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Talking Paper
Congressional Action on Rescission Bills

The House has passed a rescission bill (H.R. 3260) as follows:

	(In millions)		
	<u>Amount of rescission</u>	<u>Outlay effect 1975</u>	<u>1976</u>
Proposed by Administration	685	205	140
Added as rescission by Comptroller General (HUD "235" program Home ownership assistance) <u>a/</u>	<u>264</u>	---	<u>85</u>
	949	205	225
Less House-approved rescissions	<u>242</u>	<u>101</u>	<u>78</u>
Not approved by House	708	104	147

a/ Attorney General does not agree that this item is subject to rescission.

1. It is extremely important that Senate take action on this rescission bill. Failure to do so causes problems:

- adds to deficit (as shown above);
- about half of deficit increase would be for Defense;
- Congress may disagree on individual items. That is their prerogative. But at least there should be opportunity for Senate to consider;
- Some of the funds could not be used in any case (Examples include State Department contributions to International Organizations and to International Trade Negotiations.) It makes no sense not to rescind funds that cannot be used.

2. All of the funds proposed for rescission have been released in compliance with law. (HUD "235" funds and \$13 million for Agriculture's Water Bank and Commerce's NOAA program have not been released because action now is not required in our view.) However,



the release is not an obstacle to rescission. The Congress has the constitutional authority to rescind appropriations any time before their obligation.

3. House Appropriations Committee has reported on another rescission bill (H.R. 4075) involving \$1.2 billion in proposed rescissions (with outlay savings of \$300 million in 1975 and \$550 million in 1976). If the Senate takes no action on the first of this session's rescission bills, it is likely to discourage further movement of the next bill. Surely, the Congress should be able to vote rescission proposals up or down.

File

1975 BUDGET

PROPOSALS FOR THE NOVEMBER, 1974, PRESENTATION OF
REVISED ESTIMATES AND REDUCTIONS TO THE CONGRESS

October 1974



CURRENT OUTLOOK
1975 AND 1976 BUDGET

(Dollars in billions)

	<u>1975</u>	<u>1976</u>
June estimate.....	305.4	339.0
Congressional action and inaction expected.....	1.6]	
Reestimates and other changes.....	- .5]	6.9
Total.....	306.6	345.9
Potential reductions.....	<u>-7.5</u> a/	<u>-10.3</u> a/
Potential total.....	299.1	335.6
Revised offshore oil and receipts.....	<u>2.5</u>	<u>--</u>
Revised potential total.....	301.6	335.6
Receipts, current estimate.....	<u>293.7</u>	<u>320.6</u>
Potential deficit.....	7.9	15.0

a/ Estimated decrease in number of persons employed by end of FY 1976 as a result of potential reductions:

Direct:	
Federal	34,000
Other	142,000
Indirect	<u>194,000</u>
Total	370,000





MAJOR BUDGET CHANGES
(Budget Outlays in billions of dollars)

	1974 Actual	1975				1976			Resulting total
		June estimate	Current estimate	Potential reductions	Potential total	June estimate	Current estimate	Effect of 1975 Reductions	
Defense, including mili- tary assistance.....	78.4	85.8	83.4	1.0	82.4	96.0	93.0	1.1	91.9
Labor (including unem- ployment insurance).....	9.0	11.6	14.6	0.3	14.3	11.1	20.4	0.5	19.9
Social security programs..	55.9	65.1	64.7	0.2	64.5	72.4	74.3	0.6	73.7
Interest on the public debt.....	29.3	31.5	33.0	--	33.0	31.9	33.2	--	33.2
Environmental Protection Agency.....	2.0	4.1	3.1	0.2	2.9	4.9	3.4	--	3.4
Veterans Administration...	13.3	14.0	15.5	1.2	14.3	14.7	15.9	1.1	14.8
Offshore oil and re- ceipts.....	-6.7	-8.0	-5.5	--	-5.5	-8.0	-8.0	--	-8.0
All other.....	<u>87.2</u>	<u>101.3</u>	<u>100.3</u> ^{1/}	<u>4.6</u>	<u>95.7</u>	<u>116.0</u>	<u>113.7</u>	<u>7.0</u>	<u>106.7</u>
Total.....	268.4	305.4	309.1	7.5	301.6	339.0	345.9	10.3	335.6

^{1/} Assumes successful offset of FHLBB forward commitment program.

BUDGET TOTALS BY AGENCY
(Outlays in millions of dollars)

	1974 Actual	1975				Current estimate	Potential reduction %	Potential total	Effect on 1976
		June estimate	Congressional changes	Reestimates etc.					
Defense, including mili- tary assistance.....	78,444	85,800	-2,596	196	83,400	-1,000 (1)	82,400	-1,065	
Agriculture.....	9,767	8,876	180	-241	8,815	-734 (8)	8,081	-894	
Commerce.....	1,455	1,719	-28	-27	1,664	-33 (2)	1,631	-66	
Corps of Engineers.....	1,655	1,705	59	50	1,813	-152 (8)	1,661	-250	
Health, Education, and Welfare.....	93,735	110,959	1,190	-2,057	110,092	-2,433 (2)	107,659	-4,148	
Housing and Urban Development.....	4,786	6,080	-19	-100	5,961	-216 (4)	5,745	-260	
Interior:									
Operating programs....	2,946	3,641	59	-39	3,662	-103 (3)	3,559	-22	
Offsetting receipts...	-1,079	-1,113	--	-38	-1,151	-- (--)	-1,151	--	
Justice.....	1,797	2,137	-30	-60	2,047	-60 (3)	1,987	-164	
Labor.....	8,966	11,643	1,444	1,529	14,616	-273 (2)	14,343	-468	
State.....	730	793	-12	71	852	-3 (*)	849	--	
Transportation.....	8,112	9,313	-175	-64	9,074	-153 (2)	8,921	-410	
Treasury.....	35,993	38,682	-45	1,476	40,113	-514 (1)	39,599	-1,079	
Atomic Energy Commis- sion.....	2,307	3,014	14	23	3,051	-80 (3)	2,971	--	
Environmental Protection Agency.....	2,032	4,073	14	-947	3,140	-213 (7)	2,927	--	
General Services Adminis- tration.....	-276	-833	39	28	-766	-160 (21)	-926	-306	
National Aeronautics and Space Administra- tion.....	3,252	3,272	-18	2	3,256	-70 (2)	3,186	-45	
Veterans Administration.	13,337	14,160	1,332	29	15,521	-1,209 (8)	14,312	-1,109	
National Science Foundation.....	651	675	-5	--	670	-10 (1)	660	--	

	1974 Actual	1975					Potential reduction %	Potential total	Effect on 1976
		June estimate	Congressional changes	Reestimates etc.	Current estimate				
Small Business									
Administration.....	753	471	-1	-50	420	-22 (5)	398	-12	
Consumer Product									
Safety Commission.....	19	42	--	-9	33	-3 (9)	30	-3	
National Foundation									
on the Arts and									
Humanities.....	96	164	--	--	164	-16 (10)	148	-9	
Special Action Office									
for Drug Abuse									
Prevention.....	21	38	--	11	49	-4 (8)	45	-6	
Three-month freeze									
on promotions.....	--	--	--	--	--	-38 (---)	-38	--	
All other agencies.....	15,534	18,188	--	632	18,820	-- (---)	18,820	--	
Allowances.....	--	866	200	-316	750	-- (---)	750	--	
Undistributed									
offsetting receipts....	<u>-16,641</u>	<u>-18,927</u>	<u>--</u>	<u>-569</u>	<u>-19,496</u>	<u>-- (---)</u>	<u>-19,496</u>	<u>--</u>	
Total.....	268,392	305,438	1,602	-472	306,570	-7,499 (2)	299,071	-10,316	
Revised Offshore									
oiland receipts.....	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,500</u>	<u>2,500</u>	<u>-- (---)</u>	<u>2,500</u>	<u>--</u>	
Revised totals.....	268,392	305,438	1,602	2,028	309,070	-7,499 (2)	301,571	-10,316	

* - less than .5%.

