

The original documents are located in Box 6, folder “Budget - FY 1978: Reductions (2)” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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Identification of Reductions
Energy Research and Development Administration
 (\$ in millions)

<u>Nuclear Physics</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	81	76	86	84	87	89
Reduction.....	--	--	--	1	6	5
Total with reduction.....	81	76	86	83	81	84

Legislation required

Action proposed

- Reduce future year funding recommendations.

Effect of action

- Reduce operating funds for accelerator operation and terminate some university contract research in FY 1979.

Identification of Reductions
Energy Research and Development Administration
(\$ in millions)

<u>Supporting Energy Technology</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	156	137	172	159	176	174
Reduction.....	---	---	18	8	14	18
Total with reduction.....	156	137	154	151	162	156

Legislation required

Action proposed

- Reduce future year funding recommendations.

Effect of action

- Defer the Synchrotron Radiation Facility until FY 1979, defer the Combustion Research Facility indefinitely, allow no constant dollar funding growth in this program.

Identification of Reductions
Energy Research and Development Administration
 (\$ in millions)

<u>Program Support</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	216	216	232	232	237	237
Reduction.....	<u>-3</u>	<u>-3</u>	<u>-9</u>	<u>-9</u>	<u>-14</u>	<u>-14</u>
Total with reduction.....	213	213	223	223	223	223

Legislation required

Action proposed

- Require ERDA to absorb workload associated with program growth and new responsibilities without additional staff.

Effect of action

- This would require greater reliance on support contractors for various appropriate services, for example, technical information processing. However, this might also require reliance on support contractors for inappropriate activities such as program planning.



Identification of Reductions
Energy Research and Development Administration
 (\$ in millions)

<u>Uranium Enrichment</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	689	689	793	793	885	885
Reduction.....	---	---	---	---	-20	-20
Total with reduction.....	689	689	793	793	865	865

Legislation required

Action proposed

- Reduce ERDA's electric power funding for its uranium enrichment plants by \$20 million in FY 1979.

Effect of action

- ERDA has unfirm, or "best efforts" contracts with TVA to receive delivery of \$44 million of power in FY 1979. If ERDA refuses to take this power if it is delivered, a penalty payment of 25% of the total power rejected would be required. In addition, this would result in a reduction of approximately 1 million SWUs in ERDA's preproduction stockpile. However, this amount of shortfall in power deliveries appears to be likely.



Identification of Reductions
Energy Research and Development Administration
(\$ in millions)

<u>Weapons R&D and Testing</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	578	566	583	575	575	575
Reduction.....	---	---	-26	-20	-40	-40
Total with reduction.....	578	566	557	555	535	535

Legislation required

Action proposed

- Reduce the level of nuclear weapons research and deveopment and the number of nuclear weapons tests.

Effect of action

- Advanced research on future weapons design would be reduced. Basic research in weapons materials and reaction processes would be reduced. A smaller number of tests would be conducted on advanced weapon concepts. The effect of these actions might be to reduce future nuclear weapons design options.

Identification of Reductions
Environmental Protection Agency
(\$ in millions)

<u>Construction Grants</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB Recommendation....	2,000	4,430	0*	5,220*	0*	5,320*
Reduction.....	<u>2,000</u>	<u>50</u>	<u>--</u>	<u>175</u>	<u>0</u>	<u>350</u>
Total with reduction.....	--	4,380	0*	5,045*	0*	4,970*

Legislation required

Action Proposed

Propose no FY77 supplemental funding vice \$2B initially recommended to prevent States from running out of project grants while awaiting Congressional action on our proposed program reforms.

Effect of Action

1. Without a supplemental, 14 States will run out of funds in FY77. At least two States, New Jersey and Virginia, will be out of funds in January, 1977. No new project starts would be undertaken in these States.
2. Without additional funds in the interim prior to enactment of reform legislation, the FY78 budget will show zero budget authority for this program for four consecutive years, FY76, 77, 78, and 79, resulting in intensified efforts by environmental, construction and other groups to secure enactment of new funding in the range of \$5B in FY77.

3. Could be criticized as slowing economic growth.
4. Based on EPA estimates, would result in 7,000 fewer on-site construction jobs in FY79 than the initial OMB recommendation.
5. Could nevertheless be supported by stating that it is your intention to keep the pressure on Congress to pass reform legislation that targets funds where the pollution abatement effect is greatest, and potentially wasteful funding should be held down until such legislation passes.

*Outlay estimates include the effect of \$4B in potential FY78 supplementals and \$4B in new FY79 Budget Authority for the Waste Treatment Program. The budget will show no budget authority for either year, however, pending enactment of program reform legislation.

Identification of Reductions
 General Services Administration
 (\$ in millions)

Federal Buildings Fund: Repairs
 and Alterations

	1977		1978		1979	
	<u>BA^{1/}</u>	<u>Outlays</u>	<u>BA^{1/}</u>	<u>Outlays</u>	<u>BA^{1/}</u>	<u>Outlays</u>
Initial OMB recommendation.....	61	7	205	82	205	82
Reduction.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-62</u>	<u>-25</u>
Total with reduction.....	61	7	205	82	143	57

Legislation required

Action Proposed

Reduce repairs and alterations program level by \$62M in 1979. This would have a net effect of reducing outlays by \$21M.

Effect of Action

It would postpone repair and alteration projects, some of which are desirable to do as soon as possible. It would delay the accomplishment of a large backlog of R&A projects.

1/ Limitation on new obligational authority.



Identification of Reductions
National Aeronautics and Space Administration
(\$ in millions)

Space Shuttle Program (including
construction of facilities)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
Initial OMB recommendation (1978 Budget)	1,338	1,326	1,454	1,415	1,335	1,354
Adjustments:						
Escalation for on-going programs	--	--	--	--	+ 82	+ 82
Procurement of shuttle orbiters #4 & 5	--	--	+ 47	+ 25	+ 141	+ 115
Revised OMB recommendation	1,338	1,326	1,501	1,440	+1,558	1,551
Reduction	--	--	-112	- 37	-184	-163
Total with reduction	1,338	1,326	1,389	1,403	1,374	1,388

Legislation required No

Action Proposed: The space shuttle is the key element of an advanced transportation system being developed to provide roundtrip access to space during the 1980's and beyond. The shuttle will replace existing expendable rockets. The orbiter part of the shuttle will be manned and will provide a large cargo bay for satellites and laboratories. NASA and the DOD have studied the use of the shuttle during the 1980's and have concluded that five orbiters will be required. Three orbiters are already budgeted for and NASA proposed two additional orbiters in the 1978 budget (as recommended by a joint NASA/DOD study). In order to achieve the budgetary reductions suggested for NASA, the purchase of the additional two orbiters would be deferred at least beyond 1979. In addition, shuttle operational planning including launch facilities would have to be rephased.

Effect of Action: This action would in effect delay the full implementation of U.S. space shuttle capabilities at both Cape Canaveral and Vandenberg Air Force Base. The most likely result would be to defer indefinitely the activation of space shuttle operations on the West Coast, with significant effects on the economic viability of the shuttle system as a replacement for expendable launch vehicles. This delay would involve: large penalty costs by the government to the contractor because production would stop, plant maintenance costs until production is resumed, and costs for the continued use of expendable launch vehicles--all DOD missions would be launched on expendable rockets.

Identification of Reductions
National Aeronautics and Space Administration
(\$ in millions)

Space Science, Applications and Technology Programs

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation (\$ 1978 Budget)	660	676	712	672	790	765
Adjustments:						
Escalation for on-going programs	--	--	--	--	+ 43	+ 43
FY 1979 new starts	--	--	--	--	+100	+ 48
Revised OMB recommendation	660	676	712	672	933	856
Reduction	--	--	-112	- 69	-362	-232
Total with reduction	660	676	600	603	571	624

Legislation required No

Action Proposed: NASA proposed to initiate in FY 1978 three satellites in space science--the Space Telescope to study the universe, a Jupiter orbiter/probe mission to study the atmosphere and vicinity of Jupiter, and a satellite to orbit the moon to study the moon's polar regions. In the applications program, NASA proposed the fourth earth resources satellite, LANDSAT-D, to further demonstrate the use of space technology for uses on earth. NASA also proposed increases to design and develop payloads for the space shuttle in these program areas. OMB recommended approval of the Space Telescope, Jupiter mission, LANDSAT, and a slight reduction from NASA's request for shuttle payloads. In order to achieve budgetary reductions in FY 1978 and 1979, all these new programs would be deferred for future consideration. Candidate new projects for FY 1979 also would be deferred.

