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January 30, 1976

SUBJECT:

HEW RESCISSION ALLEGATIONS

Yesterday's wires and this morning's New York Times carried the story that HEW officials are working on prospective presidential rescissions and deferrals, apparently as a result of the ^{outrage} ~~passage~~ of the Labor-HEW ~~bill~~. The wire story charged that the study of where to cut was being done by HEW at the behest of OMB.

Is this the President's way of getting around spending the additional \$1 billion he adamantly opposed in the Labor-HEW appropriations?

GUIDANCE: Some HEW officials have been working on a possible rescission and deferral plan on their own initiative, but it is not being done at the behest of the President or the OMB. At this time, the President has not even seen any option paper on this HEW initiative.

HEW decided to prepare a contingency plan in case any such request were made by OMB; such a plan, they feel, would eliminate last-minute rush and would aid in the budget preparation.

October 16, 1975

SUBJECT:

SAVING ON CUTS PROPOSED
BY THE PRESIDENT

What do the rescissions, deferrals, and vetoes add up to?

GUIDANCE: FY '76 rescissions and deferrals total \$3.7 billion.

| | |
|---------------|--------------------|
| 8 rescissions | \$ 214 million |
| 56 deferrals | <u>3.5</u> billion |

Congress has approved two rescissions for \$62 million and overridden one deferral costing \$17 million.

Presidential vetoes, in this 94th session, sustained by Congress, have saved the taxpayer \$5.9 billion.

| | | |
|----------------------|------------|---------|
| Farm Bill | \$1.8 | billion |
| Housing | 2.0 | billion |
| Emergency Employment | <u>2.1</u> | billion |

Presidential vetoes, in the 94th session, overridden, have cost the taxpayer \$1.65 billion.

| | | |
|-----------------------|--------------|---------|
| Public Health Service | 200 | million |
| Education Act | 350 | million |
| Child Nutrition | <u>\$1.1</u> | billion |

Summary of FY '75 rescissions and deferrals:

| | | <u>Proposed</u> | | <u>Approved</u> |
|-------------|-------|-----------------|------|-----------------|
| Rescissions | (87) | \$ 2.722B | (24) | \$ 391 million |
| Deferrals | (161) | \$25.333B | | * |

*Congress overturned \$9.3 billion of the proposed deferrals--\$9.1 billion in highway funds.

At the end of FY '75, there were still 25 deferrals totaling \$5.030 billion. Other than the \$9.3 billion released by Congress, the remainder was released by the Administration.

JGC

October 20, 1975

SUBJECT: SIXTH MESSAGE OF RESCISSIONS
AND DEFERRALS

With today's message, the President has submitted six special messages of rescissions and deferrals to the Congress under the Impoundment Control Act of 1974.

Today's message brings the totals submitted to Congress to:

| | |
|---------------|-----------------------|
| 64 deferrals | \$ 3,559,215,000 |
| 8 rescissions | \$ <u>213,888,000</u> |
| TOTAL | \$ 3,773,103,000 |

JGC

October 13, 1975

SUBJECT:

SUMMARY OF FY'76 RECISSIONS
AND DEFERRALS

Since the beginning of this fiscal year, the President has submitted five special messages of recissions and deferrals. These include:

| | |
|--------------|-------------------------|
| 8 recissions | \$ 213,888,000 |
| 56 deferrals | \$ <u>3,524,515,000</u> |
| TOTAL | \$ 3,738,403,000 |

