particularly in view of the overall budget stringency. The specific OMB position is:

- That the NASA remote-sensing program is an experimental one, and that continuity of data is not essential to demonstrating the potential of ERTS technology.

- That a convincing case has not been made that users would be adversely affected by a hiatus in ERTS data availability

- That by accepting ERTS-C in the FY 1976 budget, we would be recognizing de facto the need for data continuity and therefore set the stage for additional larger and more expensive ($150 million) follow-on satellites in FY 1977 and subsequent years.

- This could lock us in prematurely to an operational earth resources satellite system before an adequate opportunity is provided to examine the full needs of such a system and the alternatives which are available.

Issue Paper
National Aeronautics and Space Administration
Total NASA Allowance

Statement of the Issue

° Aside from issue on ERTS-C, should NASA's total FY 1976 allowance be held to the OMB planning ceiling level despite the NASA Administrator's view that the OMB ceiling is overly-restrictive to meet his program commitments?

Background

° Dr. Fletcher has maintained consistently throughout consideration of his 1976 budget that the OMB planning ceiling set last July for NASA is overly-restrictive in view of:

- The rapidly increasing requirements of the space shuttle and much higher than anticipated wage/price escalation in the aerospace industry, affecting shuttle and other programs.

- OMB planning guidance formally worked out between NASA and OMB last winter under which OMB agreed to recognize, and attempt to provide relief for, future-year inflation in major NASA projects.

° Dr. Fletcher's view is that OMB has not honored this general agreement in establishing the tight FY 1976 planning ceiling for NASA, and in now recommending that NASA be held to the planning ceiling.

° NASA's FY 1976 budget submission for 1976 recognizes the need for a constrained total Federal budget and therefore Dr. Fletcher, under his minimum budget proposal has:

- Held down increasing BA and outlay requirements for the space shuttle by $45 million (without slipping the schedule).

- Deferred all new major projects proposed for initiation in 1976.

° These NASA actions still leave the NASA budget over ceiling by $97 million in BA and $70 million in outlays.

° Dr. Fletcher takes the position that if it were necessary to meet the OMB planning ceilings for NASA:

- A major approved scientific flight project, Pioneer-Venus orbiter and probes, would have to be cancelled, or

- The space shuttle schedule would have to be further slipped, and

- If either action were required he would want to discuss the implications with the President.

° OMB has been generally skeptical of the position that the approach suggested by NASA is the only way to meet the OMB planning ceiling; instead OMB recommends an alternative solution which neither cancels Pioneer-Venus nor slips the shuttle, but rather makes selective reductions not significantly affecting major programs.

Analysis

° The current situation is as follows:

	BA	Outlays
NASA Recommended Budget	3,639	3,550
Less Reductions identified by NASA	-95	-50
Less OMB Reductions Accepted by NASA	-19	-14
NASA Current Position	3,525	3,481
OMB Recommendations	3,438	3,423
Differences	+87	+58

NASA Recommendation: With the exception of two OMB reductions (i.e., construction of facilities and NASA support contractor manpower), NASA states that no further reductions below its minimum budget case would be acceptable. NASA argues that:

- The planning ceiling was set too low and that OMB recommendations for meeting the ceiling are arbitrary and harmful to the NASA program.
- The NASA budget has been squeezed year after year and no flexibility remains in the budget.
- Accepting the OMB recommendations would reduce NASA-related employment by about 3,000 jobs nation-wide.

OMB Recommendation: OMB recognizes that NASA was given a tight planning ceiling, but that:

- NASA's ceiling represents a fair balancing of the priorities related to NASA's programs and the overall need for budgetary stringency.
- The OMB recommended reductions can be implemented without significant harm to NASA's programs, if overall fiscal considerations require it.
- That whatever the outcome of this issue, the ERTS-C decision should be addressed separately on its particular merits.

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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
WASHINGTON, D.C. 20546

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OFFICE OF THE ADMINISTRATOR

November 6, 1974

Mr. Frank G. Zarb
Associate Director for Natural
Resources, Energy and Science
Office of Management and Budget
Washington, D.C. 20500

Dear Frank:

This is in response to your call of a few days ago when you indicated that Roy Ash had asked that we provide a statement on the following questions:

1. Why manned space flight? What are the implications of not doing manned space flight?

2. What are the manned space flight alternatives to the Shuttle?

There are several valid reasons for manned space flight, each of them important in its own right and each having serious implications if the United States were to decide not to have a manned space flight program. These are summarized in Part I below.

The fundamental and most important reason, in my view, is the seventh on the list, i.e., that the manned space flight program is essential to support the long-term political and strategic position of the United States in world affairs. This is discussed in some detail in Part II.

The implications of a decision not to have a U.S. program of manned space flight are summarized in Part III, and the question of possible manned space flight alternatives to the Space Shuttle is addressed in Part IV.

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AUTHORITY RAC NLC-PHB-2-8-1-7 01/4/06
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Part I. The Reasons for Manned Space Flight

1. Manned space flight is a necessary part of the U.S. space program. Manned utilization, exploration, and operations in space are and have always been regarded as an essential part of the total U.S. effort in space. A balanced space program should utilize men in space when they can make an effective contribution and the resumption of manned exploration of space is a valid long-range objective to be undertaken when technical and budgetary priorities permit. Manned space flight has always had the greatest public and Congressional interest and support. Its critics in the scientific community have generally been silenced by the demonstrated utility of manned operations in the Apollo and Skylab programs. Criticism of the cost of manned space flight has significantly abated, especially in Congress, as a result of the cost and economic studies showing that the Shuttle is a good investment and does not require an increase (except for inflation) in space budget totals above the level at the time the Shuttle was approved.