Effect of Action: The space telescope is proposed as the next major advance in astronomy and is listed as the highest priority in astronomy. The deferral of the project would postpone the initiation of advanced astronomy investigations of the universe. The Jupiter mission was recommended because of its scientific importance and because the mission is considered important to maintain an active U.S. planetary program. The planetary program is confronting a substantial downturn--no missions have been approved since 1974. No new starts in FY 1978-1979 would result in a phasing down of capabilities at the Jet Propulsion Laboratory which builds planetary spacecraft. The deferral of LANDSAT-D would interrupt one of NASA's major programs to demonstrate the benefits of space--the program has strong Congressional support. Large reductions in shuttle payload development could reduce the use and economics planned for the space shuttle.

Identification of Reductions
National Aeronautics and Space Administration
(\$ in millions)

Aeronautical Technology Program

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
Initial OMB recommendation (\$ 1978 budget)	190	177	223	208	250	245
Adjustments:						
Escalation for on-going programs	--	--	--	--	+ 15	+ 15
FY 1979 new starts	--	--	--	--	+ 25	+ 12
Revised OMB recommendation	190	177	223	208	290	272
Reduction	--	--	- 15	- 12	- 57	- 41
Total with reduction	190	177	208	196	233	231

Legislation required No

Action Proposed: This program provides the technology for future commercial transports, general aviation aircraft, and military aircraft. NASA initiated in FY 1977 a research program that has the objective of providing by 1985 the technology to reduce aircraft fuel consumption by 50%. In FY 1978, NASA proposed that the program be augmented and related programs be initiated. NASA also proposed four joint research programs with the Navy and the Air Force. OMB recommended a limited increase in the aircraft energy efficiency program, and initiation of only one joint NASA/DOD program. Because of budgetary reductions, the energy efficiency program would be maintained at current levels and the joint program deferred. Other aeronautical research would be deleted such as research for an advanced supersonic transport (SST) and general reductions would be initiated in other areas.

Effect of Action: This budgetary action would significantly delay the technology readiness date for energy conservative engines and structures that could be incorporated into future aircraft--NASA would be required to restructure the the current program and renegotiate cost-sharing agreements with private industry. The deferral of the joint NASA/DOD program would delay or possibly prevent NASA use of existing DOD aircraft prototypes for research purposes. The deletion of SST research would likely jeopardize the nation's options to develop a future SST or cooperate with other countries in the development of such an aircraft. No new activities, such as technology for short-haul short-take-off-and-landing (STOL) aircraft, would be initiated in FY 1979.



Identification of Reductions
National Aeronautics and Space Administration
(\$ in millions)

Personnel, Administration, and
Supporting Programs (including Support Contractors)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
Initial OMB recommendation (\$ 1978 budget) . . .	1,505	1,496	1,525	1,532	1,507	1,557
Adjustments:						
Escalation for on-going programs	--	--	--	--	+ 38	+ 38
October 1976 pay raise	+ 32	+ 32	+ 34	+ 34	+ 32	+ 32
Revised OMB recommendation	1,537	1,528	1,559	1,566	1,577	1,627
Reduction	--	--	- 30	- 16	-115	- 82
Total with reduction	1,537	1,528	1,529	1,550	1,462	1,545

Legislation required No

Action Proposed: This grouping of NASA program activities includes personnel and administration (e.g., civil service salaries), maintenance and operation of NASA field centers including support contractors (e.g., computer services and engineering support), expendable launch vehicles, satellite tracking and data collection, the design of future man-related missions (e.g., space station), and the construction of non-shuttle related facilities. NASA's most significant budget proposals in this area included a large number of construction projects which NASA believes will save energy at the field centers, and a major increase in the study of advanced programs. OMB recommended that a small number of the energy related construction projects be approved, but that studies related to a space station be deferred and small reductions be made in the operation of NASA centers. Further reductions would be required in FY 1978 to achieve reductions in FY 1979 including the deferral of the 40' X 80' wind tunnel, and a general reduction in construction programs. The proposed reductions in FY 1979 would require further significant reductions in construction, a major adjustment in institutional staffing including a reduction of about 1500 civil service personnel, and the phasing down and restructuring of several NASA field installations.

Effect of Action: The 40' X 80' wind tunnel modification was added to NASA's FY 1977 budget by the Congress because of the age of NASA's current wind tunnels (the Administration deferred the project for consideration in 1978 but approved a higher priority wind tunnel). Further construction reductions in 1978 and 1979 would delay the opportunities to modify facilities to save energy. The large personnel reduction and the restructuring of several NASA field centers would require a reassessment of NASA's future mission in aeronautics and space including the extent to which the agency should be allowed to retain its capabilities in development and engineering of major space systems once the shuttle begins to phase down starting in FY 1979. During the last several years NASA has conducted a zero-based review of all its centers and has argued that the agency is now "properly" sized to conduct on-going programs.

Identification of Reductions
Veterans Administration
(\$ in millions)

<u>Benefit Cost-of-Living Increases</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation....	-	-	+424	+ 424	+845	+ 845
Reduction.....	-	-	-424	- 424	-845	- 845
Total with reduction.....	-	-	0	0	0	0
Legislation required <input type="checkbox"/> No						

Action proposed

Withdraw recommendation providing for periodic cost-of-living increases in compensation, pension, and education benefits based on changes in the Consumer Price Index.

Effect of action

Withdrawal of this recommendation would understate FY 1978 and 1979 estimated outlays for these programs since Congress in recent years has passed legislation regularly providing for such increases.



Identification of Reductions
Veterans Administration
(\$ in millions)

<u>Veterans Medical Care</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation....	4,384	4,361	4,538	4,536	4,747	4,745
Reduction.....	<u>0</u>	<u>0</u>	<u>- 150</u>	<u>- 150</u>	<u>- 339</u>	<u>- 337</u>
<i>already accepted</i> Total with reduction.....	4,384	4,361	4,388	4,386	4,408	4,408
Legislation required <input type="checkbox"/> No						

Action proposed

Hold medical program at 1977 level. Provide additional funding only for new hospital activations.

Effect of action

Would force VA to absorb all capital program, maintenance, drugs, supplies, and other cost increases, requiring a major further drop in patients treated and deterioration of physical plant facilities. No new initiatives would be possible and newly-begun treatment efforts for aging and special disabled veterans would be disrupted.



Identification of Reductions
ACTION
(\$ in millions)

<u>Termination of VISTA Program</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation	23.0	22.0	13.6	12.6	13.6	14.6
Reduction	<u>0</u>	<u>0</u>	<u>-13.6</u>	<u>-12.0</u>	<u>-13.6</u>	<u>-14.6</u>
Total with reduction	23.0	22.0	0	.6	0	0

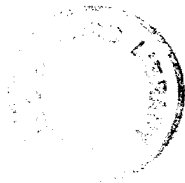
Legislation required

Action proposed

Do not request funding for VISTA in FY 1978.

Effect of action

Substantial questions have revolved around the issue of an appropriate Federal role in voluntarism. This reduction would modify the Federal Government's role substantially, emphasizing Federal support for the demonstration activities, at the expense of on-going programs such as VISTA. The initial recommendation would have supported approximately 2,613 volunteer years in 1978 and 1979.



Identification of Reductions
ACTION
(\$ in millions)

<u>Reduction of Older Americans Volunteer Program</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation	56.8	53.0	56.8	55.8	56.8	61.0
Reduction	<u>-1.9</u>	<u>-1.9</u>	<u>-1.9</u>	<u>-1.9</u>	<u>-1.9</u>	<u>-1.9</u>
Total with reduction	54.9	51.0	54.9	53.9	54.9	59.1

Legislation required

Action proposed

Reduction in Federal support for Older Americans Volunteer programs to reflect No New program commitments in FY 1977.

