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

APR 9 1975

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES A. LYNN
SUBJECT: Implementation of New Congressional Budget Act

On several occasions recently, you publicly asked the Congress to make the Congressional Budget Act applicable to fiscal year 1976.

Present Congressional Plan

As you know, the Congress is making an attempt to try out the procedures this year. Under a provision of the Act permitting a first effort this year, the Budget Committees have agreed to

- report a first concurrent resolution by April 15;
- get the Congress to adopt a first concurrent resolution by May 15 and a second by September 15;
- include in the concurrent resolution overall totals of revenues, outlays, deficit, budget authority and debt; and
- complete a reconciliation of spending bills and the aggregate targets by September 25.

Problem with this approach

The Budget Committees (and the leadership) are quite sincere in this effort and do not regard the plan as a "trial run." However, its success is doubtful because the Budget Committees do not intend to specify targets for other Committees (and sub-Committees). The outlay totals being developed by the Budget Committees are based on specific amounts for each major function. While those amounts will be spelled out in the Committee reports, they may not be identified in the Conference report. Further, the reports will not provide sufficient detail to make clear the precise basis for the functional

totals. In any event, no attempt has been made to translate these functional guidelines into specific targets for each Committee handling spending bills.

In the absence of clear targets, each Committee is likely to act without regard for the overall total. In fact, each such Committee will have an incentive to keep amounts high for bargaining in the final reconciliation process.

Recommendation

I recommend that you meet with the joint leadership to urge them to establish detailed budget targets for each sub-Committee of the Appropriations Committees and for each other Committee handling spending bills. The meeting should include the leadership of the Budget and Appropriations Committees. (Talking points for such a meeting are attached at Tab A.) I believe it would be desirable to check this approach informally with the GOP leadership first.

Attachment -

Agree MR7 with joint guidelines
 Disagree _____
 Let's discuss _____

Tab A

TALKING POINTS FOR THE JOINT LEADERSHIP MEETING

1. Now that the tax bill has been passed and signed, it is important that, together, we take every action we can to avoid further additions to spending and the deficit.
2. My own reading is that there is a growing and real concern among the people about the potential spending total and the deficit. We are going to be on the side of the people on this issue if we do a proper job of linking each new spending proposal to these concerns.
3. For my part, there are a number of things I can do -- and I intend to do them.
 - As I have said several times, I will oppose any new spending programs this year except where our long-range national security interests are involved or for urgent humanitarian needs.
 - I will continue to press the actions I proposed on rescissions, deferrals and legislative changes (e.g., the 5% caps).
 - I will limit my own requests for supplemental funds to those cases that are unavoidable. For example, in the case of programs that are open-ended under existing law, I will have no choice but to request added funding if the number of eligible applicants exceeds earlier estimates; food stamps is a case in point. But I can assure you that any requests I make will be made only after the most careful review.

In the case of food stamps, incidentally, we are working on some new cost-cutting ideas that you may find more acceptable than the ones I proposed in January.
 - If legislation that would add significantly to the spending levels I have requested gets through your process, I will not hesitate to use my veto power.
4. These are the things I see that I can do. You may have some further ideas for action on my part. I would be happy to have them.

5. Now let's turn to things you can do.

- I realize you have made considerable progress in implementing the provisions of the Congressional Budget Act, most of which are not required to go into effect until next year. I believe, however, that the Nation's economic well-being requires that you plan now to insure that the process will work this year.
- You already plan to adopt a resolution stating the spending limits you will work within. In order for this to have real meaning, I believe you have to go beyond a total spending limit approach. A limit on the total would, of course, be of value. But if spending control really is to work, I think you have to go further -- by adopting limits on amounts to be recommended by the individual appropriations subcommittees and the individual authorizing committees. Furthermore, you should keep a running score against these targets so that there is greater incentive to stay within them. If you don't do it this way, every committee will think that the limit applies to somebody else; not to them. This won't do.
- Secondly, both Houses should indicate now their intent to reconcile in September all actions they take between now and then with the specific spending limits.
- You need to impose a hard and fast rule requiring a real inflation impact statement on every bill before it comes to the floor for a vote.
- You need to work on stopping more actions in Committee. As we all know, when a bill reaches a floor vote, it is doubly difficult to take it on.
- It is always difficult to adapt to new procedures, particularly when they involve something as complex as the Federal budget. Nevertheless, I believe that the Congress can -- and must -- act now to control both the pieces of the budget and its total. The economic health of our country depends on your success in making the new budget process work this year.

THE WHITE HOUSE

WASHINGTON

April 12, 1975

Mr. President:

The attached memo has been staffed and has generated the following comments:

Buchen: No objection

Friedersdorf: Agree

Hartmann: Agree

Marsh: Agree

Seidman: Agree

Cannon: I concur with Jim Lynn's recommendation for a Presidential meeting with the joint leadership but believe point #3 of the talking points should be reviewed and altered to clarify the following:

-- energy is omitted and should be included as an exception to the President's opposition to no new spending programs.

-- "urgent humanitarian needs" is too broad and could easily be interpreted by a liberal Democrat to suggest health insurance for the unemployed or unlimited public employment jobs.