REDUCTIONS PROPOSED FOR EACH AGENCY



Note: In the following tables these symbols are used:

- (F) Federal employment effect
 - (P) Private employment effect
- } Estimated decrease in number of persons employed
- ⊙ (In red pencil) Items for Presidential review

DEPARTMENT OF AGRICULTURE
(In millions of dollars)

Title	Total outlays	Outlay cut	Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
			Budget authority	Outlays					
<u>Reductions</u>									
⊙ Food Stamp: Uniform adherence of marginal tax rate for all participants (admin. action & budget amendment)	3,998	-325	-8%	-8%	--	-650	-325	✓	
Child Nutrition: Intense enforcement of program eligibility (admin. action & budget amendment)	1,268	-10	-.07%	-.07%	--	-24	-10	✓	
⊙ Special Milk: Terminate in schools operating a school lunch program (legislation)	130	-60	-50%	-46%	--	-100	-60		
⊙ Hold short-term financing of agricultural exports to \$450 M (administrative action)	700	-250	-36%	-36%	--	+80	-250	✓	
⊙ Eliminate agricultural conservation cost-sharing (budget amendment & rescission)	328	-43	-81%	-13%	-550(F)	-139	-2		
Terminate rural water & sewer grant program (budget amendment & rescission)	48	-5	-55%	-10%	--	-43	None		



NOT PL. 480

Cash for service mtg rates of interest

Title	Total outlays	Outlay cut	Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
			Budget authority	Outlays					
Reduce construction of conservation projects (watershed protection) and technical assistance to landowners and operators (budget amendment)	386	-15	-6%	-4%	-900F -2,700P	-5	-9	*	
Reduce investment levels for reforestation and timber stand improvement by two-thirds of Congressional increase (rescission)	51	-9	-20%	-18%	250(F) 330(P)	-1	None	✓	
Terminate Youth Conservation Corps program by Jan. 1, 1975 (rescission)	11	-5	-68%	-44%	190(F) 1,490(P)	-2	None		
Reduce grants to States for forest fire control by amount of Congressional addition (rescission)	24	-3	-20%	-15%	--	-2	-3	✓	
Defer Congressional additions for construction of forest recreation and research facilities (deferral)	49	-2	-2%	-5%	10(F) 90(P)	-5	-2		
Reduce nutrition assistance and family education program by amount of Congressional increase (budget amendment)	48	-3	-6%	-6%	100(P)	--	-3	✓	
Defer indefinitely implementation of grants to rural communities for fire protection. Congressional add-on (budget amendment)	3	-3	-100%	-100%	--	--	-3		



<u>Title</u>	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
			<u>Budget authority</u>	<u>Outlays</u>					
Reduce rural development grants by amount of Congressional addition (budget amendment)	7	-1	-29%	-14%		-3	-1	✓	
Other	1,764	--	--	--	--	--	--		
TOTAL	8,815	-734	-5%	-8%	1,900(F) 4,710(P)	-894	-692		

Department of Commerce
(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
No new subsidy contracts for ship construction; deferral.	260	-10.0	- 60%	- 4%	*	-42	-4.0	✓	
Reduce fisheries and weather research programs of NOAA; rescission and deferral.	415	- 8.3	- 2.5%	- 2%	- 30 (F) - 20 (P)	- 3	-4.3	✓	
End trade adjustment assistance; deferral.	8	- 1.9	-100%	-24%	- 5 (F)	- 5	-1.9		
End accelerated public works grants of EDA; legislation.	34	- 2.0	-100%	- 6%	- 10 (F)	- 8	-2.0		
Small reductions in several programs; rescissions and deferrals.	357	-10.8	- 6%	- 3%	- 30 (F)	- 8	-10.3	✓	
Other	590	---	---	---	---	---	-3.5		
Total	1,664	-33	- 14%	- 2%	- 75 (F) - 20 (P)	-66	-26		
<u>Reductions Not Recommended</u>									
Minority business development	62	- 3.5	- 10%	- 6%	- 325 (P)	-1.5	-3.5		

* There will be little or no employment impact in FY 1975. By the end of FY 1976 there could be up to 4000 fewer jobs in some communities if the shipyards are not able to compete for Navy or private contracts.



DEPARTMENT OF THE ARMY
Corps of Engineers - Civil
(in millions of dollars)

Title	1975		Percentage Cut		Effect on Employment	Effect on 1976 Outlays	Offered by the Agency	In Favor	Opposed
	Total Outlays	Outlay Cut	Budget Authority	Outlays					
(1) Defer new construction starts and land acquisition and slow project schedules and (2) cancel planned contract awards without regard for merit	1813	152 ^{1/}	11%	8%	Loss 8000 construction jobs ^{2/}	-200	40		
(1) Defer new construction starts and land acquisition and slow project schedules and (2) stop marginal projects	1813	152 ^{1/}	11%	8%	Loss 8000 construction jobs ^{2/}	-250	40		

^{1/} Includes \$42 M cut in outlay in the process of being transmitted to the Congress.

^{2/} Includes 3000 jobs from previous deferral action.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SUMMARY

(In millions of dollars)

<u>Title</u>	<u>Total outlays</u>	<u>Outlay cut</u>	<u>1975</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
			<u>Budget authority</u>	<u>Outlays</u>					
<u>Health</u>									
Food and Drug Administration	189	-3		-2		-3	-1		
Health Services Administration	1,142	-73		-6		-73	-11		
Center for Disease Control	169	-11		-7		-19	-1		
National Institutes of Health	1,791	-131		-7		-187	-49		
Alcohol, Drug Abuse, and Mental Health Administration	868	-30		-3		-62	-8		
Health Resources Administration	1,155	-53		-5		-231	-26		
Asst. Secretary for Health	71	-3		-4		-4	-1		
Medicare	13,767	-473		-3		-1,308	-86		
Medicaid	6,661	-379		-6		-816	-146		



SUMMARY

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
<u>Education</u>	6,913	-126		-2		-176	-25		
<u>Income Maintenance</u>	76,698	-537		-1		1,255	-502		
<u>Miscellaneous</u>	<u>668</u>	<u>-614</u>		<u>-92</u>		<u>-14</u>	<u>-605</u>		
Total	110,092	-2,433	xxxx	-2	xxxx	4,148	1,461		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION

(In millions of dollars)

Title	1975		Percentage cut		Effect on Employment	Effect on 1976 Outlays	Offered by the Agency	In Favor	Opposed
	Total Outlay	Outlays cut	Budget Authority	Outlays					
Reduce funding for community mental health centers. (Rescission)	XXX	- 9	--	--	Possible minimal layoffs (P)	-22	No		
Reduce funding for drug treatment slots. (Rescission)	XXX	- 4	--	--	Possible minimal layoffs (P)	-10	No		
Reduce support of all training commitments. (Rescission)	XXX	- 3	--	--	Possible minimal layoffs (P)	-16	No		
Reduce alcohol, drug abuse, and mental health research and demonstration grants and contracts. (Rescission)	XXX	- 7	--	--	Possible minimal layoffs (P)	-12	-3 ^{1/}		
Reduce administrative and information costs. (Administrative action and rescission)	XXX	- 7	--	--	Possible layoffs (F)	- 2	-5 ^{2/}		
Other	838	--	--	--	--	--	--		
Total - ADAMHA	868	-30	-19%	- 3%		-62	-8		