2. Manned space flight provides important additional capabilities in space. Apollo and Skylab have demonstrated once and for all that men can do things in space impossible with an unmanned spacecraft. Unmanned spacecraft and automatic equipment will always have a major role in space operations, but the Apollo and especially the Skylab experience have shown that for maximum effectiveness in complex operations a man-machine combination is best in space as on earth. The Space Shuttle program provides a means for using manned and unmanned capabilities in an optimum way in each case. It also provides important new capabilities which could not be provided by unmanned systems alone, including (1) carrying large payloads to orbit economically, (2) retrieval of spacecraft from orbit for repair and reuse, (3) conduct of manned scientific, applications, or national defense activities in orbit without requiring a major separate new Skylab or Space Station development program, and (4) through assembly in space the capability for large-scale operations in space that might be undertaken in the more distant future, such as very large space stations, the collection of solar energy in space, or even perhaps manned exploration of the planets. A decision to stop manned space flight would deny us these capabilities.

3. Manned space flight provides a way to reduce the cost of space operations. In addition to the new capabilities it provides, the Space Shuttle will make possible significant reductions in the cost of doing business in space, through (1) lower launch costs for large payloads and multiple launches of medium and small payloads, (2) maintenance, resupply, and repair of spacecraft in orbit, (3) retrieval of spacecraft from orbit for repair and refurbishment on earth for reuse, and (4) relaxation of size, weight, and launch-environment constraints which will permit low cost design of payloads and equipment. These cost reductions would not be possible without the reusable manned Space Shuttle.

4. International competition and cooperation. In the early years of the space program, manned space flight was the principal area of international competition in space between the United States and the Soviet Union. While competition is still a factor, the role of manned space flight in international cooperation has assumed special importance in recent years. The U.S.-Soviet Apollo Soyuz Test Project (ASTP) is one of the principal areas in which the possibilities and limits of meaningful U.S. cooperation with the Soviet Union is now being tested. It is noteworthy that the Soviets agreed to cooperate in a joint manned space flight project but have steadfastly refused to cooperate in a similar way in unmanned projects. A continuing U.S. manned space flight program is a necessity for following up on post-ASTP possibilities of further U.S.-USSR cooperation, both to support broader U.S. diplomatic objectives and to explore the possibilities of significant future cost-sharing through joint conduct of large-scale space operations.

5. National pride. The American people are justifiably proud of their country's achievements in manned space flight. Manned space flight is one thing almost everyone can agree on that the United States has done well. Continuing accomplishments in manned space flight provide a visible demonstration that the United States is a great country which can do great things. To stop U.S. manned space flight, leaving the field entirely to the Soviets, would be another disillusionment to a population that is increasingly cynical about what its Government can do. A situation in which it appears that the Soviet system is able to continue their manned space flight program whereas the U.S. is forced to discontinue its program for economic reasons would raise some awkward and probably unanswerable questions.

6. Fulfillment of commitments. Based on the clear Presidential and Congressional decisions of recent years that U.S. manned space flight would be continued and that the Space Shuttle program would proceed, there is now a pattern of commitments, specific and implied, that would be broken if the Shuttle and the U.S. manned space flight program are not continued. With the encouragement and agreement of the United States, ten European nations have begun to develop at their expense ($400 million) the manned Spacelab to work with the Space Shuttle in the 1980's. Termination of the Shuttle would be regarded as an act of bad faith and would seriously undermine European confidence in other U.S. commitments. With the Soviets, there are no commitments beyond the ASTP flight scheduled for 1975, but the whole ASTP program would lose its significance and would rightly be regarded as a wasted effort, from the U.S. standpoint, if the U.S. were to discontinue manned space flight. On the domestic side, Congress has been a full partner in the Administration decisions to continue manned space flight and proceed with the Space Shuttle. The pattern of contractual commitments for carrying out the Space Shuttle program has been set. The disruption of these commitments and expectations based on them would obviously have many repercussions, in addition to the severe direct economic and employment impact of terminating the Shuttle and manned space flight activities.

7. Long-term strategic position of the U.S. Finally, a continuing manned space flight program is essential to support the long-term political and strategic position of the United States in world affairs. Since I regard this as the fundamental and most important reason for manned space flight, and since it is one which we cannot emphasize in public discussions because of its international sensitivity, I would like to discuss it in some detail.

Part II. Strategic Implications of Manned Space Flight

Throughout history, the rise and fall of nations has depended on their occupation of territory, their control of the seas, and, more recently, their ability to operate in the air and to apply force at great distances by missiles launched from land, sea, or air. A whole new dimension was added when the Soviets and the United States entered space, first with unmanned spacecraft and then with men. In less than twenty years space has become a new theater of operations and certain types of space operations are key factors in the world strategic situation.

In the same period manned space operations by the Soviets and the United States have had a special international impact. The Soviets effectively exploited their early manned flights as demonstrations to the rest of the world of the technological power of the Soviet Union. The U.S. manned flights, from Mercury through Apollo and Skylab, served as key instruments of national policy to reaffirm U.S. technological power in a way that did not threaten the security of any other nation and to drive home to a world-wide audience the openness of the U.S. democratic way of life in contrast to the secretiveness of the closed Soviet society. During the difficult period of the Viet Nam war, the success and openness of the U.S. manned space flight program was recognized by USIA and our embassies around the world as the chief--and almost only--positive element of broad popular appeal we had going for us in seeking favorable public attitudes toward the United States in foreign countries.

Up to now, the significance of manned space flight in the international strategic and political scene has largely been through (a) the symbolic impact of the fact that Americans or Russians are in space and (b) the powerful psychological impact that manned space flight has proved to have on people all around the world. Unmanned space flights have become routine and draw almost no attention, regardless of their purpose or of efforts to excite interest in them. Manned flights are always front page news around the world, and clearly have the potential for producing a tremendous politico-psychological impact if the Soviets or the U.S. should decide to exploit it.

We are now entering a phase, however, in which it is clear that the significance of manned space flight for global strategy in the future will not be limited to its symbolic impact or psychological potential. As I have said, Apollo and especially Skylab have demonstrated that for maximum effectiveness in complex operations a man-machine combination can do things in space impossible by automatic devices, just as is true on earth. The Soviets have evidently come to the same conclusion, as evidenced by their Salyut program, on which they are placing a strong and continuing effort.