JGC

May 12, 1975

SUBJECT: CONGRESSIONAL ACTION ON PRESIDENT'S
PROPOSED RESCISSIONS AND DEFERRALS

| | <u>Number</u> | <u>Budget authority (in millions of dollars)</u> |
|---|---------------|--|
| Rescissions: | | |
| Proposed..... | 87 | \$2,722 |
| Approved by Congress..... | 39 | 391 |
| Releases by Executive <i>because of Congressional IN ACTION</i> | 41 | 1,618 |
| Adjustments (lapsed)..... | <u>1</u> | <u>456</u> |
| Amount currently before Congress..... | 6 | 267 |
| Deferrals: | | |
| Proposed..... | 161 | 25,333 |
| Disapproved..... | 16 | 9,318 (highway 9.1B) |
| Releases <i>on our own</i> | 45 | 1,618 |
| Court decision - released... | 1 | 9,000 (EPA) |
| Adjustments..... | <u>6</u> | <u>151</u> |
| Currently deferred..... | 93 | 5,246 |

April 21, 1975

SUBJECT:

NINTH AND TENTH SPECIAL MESSAGES
ON RESCISSIONS AND DEFERRALS

For Announcement

The President has transmitted to Congress the Ninth and Tenth Special Messages on Rescissions and Deferrals.

The Ninth Message covers one rescission of \$1 million and 11 deferrals. Nine of the eleven deferrals amend previous deferrals while two are new. I should point out that the overall effect of these deferrals is to reduce the total amount of deferrals by about one billion dollars. You'll notice that the amount deferred for the Federal Highway Administration is about \$9.1 billion. This is about \$2 billion less than previously deferred, and is reduced because of the President's announcement in Topeka, Kansas on February 11 that he was releasing up to \$2 billion in impounded highway funds.

The Tenth Message on Rescissions and Deferrals covers four new rescissions totaling \$238.3 million for the Department of Health, Education and Welfare and eight deferrals totaling \$2.151 billion for the Departments of HEW and Defense. Two of the Defense deferrals amend earlier deferrals.

What's the total number of rescissions and deferrals so far proposed by President Ford, and the total number of dollars involved?

GUIDANCE: Today's package brings the total number of deferrals we have asked for to 160, totaling \$25.2 billion. The total number of rescissions now total 86, worth \$2.7 billion.

How many of the rescissions has Congress approved?

GUIDANCE: Congress has approved \$400 million in rescissions, thus has disapproved about 2.1 billion.

Has the Congress disapproved any previously submitted deferrals?

GUIDANCE: Congress has disapproved \$400 million worth of deferrals

If the President has impounded \$9.1 billion, how much was originally allotted for Federal Aid to Highways?

GUIDANCE: In fiscal year '75, \$15.7 billion was authorized by Congress. The President budgeted \$4.6 billion with an additional \$2 billion released on February 11. That is \$6.6 billion, leaving \$9.1 billion still deferred. I should point out that the fiscal year '76 budget calls for \$5.2 billion for Federal aid to highways.

April 17, 1975

SUBJECT:

NINTH SPECIAL MESSAGE ON
RESCISSIONS AND DEFERRALS

The President is transmitting to Congress today the Ninth Special Message on Rescissions and Deferrals. The Message covers four new rescissions totaling \$238.3 million for the Department of Health, Education and Welfare, and eight deferrals totaling \$2,151,000,000 for the Departments of HEW and Defense. Two of the Defense deferrals amend earlier deferrals.

What's the total number of rescissions and deferrals so far proposed by President Ford, and the total number of dollars involved?

GUIDANCE: Today's package brings the total number of deferrals we have asked for, 158, totaling \$26.2 billion. The total number of rescissions now total 85, worth \$2.7 billion.

How many of the rescissions has Congress approved?

GUIDANCE: Congress has approved \$400 million in rescissions, thus has disapproved about 2.1 billion.

Has the Congress disapproved any previously submitted deferrals?

GUIDANCE: Congress has disapproved \$400 million worth of deferrals.