Effect of action

Will reduce size of OAVP program by 3% from FY 1977 appropriations level and original OMB recommendation. Although relatively small in terms of overall dollar reduction, any reduction will be strongly opposed by agency and Congress. The number of Foster Grandparent and Senior Companion volunteer year would be reduced from 16,400 to 15,744 in 1978 and the number of part-time volunteers from 223,000 to 214,080.



Identification of Reductions
ACTION
(\$ in millions)

<u>Reduction in program support for domestic programs</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation	18.6	17.6	18.6	18.0	18.6	19.6
Reduction	<u>0</u>	<u>0</u>	<u>-4.7</u>	<u>-4.7</u>	<u>-4.7</u>	<u>-4.7</u>
Total with reduction	18.6	17.6	13.9	13.3	13.9	14.9

Legislation required

Action proposed

Reduction of 5% from FY 1977 appropriations and FY 1978 OMB recommendation to reflect further program reductions.

Effect of action

Will reduce support budget to reflect decreased need for support services as a result of substantially reduced program levels.



Identification of Reductions
ACTION
(\$ in millions)

<u>Peace Corps</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation	80.0	79.0	65.0	64.0	65.0	68.0
Reduction	<u>0</u>	<u>0</u>	<u>-20.0</u>	<u>-20.0</u>	<u>-20.0</u>	<u>-20.0</u>
Total with reduction	80.0	79.0	45.0	44.0	45.0	48.0

Legislation required

Action proposed

Reduce Peace Corps funding by 56% from FY 1977 appropriations level, and an additional 30% from original FY 1978, OMB recommendation.

Effect of action

Will result in substantial decreases in volunteers serving abroad, from approximately 5,206 in the initial recommendation to 3,654. Substantially reduce training program for FY 1978 as well as program support on Peace Corps operations.



Identification of Reductions
 Appalachian Regional Commission
 (\$ in millions)

Appalachian Regional Commission - No increase in highway program	1977		1978		1979	
	<u>Oblig.</u>	<u>Outlays</u>	<u>Oblig.</u>	<u>Outlays</u>	<u>Oblig.</u>	<u>Outlays</u>
Initial OMB recommendation	185.0	200.0	225.0	225.0	300.0	300.0
Reduction	<u>0</u>	<u>0</u>	<u>-40</u>	<u>-40</u>	<u>-115.0</u>	<u>-115.0</u>
Total with reduction	185.0	200.0	185.0	185.0	185.0	185.0

Legislation required

Action proposed

Request no increase in funding in FY 1978 for highways (original recommendation + \$40 M)
 Request no increase in funding in FY 1979 (original recommendation + \$115 M which would
 have reached authorized level).

Effect of action

Would force agency to use non-highway program funds to support any increase in highway
 construction; would tend to delay construction w/concurrent increments in total cost
 required to complete authorized mileage due to inflation; would probably delay decision
 about overall containment of highway commitments.

Identification of Reductions
Civil Service Commission
(\$ in millions)

Civil Service Entitlement Programs	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation...	16,864.7	9,719.7	16,979.7	11,039.5	18,534.9	12,319.1
Reduction.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(830)</u> ^{1/}
Total with reduction.....	16,864.7	9,719.7	16,979.7	11,039.5	18,534.9	12,319.1

Legislation required

Action proposed

Increase employer/employee contributions to the Civil Service Retirement Fund by 2% each from the present 7% rate. Each 1% increase in the employee contribution is worth about \$415M in government receipts.

Effect of action

The effect of this action would be to decrease employee take home pay. The increased contribution is consonant, however, with actuarial analyses which show that the present contribution rate is far short of the true normal cost of the system.

^{1/} Reduces deficit through increased government receipts, although it does not reduce CSC outlays.

Identification of Reductions
Federal Energy Administration
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Strategic Storage Program - Crude</u>						
Initial OMB Recommendation (with mod. Industrial Storage).....	440.0	50.0	393.0	651.7	871.5	784.9
Reduction.....	-	-	- 71.4	- 60.1	- 74.7	- 67.3
Total with reduction.....	440.0	50.0	321.6	591.6	769.8	717.6

Legislation required

Action Proposed

Use of discretionary "industrial storage" authority to maximum extent now authorized by law of 180 million barrels of oil.

Effect of action

Results in expansion of regulatory program with no exceptions allowed from a more moderate level of 150 million barrels of oil, which is included as a possible reduction on Exhibit C. Political resistance by importers and refiners would be high. Action would probably be litigated.

NOTE: This is a further reduction in the industrial storage option. It is not applicable to a program without industrial storage.



Identification of Reductions
Federal Energy Administration
(\$ in millions)

<u>Basic State Energy Conservation Grant Program</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	25.0	19.4	50.0	44.4	0	11.2
Reduction.....	<u>0</u>	<u>0</u>	<u>-25.0</u>	<u>-19.4</u>	<u>0</u>	<u>- 5.6</u>
Total with reduction.....	25.0	19.4	25.0	25.0	0	5.6

Legislation required

Action proposed

Request \$25M instead of \$50M for FY 1978. Would continue level appropriated by Congress for FY 1977 of 25M or half the \$50M requested in the President's amended FY 1977 budget request.

Effect of action

Lower level of effort. Average grant would be \$450K per State rather than \$900K. Allows reduced level of \$2.5M, rather than \$5M, for FEA administration and technical assistance.



Identification of Reductions
Federal Energy Administration
(\$ in millions)

<u>Supplemental State Energy Conservation Grant Program</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	0.3	0.3	14.4	10.9	14.4	14.4
Reduction.....	<u>0</u>	<u>0</u>	<u>- 7.0</u>	<u>- 5.2</u>	<u>- 7.0</u>	<u>- 7.0</u>
Total with reduction.....	0.3	0.3	7.4	5.7	7.4	7.4

Legislation required

Action proposed

Lower funding level for FY 1978 budget for new supplemental State grant program for energy audits.

Effect of action

Average grant per State would be \$140K rather than \$280K. "Energy audit" questionnaires would be sent to 25% of homeowners over two year program rather than 50%.

Identification of Reductions
National Science Foundation
(\$ in millions)

Science Education Programs

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
Initial OMB recommendation	69	52	76	53	76	76
Reduction	--	--	-36	-25	-76	-50
Total	69	52	40	28	--	26

Legislation required: Yes (NSF authorization bills for 1978 and 1979)

Action Proposed: NSF supports a variety of science education programs at all educational levels: nationally competed graduate fellowships, laboratory equipment for junior colleges and high schools, development of teaching materials, "refresher" courses for science teachers, experiments to promote career opportunities for women and minorities, and NSF funding of public-oriented programs such as the public TV show NOVA. Many of these are manpower-oriented programs that were expanded greatly in the post-Sputnik era in response to the perceived national need to attract young people into science and engineering. These have since been sharply curtailed from the 1968 high of \$125 million, on the premise that the original "capacity building" purpose has largely been fulfilled, and that funding of basic research should take precedence in NSF budgets. The proposal would phase out science education programs entirely over two years.

Effect of action: This would eliminate entirely a number of small programs serving various purposes, as described above. Past Executive Branch attempts to scale back science education funding, though generally successful, have led the Congress to create numerous small programs by shifting funds from basic research. In the absence of a cutback, OMB strategy for 1978 would be to provide the \$76 million requested by NSF (about 60% of the level of 9 years ago, before discounting for inflation), thus stabilizing the situation in order to halt the proliferation of new programs and to promote evaluation and consolidation of some existing science education programs, while retaining others. The basis for elimination is that funding of research programs must take priority over education in the NSF budget, even though some science education programs can be justified on programmatic grounds. Congress can be expected to react by once again taking funds out of the President's budget for basic research in NSF.

Identification of Reductions
Nuclear Regulatory Commission
(\$ in millions)

<u>Program Totals</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	--	--	271	254	336	311
Reduction.....	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>-32</u>	<u>-33</u>
Total with reduction.....	--	--	271	254	304	278

Legislation required

Action proposed

- The FY 1979 budget numbers for NRC were based on the agency's estimates rather than OMB recommendations. If we allow an increase from FYs 1978 to 1979 commensurate with the increase from FYs 1977 to 1978, we can reduce the totals by \$32 million BA and \$35 million outlays.