The United States has not yet defined specific military or national defense missions to take full advantage of the potential of manned space flight. At this stage, the next step is clearly to develop a practical, effective, flexible, and economical way for conducting relatively large-scale

manned operations in space, in order to put us in a position to meet specific requirements as they are defined and to respond to external challenges as they occur. This is one of the basic reasons for the Space Shuttle program and for the support it has received from senior military and civilian leaders in the Department of Defense. The Space Shuttle is not a weapons system project, but a major technological advance with important potential national defense applications in addition to its scientific and civil uses.

The important point is that long-term U.S. interests require that we be prepared for changes in the world situation which could require us to pursue actively military or other new strategic or national defense uses of manned space flight. Without a continuing manned space flight program we would not have an effective option to do so; with a manned space program in being, we would.

Another option we need to preserve is the possibility that the U.S. might want to seek to internationalize manned space flight so that it would not be used against us and so that the cost of future manned space exploration could be shared. If we do not maintain a strong U.S. program of manned space flight, we will not have any leverage to secure acceptance of an international approach or to play a leading role in it.

The fundamental reason for a continuing manned space flight program, then, is to maintain the capability of the United States over the next several decades to take advantage, in whatever way may be deemed necessary or desirable, of the potential of manned space operations in the world political and strategic situation.

But simply to continue a series of manned space flights is not enough to maintain the U.S. strategic position in space. A minimal program of manned space flight for its own sake that does not lead to new capabilities will not give us the ability to respond to future needs, challenges, or opportunities. To be credible and effective in advancing U.S. interests, the manned space flight program must actually provide the U.S. with real and recognized capabilities for operations in space. This is what the Space Shuttle program has been designed to do and why the Shuttle is essential to support the long-term political and strategic position of the United States in world affairs.

Finally, we should not forget that manned space flight is one area in which the U.S. has achieved world superiority. We developed a superb manned space flight capability, at great cost with the Apollo-Saturn system. Now, building on Apollo-Saturn technology and experience, we are well on our way to successful development of the Space Shuttle, with all its new capabilities and advantages. We should build for the future on our strengths, not turn our backs on something we have worked so hard and so successfully to attain.

Part III. Implications of Not Doing Manned Space Flight

The implications of a U.S. decision not to continue an effective program of manned space flight follow directly from the reasons outlined above why the United States must have such a program. Thus:

1. A decision to abandon manned space flight would be a major political-strategic decision, comparable to the post-World War II decision of the British to abandon their overseas empire or to a U.S. decision to withdraw all our forces from Europe. As such, it can by no means be considered as a budget decision but would require careful consideration by State, Defense, the National Security Council, and the President, with suitable advance consultation with the Congress.

2. A U.S. decision not to have a manned space flight program would leave the field wide open to the Soviets. They could use it at will as a political and military lever against the U.S. and the free world. We would have no basis for negotiating SALT-type agreements to control competition in military uses of manned space flight or an international approach to future manned space exploration.

3. A decision to stop manned space flight would deny us the capabilities represented by this program: flexibility in civilian and military space projects; economic means of launching and retrieving payloads; ability to carry large payloads to orbit; Spacelab possibilities; and, through assembly in space, future capabilities for very large permanent space stations or manned exploration of the planets.

4. U.S. withdrawal from manned space flight activities for budgetary reasons would be a clear signal to the world economic and political community that the U.S. has lost

confidence in its own economic system and in its future role in world affairs. While we face a difficult economic situation by our standards, our situation and prospects do not even faintly approach the adverse situations faced by other nations when they have been forced to make decisions against their own interests (e.g., the British after World War II). The notion that we are forced for economic reasons to abandon a major area of endeavor in which we have achieved world leadership at great cost is simply not credible.

5. A decision to stop manned space flight, or even to stop the Shuttle in favor of some other manned space flight program, would immediately raise serious questions of bad faith on the part of the European nations who have agreed to and have started to develop for us at their expense ($400 million) the Spacelab to be used with the Space Shuttle. After much internal review, each of ten European nations has recognized the importance to them of participating in manned space flight with the Shuttle and has backed this view with investments that are substantial in their terms which will be a complete loss if the Shuttle is terminated. In addition to the diplomatic and political repercussions, a unilateral U.S. decision to terminate manned space flight and the Shuttle would be the death knell of U.S. efforts to achieve international cost-sharing on major space projects.

6. Finally, termination of manned space flight would have a serious domestic impact. Employment of as many as 65,000 people across the country would be terminated (exact numbers would depend on other actions taken at the same time). There would, of course, be serious recessionary implications; the net effect of reduced expenditures in the high technology but underutilized aerospace sector would also be inflationary in the long run because of the loss of the anti-inflationary effects of increases in productivity. On the political side, there would be major credibility problems with the Congress, where manned space flight and the Space Shuttle have had strong support. After the strong and successful Administration efforts of the past few years to explain and justify the necessity for support of the Space Shuttle, it would be difficult indeed to rationalize to the Congress a decision to cancel the Shuttle and discontinue U.S. manned space flight.

Part IV. Manned Space Flight Alternatives to the Space Shuttle

Discussion of alternatives to the Space Shuttle must recognize that the Space Shuttle is not a single-purpose project. One of its most important and attractive features is that with this single project we can meet four different important objectives in the space program:

First and most important, it will meet the primary national objective discussed above of establishing a continuing U.S. presence in space that will support the long-term strategic position of the United States in world affairs.

Second, it will provide the U.S. with significant new capabilities in space, for scientific and civil applications as well as for national defense purposes. The ability to carry large payloads economically and the space station-type capabilities of the Shuttle-Spacelab combination are examples.

