

The original documents are located in Box 3, folder “Budget - Reductions (1)” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

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SCENARIO FOR RELEASE OF FY 1975
BUDGET REDUCTIONS

Key Themes

The following themes should be reiterated by Administration spokesmen in discussing the FY '75 budget reductions:

- These changes, along with others made during the year, have not reduced payments to individuals from the amount originally budgeted for FY 1975.
- In fact, even with these changes, payments to individuals are up \$21b, or 19% from last year.
- The largest burden of the FY 1975 budget reductions is borne by Defense and other government operations.
- The package of reductions was the result of looking at all areas carefully, the President being mindful of those hurt the most by the present economic situation.
- The reductions are necessary to curb the overall growth of Federal spending and to contribute to the solution of our existing economic problems.
- The President believes that these reductions are appropriate, both to reduce inflation and to make funds available for other anti-recession programs, and that they are responsive to the will of the Congress which has called for reductions in Federal expenditures.
- The President is making the tough decisions necessary to correct the economic situation.

Scenario

I. Saturday, November 23

- OMB submit necessary schedule proposals



- OMB provide talking points for meeting with President on Monday morning.
- OMB finalizes FY '75 budget reduction materials (messages, fact sheet, legislation).
- OMB print copies of budget reduction materials (except message).
- OMB prepare briefing materials (charts, handouts, etc.).

2. Monday, November 25

- Ash, Timmons, Nessen discuss scenario.
- OMB, Nessen finalize press plan.
- Nessen gets Ash on Sunday interview (Dec. 1). (?)
- OMB, Timmons, Nessen meet with President in morning to finalize details of release of FY '75 budget reductions. (President selects one of three possible messages at meeting).
- OMB, speech writers finalize message to Congress.
- OMB prints message.
- Timmons prepares papers for Tuesday meeting of President with bi-partisan Congressional leaders; OMB to provide talking points.
- Associate Directors of OMB brief Cabinet members and Agency heads for their Tuesday morning meeting with appropriate Committee members and for their Tuesday afternoon briefings of the press. Provide them with FY 1975 budget reduction package (for their department or agency) for use on the Hill and at press briefings. Encourage interviews with the press on Wednesday, November 27 and Friday, November 29.



3. Tuesday, November 26

- Cabinet officers and agency heads brief members of Congressional Committees in the morning on their specific reductions.
- 9:30 A.M., President meets with bi-partisan Congressional leaders to discuss FY 1975 budget reductions and trip abroad (40 minutes).
- 10:45 A.M., President and Congressional leaders join in signing ceremony for Mass Transit Bill.
- 11:00 A.M., Congressional leaders depart, after conversation with press.
- 11:15 A.M., Release budget materials to the press on an embargoed basis until 3:00 P.M.
- 12:15 P.M., Roy L. Ash briefs press on President's meeting with Congressional leadership and on budget reductions, also on embargoed basis.
- 3:00 P.M., President sends message to Congress and further distributes materials to Congress, the public and the general press.
- 3:00 P.M. and after, Cabinet officers and agency heads hold briefings for the press.

4. Wednesday, November 27; Friday, November 29

- OMB, Cabinet officers and agency heads encourage interviews on budget reductions.

5. Sunday, December 1

- Ash on Sunday interview program. (?)

THE WHITE HOUSE

WASHINGTON

November 23, 1974

MEETING WITH ROY L. ASH, BILL TIMMONS
AND RON NESSEN

Monday, November 25, 1974

10:00 A.M. (30 minutes)

From: Roy L. Ash

I. PURPOSE

To make final decisions about the release of FY '75 budget reductions to the Congress, the press and the public.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: After a lot of discussion and many decisions, the FY '75 budget reductions are nearly ready for release. This meeting will focus on the final preparations for their release, especially the substance of the message transmitting the reductions to the Congress and the themes the Administration will emphasize in discussing the reductions with the Congress and the press.

B. Participants: Roy L. Ash, Bill Timmons, Ron Nessen, Paul O'Neill, Don Ogilvie, Dale McOmber, Walter Scott, Frank Zarb.

C. Press Plan: David Kennerly photo.

III. TALKING POINTS

A. I have the three alternative messages that could be used to transmit the FY '75 budget reductions to the Congress. Roy Ash, would you give me your judgment as to which one should be used?

B. These budget reductions will provoke a substantial amount of comment by the Congress, the press and the public.

Roy Ash, would you tell us what themes you think should be emphasized by the Cabinet officers and agency heads in discussing these reductions?