March 11, 1975

Status of Impounded Funds

| | <u>No. of items</u> | <u>Amount (Billions)</u> |
|---|-------------------------|------------------------------|
| Total 1975 rescissions and deferrals as reported to Congress in eight messages: | | |
| Rescissions | 81 | 2.5 |
| Deferrals | <u>152</u> | <u>25.4</u> |
| Total reported | 233 | 27.8 |
| Released as a result of court action: | | |
| EPA grants (deferral) | -1 | -5.0 |
| Hill-Burton construction (rescission) ... | -1 | -.3 |
| REA loans (rescission) | -1 | -.5 |
| Rescinded by the Congress | -5 | -.1 |
| REAP funds lapsing (rescission) | -1 | -.1 |
| Congressional inaction on rescissions (requiring release) | -38 | -.4 |
| Deferrals released by the Executive | <u>-34</u> | <u>-6.6</u> |
| Total now pending | 152 | 14.9 |
| Rescissions | (35) | (1.1) |
| Deferrals | (117) | (13.8) |





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB -7 1975

MEMORANDUM FOR THE PRESIDENT

FROM: Paul H. O'Neill *PHO*

SUBJECT: Possible Spending Actions

There are two kinds of actions you could take administratively to add Federal spending to the economy without Congressional concurrence.

1. You could order the withdrawal of all (or some) rescissions or deferrals now pending before the Congress.
2. You could order the speedup of the normal spending pattern of some Federal activities.

The effect of the first action, if you chose to withdraw all rescissions and deferrals, would be to add \$1.2 billion to spending in FY 75 and \$2.5 billion in FY 76. It should be noted, however, that the long-term impact would be significantly greater because budget authority released would total \$22.9 billion.

-- Two cautionary notes on such an approach:

1. Release of all rescissions and deferrals would perpetuate some very low priority programs.
2. In many cases, release of deferred or rescinded funds would create a new level of spending that would be difficult or impossible to reverse in the future.

The possible speedup of normal spending patterns does not appear to have great potential but there is one possibility that we believe should be explored further; shortening the contract period for public service job projects. The \$875 million appropriated in December for public service jobs is being made available to State and local governments under twelve-month contracts. This arrangement will produce about 97,000 job slots for the period. If you were to shorten the contract period to, say six months, the available job slots for the next six months could be doubled to about 190,000.

February 7, 1975

Rescissions and Deferrals

(In millions)

| | Budget Authority <u>Withheld</u> | <u>Effect on spending</u> | |
|-----------------------------------|--|---------------------------|-------------|
| | | <u>1975</u> | <u>1976</u> |
| <u>Deferrals</u> | | | |
| <u>Agriculture:</u> | | | |
| Forest Service | 453 | 5 | 10 |
| Other | <u>20</u> | <u>---</u> | <u>---</u> |
| | 473 | 5 | 10 |
| <u>Commerce:</u> | | | |
| EDA Job opportunities | 125 | -19 | 19 |
| Other | <u>40</u> | <u>23</u> | <u>5</u> |
| | 165 | 4 | 24 |
| <u>Corps of Engineers:</u> | | | |
| Construction | 59 | 42 | --- |
| DOD -- Military | 1,403 | --- | --- |
| <u>HEW:</u> | | | |
| Health facilities construction .. | 301 | --- | --- |
| Basic Opportunity Grants | 299 | --- | --- |
| Other | <u>193</u> | <u>---</u> | <u>---</u> |
| | 793 | 1 | -1 |
| <u>HUD:</u> | | | |
| Water and sewer grants | 401 | --- | 10 |
| Homeownership assistance | 264 | --- | 85 |
| Public facility loans | 184 | --- | 13 |
| Comprehensive planning grants ... | 50 | 10 | 40 |
| Other | <u>74</u> | <u>13</u> | <u>8</u> |
| | 973 | 23 | 156 |
| <u>Interior:</u> | | | |
| Indian road construction | 135 | --- | --- |
| Parks road construction | 249 | --- | --- |
| Land and water conservation | 50 | 30 | -30 |
| Other | <u>223</u> | <u>30</u> | <u>14</u> |
| | 657 | 60 | -16 |

(123 million per Roads & Transit)