Third, the capabilities of the Space Shuttle are an essential but non-committing next step toward the greater capabilities that will ultimately be needed in the long-term future for large-scale activities in space, like very large permanent space stations, the collection of solar energy in space, or manned exploration of the planets--activities which we can now begin to envision but which cannot yet be defined in detail. The capability of taking large structures to earth orbit for assembly will be an essential feature of such activities.

Fourth, to provide an effective space transportation system that will permit overall cost reductions in current types of space missions. This is the point that has been addressed in detail in our cost and economic studies of the Shuttle.

I believe it can be said categorically that no alternative manned space flight program can meet all four of these objectives, and that no alternative could meet the fundamental objective of manned space flight, as previously discussed, at lower cost. Let me discuss each of several possibilities that might be considered.

a. Resizing the Shuttle, i.e., seeking to reduce costs by stopping the present development program and starting over with a smaller size Shuttle. The present Shuttle size is directly related to currently foreseen civilian and

defense missions. Alternative smaller size Shuttle designs were carefully considered at the time of the initial decision and rejected by NASA, DOD, and the Director of OMB because of the relatively small savings and the significant loss in capability. A shift to a new design at this point would force us to write off as wasted a substantial amount of development funds already expended, would delay the program for at least two years for redesign and refabricating components and structures now already under construction, and would not lead to significant cost reductions.

b. Space Station, i.e., a continuing program for operating space stations of at least Shuttle payload size, launched and supported by expendable launch vehicles. This is probably the only alternative that could also meet the primary manned space flight objective of preserving the U.S. strategic position in world affairs. In a different way, it would give the U.S. many, but not all, of the capabilities we will get with the Space Shuttle. It would be comparable in concept to the course the Soviets seem to be following. The conclusive argument against this approach, however, is that the development and operation of the space station and the large expendable launch vehicles and other hardware required would be vastly more expensive than the approach we are now following with a reusable Shuttle which, especially with Spacelab, can perform in a more flexible way many of the functions of a space station.

c. A second Skylab. This would involve using existing hardware, with modifications to conduct a mission that would be essentially a repetition of the successful Skylab mission in 1973-74. The program would be of high risk in that a partially disbanded team would have to be reassembled, and in that no backup hardware would be available. It would be dead-ended, with only one flight; and it would not be inexpensive. The negative impacts of the cancellation of the Shuttle and of the lack of a continuing U.S. manned space flight program would far outweigh the benefits of the second Skylab mission itself.

d. A Gemini-Titan Program. A continuing series of manned flights could be launched on a Titan III class launch vehicle. Such a program could keep U.S. astronauts in space but because of its limited size and operating flexibility would not give the U.S. a real and credible useful operating capability in space to meet long-term strategic and other needs as discussed above. In effect, if such a program were substituted for the Space Shuttle, we would be limiting

ourselves in the 1980's and beyond to technological capabilities of the 1960's--essentially the present capabilities of the USSR Soyuz system. And, at the same time, it would be a new program, yet to be invented. The Titan III would have to be manrated, and a Gemini-like spacecraft to fit the Titan III would have to be designed, developed, and tested. To meet the nation's long-term needs, we have to have something better and more useful than that. Furthermore, with such limited objectives it is doubtful if we can get Congressional support since the cost, although probably smaller than for the Shuttle, would still be in the billions of dollars.

Conclusion

The considerations and alternatives I have outlined above are essentially those that were given most careful consideration by NASA, DOD, OMB, and the President when the decision was made in January 1972 to proceed with the Space Shuttle. I believe these reasons and that decision have stood the test of full discussion and debate on numerous occasions since that time and that the decision to continue U.S. manned space flight and the Space Shuttle should be reaffirmed.

Sincerely,

James C. Fletcher
Administrator

~~SECRET~~

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
WASHINGTON, D.C. 20546

ES 74-10
Copy 9

OFFICE OF THE ADMINISTRATOR

November 6, 1974

Mr. Frank G. Zarb
Associate Director for Natural
Resources, Energy and Science
Office of Management and Budget
Washington, D.C. 20500

Dear Frank:

This is in response to your call of a few days ago when you indicated that Roy Ash had asked that we provide a statement on the following questions:

1. Why manned space flight? What are the implications of not doing manned space flight?

2. What are the manned space flight alternatives to the Shuttle?

There are several valid reasons for manned space flight, each of them important in its own right and each having serious implications if the United States were to decide not to have a manned space flight program. These are summarized in Part I below.

The fundamental and most important reason, in my view, is the seventh on the list, i.e., that the manned space flight program is essential to support the long-term political and strategic position of the United States in world affairs. This is discussed in some detail in Part II.

The implications of a decision not to have a U.S. program of manned space flight are summarized in Part III, and the question of possible manned space flight alternatives to the Space Shuttle is addressed in Part IV.

~~SECRET~~

Part I. The Reasons for Manned Space Flight

1. Manned space flight is a necessary part of the U.S. space program. Manned utilization, exploration, and operations in space are and have always been regarded as an essential part of the total U.S. effort in space. A balanced space program should utilize men in space when they can make an effective contribution and the resumption of manned exploration of space is a valid long-range objective to be undertaken when technical and budgetary priorities permit. Manned space flight has always had the greatest public and Congressional interest and support. Its critics in the scientific community have generally been silenced by the demonstrated utility of manned operations in the Apollo and Skylab programs. Criticism of the cost of manned space flight has significantly abated, especially in Congress, as a result of the cost and economic studies showing that the Shuttle is a good investment and does not require an increase (except for inflation) in space budget totals above the level at the time the Shuttle was approved.