- C. Just the process of releasing these budget reductions is complicated. What plans have been worked out to release these materials to the Congress, the press, and the public?
- D. The reaction of the Congress to the budget reduction package will be interesting. Roy Ash or Bill Timmons, have you any judgments as to how the Congress will react and what the final outcome will be as to achieving these reductions?

THE WHITE HOUSE
WASHINGTON

November 25, 1974

MEMORANDUM FOR:

ROBERT HARTMAN
JACK MARSH
BILL TIMMONS
RON NESSEN ✓
DICK CHENEY

FROM:

~~ROY L. ASH~~

SUBJECT:

FY 75 Budget Reduction Materials
for 12:00 Noon Meeting with the
President

Attached for your information are the materials that will be considered at our 12:00 noon meeting today with the President.

Attachment

THE WHITE HOUSE
WASHINGTON

NOV 21 1974

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY L. ASH

SUBJECT:

Message on Budget Cuts

I. BACKGROUND

At our meeting November 15, we discussed the proposal of including with your Message on budget cuts a further list of reductions that, while not recommended, would permit 1975 outlays to be reduced to \$300 billion. At your request, we gave you on November 16, two alternative lists:

- reduction items that you previously decided not to recommend; and
- a shorter alternative that avoids many of the undesirable items in the first list.

You approved the shorter alternative.

We also indicated that we would send you alternative draft Messages to deal with problems discussed at the November 15 meeting. These Messages are attached.

II. OPTIONS

Tab A is a draft Message that is consistent with the submission of the additional cut list indicated above. It would not endorse the additional cuts, but would place them before the Congress as one means of reaching \$300 billion. Tab B is the list of additional cuts you approved earlier.

Tab C is a draft indicating that we have reached the \$300 billion level, if increases for programs to help the unemployed are excluded.

Tab D is a draft Message that makes the best case possible for a \$302.5 billion level, without one of the rationales used in the first two options.

III. RECOMMENDATION

In the process of writing these Message drafts, it seemed to me that either the Tab C or Tab D option deserves your further consideration. For I see use of the "not recommended" listing as a signal to many constituencies that you view them to be at the margin -- they're next. While you would not actually be recommending that their programs be cut, this is likely to gain little credit from them -- more likely the opposite. It could stimulate pressures limiting your ability to deal with these programs at a later date.

IV. DECISION

1. Tab A, transmitting a second listing of cuts not recommended (Tab B) that would get the budget total to the \$300 billion level
2. Tab C, explaining that we have reached \$300 billion but that unemployment programs have added amounts above that level
3. Tab D, which uses neither of the rationales above

Attachments

cc: DO Records
Director's Chron
Director
Mr. O'Neill
Mr. Ebner
Mr. Laitin (2)
Mr. McOmber
Mr. Modlin
Mr. Mathiasen
Ms. Walker

BRD:FAB:DGMathiasen:rf 11/19/74
Rewritten: DO:RLash:lh 11/20/74

NOTE

Tab A includes two paragraphs that do not appear in the other Messages, as marked on pages 3 and 5. As a result, the ending is somewhat different.

Tab C contains one paragraph that does not appear in the other Messages, as marked on page 2, and the sequence of ideas is different from the other Messages on page 2.

Tab D is identical to Tab A except for the excluded paragraphs indicated above, and the use of the same ending as Tab C.



THE WHITE HOUSE

Tab A

WASHINGTON

DRAFT MESSAGE

TO THE CONGRESS OF THE UNITED STATES:

Last month, I sent a 31-point economic program to the Congress. The program that I submitted was a balanced one. It was designed to help control inflation and, at the same time, to help those ~~hardest~~ ^{hit} hardest by inflation and by the slack that has developed in some sectors of the economy.

Responsible restraint of government spending is an integral part of my economic program. Thus, I am grateful that both the House and the Senate ~~have clearly~~ ^{also} indicated agreement with the necessity to reduce government ~~expenditures~~ ^{spending}.

In my October 8 Message to the Congress, I pledged to ~~transmit~~ ^{forward} a package of proposed actions to reduce the 1975 budget. ~~I therefore~~ ^{at the same time,} asked the heads of Federal agencies to undertake a thorough review of 1975 expenditures. Today, I ~~want to report~~ ^{am reporting} on the results of this review and present my specific recommendations for reducing Federal outlays.

First, let me point out what is happening to the budget. When the current fiscal year began last July 1, budget outlays for the year were estimated ~~to be~~ ^{at} \$305.4 billion. Recent developments in the economy have ~~been adding~~ ^{added} to our expected expenditures. Specifically, increased aid to the jobless -- including the additional programs I

proposed last month -- has added \$2.7 billion to the budget. This increase is not only unavoidable, it is necessary ~~to~~ ^{to ease} ~~a means of easing~~ the burden on those ~~who are~~ most affected by current economic stress.