(In millions)

| | Budget Authority Withheld | Effect on spending | |
|---|---------------------------------|--------------------|-------|
| | | 1975 | 1976 |
| <u>Deferrals--Continued:</u> | | | |
| <u>Justice:</u> | | | |
| Prison facilities | 19 | --- | --- |
| <u>DOT:</u> | | | |
| Federal aid highways | 10,728 | 350 | 1,600 |
| FAA facilities | 261 | --- | --- |
| Other | 115 | --- | --- |
| | 11,104 | 350 | 1,600 |
| <u>AEC--ERDA</u> | 113 | 80 | -52 |
| <u>EPA:</u> | | | |
| Construction grants ^{1/} | 5,000 | --- | 20 |
| Other | 32 | 6 | -6 |
| | 5,032 | 6 | 14 |
| <u>Other Agencies</u> | 377 | 169 | 23 |
| Total, all agencies | 21,168 | 740 | 1,758 |
| <u>Rescissions:</u> | | | |
| Defense | 280 | 117 | 87 |
| REAP | 156 | 35 | 121 |
| Hill-Burton..... | 285 | 11 | 32 |
| Education | 286 | 65 | 121 |
| Alcohol, Drug Abuse Administration. | 104 | 16 | 57 |
| Other | 672 | 303 | 279 |
| Total | 1,783 | 547 | 697 |

1/ \$4 billion released earlier this month, making approximately \$9 billion now available and not yet contracted.

(if release whole \$5 B, only \$20M could be spent in FY 1976)

March 4, 1975

SUBJECT:

RELEASE OF PROPOSED RESCISSIONS

The President is extremely disappointed that the full Congress has failed to take action on his proposed rescissions recommended on November 26, 1974. At that time, the President proposed that \$685 million of budget authority be rescinded. The House agreed to rescind about \$240 million, but the Senate failed to take action within the prescribed time limits.

The Impoundment Control Act of 1974 specifically requires that unless the Congress approves a proposed rescission within a period of 45 calendar days of continuous session after the date on which the President's proposed rescission is received by the Congress, the funds must be made available for obligations. March 1st was the 45th day for these proposed rescissions, so consequently, on Saturday, these funds were made available for obligation.

I might just point out that of the \$685 million released on Saturday, \$279 million was in the Defense Budget.

How will this affect the budget deficits for fiscal year '75 and '76?

GUIDANCE: Budget deficit for fiscal year '75 will be increased \$205 million (\$117 million of this is in Defense and includes money for F-111's). The budget deficit increase for fiscal year '76 is \$140 million.

Why does the House report on H.R.3260 show \$949 million, while the Administration's estimate of proposed rescissions is \$685 million?

GUIDANCE: The House report includes \$264 million for HUD's Home Ownership Assistance Program, while the Administration's estimate does not. The withholding of these funds was classified as a deferral by the President and as a rescission by the Controller General. We do not agree with the Controller General's interpretation in this instance.

JGC

January 30, 1975

SUBJECT:

RESCISSIONS & DEFERRALS DEFINITIONS

RECISSION:

If Congress does nothing, does not act, within 45 days, the funds rescinded must be released. In order for the funds to remain rescinded, both houses of Congress, by a simple majority, must approve the rescission.

DEFERRAL:

If Congress does nothing, does not act, within 45 days, the deferral stands. In order for the deferral to be overridden, one house can disapprove the deferral, by simple majority.