2. Manned space flight provides important additional capabilities in space. Apollo and Skylab have demonstrated once and for all that men can do things in space impossible with an unmanned spacecraft. Unmanned spacecraft and automatic equipment will always have a major role in space operations, but the Apollo and especially the Skylab experience have shown that for maximum effectiveness in complex operations a man-machine combination is best in space as on earth. The Space Shuttle program provides a means for using manned and unmanned capabilities in an optimum way in each case. It also provides important new capabilities which could not be provided by unmanned systems alone, including (1) carrying large payloads to orbit economically, (2) retrieval of spacecraft from orbit for repair and reuse, (3) conduct of manned scientific, applications, or national defense activities in orbit without requiring a major separate new Skylab or Space Station development program, and (4) through assembly in space the capability for large-scale operations in space that might be undertaken in the more distant future, such as very large space stations, the collection of solar energy in space, or even perhaps manned exploration of the planets. A decision to stop manned space flight would deny us these capabilities.

3. Manned space flight provides a way to reduce the cost of space operations. In addition to the new capabilities it provides, the Space Shuttle will make possible significant reductions in the cost of doing business in space, through (1) lower launch costs for large payloads and multiple launches of medium and small payloads, (2) maintenance, resupply, and repair of spacecraft in orbit, (3) retrieval of spacecraft from orbit for repair and refurbishment on earth for reuse, and (4) relaxation of size, weight, and launch-environment constraints which will permit low cost design of payloads and equipment. These cost reductions would not be possible without the reusable manned Space Shuttle.

4. International competition and cooperation. In the early years of the space program, manned space flight was the principal area of international competition in space between the United States and the Soviet Union. While competition is still a factor, the role of manned space flight in international cooperation has assumed special importance in recent years. The U.S.-Soviet Apollo Soyuz Test Project (ASTP) is one of the principal areas in which the possibilities and limits of meaningful U.S. cooperation with the Soviet Union is now being tested. It is noteworthy that the Soviets agreed to cooperate in a joint manned space flight project but have steadfastly refused to cooperate in a similar way in unmanned projects. A continuing U.S. manned space flight program is a necessity for following up on post-ASTP possibilities of further U.S.-USSR cooperation, both to support broader U.S. diplomatic objectives and to explore the possibilities of significant future cost-sharing through joint conduct of large-scale space operations.

5. National pride. The American people are justifiably proud of their country's achievements in manned space flight. Manned space flight is one thing almost everyone can agree on that the United States has done well. Continuing accomplishments in manned space flight provide a visible demonstration that the United States is a great country which can do great things. To stop U.S. manned space flight, leaving the field entirely to the Soviets, would be another disillusionment to a population that is increasingly cynical about what its Government can do. A situation in which it appears that the Soviet system is able to continue their manned space flight program whereas the U.S. is forced to discontinue its program for economic reasons would raise some awkward and probably unanswerable questions.

6. Fulfillment of commitments. Based on the clear Presidential and Congressional decisions of recent years that U.S. manned space flight would be continued and that the Space Shuttle program would proceed, there is now a pattern of commitments, specific and implied, that would be broken if the Shuttle and the U.S. manned space flight program are not continued. With the encouragement and agreement of the United States, ten European nations have begun to develop at their expense ($400 million) the manned Spacelab to work with the Space Shuttle in the 1980's. Termination of the Shuttle would be regarded as an act of bad faith and would seriously undermine European confidence in other U.S. commitments. With the Soviets, there are no commitments beyond the ASTP flight scheduled for 1975, but the whole ASTP program would lose its significance and would rightly be regarded as a wasted effort, from the U.S. standpoint, if the U.S. were to discontinue manned space flight. On the domestic side, Congress has been a full partner in the Administration decisions to continue manned space flight and proceed with the Space Shuttle. The pattern of contractual commitments for carrying out the Space Shuttle program has been set. The disruption of these commitments and expectations based on them would obviously have many repercussions, in addition to the severe direct economic and employment impact of terminating the Shuttle and manned space flight activities.

7. Long-term strategic position of the U.S. Finally, a continuing manned space flight program is essential to support the long-term political and strategic position of the United States in world affairs. Since I regard this as the fundamental and most important reason for manned space flight, and since it is one which we cannot emphasize in public discussions because of its international sensitivity, I would like to discuss it in some detail.

Part II. Strategic Implications of Manned Space Flight

Throughout history, the rise and fall of nations has depended on their occupation of territory, their control of the seas, and, more recently, their ability to operate in the air and to apply force at great distances by missiles launched from land, sea, or air. A whole new dimension was added when the Soviets and the United States entered space, first with unmanned spacecraft and then with men. In less than twenty years space has become a new theater of operations and certain types of space operations are key factors in the world strategic situation.

In the same period manned space operations by the Soviets and the United States have had a special international impact. The Soviets effectively exploited their early manned flights as demonstrations to the rest of the world of the technological power of the Soviet Union. The U.S. manned flights, from Mercury through Apollo and Skylab, served as key instruments of national policy to reaffirm U.S. technological power in a way that did not threaten the security of any other nation and to drive home to a world-wide audience the openness of the U.S. democratic way of life in contrast to the secretiveness of the closed Soviet society. During the difficult period of the Viet Nam war, the success and openness of the U.S. manned space flight program was recognized by USIA and our embassies around the world as the chief--and almost only--positive element of broad popular appeal we had going for us in seeking favorable public attitudes toward the United States in foreign countries.

Up to now, the significance of manned space flight in the international strategic and political scene has largely been through (a) the symbolic impact of the fact that Americans or Russians are in space and (b) the powerful psychological impact that manned space flight has proved to have on people all around the world. Unmanned space flights have become routine and draw almost no attention, regardless of their purpose or of efforts to excite interest in them. Manned flights are always front page news around the world, and clearly have the potential for producing a tremendous politico-psychological impact if the Soviets or the U.S. should decide to exploit it.

We are now entering a phase, however, in which it is clear that the significance of manned space flight for global strategy in the future will not be limited to its symbolic impact or psychological potential. As I have said, Apollo and especially Skylab have demonstrated that for maximum effectiveness in complex operations a man-machine combination can do things in space impossible by automatic devices, just as is true on earth. The Soviets have evidently come to the same conclusion, as evidenced by their Salyut program, on which they are placing a strong and continuing effort.