Interest rates are also up, so that interest on the public debt is now expected to be \$1.5 billion more than ~~the estimate last June.~~ ^{last June's estimate.} Veterans benefits ^{also} will ~~also~~ be higher.

However, estimated spending for the Defense Department's military programs has decreased by \$2.2 billion, largely as a result of Congressional action. Spending by the Environmental Protection Agency and the Department of Health, Education, and Welfare is also running below previous estimates.

Taking these developments into account, my present recommendations for \$4.6 billion of budget reductions will result in a budget total of \$302.2 billion. Although this exceeds the \$300 billion target I had set, you will note that it does so by less than the \$2.7 billion of very necessary increases in aid to the jobless.

The fiscal year 1975 budget actions by the Executive and the Congress since July 1, including those ~~heretofore~~ ^{here,} proposed, can be summarized and compared to last year's actual expenditures as follows:

(fiscal years; dollar amounts in billions)

	<u>Defense</u>	<u>Interest on the public debt</u>	<u>Payments to individuals and grants¹</u>	<u>Other government</u>	<u>Total</u>
Actual 1974 expenditures.....	\$ 78.4	\$ 29.3	\$ 139.5	\$ 21.2	\$ 268.4
1975 Budget (July 1 estimate)...	85.8	31.5	166.0	22.1	305.4
Changes (including those proposed).....	-2.6	+1.5	-1.4	-.7	-3.2
Presently proposed levels for 1975.....	83.2	33.0	164.6	21.4	302.2
<hr/>					
1975: Percent change since July 1.....	-3%	+5%	-1%	-3%	-1%
1975: Percent change over 1974.....	+6%	+13%	+18%	+1%	+13%

¹ Nondefense.

With this Message I am also identifying possible further reductions amounting to over \$2.5 billion that the Congress may wish to consider, but which I cannot recommend. These additional reductions would bring budget spending to below \$300 billion.

The 1975 outlay estimates can be affected significantly by variations in income from oil lease sales on the Outer Continental Shelf. This income is treated in the budget as an offset to spending.

Appears only
in Tab A.

If the current schedule for lease sales is not met -- for environmental or other reasons -- or if the bids turn out to be significantly less than anticipated, outlays could increase further -- by \$3 billion or more.

The reductions I am ~~proposing~~ ^{propose} to the Congress will require a number of changes in basic legislation and in pending appropriations. I am also transmitting proposed rescissions and deferrals, as required by the Congressional Budget and Impoundment Control Act, to ~~achieve reductions in~~ ^{reduce} programs for which funds have already been appropriated. The rescissions would result in decreased outlays of \$ _____ million in 1975 and \$ _____ million in 1976. Deferrals would reduce 1975 outlays by \$ _____ million and 1976 outlays by \$ _____ million.

The reductions I am ~~proposing~~ ^{propose} focus on programs that have grown rapidly in recent years or that have been increased substantially over ~~the~~ budget proposals. In most cases, the level of 1975 outlays will be materially above actual spending last year. Even after the proposed cutbacks, Federal benefit payments to individuals and grants to State and local governments are estimated to reach \$164.6 billion, \$1.4 billion below the June estimate, but \$25 billion, or 18%, above actual spending last year.

While I am recommending further cuts in defense spending, I have ~~taken into account~~ ^{accounted for} the substantial reductions already made by the Congress. My current recommendation for defense spending is \$83.2 billion, \$2.6 billion below the June estimate. I believe that further cuts in defense spending would be unwise.

In determining which budget programs should be reduced, I have tried to ~~take actions to~~ eliminate the less essential and to overcome inequities. I have tried to avoid ~~these~~ actions that would add to unemployment or adversely affect those ~~who have been~~ hurt most by inflation.

Appears only in Tab A.

The additional \$2.5 billion in program reductions necessary to reduce outlays below \$300 billion would require action that many ~~will~~ *may* consider unrealistic or undesirable. ~~It is~~ *F* for this reason, ~~that~~ I am not recommending ~~these~~ *these* actions. But if the Congress wishes to reduce outlays further, I urge it to analyze the ~~list of~~ additional reductions I have identified. I will ~~be glad to~~ *gladly* cooperate with the Congress if it wishes to make further budget cuts.

I hope that the Congress and the Executive can work together rapidly and effectively toward the important goal of budget restraint.

THE WHITE HOUSE,

November , 1974.