Effect of action

- FY 1979 recommendation with reduction is consistent with OMB's FY 1978 recommendation.



Identification of Reductions
U.S. Postal Service
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	2,272	2,272	1,472	1,472	1,435	1,435
Reduction.....	---	---	-475	-475	-438	-438
Total with reduction.....	2,272	2,272	997	997	997	997

Legislation required /No/

Action proposed

Request no funding in FY '78 and beyond for subsidies authorized to be paid to the U.S. Postal Service for the carriage of certain classes of mail at reduced rates.

Effect of action

Would require rates for 2nd, 3rd, and 4th class non-profit mail to be raised to full cost recovery levels. Under current authorizations non-profit mail is being phased in to full cost recovery levels over a 10 year period which ends in 1981. This action would shorten that schedule by 4 years and result in a general rate increase of about 22%.



Identification of Reductions
Small Business Administration
(\$ in millions)

<u>Regular Business Loan Program</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	100	70	135	95	135	95
Reduction.....	--	--	--	--	(35)	(25)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total with reduction.....	100	70	135	95	100	70

Legislation required No

Action proposed

Direct SBA to reduce this direct loan program in FY 1979 from \$135 million to \$100 million. This loan program is open to any small business which is unable to obtain financing in the private sector on reasonable terms.

Effect of action

Although this proposal would preclude loan assistance to approximately 500 small businesses, the private credit market is currently more responsive to small business credit needs. Under the proposed level SBA would still be permitted to assist approximately 2,000 firms with direct loans.

Identification of Reductions
 Small Business Administration
 (\$ in millions)

<u>Displaced Business Loan Program</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	40	20	30	18	30	30
Reduction.....	--	--	(10)	(6)	(10)	(10)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total with reduction.....	40	20	20	12	20	20

Legislation required /No/

Action proposed

Direct SBA to reduce this direct loan program from \$30 to \$20 million in FY 1978 and FY 1979. This loan program is intended to assist small businesses which have been displaced as a result of federally-aided construction projects (e.g. urban renewal projects or highway construction).

Effect of action

Approximately 50 small businesses would be precluded in FY 1977 and FY 1978 from receiving direct loan assistance to enable them to relocate or remodel their business. This would represent a reduction of 33 percent in the number of small firms which SBA had planned to assist in those years. The proposed level will still provide assistance for 150 businesses in FY 1978 and FY 1979.



Identification of Reductions
Small Business Administration
(\$ in millions)

<u>Nonphysical Disaster Loan Programs</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	80	60	80	60	80	60
Reduction.....	--	--	(20)	(10)	(20)	(20)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total with reduction.....	80	60	60	50	60	40

Legislation required /No/

Action proposed

Direct SBA to reduce this direct loan program from \$80 to \$60 million in FY 1978 and FY 1979. This loan program is intended to aid small businesses in complying with certain mandated Federal or State statutes and regulations (e.g. Clean Air Act of 1970).

Effect of action

Approximately 100 small businesses would be precluded in FY 1978 and FY 1979 from receiving loan assistance to comply with Federal water and air pollution standards. This proposal would run counter to a previous Presidential directive issued to SBA upon enactment of Public Law 94-305, which requires the agency to make available more pollution loan assistance to small business. However, recent reduced demand for other nonphysical disaster assistance could free up some additional funding for pollution control financing.



Identification of Reductions
Civilian Agencies
(\$ in millions)

<u>Civilian Pay Increases</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Initial OMB recommendation.....	-	-	-84	-84	-165	-165
Reduction.....	-	-	-289	-289	-563	-563
Total with reduction.....			-373	-373	-728	-728

Legislation required

Action proposed

Reduces anticipated comparability pay increases for white collar civilian personnel from 6.5 and 6.25% effective October 1, 1978 and 1979 to 5% increases each year. This action would require an alternative plan.

Effect of action

Comparability principle may be compromised; legality of reduction may be challenged by labor organizations.



REDUCTIONS INCLUDED IN
INITIAL OMB RECOMMENDATIONS



Major Changes in the Initial
OMB Recommendation
International Development Assistance
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	2,185	1,750	3,682	2,105	3,790	2,338
<u>Major changes:</u>						
<i>PARTIALLY REFLECTED</i> {	Multilateral Assistance	-	-232	-98	-275	-129
	Bilateral Assistance	-	-420	-82	-803	-241
<hr/>						
Initial OMB recommendation ..	2,185	1,750	3,030	1,925	3,519	1,968

Multilateral assistance reductions result principally from dropping out the proposed Energy Financing Facility, from putting the International Resources Bank in the contingency category and from cutting back on voluntary UN contributions. Bilateral reductions are accomplished by reducing AID country and central programs and from dropping out the Sahel Development Program as a separate activity.

Major Changes in the Initial
OMB Recommendation
Department of Agriculture
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	9,058	9,008	7,077	6,817	7,143	7,143
<u>Major changes:</u>						
- Limit Special Milk Program to schools not participating in the School Lunch Program ...	---	---	+35	+35	+40	+40
- Do not increase discretionary items (S&E, etc.) pending additional justification	-38	-40	-136	-87	---	---
<u>Initial OMB recommendation</u>	9,020	8,968	6,976	6,765	7,183	7,183



Major Changes in the Initial
OMB Recommendation
Department of Agriculture
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	4,925	5,234	6,120	6,432		
<u>Major changes:</u>						
CCC export credit sales	-	-		-375		
Forestry	-21	-13	-74	-66		
Research	-	-	-26	-11		
Animal and plant inspection	-4	-4	-26	-28		
Farmers Home Administration	-	-	-205	-30		
Other	<u>-1</u>	<u>-1</u>	<u>-25</u>	<u>-18</u>		
Initial OMB recommendation	4,889	5,216	5,764	5,904	5,546	5,175

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Major Changes in the Initial
OMB Recommendation
Department of Commerce
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	4,054	2,038	2,178	2,972	2,439	3,247
Major changes:						
NOAA						
- Restrained funding for weather programs.....	---	---	-14	+ 4	-14	-10
- Maintenance level funding for marine programs.....	- 2	---	-12	+11	-24	-15
- Limited funding for coastal energy impact assistance.....	-52	-27	-68	-55	-72	-80
- Maintenance level funding for coastal zone management grants.....	-14	- 8	-28	-20	-37	-23
- Limited funding for mapping, charting, and overall program direction.....	---	---	-21	- 6	-22	- 9
(Subtotal NOAA).....	(-67)	(-36)	(-143)	(-62)	(-169)	(-157)
EDA						
- Reductions in public works funding, business loans, and technical assistance.....	---	- 1	-102	-23	-39	-59
MARAD						
- No new funding for construction subsidies...	---	---	-135	- 9	-250	-33
- Maintenance level funding for operating subsidies.....	---	---	-81	-66	-134	-161
(Subtotal MARAD).....	---	---	(-216)	(-75)	(-384)	(-194)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request [or current policy base or other].....</u>						
Major Changes:						
DIBA						
<i>REJECTED</i> - Restructuring and reduction in the number of field offices.....	---	---	- 7	- 7	- 7	- 7
Miscellaneous						
- Minor program changes and reductions in other areas	--	- 3	-14	- 3	-14	-14
EDA Local public works (reestimate).....	<u>--</u>	<u>--</u>	<u>--</u>	<u>- 7</u>	<u>--</u>	<u>-587</u>
Initial OMB Recommendation	3,986	2,998	1,696	2,795	1,862	2,229

NOTE: numbers may not add due to rounding.