Reductions not recommended:

Reduce CMHC commitment costs support to 50 percent. (Rescission)	XXX	- 9	---	--	Possible minimal layoffs (P)	-23	No		
Eliminate all clinical training commitments. (Rescission)	XXX	- 3	--	--	Possible minimal layoffs (P)	-11	No		
Reduce drug treatment slots by 6,000. (Rescission)	XXX	- 2	--	--	Possible minimal layoffs (P)	- 9	No		

^{1/} HEW for 1975 proposed 25% reduction in outlays for new awards and 5% reduction in outlays of continuations while this proposal reduces, except for drug abuse treatment demonstrations, new awards 75-100% and continuations 10% for research projects and 20% for service demonstration projects.

^{2/} HEW for 1975 proposed a reduction of \$7 million in budget authority while this proposal includes an additional reduction of \$4 million in budget authority.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOOD AND DRUG ADMINISTRATION

(In millions of dollars)

<u>Title</u>	1975				<u>Effect on Employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total Outlays</u>	<u>Outlay cut</u>	<u>Percentage cut Budget authority Outlays</u>						
Reduce administrative overhead expenses by \$1 million (Rescission).....	26	-1	-4%	-4%	Negligible effect on FDA employment (F)	-1	-1		
Reduce intramural food research by 10% (Rescission).....	9	-1	-10%	-10%	Negligible effect on FDA employment (F)	-1	--		
Discontinue direct FDA inspections of methadone maintenance centers (Rescission).....	2	-1	-50%	-50%	Negligible effect on FDA employment (F)	-1	--		
Other.....	<u>152</u>	<u>--</u>	<u>--</u>	<u>--</u>	--	<u>--</u>	<u>--</u>		
Total FDA.....	189	-3	-2%	-2%	--	-3	-1		

Reductions Not Recommended:

Delay in construction of National Center for Toxicological Research (Rescission)

2.2 -.3 -100% -14% NONE -.6 --



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
① Merge existing categorical project grant program into one State formula grant and reduce total program funding by 20% (rescission and substantive legislation):									
Neighborhood health centers	238	-20)	---	---	Marginal impact on community-based employment (P)				
State formula grant	94	-9)	---	---					
Maternal and Child Health ..	229	-32)	---	---					
Family Planning	138	-7)	---	---					
Migrant health	24	-5)	---	---					
SUB-TOTAL	723	-73	-20%	-10%	--	-73	-11 ^{1/}		
Other	419	--	--	--	--	--	--		
TOTAL - HSA	1,142	-73	-11%	-6%	--	-73	-11		
<u>Reductions not recommended:</u>									
Indian Health Service	283	-23	-11%	-8%	Marginal impact (F and P)	-23	No		

1/ Only a 25% reduction in the existing State formula grant program was proposed by HEW.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Center for Disease Control

(In millions of dollars)

<u>Title</u>	1975				<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Percentage cut Budget authority</u>	<u>Outlays</u>					
Reduce funding for in-house activities in venereal disease, lead paint poisoning, rat control, and immunization program areas (Rescission).....	10	-3	-50%	-30%	Slight CDC employment decrease--can be absorbed thru attrition (F).	-8	--		
Reduce CDC administrative overhead expenses by \$1 million (Rescission).....	12	-1 ✓	- 8%	-11%	Possibly slight CDC employment decrease which can be absorbed thru attrition (F).	-1	-1		
Require absorption of doctors pay bonus costs (Administrative).....	12	-2 ✓	-17%	-100%	None	-2	--		
Incorporate venereal disease, immunization, rat control, & lead poisoning prevention project grant funds into new State formula grant, & reduce overall funding level by 20% (Substantive legislation and rescission)...	70	-5	-20%	-7%	Possibly slight employment reduction on part of project grantees (P).	-8	--		
Other	65	--	--	--	--	--	--		
TOTAL	169	-11	-13%	-7%	--	-19	-1		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Center for Disease Control (page 2)

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
<u>Reductions not recommended:</u>									
General 5% reduction in disease surveillance activities (Rescission)...	29	-1	-5%	-5%	Slight CDC employment decrease	-1.5	--		

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTES OF HEALTH

(In millions of dollars)

Title	1975				Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Oppose
	Total Outlays	Outlay cut	Percentage cut Budget authority	Outlays					
① Eliminate 75-100% of planned new starts in research grants and contracts. (Rescission)...	XXX	-85	XXX	XXX	Probable reductions in faculty and technical employees at medical schools and other research institutions. (P)	-111	1/ -24		
② Reduce continuation support by 10% on research and training grants. (Rescission).....	XXX	-18	XXX	XXX		-36	2/ -8		
③ Reduce overhead and travel and absorb physician bonus pay. (Rescission).....	XXX	-17	XXX	XXX	Possibly minor reductions on Federal administrative personnel. (F)	-2	3/ -12		
④ Eliminate new cancer construction funds and 1/3 of cancer control demonstration projects. (Rescission).....	XXX	-10	XXX	XXX	NONE	-18	4/ -5		
⑤ Reduce by 50% the funds for new research training and the award size. (Rescission)....	XXX	-1	XXX	XXX	Probable reductions in medical schools, etc. (P)	-20	NO		
(Others not proposed for rescission).....	1660	--	--	--	--	--	--		
Total NIH.....	1791	-131	-19%	-7%	--	-187	-49		



Actions Not Recommended:

Reduce by another 5% the amounts for research grants and contracts.....	XXX	-12	XXX	XXX	Same as above	-30	NO		
---	-----	-----	-----	-----	---------------	-----	----	--	--

1/ HEW proposed reductions of only 25% in new awards.

2/ HEW proposed reductions of only 5% in continuations.

3/ HEW proposal did not include absorbing physician bonus pay (\$5 million).

4/ HEW proposal did not include reductions in cancer control demonstrations.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
② Rescind allocated, but not obligated, Hill-Burton appropriations from 1973 and 1974, totaling \$372 million (Rescission)..... xxx		-15 ✓	--	--	Marginal impact on construction industry (P).	-83	-15		
② Completely eliminate rather than phase out health manpower capita-tion grants to health professions schools (Rescission) xxx		-15 ✓	--	--	Minor reduction in biomedical faculty at affected schools (P).	-105	No		
Withdraw Administration support for hospital modernization project grant legislation (sub-stantive legislation and administrative action)..... xxx		-2	--	--	Marginal impact on construction industry (P).	-15	No		
② Reduce outlays for R&D and other grants and contracts, including delay in implementing new health resources planning legislation (Rescission)..... xxx		-16 ✓	--	--	Minor reduction in faculty (P).	-25	-6		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION - Page 2

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reduce outlays for program management (Rescission)..... xxx		-5 ✓	--	--	RIF for estimated 100 to 300 employees (F).	-3	-5		
Other.....1,102		--	--	--	--	--	--		
TOTAL - HRA	1,155	-53	-46%	-5%	xxx	-231	-26		
<u>Reductions not recommended:</u>									
Reduce National Health Service Corps Scholarships (Rescission)..... xxx		-10	--	--	None	--	-10		
Defer implementation of health resources planning legislation until 1976 (Rescission)..... xxx		-10	--	--	None	-32	No		
Reduce health services research grants and contracts by an additional 25%(Rescission)... xxx		-6	--	--	Minor reduction in faculty (P)	-3	No		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH

(In millions of dollars)

Title	1975		Percentage cut		Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Budget authority	Outlays					
Program direction and support services:									
1) Reduce administrative overhead by \$1 million (Rescission)	XXX	- 1 ✓	--	--	Slight reduction in employment (F); can be absorbed through attrition.	- 1	- 1		
2) Require absorption of doctor pay bonus costs (administrative)...	XXX	- 2 ✓	--	--	None	- 3	No		
Subtotal	15	- 3	-19%	-20%	--	- 4	- 1		
Other	56	--	--	--	--	--	--		
Total - OASH	71	- 3	- 4%	- 4%	--	- 4	- 1		



Reductions not recommended:

Additional 5% reduction in staff (Rescission)	12	- 1	- 5%	- 5%	Slight reduction in OASH employment (F)	- 1	No		
---	----	-----	------	------	---	-----	----	--	--

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
MEDICARE

(In millions of dollars)

Title	1975				Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Percentage cut Budget authority	Outlays					
⑥ Reform cost-sharing ^{1/}	xxx	-370	--	--	Not significant	-1,015	-16 ^{2/}		
Accelerate implementation of cost control regulations	xxx	-35	--	--	Not significant	--	-35		
Establish lower definition of reasonable cost	xxx	-35	--	--	Not significant	-75	-35		
Terminate 8-1/2% nursing differential ..	xxx	-15	--	--	Not significant	-110	No ^{3/}		
Limit payment for excessive hospital inflation	xxx	-10	--	--	Not significant	-100	No ^{3/}		
Eliminate unnecessary non-interest bank balances	xxx	-8	--	--	Not significant	-8	No ^{3/}		
Other	13,294	--	--	--		--			
Total-Medicare	13,767	-473	--	-3%		-1,308	-86		
<u>Reductions not recommended:</u>									
Establish Federal escrow fund for depreciation	xxx	-150	--	--	Not significant	-325	-150		



HOLD

^{1/} Excludes Medicaid offset of \$32M in FY 1975 and \$86M in FY 1976.
^{2/} HEW proposed only dynamic deductible.
^{3/} HEW proposed for FY 1976 budget rather than FY 1975.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
MEDICAID

(In millions of dollars)

Title	1975				Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Percentage cut Budget authority	Outlays					
① Reduce average Federal matching from 55% to 50% (Legislation)	xxx	-300	40% ---	--	Not significant	-700	No		
② Push for enactment of Administrative proposal to end Federal matching for adult dental care (Legislation)	xxx	-35	---	--	Not significant	-76	-35		
③ Accelerate implementation of cost control regulations (Administrative action)	xxx	-25	---	--	Not significant	--	-25		
Encourage States to collect from private insurance for dual coverage (Administrative action)	xxx	-7	---	--	Not significant	-7	-44		
Establish lower definition of reasonable costs (Administrative action)	xxx	-6	---	--	Not significant	-12	No ^{1/}		
Savings from AFDC eligibility actions (Legislation)	xxx	-3	---	--	Not significant	-3	-30		
Seek legislation to limit payment for excessive hospital inflation (Legislation)	xxx	-2	---	--	Not significant	-17	No ^{2/}		
Special reviews of high volume providers (Administrative action)	xxx	-1	---	--	Not significant	-1	-12		
Other	6,282	--	---	--		--	--		
Total-Medicaid	6,661	-379	-6%	-6%		-816	-146		
<u>Reductions not recommended:</u>									
Establish Federal escrow fund for depreciation (Legislation)	xxx	-50	---	--	Not significant	-110	-50		



^{1/} HEW proposed for 1975, but reflected only Medicare savings.
^{2/} HEW proposed for Medicare in 1976.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
EDUCATION PROGRAMS

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
⊙ Non-enactment of the Library Partnership Act (Withdraw legislative proposal)	5	-5 ✓	-100%	-100%	-1,225 (St. & Local)	9	-5		
⊙ Eliminate funding for portions of the Impact Aid programs. (Substantive legislation)	458	-65 ✓	-28%	-14%	-5,900 ^{2/} (Private)	-100	-15		
⊙ Eliminate School Library Resources. (Rescind appropriation and substantive legislation)	76	-27	-100%	-36%	-6,314 (St. & Local)	-38	No		
⊙ Terminate support for State departments of education. (Recscission) .	39	-20 ✓	-100%	-51%	-2,000 ^{1/} (State)	-19	No		



1/ This is the total of all employees supported in State education departments by Federal funds and it assumes the entire group would be unemployed as a result of the Federal termination.

2/ Assumes States would discharge a commensurate number of school personnel.

EDUCATION PROGRAMS
(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
Hold the Vocational Education State grants to 1974 levels . (Rescission)	409	-5	-3%	-1%	-72 (Private)	-6	-5		
Reduce Vocational Education Innovation Discretionary program. (Rescission)	19	-4	-50%	-21%	-12 (Private)	-4	NO		
Other	<u>5,571</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>		
Total - Education	6,616	-126	-3%	-2%	-15,523	-176	-25		



Recommendations Not Recommended

Reduce Office of Education Planning and Evaluation. (Rescission)	2	-1	-50%	-50%	None	-1	No		
Reduce payment rate for the entitlement of children of Federal employees who both live and work on Federal property from 70% to 35%. (Rescission)	458	-26	-11%	-6%	-3,250 (private)	-12	No		

EDUCATION PROGRAMS

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
⑥ Reduce Title I, ESEA by some \$70 million in budget authority. (Rescission)	1,624	-45	-4%	-3%	-5,000 (St. & Local)	-25	No		
⑥ Reduce Title I, ESEA by some \$345 million in budget authority. (rscission)	1,624	-110	-9%	-7%	-13,000 (St. & Local)	-164	No		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Income Maintenance Programs

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Public Assistance									
- Maintenance Payments:									
⊙ 1. Enact AFDC income disregard..... xxx		-95	-2%	-2%	None	-203	-95		
⊙ 2. Discontinue use of liberal AFDC formula..... xxx		-30	-1%	-1%	None	- 60	-30		
⊙ 3. Require AFDC support from absent parents xxx		-15 ✓	--	--	None	- 90	-15		
⊙ 4. Accelerate AFDC regulations to tighten definition of incapacity, make more frequent determinations and accounting periods, & limit State & local training..... xxx		-100	-2%	-2%	None	-172	-140 ✓		
SUBTOTAL	4,670	-240	-5%	-5%	None	-525	-280		
Cuban Refugee Program Phase-out	107	-17 ✓	-17%	-16%	-9	- 5	-17		
⊙ Decrease Vocational Rehabilitation Matching Rate for State Grants....	675	-75	-11%	-11%	-2700	-80	No		

Sur



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Income Maintenance Programs - Page 2

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
CASDI:									
1. Enact legislation to bar retroactive entitlement if it results in reduced benefits.....	xxx	-170 ✓	--	--	None	- 430	- 170		
2. Eliminate monthly measure from Social Security retirement test...	xxx	- 35	--	--	None	- 215	- 35		
SUBTOTAL	64,674	-205	--	--	None	- 645	- 205		
OTHER	6,572	--	--	--	--	--	--		
TOTAL - INCOME MAINTENANCE	76,698	-537	- 1%	- 1%	-2,709	-1,255	- 502		