Further Budget Cuts Not Recommended
(Outlays in millions)

	<u>1975 reduction</u>	<u>Effect on 1976</u>
Public works programs -- Defer new construction starts and land acquisition, slow project schedules and stop marginal projects:		
Corps of Engineers	112	250
Bureau of Reclamation	20	84
Transportation -- Defer 22% of Federal aid highway program	50	300
Environmental Protection Agency -- Rescind funds to reimburse municipalities for sewage facility construction build without any grant agreement or other Federal commitment to share the costs	100	---
HEW -- Rescind \$415 million for Title I of the Elementary and Secondary Education program ..	155	189
-- Decrease Vocational Rehabilitation matching rate for State grants from 80% to 75%	75	80
HUD -- Postpone start-up of the new community development program for six months to July 1, 1975	150	300
-- Withhold Model Cities funds carried over from 1974 and rely on 1975 funds and community development block grants	50	---
HUD and SBA -- Sell loan assets.....	400	---
Justice -- Defer \$241 million of LEAA grants	44	160

	<u>1975</u> <u>reduction</u>	Effect on <u>1976</u>
Labor -- Rescind increase over budget for Comprehensive Manpower Assistance	175	42
-- Enact legislation to terminate the Work Incentive program	125	320
Treasury -- Allocate General Revenue Sharing payments over an additional four quarters	888	1,905
VA -- Enact legislation to defer dividends under veterans life insurance programs effective January 1, 1975	160	344
All agencies -- Freeze grade promotions for federal and military personnel for 90 days	<u>40</u>	<u>---</u>
Totals	2,544	3,974



DRAFT MESSAGE

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~~The~~ program ~~that I submitted~~ was a balanced one. It was designed to help control inflation and, at the same time, to help those ~~persons~~ *hit* ~~who are hit~~ hardest by inflation and by the slack that has developed in some sectors of the economy.

Responsible restraint of government spending is an integral part of my economic program. Thus, I am grateful that both the House and the Senate ~~have clearly indicated~~ *also* agreement with the necessity to reduce government ~~expenditures~~ *spending*.

In my October 8 Message to the Congress, I pledged to ~~present~~ *forward* a package of proposed actions to reduce the 1975 budget. I therefore asked the heads of the Federal agencies to undertake a thorough review of 1975 expenditures. Today I ~~went to report~~ *am reporting* on the results of this review and present ~~my~~ specific recommendations for reducing Federal outlays.

First, let me point out what is happening to the budget. When the current fiscal year began last July 1, budget outlays for the year were estimated ~~to be~~ *at* \$305.4 billion. Recent developments in the economy have ~~been adding~~ *added* to our expected expenditures.

However, estimated spending for the Defense Department's military programs has decreased by \$2.2 billion, largely as a result of congressional action. Spending by the Environmental Protection Agency and the Department of Health, Education, and Welfare is also running below previous estimates.

Interest rates are up, so that interest on the public debt is now expected to be \$1.5 billion more than the estimate last June. Veterans benefits will also be higher.

However, the most significant change is the increased aid to the jobless -- including the additional programs I proposed last month -- that ~~has~~ added \$2.7 billion to the budget. This increase is not only avoidable, it is necessary as a means of easing the burden on those who are most affected by current economic stress.

Taking these developments into account, my present recommendations for \$4.6 billion of budget reductions will result in a budget total of \$299.5 billion before considering \$2.7 billion increased spending for aid to the unemployed. They represent a major effort at budgetary restraint. It would be unwise, in my view, to add ~~an~~ additional dollar ~~of~~ reductions for each dollar of increased aid to the unemployed.

The changes outlined above are summarized and compared to last year's actual expenditures in the following table.

Appears
only in
Tab B.



(fiscal years; dollar amounts in billions)

	<u>Defense</u>	<u>Interest on the public debt</u>	<u>Payments to individuals and grants¹</u>	<u>Other government</u>	<u>Total</u>
Actual 1974 expenditures.....	\$78.4	\$ 29.3	\$ 139.5	\$ 21.2	\$268.4
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¹ Nondefense.

The 1975 outlay estimates can be affected significantly by variations in income from oil lease sales on the Outer Continental Shelf. If the current schedule ~~for~~ ^{of} lease sales for environmental or other reasons is not met, or if ~~the~~ ^{are} bids ~~turn out to be~~ ^{are} significantly less than anticipated, outlays could ^{further} increase ~~further~~ -- possibly by \$3 billion or more.



The reductions I ~~am proposing~~ ^{propose} to the Congress will require a number of changes in basic legislation and in pending appropriations. I am also transmitting proposed rescissions and deferrals, as required by the Congressional Budget and Impoundment Control Act, to ~~achieve reductions in~~ ^{reduce} programs for which funds have already been appropriated. The rescissions would result in decreased outlays of \$_____ million in 1975 and \$_____ million in 1976. Deferrals would reduce 1975 outlays by \$_____ million and 1976 outlays by \$_____ million.