Major Changes in the Initial
OMB Recommendation
Department of Defense - Military
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	109,333	99,300	130,929	115,717	144,763	130,217
<u>Major changes:</u>						
Retired pay recission	-100	-100				
Outlay rates		-1,256				
Budget scrub			-500	-200		-400
Military and civilian pay increases			-337	-337	-971	-971
Commissary subsidy			-115	-115	-230	-230
Junior Enlisted Travel Entitlements			-189	-189	-189	-189
DOD Recruiting Costs			-75	-75	-75	-75
Average Grade Controls			-7	-7	-38	-38
Civilian Employment levels			-90	-90	-220	-220
<i>PARTIALLY REJECTED</i> → Guard and Reserve manpower	(-17)	(-17)	-55	-55	-75	-75
Guard and Reserve pay initiatives			-50	-50	-50	-50
Modernization of Defense Domestic Installation Structure			-500	-50	--	-250
Contracting out depot maintenance			-75	-3	-75	-34
Shipbuilding in Navy yards	(-450)	(-20)	-16	-95	-176	-105
Growth in purchases: O&M			-3,600	-2,500		-1,100
M-X*			(-497)	(-348)	(-714)	(-634)
<i>REJECTED</i> → B-1			-280	-23	-1,100	-214
Defense Civil Preparedness Agency			-24	-20	-25	-24
Air Force tactical aircraft			-1,100	-100	-1,200	-500
Aircraft carrier procurement		(-15)	-410	-150	-1,224	-400

* Amounts are included in RDT&E issue adjustment.

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Major changes (cont'd):</u>						
Naval force options		(-20)	-957	-120	-3,784	-450
Shipbuilding funding management*			-45	-2	+6	-9
Aircraft industry capacity	(21)	(-3)	-127	-29	-62	-76
RDT&E			-1,400	-900	-1,300	-1,300
Satellite communications	(-67)	(-48)	-80	-60	-82	-45
Level of other procurement			-2,968	-900	-3,794	-3,000
Chemical warfare			-15	-2		-10
Additional reductions **					-2,000	-1,500
Rounding			+86	+355	-99	+48
Initial OMB recommendation	109,233	97,944	118,000	110,000	130,000 128,000	120,500 119,000

* Assumes that all OMB shipbuilding reductions are approved.

** To conform to 4% real growth in purchases and constant manpower level.



Major Changes in the Initial
OMB Recommendation
Corps of Engineers-Civil
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	2,454	2,485	2,600	2,585	2,600	2,585
<u>Major changes:</u>	Some minor internal reprogramming but no changes in total agency request. The request and recommendation are at the planning ceiling level, which is \$390 M below "capability" or peak engineering rates. The project schedules were replanned last year in accordance with your decision to change water resource project scheduling from a peak engineering basis to a resource constrained basis with five year funding at the FY 77 level. Upward adjustment has been made solely to permit continuation of FY 77 new starts added by Congress and to reflect price changes which have occurred since the 1977 budget was prepared.					
<u>Initial OMB recommendation</u>	<u>2,454</u>	<u>2,485</u>	<u>2,600</u>	<u>2,585</u>	<u>2,600</u>	<u>2,585</u>



Major Changes in the Initial
OMB Recommendation
Department of Health, Education, and Welfare
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	\$146,862	\$147,434	\$169,430	\$162,236	\$181,511	\$177,171
<u>Major changes:</u>						
Medicare: propose cost sharing, catastrophic protection, and cost control legislation.....				- 804		- 1,655
Medicaid and block grant: include Medicaid in a health block grant proposal effective in 1978.....			+ 55	+ 187	- 1,010	- 233
Other health: reductions reflects inclusion of categorical programs in block grant, absorption of 1977 pay costs and phaseout or termination of low priority programs.....	- 37	+ 26	- 1,898	- 1,048	- 724	- 937
Education: hold block grant to \$3.5 billion...			- 606	+ 315	- 606	- 424
Basic opportunity grants: fully fund at ceiling below Education Amendments of 1976...	- 305	+ 174	- 107	- 421	- 571	- 356
Other education.....	+ 315	- 15	- 245	- 484	- 380	- 324
OASDI tax increase effect.....					+ 2,870*	
OASDI benefit reduction legislation; re-propose 1977 items.....				- 978		- 1,700
OASDI changes due to economic assumptions.....	- 555	- 90	- 1,355	- 300		+ 280
Advance funding--OHD.....			- 1,200			
Social services (day care)--no extension.....			- 200	- 200	- 200	- 200
Other income maintenance.....	- 50	- 15	- 134	- 140	- 249	- 464
Other changes and reestimates.....			- 10	- 47	- 46	- 1
Initial OMB recommendation.....	\$146,230	\$147,514	\$163,730	\$158,316	\$180,595	\$171,157

*This is part of a legislative tax proposal for which we do not yet have the specifications. The total amounts included in 1977 and 1978 estimates for this proposal are \$4,081 million and \$6,951 million respectively.

Major Changes in the Initial
 OMB Recommendation
 Department of Housing and Urban Development
 (\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	21,465	7,810	49,053	10,028	51,362	11,083
<u>Major changes:</u>						
1. <u>Subsidized Housing:</u>						
All existing section 8 programs; (200,000) adjust fair market rents to 80 percent of median with zero inflation; reduce Indian housing from 6,000 to 1,000 units.....	---	---	37,138	-48	38,881	-120
2. <u>Public Housing:</u>						
Increase rent standard to 25 percent of income with 5 percent annual income growth; no change in cost formula.....	-35	-15	-186	-185	-209	-209
<i>Reserved</i> 3. <u>Terminate Elderly Housing Loans (section 202) and establish section 8 elderly set aside.....</u>	---	---	(-722)	(-8)	-690	-566

	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
4. <u>FHA Fund:</u> 15 Percent set aside of section 8 to reduce assignments; establish actuarially sound premiums; establish lower inventory targets.....	---	---	-277	-251	-257	-257
5. Maintain community development block grants at 1977 level with no inflation and no Urgent Needs Fund.....	---	---	-296	-112	-296	-200
6. Consolidate separate 701 planning money and technical assistance into community develop- ment block grants.....	---	---	-95	-26	-80	-64
7. Other changes, reestimates etc.....	<u>-213</u>	<u>-20</u>	<u>-64</u>	<u>-244</u>	<u>-64</u>	<u>322</u>
Initial OMB recommendation....	21,217	7,775	10,977	9,162	10,885	9,989

November 10, 1976
Exhibit C



Major Changes in the Initial
OMB Recommendations
Department of the Interior
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency Request</u>	4,400	3,507	3,947	3,760	4,571	4,755

Major Changes:

REJECTED → Land and Water Conservation Fund -0- -0- -150 -95 -300 -406


Program level of \$450M in 1978 and 1979, compared to agency request at newly authorized levels of \$600M in 1978 and \$750M in 1979.

PARTIALLY REJECTED → - Historic Preservation Grants -7 -7 -76 -70 -76 -71

Program level of \$24M in 1978 and 1979, compared to agency request of newly authorized level of \$100M.

- Bicentennial Land Heritage Program -0- -0- -0- -88 -0- -88

Lower estimates of program outlays than now projected by Interior. OMB estimated obligation in equal annual installments over 10 years as forecast in the President's announcement. Interior request would obligate most of the 10-year fund in the first 3 years.



	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
- Natchez Trace Parkway	-11	-5	-39	-12	-16	-32

Not recommended because project is considered to be of lower priority than virtually all other Parks projects. However, considerable local support exists for the Parkway because it is a road that, if built by Park Service, does not have to be funded from the State's Highway Trust Fund allocation.

- Bureau of Reclamation Construction Contracts	-0-	-0-	-53	-43	-225	-259
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Recommendation provides for a reduction in the Bureau of Reclamation's construction program to avoid large uncontrollable increases in future years. Dams and irrigation features will be built at slower than peak engineering efficiency rates.

- Alumina Demonstration Plant	-0-	-0-	-1	-1	-24	-7
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Recommendation does not allow for site acquisition and construction of a larger scale alumina demonstration plant since it would merely be duplicating on a larger scale what has already been demonstrated on a smaller scale.

- Trust Territory of the Pacific Islands	-0-	-0-	-23	-23	-15	-11
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Recommendation is to fund territorial government operations and construction based on needs rather than on Carmel round of negotiations on future political status of the Territory. Recommendation is to provide \$73M in BA for 1978 and \$73M in 1979.