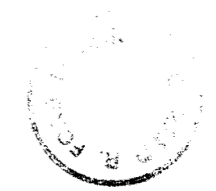


DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Miscellaneous

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
Rescission of all increases in Labor-HEW Appropriations Bill	545	-545 ✓	100%	100%	--	--	-545		
Cancel Rand health insurance experiment...	5	-5 ✓	100%	60%	--	-6	No		
Reduce spending for personnel, travel, consultants, contracts, etc.....	NA	-66 ✓	NA	NA	--	-8	-60		
Other	118	--	--	--	--	--	--		
TOTAL	668	-614	xxx	xxx	--	-14	-605		



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

(In millions of dollars)

Title	1975		Percentage cut		Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reductions:									
⊙ 1. Raise the interest rate on mortgages under the May 10 tandem plan from 8% to 9-1/4%	725	-75 ✓	---	-10%	---	-80	-0-		
⊙ 2. Withhold Model Cities funds carried over from FY 1974, and rely on 1975 funds and community development block grants	280	-50	-25% ^{1/}	-18%	---	---	-0-		
⊙ 3. Suspend the Rehabilitation loan program in favor of community development block grants	88	-8 ✓	-76% ^{2/}	-32%	---	-9	-0-*		
⊙ 4. Suspend the Comprehensive planning assistance program	120	-20 ✓	-85% ^{3/}	-17%	--- ^{4/}	-90	-0- ^{5/}		
5. Halt the rebate of insurance premiums under FHA's home mortgage program	40	-20	---	-50%	---	-40	-0-*		
6. Reduce the number of units approved under the new Lower-income housing assistance program	15	-15	-4%	-100%	---	-29	-0-*		



(in millions of dollars)

Title	1975		Percentage cut		Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
7. Reduce HUD's re-search program	64	-8 ✓	-31%	-12%	-0-	-12	-0-*		
Other HUD programs	4,629	---	---	---	---	---	---		
Total	5,961	-216	-3%	-4%	-0-	-260	-0-		

Reductions not recommended:

Postpone start-up of the new community development grant program for six months (to July 1, 1975)	150	-150	-100%	-100%	6/	-300	-0-		
Cancel the 8% tandem plan announced May 10	725	-95	---	-13%	---	-95	-0-		
Reduce public housing operating subsidies	364	-12	-4%	-3%	---	-8	-0-*		
Reduce the number of surveys to identify flood prone areas under the Flood insurance program	32	-10	-22%	-12%	---	---	-0-*		
Cut HUD staffing by 1,000 (6.5%)	238	-5	-2%	-2%	-1,000	-5	-0-		

- 1/ Proposed action would affect 25% of funds available specifically for Model cities in 1975. In addition to the remaining \$150 million, participating cities would be able to use community development block grant funds for their Model Cities activities after January 1, 1975.
- 2/ Cities would be able to use community development block grants for this purpose after January 1, 1975.
- 3/ Cities (but not States or areawide bodies) would be able to use community development block grants for this purpose after January 1, 1975.
- 4/ There would be no employment reduction in FY 1975. Employment in planning agencies would fall in subsequent years to the extent State and local governments did not reallocate their own funds or community development grant funds to these agencies.
- 5/ HUD included a 50% reduction in B.A. on its list of options.
- 6/ Significant, but not ascertainable.



* Recommended by HUD but not recommended.

DEPARTMENT OF THE INTERIOR

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Obliga-tions	Outlays					
Defer construction of Reclamation water and irrigation projects..	537	-40 ✓	9	7	2,000	-84	35		
Defer construction and planning of 10 Indian schools from 3 to 8 months, construction of administration buildings for Navajo irrigation project for 3 months and miscellaneous purchases.....	82	-20	32	24	1,250	+20	20		
Defer land acquisition by Federal agencies for conservation and recreation programs in national parks, forests and wildlife refuges.....	120	-30 ✓	26	25	none	+30		In part, see issue paper	



DEPARTMENT OF THE INTERIOR

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Obliga-tions	Outlays					
Defer construction of recreation, hatchery, refuge, range improvement and watershed facilities from 6 to 9 months.....	251	-13	6	5	1,050	+12	13		
Other-outlays for programs not being reduced.....	<u>2,670</u>	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>0</u>			
Total, Department of the Interior (gross).....	3,662	-103		3	4,300	-22			

Reductions not recommended:

Defer land acquisition by Federal agencies for conservation and recreation programs in national parks, forests and wildlife refuges....	120	-55 ✓	48	46	none	+35	OMB alternative		
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October 21, 1974

DEPARTMENT OF THE INTERIOR

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Obliga-tions</u>	<u>Outlays</u>					
Payment to Virgin Islands from Internal Revenue collections (not recommended for deferral by OMB but counted as a reestimate).....	23	- 2 ✓	9	9	0	0	2		
Energy and minerals (not recommended for deferral by OMB but counted as a reestimate).....	870	- 90 ✓	5(?)	10	n/a	n/a	90		

October 21, 1974

PROPOSED OUTLAY REDUCTIONS
DEPARTMENT OF JUSTICE

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
① Defer \$241.0 M of LEAA grant program	866	-44	23%	6%	No effect on LEAA staff; cannot determine impact on State and local or private sector employment, although some loss of jobs may occur	-160	\$36.5 M*		
Rescind budget authority in other Department programs ...	1,181	-16	1.3%	1.3%	800**	- 4	\$16.0 M***		
TOTAL	2,047	-60	13%	3%	800**	-164	\$52.5 M		

Reductions not recommended:

None

* OMB estimates outlay reduction of \$44.0 M based on spending pattern for new LEAA budget authority.

** Estimated by the Department.

*** This includes outlay reductions as follows: FBI - \$6.3 M; Prisons - \$6.5 M; DEA - \$2.0 M; INS - \$1.3 M.

Department of Labor
(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
<u>Reduction</u>									
⑤ Rescind Congressional add-on for Comprehensive Manpower Assistance	2,753 ^{1/}	-138 ✓	-12%	-5%	-74,000 man-years training or public service jobs	-138	-42 ✓		
⑥ Rescind unrequested appropriation for Community Service Employment for Older Americans	20 ^{2/}	-10 ✓	-100%	-50%	-6,600 part-time public service jobs for older Americans in each of FY 75 and 76	-10	-10		
⑦ Submit legislation to terminate Work Incentive Program (WIN)	316	-125	-76% ^{3/}	-39%	-11,000 man-years training or public service jobs; -8,700 State jobs; -255 Federal jobs	-320	No.		
Other	11,527	----	----	----	-----	----	----		
Total	14,616	-273	-3%	-2%	255 Federal 8,700 State 9,600 Training or job man-years	-468	-52		



Department of Labor
(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
<u>Reduction Not Recommended</u>									
Comprehensive Manpower Assistance	2,615 ^{4/}	-143	-14%	-6%	-76,000 man-years training or public service jobs	-153	- 0 -		
Grants to States for Unemployment Insurance and Employment Services.	1,053	-30	- 0 - ^{4/}	3%	-3,000 State employees	-50	- 0 -		

1/ Based on estimate of \$2,325 million BA. (President's Budget is \$2,050 million). Final action on Labor-HEW appropriation may add another \$75 million in BA (\$37 m Outlays) which would also be proposed for rescission.

2/ Assumes final action on Labor-HEW will make \$20 million BA available. All amounts appropriated would be proposed.