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While I am recommending further cuts in defense spending, I have ~~taken into account~~ ^{accounted for} the substantial reductions already made by the Congress. My current recommendation for defense spending is \$83.2 billion, \$2.6 billion below the June estimate. I believe that further cuts in defense spending would be unwise.

In determining which budget programs should be reduced, I have tried to ~~take actions to~~ eliminate the unessential and to overcome inequities. I have also tried to avoid ~~these~~ actions that would add to unemployment or adversely affect those ~~who~~ ~~have been~~ hurt most by inflation.

The \$[4.6] billion budget outlay reduction I now propose ~~is~~
is not
~~not~~ large when compared with total Federal spending. Never-
theless, the Congress may find it difficult to agree with all my
proposals. I urge ^{strongly} the Congress to accept them. The decreases are
essential to demonstrate to the American people that the Federal
Government is working seriously to restrain the growth of its spend-
ing. They are also a start toward the critical goal of gaining
control over budgets in the future.

THE WHITE HOUSE,

November , 1974.



THE WHITE HOUSE
WASHINGTONDRAFT MESSAGE

TO THE CONGRESS OF THE UNITED STATES:

Last month I sent a 31-point economic program to the Congress. ^{That} ~~The program that I submitted~~ was a balanced one. It was designed to help control inflation and, at the same time, to help those ~~persons who are hit~~ ^{hit} hardest by inflation and by the slack that has developed in some sectors of the economy.

Responsible restraint of government spending is an integral part of my economic program. Thus, I am grateful that both the House and the Senate ~~have clearly~~ ^{also} indicated agreement with the necessity to reduce government ~~expendi-~~ ^{spending.} ~~tures.~~

In my October 8 Message to the Congress, I pledged to ~~present~~ ^{forward} a package of proposed actions to reduce the 1975 budget. I therefore asked the heads of Federal agencies to undertake a thorough review of 1975 expenditures. Today I ~~want to report~~ ^{am reporting} on the results of this review and present my specific recommendations for reducing Federal outlays.

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outlays for the year were estimated ^{at} ~~to be~~ \$305.4 billion. Recent developments in the economy have ^{added} ~~been adding~~ to our expected expenditures. Specifically, increased aid to the jobless--including the additional programs I proposed last month--~~has~~ added \$2.7 billion to the budget. This increase is not only unavoidable, it is necessary as a means of easing the burden on those who are most affected by current economic stress.

Interest rates are also up, so that interest on the public debt is now expected to be \$1.5 billion more than the estimate last June. Veterans benefits will also be higher.

However, estimated spending for the Defense Department's military programs has decreased by \$2.2 billion, largely as a result of congressional action. Spending by the Environmental Protection Agency and the Department of Health, Education, and Welfare is also running below previous estimates.

Taking these developments into account, my present recommendations for \$4.6 billion of budget reductions will result in a budget total of \$302.2 billion. ~~Although~~ ^T this exceeds the \$300 billion target I had set, ^{but} you will note that it does so by less than the \$2.7 billion of very necessary increases in aid to the jobless.



The fiscal year 1975 budget actions by the Executive and the Congress since July 1, including those ~~herein~~ ^{here,} proposed [^] can be summarized and compared to last year's actual expenditures as follows:

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The reductions I ~~am proposing~~ ^{propose} to the Congress will require a number of changes in basic legislation and in pending appropriations. I am also transmitting proposed rescissions and deferrals, as required by the Congressional Budget and Impoundment Control Act, to ~~achieve reductions~~ ^{reduce} ~~in~~ programs for which funds have already been appropriated. The rescissions would result in decreased outlays of \$ ___ million in 1975 and \$ ___ million in 1976. Deferrals would reduce 1975 outlays by \$ ___ million and 1976 outlays by \$ ___ million.

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governments are estimated to reach \$164.6 billion, \$1.4 billion below the June estimate, but \$25 billion, or 18%, above actual spending last year.

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In determining which budget programs should be reduced, I have tried to ~~take actions to~~ eliminate the less essential and to overcome inequities. I have tried to avoid ~~these~~ actions that would add to unemployment or adversely affect those ~~who have been~~ hurt most by inflation.

The \$4.6 billion budget outlay reduction I now propose ~~is~~ ^{is} not ~~as~~ large when compared with total Federal spending. Nevertheless, the Congress may find it difficult to agree with all my proposals. I ^{strongly} urge the Congress to accept them. The decreases are essential to demonstrate to the American people that the Federal Government is working seriously to restrain the growth of its spending. They are also a start toward the critical goal of gaining control over budgets in the future.