	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
- Guam Capital Improvement Program	-25	-15	-30	-20	-15	-30
New program not recommended because Department has not formulated a plan taking into account Guam's financial, social, and political factors.						
- BLM Organic Act Loan Program	-32	-11	-18	-20	-21	-23
Start new program in 1978 rather than 1977 (\$20M in BA in 1978 and \$24M in 1979) and hold to a lower rate of loans.						
- BIA Trust Funds	+30	+30	+11	+125	+60	+37
Reestimates of trust fund receipts and outlays including correction of Department outlay estimate for 1978.						
- All other Changes	-160	-53	-166	-195	-382	-332
Numerous smaller changes ranging from \$100K to \$20M in programs.						
- Changes in Receipt Estimates	<u>-8</u>	<u>-8</u>	<u>+54</u>	<u>+54</u>	<u>+46</u>	<u>+46</u>
<u>Revised OMB Recommendation</u>	4,187	3,438	3,456	3,372	3,603	3,579

Major Changes in the Initial
OMB Recommendation
Department of Justice
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	2,331	2,401	2,528	2,530	2,631	2,582
<u>Major changes:</u>						
Reduce Reduce LEAA categorical and block grants in 1977-79	-95	-25	-224	-69	-267	-206
Construct youth facility at Lake Placid, N.Y., during 1977, in lieu of northeast correction facility requested in 1978	+22	+2	-18	+8	+6	-4
Disapprove construction of metropolitan correctional centers in Washington, D.C., and Phoenix, Arizona		-1	-31	-3		-22
Approve construction of only two new prison facilities in 1979; four are requested					-50	-10
Reduce supplemental appropriations in 1977; requests not recommended include \$15 M in foreign currency for LEAA, \$5 M for uncontrollable cost increases (primarily in INS and LEAA base programs), and staff increases for the legal divisions (166), INS (100), LEAA (47), and DEA (40)	-28	-13	-16	-25	-12	-15
Disapprove INS special enforcement program in 1977 (490 employees plus equipment) and 1978 (1,401 additional employees plus equipment)	-19	-19	-50	-49	-39	-39



	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Reduce equipment and supporting facilities in 1977-78 (DEA, Border Patrol, and U.S. Marshals)	-2	-2	-9	-8	-1	-1
Minimize staff increases in 1978; requests not recommended include legal divisions (99), U.S. Attorneys and Marshals (322), DEA (209), INS (151), Prison System (191), other (49)			-20	-19	-23	-23
Other miscellaneous reductions in 1977-79	<u>-2</u>	<u>-2</u>	<u>-21</u>	<u>-19</u>	<u>-62</u>	<u>-45</u>
<u>Initial OMB recommendation</u>	2,207	2,341	2,139	2,346	2,183	2,217



Major Changes in the Initial
OMB Recommendation
Department of Labor
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	22,517	23,421	19,624	19,957	23,202	22,299
<u>Major changes</u>						
A. Controllable programs:						
1. Keep WIN program at 1976 program level; do not budget for inflation	--	-20	-82	-100	-118	-118
2. Do not budget for inflation in Employment and Training programs; use discretionary funds rather than add-ons for priority items	-23	-12	-145	-244	-285	-285
<i>Repealed</i> 3. Limit Temporary Employment Assistance to 1 year projects in high unemployment areas until unemployment drops below 6.5%.....	-538	-539	-363	-363	+650	+650
4. Stop forward funding of Community Service Employment for Older Americans...	--	--	-91	--	--	--

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
5. Reduce Summer Youth Employment program as unemployment rate goes down	--	--	-70	-70	-175	-175
6. Reduce Unemployment Insurance Service as unemployment rate goes down; no new starts on State agency automation projects until experience shows worth	--	-192	-12	-21	-21	-328
7. All other discretionary ...	-14	-16	-22	-31	-77	-83
B. Open ended programs:						
8. Unemployment insurance	+202	+927	+2,583	+1,956	-300	+308
9. Federal Unemployment Benefits	--	+384	+591	+591	-118	-118
10. Workers Compensation	-3	-3	+4	+4	+45	+45
c. Reestimates:						
11. Unemployment trust fund....	--	-400	-700	-300	-300	-300
12. Federal unemployment benefits.-240 benefits.....	<u>-240</u>	<u>-240</u>	<u>-200</u>	<u>-200</u>	<u>--</u>	<u>--</u>
Initial OMB recommendation.....	21,901	23,310	21,117	21,179	22,503	21,895



Major Changes in the Initial
OMB Recommendation
Department of State
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	1,217	1,145	1,387	1,296	1,408	1,332
<u>Major changes:</u>						
Exchange of persons	--	--	-13	-8	-14	-9
Travel document and issuance system	--	--	-11	-5	+1	-5
Overseas wage and price increases	--	--	-10	-9	-18	-16
United Nations University	--	--	-10	-10	-20	-20
UN peacekeeping activities	--	--	--	--	+45	+45
All other	-6	-6	-14	-18	-3	+2
<u>Initial OMB recommendation</u>	1,211	1,139	1,329	1,246	1,399	1,329

Major Changes in the Initial
OMB Recommendation

(\$ in millions)

	1977		1978		1979	
	<u>PL</u>	<u>Outlays</u>	<u>PL</u>	<u>Outlays</u>	<u>PL</u>	<u>Outlays</u>
<u>Agency request</u>	17,379	13,156	18,322	15,298	*	15,800
<u>Major changes:</u>						
Highway reduction below base	-150	-	-1,400	-320	*	-335
Railroad Assistance reduction	-170	-100	- 700	-175	*	-600
Mass transit reduction below base ..	-100	-275	- 600	-200	*	-300
Aviation reduction	-	-	- 300	-185	*	- 80
Other		- 23	- 108	-118	*	- 85
<u>Initial OMB recommendation</u>	<u>16,959</u>	<u>12,758</u>	<u>15,214</u>	<u>14,300</u>	<u>16,000</u>	<u>14,400</u>

*Agency request not received.



Major Changes in the Initial
OMB Recommendation
Department of the Treasury
(\$ in millions)

<u>Treasury Programs</u>	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	7,941	8,171	7,436	7,299	6,495	6,476
<u>Major changes:</u>						
Postpone, for review with Justice Department proposals, the proposals to expand drug enforcement programs along the southern border and the proposal to expand enforcement capability in IRS to investigate and prosecute major drug traffickers	-20	-18	-34	-33	-34	-33
Reprice Customs personnel needed for workload increases to include the full cost of personnel saved through productivity gains, and reduce funds requested to increase investigative and audit efforts to discover fraud and break up smuggling rings	---	---	-16	-21	-49	-51
Continue present level of protection by the Executive Protective Service (EPS) at foreign missions in the Washington, D. C. area	---	---	-4	-4	-4	-4

<u>Treasury Programs</u>	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Delay expansion of Operation CUE (Concentrated Urban Enforcement) until complete results of the evaluation are known (January 1977) and then amend 1978 budget accordingly ...	---	---	-12	-12	---	---
Reduce request for IRS funds to increase audit coverage; reduce requirement for collection of taxes by increasing tolerance levels; and reduce funds requested for document matching .	---	---	-107	-104	-207	-260
Reduce miscellaneous increases requested in 1978 and, in 1979, reduce requests for other programs by requiring additional productivity gains, holding equipment replacements to a minimum, and requiring absorption of some workload increases .	---	---	-33	-23	-62	-52
Postpone inclusion of October 1, 1976 pay cost increases until opportunities for absorption can be reviewed	---	---	-95	-95	-95	-95
<u>Initial OMB recommendation:</u>	7,921	8,153	7,135	7,007	6,044	5,981

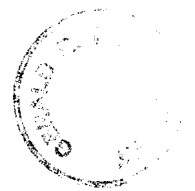


Major Changes in the Initial
OMB Recommendation
Energy Research and Development Administration
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	6858	5411	9546	7234	9124	8708
<u>Major changes:</u>						
Fossil energy R&D - reduce the number of coal demonstration projects, constrain funding of magnetohydrodynamics (MHD) and other R&D.....	--	--	-326	-159	-555	-481
Solar energy R&D - reduce major increases in solar electric technologies which face severe economic obstacles and near-term heating and cooling technologies which should be pursued by the private sector.....	-85	-30	-176	-130	-105	-110
Conservation R&D - limit the Government's role to the development of longer term generic technologies which are applicable to many industries.....	-15	-12	-119	-93	-129	-96
Liquid Metal Fast Breeder Reactor - support main thrust of program to develop safety, economic, and safeguards information so that a commercialization decision can be made by 1986, but reduce lower priority supporting activities....	--	--	-150	-55	-69	-84