3/ Based on Senate-approved \$ for rescission.

4/ After the reduction recommended above.

5/ Outlays are from UI Trust Fund.



DEPARTMENT OF STATE
(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reductions:									
Contributions to international organizations - Rescission	206	-2.0 ✓	-1%	-1%	---	---	-2.0		
Migration and refugee assistance - Budget amendment	16	-1.1	-10%	-7%	---	---	---		
International trade negotiations - Rescission	2	-0.1 ✓	-5%	-5%	---	---	-0.1		
Other	628	---	---	---	---	---	---		
Total	852	-3.2	-0.4%	-0.4%	---	---	-2.1		
Reductions not recommended:									
Salaries and expenses - Rescission	349	-7.6	-2%	-2%	-350 Federal	-0.9	-1.5		
Mutual educational and cultural exchange activities - Rescission	51	-3.5a/	-13%	-7%	---	-3.5a/	-11.0		
Acquisition and maintenance of buildings abroad - Deferral	24	-1.2	-6%	-5%	---	-0.3	-0.4		
International Boundary and Water Commission - Deferral	18	---	---	---	---	---	-1.0		
Grand total possible reductions		-15.5a/	-2%	-2%	-350 Federal	-4.7a/	-16.0		



for State and \$5 million for USIA

a/ In addition, OMB recommends transfer of \$1M in 1975 BA to meet supplemental requirements for "International conferences."
NOTE: OMB also recommends disallowance of \$15M requested supplementals (\$12M outlays) requiring Department to take radical actions to absorb overseas wage and price increases and other unanticipated costs. See attachment.

DEPARTMENT OF STATE

Effects of Denying Supplemental Appropriations

The total 1975 outlay reductions proposed by OMB are: Through rescissions and budget amendment 3.2M
Through denial of supplementals 11.7
14.9M

Most of the requested supplementals are for unbudgeted foreign national salary increases and rising operating costs abroad as the result of overseas inflation. Denying these funds will require --

- ° postponing cost-of-living salary increases for foreign national employees;
- ° freezing employment at the September 30 level, when recruitment was planned in the key areas (Middle East; protection against terrorists; and consular workload);
- ° reducing controllable non-salary costs by 15%. Deferral of planned change-of-station and home leave travel will hinder the effective deployment of the Foreign Service and seriously affect morale.

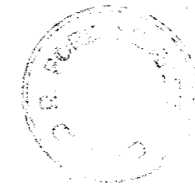


Department of Transportation

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Program Level	Outlays					
(e) Federal-aid Highways deferral (1975 authority already cut by Sept. 20 deferral)	4675	50	-22%	-1%	28,000 direct non-Fed	-300	None		
			(-49%)		(60,000)				
(e) Airport Landing Fees (Substantive Leg.)	(951)	(+30)	-	(+3%)	None	(+120)	None		
(e) Aviation Licensing/Certification Fees (Technical Supplemental)	-	(+15)	-	-	None	(+35)	(+15)		
(e) Inland Waterway User Charges (Substantive Legislation)	-	(+25)	-	-	None	(+100)	None		
(e) Mass Transit Capital Grant Reductions (Cong. Agreement)	700	(-50)	-20%	-7%	None	-50	-50		
Airport Grant Congressional - Supplemental Reduction (Cong. Committee Agreement)	290	(-10)	-15%	-3%	1400 direct non-Fed	-25	-10		
Coast Guard Operating Reductions (Cong. Committee Agreement)	674	(-28)	-4%	-4%	1000 Fed	-	-28		

(receipts)



Department of Transportation

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Program Level</u>	<u>Outlays</u>					
Other	2,735	---	---	---	---	---	---		
Total (Net-Outlays)	9,074	-153	-14% ^{1/}	-2%	29,400 non-Fed 1,000 Fed.	-410	-103		
Aviation Trust Fund Receipts	*(951)	(+30)	---	+3% ^{2/}	---	(+120)	None		
Inland Water Ways User Charges	*---	(+25)	---	---	---	(+100)	None		
	(receipts)								



* not reflected in DOT ceiling; aviation licensing fees are proprietary receipts and therefore are offset in net outlay estimate

^{1/} If \$4.4B of highway funds deferred in September is included, represents 40% reduction

^{2/} Represents about 120% increase in general aviation fees on an annual basis

PROPOSED OUTLAY REDUCTIONS
DEPARTMENT OF THE TREASURY

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Budget authority	Outlays					
Allocate General Revenue Sharing funds over an additional two quarters	6,176	-474	8%	8%	18,000 (P)	-1,077	None		
Reduce Internal Revenue Service programs	1,574	- 30	2%	2%	1,200 ^{1/2} (F)	- 2	-20 ✓		
Reduce law enforcement programs	488	- 9	2%	2%	400 (F)	-0-	- 3 ✓		
Reduce other programs	-1,125	1 ✓	-	-	None	-0-	- 3		
Interest on the Public Debt	33,000	---	---	---	---	---	---		
Total	40,113	-514	1%	1%	19,600	-1,079	-26		



Reductions not recommended:

Reduce \$2 M in other programs (Bureau of the Mint) (Reduction would not result in any net outlay reduction because of offsetting increase in receipts)	-1,125	- 2	-	-	None	-0-	Yes		
---	--------	-----	---	---	------	-----	-----	--	--

1/ Treasury estimates that the impact of this reduction could reduce full-time permanent employment by 3,000, consisting of this 1,200 plus 1,800 resulting from the President's requirement of a 40,000 personnel reduction, and an additional 3,000 temporary employees.

PROPOSED OUTLAY REDUCTIONS
DEPARTMENT OF THE TREASURY

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Budget authority	Outlays					
Allocate General Revenue Sharing funds over an additional two quarters	6,176	-474	8%	8%	18,000 (P)	-1,077	None		
Reduce Internal Revenue Service programs	1,574	- 30	2%	2%	1,200 ^{1/2} (F)	- 2	-20 ✓		
Reduce law enforcement programs	488	- 9	2%	2%	400 (F)	-0-	- 3 ✓		
Reduce other programs	-1,125	1 ✓	-	-	None	-0-	- 3		
Interest on the Public Debt	33,000	---	---	---	---	---	---		
Total	40,113	-514	1%	1%	19,600	-1,079	-26		



Reductions not recommended:

Reduce \$2 M in other programs (Bureau of the Mint) (Reduction would not result in any net outlay reduction because of offsetting increase in receipts)	-1,125	- 2	-	-	None	-0-	Yes		
---	--------	-----	---	---	------	-----	-----	--	--

^{1/2}Treasury estimates that the impact of this reduction could reduce full-time permanent employment by 3,000, consisting of this 1,200 plus 1,800 resulting from the President's requirement of a 40,000 personnel reduction, and an additional 3,000 temporary employees.

Atomic Energy Commission
(In millions of dollars)

10/22/74

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reductions									
⑥ Constrain rate of buildup on long-term energy research and development (deferral)	1,070	-45 ✓	-6%	-4%	-1,100 (P)	--	-45		
⑥ Delay expansion of capacity of uranium enrichment plants (deferral)	89	-9 ✓	-8%	-10%	-450 (P)	--	-9		
Reduce operating and capital spending on nuclear weapons program (deferral)	1,037	-17 ✓	-6%	-2%	-150 (P)	--	-17		
Terminate nuclear-powered artificial heart program and defer lower priority capital spending (deferral) ...	69	-9 ✓	-6%	-13%	-150 (P)	--	-9		
Other	786	-	-	-	-	--	-		
Total	3,051	-80	-4% ^{1/}	-3%	-1,850 (P) ^{2/}	-- ^{3/}	-80		

Reductions not recommended:

None

1/ Since the proposed actions are deferrals, Budget Authority would be carried forward into FY 1976.