The United States has not yet defined specific military or national defense missions to take full advantage of the potential of manned space flight. At this stage, the next step is clearly to develop a practical, effective, flexible, and economical way for conducting relatively large-scale

manned operations in space, in order to put us in a position to meet specific requirements as they are defined and to respond to external challenges as they occur. This is one of the basic reasons for the Space Shuttle program and for the support it has received from senior military and civilian leaders in the Department of Defense. The Space Shuttle is not a weapons system project, but a major technological advance with important potential national defense applications in addition to its scientific and civil uses.

The important point is that long-term U.S. interests require that we be prepared for changes in the world situation which could require us to pursue actively military or other new strategic or national defense uses of manned space flight. Without a continuing manned space flight program we would not have an effective option to do so; with a manned space program in being, we would.

Another option we need to preserve is the possibility that the U.S. might want to seek to internationalize manned space flight so that it would not be used against us and so that the cost of future manned space exploration could be shared. If we do not maintain a strong U.S. program of manned space flight, we will not have any leverage to secure acceptance of an international approach or to play a leading role in it.

The fundamental reason for a continuing manned space flight program, then, is to maintain the capability of the United States over the next several decades to take advantage, in whatever way may be deemed necessary or desirable, of the potential of manned space operations in the world political and strategic situation.

But simply to continue a series of manned space flights is not enough to maintain the U.S. strategic position in space. A minimal program of manned space flight for its own sake that does not lead to new capabilities will not give us the ability to respond to future needs, challenges, or opportunities. To be credible and effective in advancing U.S. interests, the manned space flight program must actually provide the U.S. with real and recognized capabilities for operations in space. This is what the Space Shuttle program has been designed to do and why the Shuttle is essential to support the long-term political and strategic position of the United States in world affairs.

Finally, we should not forget that manned space flight is one area in which the U.S. has achieved world superiority. We developed a superb manned space flight capability, at great cost with the Apollo-Saturn system. Now, building on Apollo-Saturn technology and experience, we are well on our way to successful development of the Space Shuttle, with all its new capabilities and advantages. We should build for the future on our strengths, not turn our backs on something we have worked so hard and so successfully to attain.

Part III. Implications of Not Doing Manned Space Flight

The implications of a U.S. decision not to continue an effective program of manned space flight follow directly from the reasons outlined above why the United States must have such a program. Thus:

1. A decision to abandon manned space flight would be a major political-strategic decision, comparable to the post-World War II decision of the British to abandon their overseas empire or to a U.S. decision to withdraw all our forces from Europe. As such, it can by no means be considered as a budget decision but would require careful consideration by State, Defense, the National Security Council, and the President, with suitable advance consultation with the Congress.

2. A U.S. decision not to have a manned space flight program would leave the field wide open to the Soviets. They could use it at will as a political and military lever against the U.S. and the free world. We would have no basis for negotiating SALT-type agreements to control competition in military uses of manned space flight or an international approach to future manned space exploration.

3. A decision to stop manned space flight would deny us the capabilities represented by this program: flexibility in civilian and military space projects; economic means of launching and retrieving payloads; ability to carry large payloads to orbit; Spacelab possibilities; and, through assembly in space, future capabilities for very large permanent space stations or manned exploration of the planets.

4. U.S. withdrawal from manned space flight activities for budgetary reasons would be a clear signal to the world economic and political community that the U.S. has lost

confidence in its own economic system and in its future role in world affairs. While we face a difficult economic situation by our standards, our situation and prospects do not even faintly approach the adverse situations faced by other nations when they have been forced to make decisions against their own interests (e.g., the British after World War II). The notion that we are forced for economic reasons to abandon a major area of endeavor in which we have achieved world leadership at great cost is simply not credible.

5. A decision to stop manned space flight, or even to stop the Shuttle in favor of some other manned space flight program, would immediately raise serious questions of bad faith on the part of the European nations who have agreed to and have started to develop for us at their expense ($400 million) the Spacelab to be used with the Space Shuttle. After much internal review, each of ten European nations has recognized the importance to them of participating in manned space flight with the Shuttle and has backed this view with investments that are substantial in their terms which will be a complete loss if the Shuttle is terminated. In addition to the diplomatic and political repercussions, a unilateral U.S. decision to terminate manned space flight and the Shuttle would be the death knell of U.S. efforts to achieve international cost-sharing on major space projects.

6. Finally, termination of manned space flight would have a serious domestic impact. Employment of as many as 65,000 people across the country would be terminated (exact numbers would depend on other actions taken at the same time). There would, of course, be serious recessionary implications; the net effect of reduced expenditures in the high technology but underutilized aerospace sector would also be inflationary in the long run because of the loss of the anti-inflationary effects of increases in productivity. On the political side, there would be major credibility problems with the Congress, where manned space flight and the Space Shuttle have had strong support. After the strong and successful Administration efforts of the past few years to explain and justify the necessity for support of the Space Shuttle, it would be difficult indeed to rationalize to the Congress a decision to cancel the Shuttle and discontinue U.S. manned space flight.

Part IV. Manned Space Flight Alternatives to the Space Shuttle

Discussion of alternatives to the Space Shuttle must recognize that the Space Shuttle is not a single-purpose project. One of its most important and attractive features is that with this single project we can meet four different important objectives in the space program:

First and most important, it will meet the primary national objective discussed above of establishing a continuing U.S. presence in space that will support the long-term strategic position of the United States in world affairs.

Second, it will provide the U.S. with significant new capabilities in space, for scientific and civil applications as well as for national defense purposes. The ability to carry large payloads economically and the space station-type capabilities of the Shuttle-Spacelab combination are examples.

Third, the capabilities of the Space Shuttle are an essential but non-committing next step toward the greater capabilities that will ultimately be needed in the long-term future for large-scale activities in space, like very large permanent space stations, the collection of solar energy in space, or manned exploration of the planets--activities which we can now begin to envision but which cannot yet be defined in detail. The capability of taking large structures to earth orbit for assembly will be an essential feature of such activities.