JGC

SUMMARY OF PROPOSED RESCISSIONS
(Budget authority; in thousands of dollars)

| Identification number | Item | President's proposal | House recommendation |
|--|---|-------------------------|-------------------------|
| RESCISSIONS PROPOSED BY THE PRESIDENT | | | |
| <u>Agriculture</u> | | | |
| Agricultural Stabilization and Conservation Service: | | | |
| R75-8A | Water Bank Act Program - 1974..... | 21,213 | --- |
| Forest Service: | | | |
| Forest Protection and Utilization: | | | |
| R75-9 | Cooperation in Forest Fire Control..... | 4,921 | --- |
| R75-10 | Reforestation and Stand Improvement..... | 10,000 | --- |
| <u>Commerce</u> | | | |
| Social and Economic Statistics Administration: | | | |
| R75-11 | Salaries and Expenses..... | 373 | 373 |
| Economic Development Administration: | | | |
| R75-12 | Economic Development Assistance Programs..... | 2,000 | --- |
| Domestic and International Business Administration: | | | |
| R75-13 | Financial and Technical Assistance..... | 12,000 | 12,000 |
| United States Travel Service: | | | |
| R75-14 | Salaries and Expenses..... | 250 | 250 |
| National Oceanic and Atmospheric Administration: | | | |
| R75-15 | Operations, Research, and Facilities..... | 3,227 | 3,227 |
| Patent Office: | | | |
| R75-16 | Salaries and Expenses..... | 700 | 700 |
| <u>Defense, Military</u> | | | |
| Operation and Maintenance: | | | |
| R75-17 | Army..... | 41,000 | 20,500 |
| R75-18 | Navy..... | 27,500 | 13,750 |
| R75-19 | Marine Corps..... | 5,000 | 2,500 |
| R75-20 | Air Force..... | 40,000 | 20,000 |
| R75-21 | Defense Agencies..... | 1,900 | 950 |
| R75-22 | Army Reserve..... | 1,800 | 900 |
| R75-23 | Navy Reserve..... | 1,100 | 550 |

| <u>Identification number</u> | <u>Item</u> | <u>President's proposal</u> | <u>House recommendation</u> |
|--|---|-----------------------------|-----------------------------|
| <u>Defense, Military</u> | | | |
| Operation and Maintenance (continued): | | | |
| R75-24 | Air Force Reserve..... | 400 | 200 |
| R75-25 | Army National Guard..... | 1,400 | 700 |
| R75-26 | Air National Guard..... | 500 | 250 |
| Aircraft Procurement: | | | |
| R75-27 | Army..... | 5,700 | --- |
| R75-28 | Air Force..... | 152,500 | 122,900 |
| <u>Health, Education, and Welfare</u> | | | |
| Health Resources Administration: | | | |
| R75-29 | Health Services Planning and Development..... | 284,719 | --- |
| <u>Justice</u> | | | |
| Federal Bureau of Investigation: | | | |
| R75-30 | Salaries and Expenses..... | 5,300 | 5,300 |
| Immigration and Naturalization Service: | | | |
| R75-31 | Salaries and Expenses..... | 1,300 | --- |
| Bureau of Prisons: | | | |
| R75-32 | Salaries and Expenses..... | 5,250 | 5,250 |
| R75-33 | Buildings and Facilities..... | 1,750 | 1,750 |
| Drug Enforcement Administration: | | | |
| R75-34 | Salaries and Expenses..... | 2,400 | 2,400 |
| <u>State</u> | | | |
| International Organizations and Conferences: | | | |
| R75-35 | Contributions to International Organizations..... | 2,000 | 2,000 |
| R75-36 | International Trade Negotiations..... | 100 | 100 |
| <u>Treasury</u> | | | |
| Office of the Secretary: | | | |
| R75-37 | Salaries and Expenses..... | 310 | 310 |
| Federal Law Enforcement Training Centers: | | | |
| R75-38 | Salaries and Expenses..... | 60 | 60 |