2/ Represents reduced number of private sector jobs during remainder of FY 1975. In most cases people would not be fired from current jobs. Instead, new jobs would not be created at the previously planned rate.

3/ Although the FY 1975 deferral actions would tend to increase FY 1976 outlays, AEC has agreed to absorb any such impact within overall FY 1976 allowances.

ENVIRONMENTAL PROTECTION AGENCY

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
(e) Rescind budget authority to reimburse municipalities for construction of certain sewage facilities built without any prior Federal knowledge or commitment to share the costs	800	-200	?? -11%	-25%	....	...	NO		
Long-term construction grants program reforms which would reduce outlays in subsequent years:									
-- Eliminate Federal subsidy of growth									
-- Limit types of projects eligible for Federal funding.									
-- Reduce Federal cost sharing from 75% to 55%									
(e) Defer Congressional addition for grants to State/local control agencies	101	-10	-10%*	-10%	...	...	NO		
Reduce Select Congressional add-ons for FY 75**	7	-3	-30%	-40%	...	...	NO		
Other	2,232	...	...	...	...	...	...
	3,140			-7%					

* Appropriation not yet made. Amount is anticipated.

** EPA may wish to propose an alternative to reducing Congressional add-ons by reducing other programs in the base.

October 24, 1974

1975 BUDGET REDUCTION SUMMARY
DEPARTMENT OF DEFENSE

(\$ in millions)

	Total TOA	TOA Cut	Outlay Cut	% TOA Cut	Empl. Effect	1976 Outlay Effect	Offered by Agency**	In Favor	Opposed
OPERATIONS									
*Freeze military promotions (rescission)		27	27		-	-	55		
*Stretch reenlistment bonuses (rescission)	-	59	59	-	-	+19	59		
*Reduce Reserve strengths (rescission)	1,406	76	76	-	-	-	76		
*Reduce property maintenance 10% (rescission)	1,061	107	89	10	(P) 6,000	-18	89		
*Reduce depot maintenance 5% (rescission)	3,783	95	76	5	(F) 5,000 (P) 5,000	-19	152		
*Reduce air, sea & ground operations 5% (rescission)	-	78	65	5		-13	131		
*Cut civilian employment 20,000 (rescission)	-	77	77	4	(F) 20,000	-240	77		
*Authorize Elk Hills oil sale (legislation)	-	-	125	-	-	-148	59		
Subtotal Operations		519	594		(P) 11,000 (F) 25,000	-419	698		
PROCUREMENT, R&D, CONSTRUCTION									
*Delete added aircraft (F-111, A-7D) (rescission)	319	319	36	100	(P) 3,000	-155	34		
*Defer shipbuilding (Trident, DLGN, SSN) (deferral)	3,156	1,068	64	34	-	-211	15		
*Reduce ammo war reserve target (deferral)	894	245	74	27	(P) 2,000	-123	52		
*Defer torpedo procurement (deferral)	135	45	9	33	-	-13	9		
Reduce R&D programs (deferral)	8,682	130	86	2	(P) 7,000	-34	105		
Defer construction 75% (deferral)	924	290	87	31	(P) 5,000	-80	87		
Reduce intell. activities (rescission)	3,570	93	50	3		-30	-		
Subtotal Proc., R&D, Con.		2,190	406		(P) 17,000	-646	302		
TOTAL		2,709	1,000		(P) 28,000 (F) 25,000	-1,065	1,000		

* Included in summary

** Identified, but not supported by the Secretary of Defense



GENERAL SERVICES ADMINISTRATION

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	BA/Oblig.	Outlays					
Reduce Repair and Alteration activities of the Federal Buildings Fund-- Rescission	-8	-10	-20% ^{1/}	-19% ^{1/}	1,200 ^{2/} man-years	-6	-10		
Obtain enactment of disposal for 455K short tons of lead, 1,000K long tons of tin and 118M troy ounces of silver-- Substantive legislation.	-965	-150	-16%	-16%	--	-300	No		
Other	-207	--							
Total	-766	-160		-21%					

^{1/} Since the Federal Buildings Fund is a revolving fund (with no BA) program and outlay impact have been estimated as a percentage of the Repair and Alteration activities of the Federal Buildings Fund.

^{2/} FY 75 and FY 76 combined.

^{3/} GSA offered a reduction of \$16M in obligations to effect a \$10M outlay reduction. OMB recommends a \$20M reduction in obligations to achieve a \$10M outlay reduction consistent with our budget obligation/outlay assumptions.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
⑥ Reduce spending on development of space shuttle (deferral).....	765	-10	-1.5	-1.3	-800 (P)	-45 ³ / ₁	--		
Reduce contingency for joint US/USSR docking mission (deferral).....	117	-18	-18.2	-15.4	--	--	-18		
Delay initiation of Pioneer Venus space science mission (deferral).....	14	-4	-22.1	-28.6	-300 (P)	--	-4		
Reduce funding buildup for several new space applications projects (deferral).	26	-9	-25.5	-34.6	-800 (P)	--	-9		
Reduce various supporting elements (deferral).....	490	-29	-7.5	-5.9	-800 (P)	--	-29		
Other (e.g. on-going flight projects; operation of NASA field centers).	1,844	--	--	--	--	--	--		
Total NASA.....	3,256	-70	-2.6 ¹ / ₁	-2.1	-2,700 (P) ² / ₁	-45 ⁴ / ₁			



1/ Since the proposed actions are deferrals, budget authority would be carried forward into FY 1976.

2/ Represents reduced number of private sector jobs during remainder of FY 1975. In most cases people would not be fired from current jobs. Instead new jobs would not be created at the previously planned rate.

3/ Reduction from NASA's "recommended" budget request for FY 1976.

4/ Although the FY 1975 deferral actions would tend to increase FY 1976 outlays, NASA has agreed to absorb any such impact within FY 1976 allowances (for those items included in NASA's list).

VETERANS ADMINISTRATION
(In millions of dollars)

10-21-74

Title	1975		Percentage Budget authority	cut Outlays	Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut							
<u>Reductions</u>									
① VA Pensions: Defer pension reform (Deferral of proposed legislation within President's budget)	2,792	- 250 ✓	-	- 9	-	-	- 250		
① Hospital Construction: Deferral or slippage of contract awards.	182	- 48 ✓	-	- 26	-4,000 (P)	-	- 48		
① Medical Care:	3,154	9 ✓	-	- 2	-3,650 (F)	-105	0		
a. Reduce buildup of VA FTP employment by 3,650 positions. (Rescission of previous Presidential exemption from employment cutback.)		(-31)	-	(- 1)	(-3,650 (F))	(-51)	0		
b. Terminate payment of beneficiary travel, VA medical programs, effective January 1, 1975 (substantive legislation).		(-18)	-	(- 1)	-	(-54)	0		
① Insurance: Authorize VA to defer dividends in three life ins. programs effective January 1, 1975. (Substantive legislation amending	232	-160	-	- 69	-	-344	0		

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
4. <u>Insurance (cont'd)</u> National Service Life Insurance, U.S. Government Life Insurance, and Veterans Special Term Life Insurance)									
5. <u>Readjustment Benefits:</u>	4,079	- 702	-	-17	-	-660	0		
a. Rescind two-year extension of GI Bill entitlement, effective January 1, 1975 (substantive legislation).		(-300) ✓	-	(- 7)	-	(-600)	0		
b. Veto pending GI Bill amendments (H.R. 12628) and win enactment of stripped-down bill providing 18.2% increase in education benefits only, effective January 1, 1975 (substantive legislation).		(-402) 9	-	(-10)	-	(- 60)*	0		
Other:	5,082	-	-	-	-	-	-		
Total.....	15,521	- 1,209	-	- 8	-4,000 (P) -3,650 (F)	- 1,109	- 298		

Reductions not recommended: All reductions proposed on October 10 were accepted

* Reduction effect is relative to most recent 1976 projection.