THE WHITE HOUSE

November , 1974

November 26, 1974

Office of the White House Press Secretary

NOTICE TO THE PRESS

Please note a correction in the "Supplement to Message on Budget Restraint -- Actions Recommended."

On Page 17, General Services Administration, Line 3 of the Text:

"...H.R. 15953 for 100,000 long tons of tin, 118, million troy..."

Correcting figure from "1,000,000" to read "100,000"



Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

ACTIONS TO REDUCE 1975 SPENDING

The President today is transmitting to Congress a message on actions needed to reduce 1975 spending. A variety of actions are needed to achieve the reductions proposed by the President. Some can be achieved by the Executive Branch under current law. Others require congressional action on appropriations or other legislation. Still others propose withdrawal (rescissions) or deferral of funds previously provided.

SUMMARY OF THESE ACTIONS:

Actions for Consideration by the Congress

	Effect on Federal Spending (in millions of dollars)	
	<u>1975</u>	<u>1976</u>
Enact new legislation transmitted with this message (12 actions).....	-1,783	-3,250
Enact legislation previously transmitted and pending before the Congress (8 actions)	-896	-1,798
Modify appropriation bills now pending before the Congress (32 actions)	-337	-281
Consider revised appropriations' requests transmitted with this message (3actions).....	-50	-30
Rescind (withdraw) funds previously provided (39 rescissions)	-224	-227
Defer use of funds previously provided (41 deferrals)	<u>-317</u>	<u>+18</u>
<u>TOTAL</u> actions for consideration by the Congress (135).....	-3,607	-5,568
<u>Executive Actions Under Current Law</u>		
(11 actions).....	<u>-979</u>	<u>-1,110</u>
<u>TOTAL PROPOSED REDUCTIONS</u> (146).....	-4,586	-6,678

#



November 26, 1974

OFFICE OF THE WHITE HOUSE PRESS
SECRETARY

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Last month I sent a 31-point economic program to the Congress. That program was a balanced one, both dealing with the forces of inflation and anticipating the possibility of recessionary pressures. It was, and remains, my particular concern to help those hardest hit by inflation and by the slack that has developed in some sectors of the economy.

Responsible restraint of government spending is an integral part of my economic program. The Congress has publicly proclaimed its support of restraint. In June the Senate voted 74-12 in favor of legislation to hold Federal spending to \$295 billion. In September the Joint Economic Committee unanimously recommended holding spending to \$300 billion. Last month the House voted 329-20 for a budget target of the same level.

Soon after I took office I asked the heads of Federal agencies to undertake a thorough review of 1975 expenditures. In my October 8 Message to the Congress, I pledged to forward a package of proposed actions to reduce the 1975 budget. Today I am reporting on the results of this review and presenting my specific recommendations for reducing Federal outlays.

First, it is important to understand what has been happening to the budget. When the current fiscal year began last July 1, budget outlays for the year were estimated at \$305.4 billion.

Interest costs for Federal borrowing are now expected to be \$1.5 billion more than the estimate last June.

The Congress has also added to 1975 budget pressures. Congressional reductions in some programs have been more than offset by actions it has taken to increase spending in others. Particularly disappointing was the Congressional unwillingness to join with me in deferring for three months a Federal pay raise. This cost the taxpayers \$700 million. Equally discouraging was the passage by Congress over my veto of the Railroad Retirement bill costing \$285 million this year and \$7 billion over the next 25 years.

There have been some reductions in expected spending levels. The Environmental Protection Agency will spend less than planned because anticipated schedules for sewage treatment construction have not been met.

more



However, the most significant change is the increased aid to the jobless -- including the National Employment Assistance Act I proposed last month -- that added \$2.7 billion to the budget. This increase is necessary to ease the burden on those who are most affected by current economic stress.

Taking these developments into account, my present recommendations for \$4.6 billion of budget reductions will result in a budget total of \$299.5 billion before considering \$2.7 billion increased spending for aid to the unemployed. These recommendations represent a major effort at budgetary restraint. It would be unwise, in my view, to add additional dollar reductions for each dollar of increased aid to the unemployed.