| <u>Identification number</u> | <u>Item</u> | <u>President's proposal</u> | <u>House recommendation</u> |
|---|---|-----------------------------|-----------------------------|
| <u>Treasury (continued)</u> | | | |
| Bureau of Accounts: | | | |
| R75-39 | Salaries and Expenses..... | 630 | 630 |
| U.S. Customs Service: | | | |
| R75-40 | Salaries and Expenses..... | 3,000 | --- |
| Internal Revenue Service: | | | |
| R75-41 | Salaries and Expenses..... | 530 | --- |
| R75-42 | Accounts, Collection, and Taxpayer Service..... | 9,230 | --- |
| R75-43 | Compliance..... | 10,240 | --- |
| <u>General Services Administration</u> | | | |
| Public Buildings Service: | | | |
| R75-44 | Federal Buildings Fund..... | 20,023 | 20,023 |
| <u>Special Action Office for Drug Abuse Prevention</u> | | | |
| R75-45 | Pharmacological Research..... | 2,760 | 2,760 |
| R75-46 | Special Fund for Drug Abuse..... | <u>2,240</u> | <u>2,240</u> |
| | Total rescissions..... | 685,326 | 241,673 |
| DEFERRAL CLASSIFIED AS RESCISSION BY THE GENERAL ACCOUNTING OFFICE | | | |
| <u>Housing and Urban Development</u> | | | |
| D75-48 | Homeownership Assistance (Annual Contract Authority)..... | <u>264,117</u> | --- |
| | Total covered by H.R. 3260..... | <u>949,443</u> | <u>241,673</u> |

February 28, 1975

January 31, 1975

SUBJECT:

RESCISSIONS AND DEFERRALS

Yesterday's Rescission and Deferral package totaled \$2.6B. Of that, \$1.8B deals with Social Service programs. Isn't this hitting HEW very hard, while letting DOD off the hook?

GUIDANCE: Yesterday's Rescission and Deferral package did total \$1.8B in the area of Social Service programs. However, I should point out that the majority of these rescissions and deferrals seek to reduce the increased Federal spending that would have otherwise resulted from four recently-enacted 1975 Appropriation bills--Labor-HEW; Agriculture-Environmental-Consumer Protection; the First Supplemental; and Urgent Supplemental. The 93rd Congress in its Conference report on Labor-HEW, indicated its willingness to give full consideration to such rescissions and deferrals, as might be required to keep 1975 spending with the total estimate for the bill.

What is the total number of rescissions and deferrals so far proposed by President Ford?

GUIDANCE: Yesterday's package brings the total number of deferrals we have asked for to 150, totaling \$21.2 billion, and the total number of rescissions to 74, totaling \$1.8 billion or a combined total of rescissions and deferrals to \$23 billion.

What is the total amount of money that has been deferred and rescinded for DOD vrs. HEW?

GUIDANCE: DOD deferrals - \$1.4 billion, rescissions .3 million.
HEW deferrals - \$.8 million, rescissions 1.2 billion.

If deferrals for DOD and HEW only total to \$2.2 billion, where is the remaining \$19 billion in deferrals?

GUIDANCE: There is \$10.7 billion in Federal Highway funds that has been deferred; that was announced in September. In addition, there is \$5 billion in EPA funds, half billion in Agriculture funds, etc.

January 30, 1975

SUBJECT:

EIGHTH SPECIAL MESSAGE ON
RESCISSIONS AND DEFERRALS

The President is transmitting to Congress today the eighth special message on Rescissions and Deferrals. The message covers 40 new rescissions and 26 deferrals. Five of these rescissions revise previous rescissions, and twelve of the deferrals revise previously reported deferrals. These actions today total \$2.6 billion. In Fiscal Year 1975, the President's actions to date will save taxpayers \$1.3 billion in cash outlays and in Fiscal Year 1976, \$2.5 billion.

What is the total number of rescissions and deferrals so far proposed by President Ford, and the total number of dollars involved?

GUIDANCE: Today's package brings the total number of deferrals we have asked for to 150, totaling \$21.2 billion, and the total number of rescissions to 74, totaling \$1.8 billion or a combined total of rescissions and deferrals of \$23 billion.

Has the Congress approved any of your previously submitted rescissions?

GUIDANCE: Of the previous \$1.5 billion in rescissions, Congress disapproved \$541 million, approved \$131 million, and the balance is pending.