PARTIALLY
REJECTED

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Nuclear fission applications - disallow increases for low priority programs such as improving the efficiency of light water reactors which primarily should be a private sector responsibility.....	--	--	-64	-45	-82	-75
Fusion Power R&D - stretch out program pending further progress on major scientific and economic uncertainties facing fusion.....	-12	-6	-65	-48	-108	-94
Nuclear fuel cycle R&D - hold down rates of increase in programs to demonstrate safeguards and technology of nuclear fuel reprocessing, assess U.S. uranium resources, and demonstrate waste disposal.....	--	--	-123	-33	-168	-155
Uranium enrichment - place funds for construction of the Government add-on plant in the allowance for contingencies ^{1/}	--	--	-512	-130	-513	-328
Nuclear weapons R&D and underground testing - hold to the same program activity levels as approved by the President in the FY 1977 budget.....	--	--	-224	-113	-99	-147
Production of materials (e.g., plutonium) for nuclear weapons - reduce pricing of production operations and pace of waste management program.....	--	--	-123	-60	-106	-102



	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Program support - constrain requested buildup in number of Federal employees and administrative expenses.....	-4	-4	-147	-92	-95	-90
Synthetic fuels commercialization - considering failure of Congress to enact legislation permitting support of commercial demonstrations in FY 1977, propose initiation of specific projects in FY 1978/79.....	-516	-13	-354	-23	+296	-10
Other reductions (e.g., basic research, environmental effects research, uranium enrichment R&D).....	-8	-11	-294	-184	-266	-242
Projected FY 1979 inflation.....	--	--	--	--	+390	+360
<u>Initial OMB recommendation</u>	<u>6218</u>	<u>5335</u>	<u>6869</u>	<u>6019</u>	<u>7515</u>	<u>7054</u>

1/ This contingency assumes that a decision will be made later on how all additional U.S. uranium enrichment capacity should be provided, including the respective roles of the Government and the private sector.

Major Changes in the Initial
OMB Recommendation
Environmental Protection Agency
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request [or current policy base or other..</u>	1,454	5,239	6,290	6,330	6,085	6,480
<u>Major changes:</u>						
<i>PARTIALLY REJECTED</i> Construction Grants.....	+2,000	+50	-5,200*	-70*	-5,000*	-120*
Solid Waste Control.....	0	0	-152	-140	-152	-140
Air Pollution Control....	0	0	-53	-25	-50	-35
Water Pollution Control.	0	0	-58	-30	-50	-33
<i>PARTIALLY REJECTED</i> Other.....	0	0	-44	-15	-68	-74
<u>Initial OMB recommendation:</u>	<u>3,454</u>	<u>5,289</u>	<u>783</u>	<u>6,050</u>	<u>765</u>	<u>6,078</u>

Components of reductions

Construction grants: The Agency has requested a \$5B per year program beginning in FY78 for the next 10 years. OMB is recommending a \$2B FY77 supplemental, in lieu of \$5B in FY78, in order to reduce the budget threat from an impending Congressional addition of \$5B in 77 and 78. OMB is not recommending a long-term funding plan. However, allowances have been made for a FY78 supplemental of up to \$4B, pending the enactment of reform legislation. OMB's recommendations will reduce outlays in 1979 by \$100 million relative to the Agency's request.

All Other Programs

Grants to States: Excluding construction grants, over 20% of EPA's budget request is devoted to grants to State and local governments to operate pollution

control agencies at those levels. EPA's 1978 and 1979 request for these programs is \$41M above the enacted level and \$52M above the 1977 President's Budget. OMB recommendation is to in effect maintain the 1977 Presidential level and therefore represents a \$10M reduction below 77 appropriations.

Federal Personnel: The OMB recommendation for 1978 and 1979 funding levels represents an employment level which is 2,400 positions below the Agency's request for 1978 and 1979. Administrator Train in his budget transmittal letter indicated that the lack of sufficient Federal personnel has reached crisis proportions for EPA and has made employment the Agency's highest budget priority. Of the 2,535 position increase requested by EPA, 490 are associated with the construction grants program, 600 are associated with the recent enactment of the Toxic Substances Bill and Resource Recovery Act and the remainder are for other existing operating programs. The OMB recommendation provides an increase of 130 positions for the new legislation and provides them in 1977 to start these programs immediately.

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- * Outlay estimates include the effect of \$4B in potential FY 78 supplementals and \$4B in new FY 79 Budget Authority for the Waste Treatment Grant Program. The budget will show no budget authority for either year, however, pending enactment of program reform legislation.



Major Changes in the Initial
OMB Recommendation
General Services Administration
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Agency request.....	144	120	267	253	307	290
<u>Major Changes:</u>						
Stockpile acquisitions and receipts, chrome cobalt studies.....	-12	-12	-427	-427	-420	-417
Redirect priorities in real property activities, reduce real property disposals.....	0	0	+15	+46	+15	+46
Reduce ADP, NARS.....	<u>0</u>	<u>0</u>	<u>-3</u>	<u>-3</u>	<u>-</u>	<u>-</u>
Initial OMB Recommendation.....	132	108	-148	-131	-98	-81

Major Changes From Agency Request in the Initial
OMB Recommendation
National Aeronautics and Space Administration
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Agency request for FY 1978 budget and runout <u>1/</u> (\$ 1978 budget)	3,693	3,675	4,107	3,927	4,160	4,090
- Reduce non-shuttle space flight research and development	--	--	-30	-20	-11	-7
- Defer Lunar Polar Orbiter	--	--	-7	-3	-44	-23
- Reduce Viking/Mars follow-on studies	--	--	-15	-5	--	-2
- Decrease space science supporting research	--	--	-17	-13	-22	-15
- Reduce LANDSAT-D and other space applications	--	--	-34	-21	-66	-58
- Reduce aircraft energy efficiency research and other aeronautical research	--	--	-23	-12	-52	-33
- Reduce supporting R&D programs (e.g., space technology)	--	--	-27	-16	-22	-17
- Reduce construction of facilities	--	--	-35	-4	-53	-5
- Decrease amount for personnel and administration	--	--	-5	-6	-8	-9
<u>Initial OMB recommendation <u>1/</u> (\$ 1978 budget)</u>	<u>3,693</u>	<u>3,675</u>	<u>3,914</u>	<u>3,827</u>	<u>3,882</u>	<u>3,921</u>
Allowance for shuttle orbiters #4 & #5 not included in recommendation-- requires Presidential decision to put in NASA budget	--	--	47	25	141	115

1/ Exclude new initiatives in 1979, October 1976 pay raise, and escalation for on-going programs in FY 1979.



Major Changes in the Initial
OMB Recommendation
Veterans Administration
(\$ in millions)

	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Current policy base</u>	19,875	18,900	18,819	19,236	19,302	19,000
<u>Major changes:</u>						
RETREATED - Cost-of-living increases in compensation, pension, and education.....	-	-	+ 424	+ 424	+ 845	+ 845
RETREATED - Housing, termination for future veterans.....	-	-	-	-	-	- 3
Reduction of GI Bill eligibility from 10 to 8 years.....	-	-	- 594	- 594	- 666	- 666
Termination of education loan fund.....	-	-	-	- 13	-	- 12
Education attendance certifi- cation (overpayments).....	-	-	- 149	- 149	- 54	- 54
<u>Initial OMB recommendation</u>	19,875	18,900	18,500	18,904	19,427	19,110



Major Changes in the Initial
OMB Recommendation
ACTION
(\$ in millions)

	1977 <u>1/</u>		1978 <u>2/</u>		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	188.2	177.1	244.6	211.2	--	--
<u>Major changes:</u>						
VISTA			-12.4			
Service learning			-4.4			
Older Americans Vol. Programs			-20.0			
Special Volunteer Programs ..	0	0	-3.9			
Urban Volunteer Service			-19.8			
Program support (domestic only)			-6.8			
Peace Corps (support included)			-18.2			
<u>Initial OMB recommendation</u>	188.2	177.1	159.1	153.6		

1/ Excludes effect of 1976 pay raise.
2/ Pay anticipated in FY 1978 estimates.