The fiscal year 1975 budget actions by the Executive and the Congress since July 1, including those I now propose, are summarized and compared to last year's actual expenditures as follows:

CHANGES IN BUDGET SPENDING
(Fiscal years; dollar amounts in billions)

	<u>Defense</u> ¹	<u>Interest on the Public Debt</u>	<u>Payments for Indi- viduals</u> ²	<u>Other</u>	<u>Total</u>
Actual 1974 expenditures....	\$78.4	\$29.3	\$110.1	\$50.5	\$268.4
1975 Budget (July 1 estimates)	85.8	31.5	130.5	57.6	305.4
Changes (including those proposed)..	-2.6	+1.5	+1.0	-3.2	-3.3
Presently proposed levels for 1975..	83.2	33.0	131.5	54.4	302.2
<hr/>					
1975: Percent change since July 1 ...	-3.0%	+4.8%	+.7%	-5.5%	-1.1%
1975: Percent change over 1974.....	+6.1%	+12.6%	+19.4%	+7.8%	+12.6%

¹Department of Defense, Military and Military Assistance.

²Nondefense

The 1975 outlay estimates can be affected significantly by variations in income from oil lease sales on the Outer Continental Shelf. This income is treated in the budget as an offset to spending. If the current schedule of lease sales is not met, for environmental or other reasons, or if the bids are significantly less than anticipated, outlays could further increase -- possibly by \$3 billion or more.

more

The reductions I propose to the Congress will require a number of changes in basic legislation and in pending appropriations. I am also transmitting proposed rescissions and deferrals, as required by the Congressional Budget and Impoundment Control Act, to reduce programs for which funds have already been appropriated. The rescissions would result in decreased outlays of over \$200 million in 1975. Deferrals would reduce 1975 outlays by over \$300 million.

Normally, funds are already being withheld when reports on rescissions and deferrals are transmitted to the Congress. Recognizing that these rescissions and deferrals are an integral part of a more far reaching and comprehensive proposal, I will not begin to withhold funds for the affected programs until December 16 although the law permits me to do so immediately.

The reductions I propose focus on programs that have grown rapidly in recent years or that have been increased substantially over budget proposals. In most cases, the level of 1975 outlays will be materially above actual spending last year. Even after the proposed cutbacks, Federal benefit payments to individuals are estimated to be \$131.5 billion. This is \$1.0 billion above the July estimate, and \$21.4 billion, or 19%, above actual spending last year.

While I am recommending further cuts in defense spending, I have taken into account the substantial reductions already made by the Congress. My current expectation for defense spending is \$83.2 billion, \$2.6 billion below the June estimate. I believe that further cuts in defense spending would be exceedingly unwise, particularly at this time.

In determining which budget programs should be reduced, I have tried to eliminate the less essential and to overcome inequities. I have tried to avoid actions that would unduly add to unemployment or adversely affect those hurt most by inflation.

The \$4.6 billion budget outlay reduction I now propose is not large when compared with total Federal spending. Nevertheless, the Congress may find it difficult to agree with all my proposals. I strongly urge the Congress to accept them and join with me in this belt tightening. The reductions are essential to demonstrate to the American people that the Federal Government is working seriously to restrain its spending. They are also a start toward the imperative of gaining control over budgets in the future.

GERALD R. FORD

THE WHITE HOUSE,

November 26, 1974.

####



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1975 BUDGET
PROPOSALS FOR THE NOVEMBER, 1974, PRESENTATION OF
REVISED ESTIMATES AND REDUCTIONS TO THE CONGRESS

Total cut
\$ 4.7B
(412 is DOD)

*yes - means cut
no - has it in the budget*

October 1974



CURRENT OUTLOOK
1975 AND 1976 BUDGET

(Dollars in billions)

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

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

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



MAJOR BUDGET CHANGES
(Budget Outlays in billions of dollars)

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

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



October 24, 1974

1975 BUDGET REDUCTION SUMMARY
DEPARTMENT OF DEFENSE

(\$ in millions)

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

* Included in summary

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

*** One percent reduction in Outlays



BUDGET TOTALS BY AGENCY
(Outlays in millions of dollars)

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



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

*.- less than .5%.



REDUCTIONS PROPOSED FOR EACH AGENCY

Note: In the following tables these symbols are used:

(F) Federal employment effect }
(P) Private employment effect } Estimated decrease in number of persons employed

⊙ (In red pencil) Items for Presidential review



DEPARTMENT OF AGRICULTURE
(In millions of dollars)