Don

STAFFING

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 9, 1975

Time:

FOR ACTION:

Phil Buchen *JB*~~for information~~Jim Cannon *JC*Jack Marsh *JM*Max Friedersdorf *MF*Bill Seidman *BS*Robert T. Hartmann *RTH*

FROM THE STAFF SECRETARY

DUE: Date: Thursday, April 10, 1975

Time: noon

SUBJECT:

Lynn memo (4/9/75) re: Implementation
of New Congressional Budget Act

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

REMARKS:

4/11 Called Marsh WCB

4/12 - Marsh - agrees (by phone)

4/12 - w/p

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

APR 7 1975

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

April 7, 1975

MEMORANDUM FOR: JERRY JONES

FROM: DICK CHENEY 

Jim Lynn is getting up a paper raising some issues involved in the President's statement at his press conference last Thursday in San Diego -- that he wanted the Congress to apply the budget control act this year.

We need to be precise on some of the terms used and Jim wants to submit a memo setting out his understanding of what it is that the President wants and giving the President the opportunity to either approve or modify.

Check with Lynn and make sure we get that up by the middle of the week.

Date: April 9, 1975

Time:

FOR ACTION: ~~Phil Buchen~~
Jim Cannon
Max Friedersdorf
Robert T. Hartmann

~~xx (for information) x~~
Jack Marsh
Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Thursday, April 10, 1975Time: noon

SUBJECT:

Lynn memo (4/9/75) re: Implementation
of New Congressional Budget Act

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

REMARKS:

No objection.

Phil Buchen /by/ Ken Lazarus

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Jerry H. Jones
Staff Secretary



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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APR 9 1975

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Present Congressional Plan

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- complete a reconciliation of spending bills and the aggregate targets by September 25.

Problem with this approach

The Budget Committees (and the leadership) are quite sincere in this effort and do not regard the plan as a "trial run." However, its success is doubtful because the Budget Committees do not intend to specify targets for other Committees (and sub-Committees). The outlay totals being developed by the Budget Committees are based on specific amounts for each major function. While those amounts will be spelled out in the Committee reports, they may not be identified in the Conference report. Further, the reports will not provide sufficient detail to make clear the precise basis for the functional

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Recommendation

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Attachment .

Agree _____

Disagree _____

Let's discuss _____

TALKING POINTS FOR THE JOINT LEADERSHIP MEETING

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3. For my part, there are a number of things I can do -- and I intend to do them.

- As I have said several times, I will oppose any new spending programs this year except where our long-range national security interests are involved or for urgent humanitarian needs.
- I will continue to press the actions I proposed on rescissions, deferrals and legislative changes (e.g., the 5% caps).
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THE WHITE HOUSE

WASHINGTON

April 10, 1975

MEMORANDUM FOR:

JERRY JONES

FROM:

MAX L. FRIEDERSDORF

SUBJECT:

Lynn memo (4/9/75) re: Implementation
of new Congressional Budget Act

The Office of Legislative Affairs concurs with subject memo.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 9, 1975

Time:

FOR ACTION: Phil Buchen
Jim Cannon
Max Friedersdorf
~~Robert T. Hartmann~~

~~xx (for information) xx~~
Jack Marsh
Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Thursday, April 10, 1975Time: noon

SUBJECT:

Rec. 4/10/75 8:45 am

Lynn memo (4/9/75) re: Implementation
of New Congressional Budget Act

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

REMARKS:

I would agree.
J
4/10

ck
[Signature]

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delay in submitting the required material, please
telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 9, 1975

Time:

FOR ACTION: Phil Buchen
Jim Cannon
Max Friedersdorf
Robert T. Hartmann

~~xx (for information) xx~~
Jack Marsh
~~Bill~~ Seidman

FROM THE STAFF SECRETARY

*Recd 9:00 am
4/10*

DUE: Date: Thursday, April 10, 1975

Time: noon

SUBJECT:

Lynn memo (4/9/75) re: Implementation
of New Congressional Budget Act

ACTION REQUESTED:

___ For Necessary Action

☒ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

☒ For Your Comments

___ Draft Remarks

REMARKS:

Agree with OMB

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Jerry H. Jones
Staff Secretary



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

APR 9 1975

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Recommendation

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Attachment

Agree  _____

Disagree _____

Let's discuss _____

THE WHITE HOUSE
WASHINGTON

April 11, 1975

MEMORANDUM FOR : JERRY JONES
FROM : JIM CANNON *JC*
SUBJECT : Implementation of New Congressional
Budget Aid - Lynn Memorandum

I concur with Jim Lynn's recommendation for a Presidential meeting with the joint leadership but believe point #3 of the talking points should be reviewed and altered to clarify the following:

--energy is omitted and should be included as an exception to the President's opposition to no new spending programs.

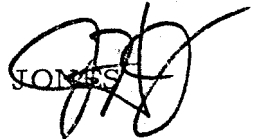
--"urgent humanitarian needs" is too broad and could easily be interpreted by a liberal Democrat to suggest health insurance for the unemployed or unlimited public employment jobs.

THE WHITE HOUSE

WASHINGTON

April 15, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM LYNN
FROM: JERRY H. JONES 
SUBJECT: Implementation of New
Congressional Budget Act

Your memorandum to the President of April 9 on the above subject has been reviewed and your recommendation -- meet with the joint leadership to urge them to establish detailed budget targets for each sub-Committee of the Appropriations Committees and for each other Committee handling spending bills -- was approved, with the following notation:

-- with firm guidelines.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld
Phil Buchen
Jim Cannon
Robert T. Hartmann
Jack Marsh
Max Friedersdorf
Bill Seidman