Major Changes in the Initial
 OMB Recommendation
 Appalachian Regional Commission
 (\$ in millions)

	1977		1978		1979 ^{1/}	
	Oblig.	Outlays	Oblig.	Outlays	Oblig.	Outlays
Agency request	310.2	328.4	394.9	347.1	--	--
<u>Major changes</u>						
Highways	0	0	-35.3	-5.0	--	--
Area Development Programs ...	0	0	-21.5	-4.0	--	--
Salaries and expenses	<u>0</u>	<u>0</u>	<u>-.1</u>	<u>-.1</u>	<u>--</u>	<u>--</u>
<u>Initial OMB recommendation</u>	310.2	328.4	338.0	338.0	424.5	424.5

^{1/} No request received.

Major Changes in the Initial
OMB Recommendation
Civil Service Commission
(\$ in millions)

	1977 ^{1/}		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Agency request.....	16,994.4	9,845.1	17,141.9	11,191.6	18,697.1	12,472.3
<u>Major changes:</u>						
Central Personnel Manage- ment operations.....	-2.5	-2.4	-10.7	-10.9	-10.7	-10.9
Revolving Fund.....	-3.0	xx	xx	xx	xx	xx
IPA.....	xx	xx	-20.0	-14.0	-20.0	-14.0
Initial OMB recommendation	<u>16,988.9</u>	<u>9,842.7</u>	<u>17,111.2</u>	<u>11,166.7</u>	<u>18,666.4</u>	<u>12,447.4</u>

^{1/} Includes effects of supplementals

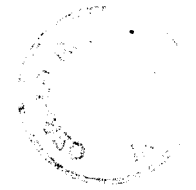
Major Changes in the Initial
OMB Recommendation
Federal Energy Administration
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Agency request.....	728	637	2,369	2,318	1,714	2,194
<u>Major changes:</u>						
1. Energy conservation obligation guarantees--allows funds for study to assess need, effectiveness, and appro- priate features and dimensions of the program. Allows no funds for imple- mentation and operations pending adequate program justification	- 1	- 1	-20	- 7	-22	-34
2. Basic energy conservation grants to States--holds 1978 funding to ceil- ing authorized by law; provides no funding in 1979 which assumes cur- rent authorization is not modified to extend program beyond 1978	0	0	- 6	- 4	-56	-44
3. Supplemental energy conservation grants to States--allows only low cost "energy audit" questionnaires for 50% of U.S. homeowners, rather than FEA request for spending entire authorization of \$105 mil- lion for unspecified program	-26	-13	-27	-33	-27	-27
4. Weatherization assistance grants to States--holds funding to the level of the original President's proposal of \$55 million annual for 3 years ...	- 2	- 1	-12	-10	-27	-23



	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
5. Utilities energy conservation programs--allows requested funds for the mandatory electric utility rate design study. Limits the utility demonstrations to a total of 16, rather than the more than 45 requested	-12	-10	-11	-11	-13	-13
6. Regulatory programs--accelerate termination of regulatory petroleum compliance program and other regulatory activities	- 6	- 5	-10	- 9	-17	-16
7. Energy Information and Analysis--holds expenditures to about FY77 level until FEA's 18-month review of all Federal energy data activities is completed	-14	-10	-19	-11	-22	-20
8. Energy Resource Development State Grants Program--deny proposed legislation because FEA has not demonstrated there is a need to supplement the States' capabilities to do resource development planning. Also since legislation would help pay salaries of State planners, the possibility of ending the program once started would be small	0	0	-35	-35	-35	-35
9. Energy Resource Development limits scope of FEA Solar Commercialization study and requires ERDA involvement and FY77 funds; limits realistic coal conversion funds to realistic workload targets	- 2	- 1	-20	-15	-20	-20

	<u>1977</u>		<u>1978</u>		<u>1979</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
10. Strategic Storage Program--						
a. Crude Purchase: Reduction in budget for crude purchased for storage because of anticipated slippage in implementation. Also due to OMB inclusion of transportation costs in national average price	0	0	-721	-485	+ 3	-544
b. Storage facilities: Change due to estimated lower cost by OMB and of anticipated slippage in implementation	0	-18	- 99	-325	0	+147
11. Other reductions	- 5	-24	- 28	- 2	-27	- 54
<u>Initial OMB Recommendation (without industrial oil storage)</u>	660	554	1361	1371	1451	1511
-- Industrial Oil Storage	0	0	-357	-301	-374	-336
<u>Initial OMB Recommendation (with industrial oil storage)</u>	660	554	1004	1070	1077	1175



Major Changes in the Initial
OMB Recommendation
Energy Independence Authority
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Current Policy Base.....	21	21	48	48	65	65
<u>Major changes:</u>						
<ul style="list-style-type: none"> ◦ Energy Independence Authority--Congress virtually ignored the EIA proposal in the last session. It appears they have done this because they oppose what appears to be very large potential subsidies to major energy producing companies. Also the U.S. private capital markets have not encountered the expected "crunch" that was anticipated when the EIA proposal was developed in fall, 1975. While there is no guarantee that such a "crunch" might not occur in the future, it does appear that prospects for obtaining financing of energy projects through private markets have improved considerably. We continue to believe the most effective means to achieve energy goals is through decontrol of oil and gas, and therefore recommend that the EIA proposal not be made part of the FY 1978 budget request..... 	-21	-21	-48	-48	-65	-65
<u>Initial OMB recommendation</u>	0	0	0	0	0	0



Exhibit C
November 10, 1976

Major Changes in the Initial
National Science Foundation
OMB Recommendation
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	783	734	943	850	966	940
<u>Major changes:</u>						
° Reduce high-option basic research request, allowing only cost increases for 1978 & 1979, plus \$15 million in 1978 for instrumentation	--	--	-57	-15	-40	-39
° Reduce request for various new science education programs	--	--	-11	-10	- 9	- 9
° Reduce requests for additional applied research, international and policy analysis programs	--	--	-14	-12	-12	-12
° Reduce requested increases in staff salaries and operating expenses	<u>--</u>	<u>--</u>	<u>- 1</u>	<u>- 1</u>	<u>- 5</u>	<u>- 5</u>
<u>Initial OMB recommendation</u>	783	734	860	812	900	875



Exhibit C

Major Changes in the Initial
OMB Recommendation
U.S. Postal Service
(\$ in millions)

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Agency request</u>	2,272	2,272	1,696	1,696	1,592	1,592
Major changes:						
No funding for subsidies to extend the period of time available for phasing postage rates on certain classes of mail to full cost recovery levels.....	---	---	-224	-224	-157	-157
Initial OMB recommendation.....	2,272	2,272	1,472	1,472	1,435	1,435



Major Changes in the Initial
OMB Recommendation
Small Business Administration
(\$ in millions)

	1977		1978		1979	
	BA	Outlays	BA	Outlays	BA	Outlays
<u>Agency request</u>	781	520	709	529	858	602
<u>Major changes:</u>						
1. Restrain Regular Business direct and guaranteed loan levels in 1977 and 1978 to control the cost of these programs						
<i>PARTIALLY REJECTED</i> → a. Propose rescission of additional direct loan funds (+\$95 million) provided by Congress in 1977	-95	-67	---	---	---	---
b. Require SBA to charge direct loan borrowers administrative fees to fully cover loan losses in 1978	---	---	-8	-8	-8	-8
c. Hold the 1978 guarantee loan level to the 1977 level (\$2 billion) pending review and analysis of efforts to place the program on self-sustaining basis	---	---	-75	0	-75	0
2. Restrain Development Company loan levels pending review of appropriate SBA role in revitalizing urban areas						
<i>REJECTED</i> → a. Propose rescission of additional direct loan funds (+\$15 million) provided by Congress in 1977	-15	-7	0	-8	---	---

(Con't)

Agency request
Major changes:

	1977		1978		1979	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
b. Provide no funding for this loan program in 1978 pending further analysis of program termination or possible transfer	---	---	-50	-14	-50	-36
3. Increase the Physical Disaster loan program in line with historical trends to assist property owners who are adversely affected by natural disasters	---	---	+40	+31	+10	+10
4. Other program adjustments	---	---	+9	+5	-10	-20
Initial OMB recommendation	671	446	625	535	725	548

RESERVED