Do you have any idea of the amount of deferrals and rescissions in the Department of Defense and HEW?

GUIDANCE: DOD deferrals - \$1.4 billion, rescissions .3 million.
HEW deferrals - \$.8 million; rescissions 1.2 billion.

JGC

RECISSION:

If Congress does nothing, does not act, within 45 days, the funds rescinded must be released. In order for the funds to remain rescinded, both houses of Congress, by a simple majority, must approve the rescission.

DEFERRAL

If Congress does nothing, does not act, within 45 days, the deferral stands.. In order for the deferral to be over-ridden, one house ~~XXXXXXXXXX~~ can disapprove the deferral, by simple majority.

R

December 27, 1974

MEMORANDUM FOR: TOM DECAIR

FROM: JOHN G. CARLSON

SUBJECT: SEVENTH SPECIAL MESSAGE ON
THE DEFERRAL OF FUNDS

For Announcement

The President is transmitting to Congress today the seventh special message on the deferral of funds. The message covers 19 deferral reports, eleven of which modify deferrals transmitted in earlier messages. Eight are new deferrals being reported for the first time. These actions today total \$909.1 million.

Why are these deferrals going up now when there is no Congress in session?

GUIDANCE: The law requires that a message be sent to Congress within a reasonable time if you are going to defer funds, and explicitly provides that a deferral message be sent to Congress even when they are not in session.

What is the total number of rescissions and deferrals so far proposed by President Ford, and the total number of dollars involved?

GUIDANCE: This package today brings the number of deferrals we have asked for to 138, totaling \$25.4 billion. However, we have already released some previous deferrals.

We have asked for \$1.5 billion in rescissions. Congress has disapproved \$541 million, has approved \$131 million, and the balance is pending.

What is the effective date of these deferrals?

GUIDANCE: There are various effective dates, beginning with the second quarter, October 1st.

(More)

Why the long delay in reporting these deferrals?

GUIDANCE: As you recall when we signed the Labor-HEW Appropriation bill, we said we would be sending up deferrals and rescissions to keep the total within the budget. Much of the delay is attributable to Congress's delay in completing action on the Labor-HEW Appropriations bill.

Are these deferrals all in HEW, or do some affect Defense?

GUIDANCE: We have a complete package available for you so you can judge for yourself.

However, I might just point out that in a previous deferral package, we deferred \$498 million for ship building. We have now deferred another \$747.7 million, the largest single deferral in the package. This brings the total ship building deferral to \$1.2 billion.

What is the total effect this package has on outlays for fiscal year 1975?

GUIDANCE: These actions will decrease 1975 fiscal spending by \$13.6 million.

The table shows the amount of deferrals as \$1.47 billion. I thought you said the package totaled \$909.1 million. Which is correct?

GUIDANCE: Today's package does total \$909.1 million. However, the table shown highlights the total amounts deferred for those items, which is \$1.47 billion.

Of the 19 deferrals, you said 11 modify previous deferrals and eight are new. How is this \$909.1 million broken down between the two?

GUIDANCE: The eight new deferrals total \$106.9 million, while the 11 modifications total \$802.2 million.

December 17, 1974

RESCISSIONS AND DEFERRALS

FYI:

On November 26, in his Budget Cut Message, the President sent up certain rescissions and deferrals to Congress. Ordinarily, the deferrals would go into effect immediately--with us withholding money from those programs the day they went to the Hill.

However, the President told Congress that he would not withhold the money immediately and would give them to December 16 to act. They did not act, so effective yesterday, he deferred 77 programs and began phasing out three others (these are the military aircraft which are being worked out with Mahon).

By law, rescissions require a positive vote by Congress in 45 days to become effective. Deferrals go into effect if Congress does not act. However, the clock on the 45 days re-starts each time Congress adjourns. So on the November 26 package, the clock would not run out before adjournment and would re-start with the new Congress. It would then not expire until mid-March.