Fourth, to provide an effective space transportation system that will permit overall cost reductions in current types of space missions. This is the point that has been addressed in detail in our cost and economic studies of the Shuttle.

I believe it can be said categorically that no alternative manned space flight program can meet all four of these objectives, and that no alternative could meet the fundamental objective of manned space flight, as previously discussed, at lower cost. Let me discuss each of several possibilities that might be considered.

a. Resizing the Shuttle, i.e., seeking to reduce costs by stopping the present development program and starting over with a smaller size Shuttle. The present Shuttle size is directly related to currently foreseen civilian and

defense missions. Alternative smaller size Shuttle designs were carefully considered at the time of the initial decision and rejected by NASA, DOD, and the Director of OMB because of the relatively small savings and the significant loss in capability. A shift to a new design at this point would force us to write off as wasted a substantial amount of development funds already expended, would delay the program for at least two years for redesign and refabricating components and structures now already under construction, and would not lead to significant cost reductions.

b. Space Station, i.e., a continuing program for operating space stations of at least Shuttle payload size, launched and supported by expendable launch vehicles. This is probably the only alternative that could also meet the primary manned space flight objective of preserving the U.S. strategic position in world affairs. In a different way, it would give the U.S. many, but not all, of the capabilities we will get with the Space Shuttle. It would be comparable in concept to the course the Soviets seem to be following. The conclusive argument against this approach, however, is that the development and operation of the space station and the large expendable launch vehicles and other hardware required would be vastly more expensive than the approach we are now following with a reusable Shuttle which, especially with Spacelab, can perform in a more flexible way many of the functions of a space station.

c. A second Skylab. This would involve using existing hardware, with modifications to conduct a mission that would be essentially a repetition of the successful Skylab mission in 1973-74. The program would be of high risk in that a partially disbanded team would have to be reassembled, and in that no backup hardware would be available. It would be dead-ended, with only one flight; and it would not be inexpensive. The negative impacts of the cancellation of the Shuttle and of the lack of a continuing U.S. manned space flight program would far outweigh the benefits of the second Skylab mission itself.

d. A Gemini-Titan Program. A continuing series of manned flights could be launched on a Titan III class launch vehicle. Such a program could keep U.S. astronauts in space but because of its limited size and operating flexibility would not give the U.S. a real and credible useful operating capability in space to meet long-term strategic and other needs as discussed above. In effect, if such a program were substituted for the Space Shuttle, we would be limiting

ourselves in the 1980's and beyond to technological capabilities of the 1960's--essentially the present capabilities of the USSR Soyuz system. And, at the same time, it would be a new program, yet to be invented. The Titan III would have to be manrated, and a Gemini-like spacecraft to fit the Titan III would have to be designed, developed, and tested. To meet the nation's long-term needs, we have to have something better and more useful than that. Furthermore, with such limited objectives it is doubtful if we can get Congressional support since the cost, although probably smaller than for the Shuttle, would still be in the billions of dollars.

Conclusion

The considerations and alternatives I have outlined above are essentially those that were given most careful consideration by NASA, DOD, OMB, and the President when the decision was made in January 1972 to proceed with the Space Shuttle. I believe these reasons and that decision have stood the test of full discussion and debate on numerous occasions since that time and that the decision to continue U.S. manned space flight and the Space Shuttle should be reaffirmed.

Sincerely,

James C. Fletcher
Administrator

Smaller Agencies

WATER RESOURCES COUNCIL

Comments

Agency strongly objects to OMB recommendation.
See issue paper attached.

	Budget authority (in thousands of dollars)	Outlays	Full-time permanent employment
1974 actual.....	7,417	8,400	35
1975 current estimate.....	9,775	11,000	46
1976 agency request..	14,711	14,300	46
1976 OMB recommendation.....	9,670	9,670	46
Affect of OMB recommendation on agency request.....	-5,086	-4,675	---
Transition period....	1,667	1,667	46
1977 estimate.....	6,670	6,670	46

United States
Water Resources Council
Planning Grants to States - "Title III"

Level of Appropriations
($ millions)

1967	1968	1969	1970	1971	1972	1973	1974	1975	1976(Rec)
1.8	2.3	2.4	2.4	3.6	3.6	3.6	2.4	5.0	3.0

Title III of Public Law 89-80 provided the Water Resources Council in 1966 with a 10 year authorization at $5 million per year for "grants to States to assist them in developing and participating in the development of comprehensive water and related land resources plans." This program lapses at the end of fiscal year 1976.

Discussion

Originally conceived as "seed" money to increase the water planning capability of states, the program has achieved its objective. States exceeded the matching grants by $25 million in 1973, state expenditures on water and related land planning increased 150% from 1965 through 1973, and numbers of professional staff increased 400% from 1965 through 1973.

The Director of the Council, in a strongly worded oral appeal, claims that this success is one reason why the program should be continued. On political grounds, he predicts a "disaster" for the Administration if the program's continuance is not proposed and supported. Recognizing that much of the program's original job is done, WRC proposes to use the funds as an incentive to states to direct their planning efforts in particular directions.

The other option is to allow the program to lapse. Its success is the strongest argument for its demise. The states can now assume full funding responsibility for their water planning programs and programmatically, Title III is no longer needed. We agree, however, with the analysis of the WRC that the State water lobbies will press Congress to continue the program with some chance of success.

Question

Should the Title III program be allowed to expire at the end of its authorization in 1976 with a lower level of funding ($3 million) as the first step?

Recommendation

We recommend that the program be funded at our recommended level for 1976 and that legislation to renew it not be transmitted to the Congress. This is counter to WRC's recommendation and subsequent appeal.

JOINT FEDERAL-STATE LAND USE
PLANNING COMMISSION

Comments

Agency is appealing OMB recommendations.
See issue paper attached.