NATIONAL SCIENCE FOUNDATION
(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
. Reduce science resource development programs (i.e., science education-\$4M in BA; institutional support-\$5.5M BA)	84.	-4.0	11%	6%	200	--	-2.5*		
. Defer selected projects--\$10.5M in BA (e.g., computer improvement, fire research) within NSF research programs.	531	-6.0	2%	1%	300	--	-7.5		
. Other (e.g., internal program management, science advisory apparatus, international activities)	55	--	--	--	--	--	--		
TOTAL NSF	670	-10.0	3%	1%	500	--	-10.0		

*NSF offered reductions in science education and in institutional discretionary grants to large universities (\$2.5M in BA) but dissents on reducing institutional grants to small colleges (\$3M in BA; \$1.5M in OL). NSF believes that this program can beneficially improve science programs at small colleges, but is particularly concerned over strong congressional interest in program. OMB staff believes that NSF's alternative to meet outlay reductions (i.e., slipping construction schedule of world's most advanced radio astronomy telescope) is not acceptable since support of research is first priority for NSF and this telescope is first priority in astronomy.

Small Business Administration

(In millions of dollars)

<u>Title</u>	1975				<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Percentage cut Budget authority</u>	<u>Percentage cut Outlays</u>					
Reduce direct loans to small businesses; deferral.	112	-22	-15%	-20%	- 35 (F) -1000 (P) *	-12	-22 ✓		
Other	<u>308</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>		
Total	420	-22	-15%	--- -5%	- 35 (F) -1000 (P)	-12	-22 ✓		

* Employment impact estimate assumes that 100 existing firms will fail due to lack of the direct loans, with an average employment of 10 per firm.



CONSUMER PRODUCT SAFETY COMMISSION

(In millions of dollars)

<u>Title</u>	<u>1975</u>				<u>Effect on Employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total Outlays</u>	<u>Outlay cut</u>	<u>Percentage cut Budget authority</u>	<u>Outlays</u>					
Maintain information and education activities at the 1974 level	3.1	- .3	-1%	-1%	None	- .4	No		
Allow only 13% growth in hazard analysis in 1975, rather than the 39% currently programmed	13.0	-2.5	-7.7%	-7.7	None	-2.9	--		
Other	<u>16.5</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>		
TOTAL	32.6	-2.8	-8.4%	-8.6%	XXX	-3.3	XXX		

Reductions not recommended: None



National Foundation on the Arts and the Humanities

(In millions of dollars)

<u>Title</u>	<u>1975</u>		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
Seek a reduction of \$25 million in the appropriation amount provided by the Congress in FY 1975 for the National Foundation on the Arts and the Humanities (Rescission)	164	-16	-15%	-10%		-9	No		



SPECIAL ACTION OFFICE FOR DRUG ABUSE PREVENTION

(In millions of dollars)

<u>Title</u>	<u>1975</u>		<u>Percentage cut</u>		<u>Effect on Employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total Outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
Reduce pharmacological research, demonstrations, and administrative costs. (Rescission).....	XXX	-3.5	--	--	NONE	-6	NO		
Other.....	45.1	--	--	--	--	--	--		
Total.....	48.6	-3.5	-53%	-8%		-6	--		

Handwritten: -3.5 ✓
HUCD



October 22, 1974

1975 BUDGET REDUCTION SUMMARY
DEPARTMENT OF DEFENSE

(\$ in millions)

	Total TOA	TOA Cut	Outlay Cut	% TOA Cut	Empl. Effect	1976 Outlay Effect	Offered by Agency**	In favor	Opposed
OPERATIONS									
⊙ *Rescissions - Military & civilian promotions		27	27		-	-	55		
⊙ *Rescissions - Reenlistment bonuses	-	59	59	-	-	+19	59		
⊙ *Rescissions - Reserve strengths	1,406	76	76	-	-	-	76		
⊙ *Rescissions - Real property maintenance	1,061	107	89	10	(P) 6,000	-18	89		
⊙ *Rescissions - Depot maintenance	3,783	95	76	5	(F) 5,000 (P) 5,000	-19	152		
⊙ *Rescissions - Tempo of operations	-	78	65	5		-13	131		
⊙ *Rescissions - Civilian employment	-	77	77	4	(F) 20,000	-240	77		
⊙ *Legislation - Naval petroleum receipts	-	-	125	-	-	-148	59		
Subtotal Operations		519	594		(P) 11,000 (F) 25,000	-419	698		
PROCUREMENT, R&D, CONSTRUCTION									
⊙ *Rescissions - Congressional add-ons	319	319	36	100	(P) 3,000	-155	34		
⊙ *Deferral - Naval shipbuilding	3,156	1,068	64	34	-	-211	15		
⊙ *Deferral - Army ammunition	894	245	74	27	(P) 2,000	-123	52		
⊙ *Deferral - MK-48 torpedo	135	45	9	33	-	-13	9		
Deferral - Research & development	8,682	130	86	2	(P) 7,000	-34	105		
Deferral - Military construction	924	290	87	31	(P) 5,000	-80	87		
Rescissions - Intelligence activities	3,570	93	50	3		-30	-		
Subtotal Proc., R&D, Con.		2,190	406		(P) 15,000	-646	302		
TOTAL		2,709	1,000 ***		(P) 28,000 (F) 25,000	-1,065	1,000		



* Included in summary
 ** Identified, but not supported by the Secretary of Defense
 *** One percent reduction in outlays

FOR IMMEDIATE RELEASE

OCTOBER 31, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I herewith report on additional deferrals for the fiscal year 1975, as required by the Congressional Budget and Impoundment Control Act of 1974. These deferral actions have been taken to reduce the inflationary effects of the Public Works for Water and Power Development and Atomic Energy Commission Appropriation Act of 1975 (Public Law 93-393). When I approved the Act, I did so with the hope and expectation that the Congress would work in cooperation with the Executive Branch to defer for one full year the expenditure of that amount of appropriated funds which would contribute excessively to inflationary government spending.

The deferral actions reported today decrease the amount of budget authority which would otherwise be available in the fiscal year 1975 by nearly \$82 million and thereby keep Federal spending from rising nearly \$57 million above current estimates. If the Congress and the President are to keep Federal outlays for the fiscal year 1975 within \$300 billion, such measures as the ones reported here are essential.

GERALD R. FORD

THE WHITE HOUSE,

October 31, 1974.

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FOR IMMEDIATE RELEASE

OCTOBER 31, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In accordance with the provisions of Title X of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), I am reporting the deferral of funds appropriated to carry out the Family Practice of Medicine Act (S. 3418, Ninety-First Congress).

The details of the deferral are contained in the attached report.

GERALD R. FORD

THE WHITE HOUSE,

October 31, 1974.

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