	Budget authority (in thousands of dollars)	Outlays (in thousands of dollars)	Full-time permanent employment
1974 actual.....	1,163 1/	1,248 1/	18
1975 current estimate.	1,230 2/	1,247 2/	19
1976 agency request...	1,496 3/	1,496 3/	21
1976 OMB recommendation.....	1,380 3/	1,380 3/	19
Affect of OMB recommendation on agency request.....	-116	-116	-2
Transition period.....	240	240	8
1977 estimate.....	100 3/	100 3/	0 3/

1/ Excludes $194,000 of services provided by the State of Alaska.
2/ Excludes $193,000 of services provided by the State of Alaska.
3/ Commission terminates December 31,1976.

Issue Paper

Joint Federal-State Land Use Planning Commission

1976 Budget

Summary Comparision of Agency Totals

(Appropriated and Cooperative Funds Combined. These are shared equally by State and Federal Government) 1/

	1974	1975		1976		July 1 - Sept. 30, 1976		1977
	Act.	Req.	Recom.	Req. & Appeal	Recom.	Req. & Appeal	Recom.	Est.
Budget Authority ($000)..	1163	1230	1230	1496	1380	370	240	100
Outlays ($000)	1248	1247	1247	1496	1380	370	240	100
OMB planning End-of-period employment:								
Full-time permanent....	18	19	19	21	19	21	8	0

1/In FY 74 and FY 75 State met part of obligations through services not included in the totals shown.

Statement of Issue

Commission is appealing OMB dollar and manpower allowances for both FY 1976 and the transition quarter, but particularly the reduction of Commission operations in the transition period. The Commission believes it should be fully funded and staffed until termination on December 31, 1976.

Background

The Joint Federal-State Land Use Planning Commission for Alaska was established in June 1972 in accordance with the Alaska Native Claims Settlement Act and by Act of the State of Alaska. The Commission is funded jointly by the Federal Government and the State of Alaska.

The Commission has completed a statewide inventory of Alaska's natural resources, and has made recommendations to the State and Federal Governments on the disposition,

and use of lands. To date the Congress has taken no action on these recommendations. During this period the Commission relied on the work of a team of experts from other agencies. The next step is to prepare a final report which is expected in May, 1976.

Commission's Request

The Commission would like to expand its staff by two at the beginning of FY 1976, when it will be developing its final report and the budget request includes: 1. two additional positions for the Commission's immediate staff--a land systems geographer and the resource specialist; 2. an increase in the average grade structure to attract qualified personnel.

In addition, the Commission believes it is necessary to maintain full staffing after the final report is completed and through the transition quarter in order to maintain a working relationship with legislative and administrative policymakers. It would clarify and elaborate on its recommendations and research additional questions.

OMB Allowance

OMB allowance did not include the additional two positions because it is doubtful these individuals will be able to significantly contribute to the final report which is to be completed just nine months after the beginning of the fiscal year. OMB does not object to the increase in grade structure but believes the cost should be absorbed within funds available.

In addition, OMB believes that after the Commission's report is completed in May 1976, the purpose of the Commission should be only to answer questions regarding the report. A total staff of 8 (a decrease from 19) during the transition period should be adequate for doing this. OMB believes any additional study or research should be done by regular State or Federal agencies.

Commission Appeal

The Commission has appealed for its original request. It says specifically the allowance is not adequate for publication of their report or termination expenses.

OMB Recommendation

Deny appeal on manpower for reasons cited above but allow additional $80 K ($40 K, Federal and $40 K, State costs) for publication of report and termination expenses during transition period for a total of $240 K.

Decision:

Approve agency recommendation_____. Approve OMB recommendation_____.

DELAWARE RIVER BASIN COMMISSION

Comments
No Change From Agency Request

	Budget authority (in thousands	Outlays of dollars)	Full-time permanent employment
1974 actual.....	311	289	2
1975 current estimate.....	316	287	2
1976 agency request..	293	293	2
1976 OMB recommendation.....	293	293	2
Affect on OME recommendation or agency request.....	---	---	---
Transition period....	71	71	2
1977 estimate.....	293	293	2

SUSQUEHANNA RIVER BASIN COMMISSION

Comments
No Change From Agency Request

	Budget authority	Outlays	Full-time permanent employment
	(in thousands of dollars)		
1974 actual.....	221	189	2
1975 current estimate..	228	228	2
1976 agency request....	228	228	2
1976 OMB recommendation.....	228	228	2
Affect of OMB recommendation on agency request.....	---	---	---
Transition period.....	56	56	2
1977 estimate.....	228	228	2

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

Comments

OMB recommendation would hold program to FY 1975 level.

	Budget authority (in thousands of dollars)	Outlays (in thousands of dollars)	Full-time permanent employment
1974 actual	34	34	
1975 current estimate	52	52	
1976 agency request	58	58	Not applicable to this agency
1976 OMB recommendation	52	52	
Affect on OMB recommendation on agency request	-6	-6	
Transition period	13	13	
1977 estimate	52	52	

INTERNATIONAL BOUNDARY AND WATER COMMISSION

Comments

Agency will accomodate OMB recommendations.

	Budget authority (in thousands of dollars)	Outlays (in thousands of dollars)	Full-time permanent employment
1974 actual.....	8,395	12,212	319
1975 current estimate.....	11,108	18,200	370
1976 agency request.	15,190	25,434	370
1976 OMB recommendation.....	13,600	22,950	370
Affect of OMB recommendation on agency request.....	-1,590	-2,484	---
Transition period...	2,180	3,880	370
1977 estimate.....	7,900	8,200	370

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Comments

OMB recommendation would hold program to FY 1975 level. Agency will not appeal.

	Budget authority	Outlays	Full-time permanent employment
	(in thousands of dollars)		
1974 actual	800	842	15
1975 current estimate	954	958	20
1976 agency request	1,006	1,006	20
1976 OMB recommendation	954	954	20
Affect on agency request	-52	-52	---
Transition period	252	252	20
1977 estimate	239	239	20