Title	Total outlays	Outlay cut	Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
			Budget authority	Outlays					
<u>Reductions</u>									
Food Stamp: Uniform adherence of marginal tax rate for all participants (admin. action & budget amendment)	3,998	-325	-8%	-8%	--	-650	-325	} <i>administratively</i>	
Child Nutrition: Intense enforcement of program eligibility (admin. action & budget amendment)	1,268	-10	-.07%	-.07%	--	-24	-10		
Special Milk: Terminate in schools operating a school lunch program (legislation)	130	-60	-50%	-46%	--	-100	-60	<i>no</i>	
Hold short-term financing of agricultural exports to \$450 M (administrative action)	700	-250	-36%	-36%	--	+80	-250	<i>yes</i>	
Eliminate agricultural conservation cost-sharing (budget amendment & rescission)	328	-43	-81%	-13%	-550(F)	-139	-2	<i>yes</i>	
Terminate rural water & sewer grant program (budget amendment & rescission)	48	-5	-55%	-10%	--	-43	None	<i>no</i>	



Title	Total outlays	Outlay cut	Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor
			Budget authority	Outlays				
Reduce construction of conservation projects (watershed protection) and technical assistance to landowners and operators (budget amendment)	386	-15	-6%	-4%	-900F -2,700P	-5	-9	
Reduce investment levels for reforestation and timber stand improvement by two-thirds of Congressional increase (rescission)	51	-9	-20%	-18%	250(F) 330(P)	-1	None	
Terminate Youth Conservation Corps program by Jan. 1, 1975 (rescission)	11	-5	-68%	-44%	190(F) 1,490(P)	-2	None	
Reduce grants to States for forest fire control by amount of Congressional addition (rescission)	24	-3	-20%	-15%	--	-2	-3	
Defer Congressional additions for construction of forest recreation and research facilities (deferral)	49	-2	-23%	-5%	10(F) 90(P)	-5	-2	
Reduce nutrition assistance and family education program by amount of Congressional increase (budget amendment)	48	-3	-6%	-6%	100(P)	--	-3	
Defer indefinitely implementation of grants to rural communities for fire protection. Congressional add-on (budget amendment)	3	-3	-100%	-100%	--	--	-3	

*yes?
look at employment impact*

yes

no

yes

yes

yes

je



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



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

but yes instead of 10.0

yes

no

no

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



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

Title	1975		Percentage Cut		Effect on Employment	Effect on 1976 Outlays	Offered by the Agency	In Favor	Opposed
	Total Outlays	Outlay Cut	Budget Authority	Outlays					
(c) Alt. 1 (1) Defer new construction starts and land acquisition and slow project schedules and (2) cancel planned contract awards without regard for merit	1813	152 ^{1/}	11%	8%	Loss 8000 construction jobs ^{2/}	-200	40		<i>No</i>
(c) Alt. 2 (1) Defer new construction starts and land acquisition and slow project schedules and (2) stop marginal projects	1813	152 ^{1/}	11%	8%	Loss 8000 construction jobs ^{2/}	-250	40		<i>No</i>

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

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SUMMARY

(In millions of dollars)

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



SUMMARY

(In millions of dollars)

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



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

(In millions of dollars)

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

Reductions not recommended:

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

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

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOOD AND DRUG ADMINISTRATION

(In millions of dollars)

<u>Title</u>	1975				<u>Effect on Employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total Outlays</u>	<u>Outlay cut</u>	<u>Percentage cut Budget authority</u>	<u>Outlays</u>					
Reduce administrative overhead expenses by \$1 million (Rescission).....	26	-1	-4%	-4%	Negligible effect on FDA employment (F)	-1	-1	yes	
Reduce intramural food research by 10% (Rescission).....	9	-1	-10%	-10%	Negligible effect on FDA employment (F)	-1	--	yes	
Discontinue direct FDA inspections of methadone maintenance centers (Rescission).....	2	-1	-50%	-50%	Negligible effect on FDA employment (F)	-1	--	no	
Other.....	<u>152</u>	<u>--</u>	<u>--</u>	<u>--</u>	--	<u>--</u>	<u>--</u>		
Total FDA.....	189	-3	-2%	-2%	--	-3	-1		

Reductions Not Recommended:

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

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

no



DEPARTMENT OF HEALTH, EDUCATION, AND, WELFARE

HEALTH SERVICES ADMINISTRATION

(In millions of dollars)

<u>Title</u>	1975		<u>Percentage cut</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Budget authority</u>	<u>Outlays</u>					
⑥ Merge existing categorical project grant program into one State formula grant and reduce total program funding by 20% (rescission and substantive legislation):									
Neighborhood health centers	238	-20)	--	--)	Marginal impact on community-based employment (P)				
State formula grant	94	-9)	--	--)					
Maternal and Child Health ..	229	-32)	--	--)					
Family Planning	138	-7)	--	--)					
Migrant health	24	-5)	--	--)					
SUB-TOTAL	723	-73	-20%	-10%	--	-73	-11 ^{1/2}		
Other	419	--	--	--	--	--	--		
TOTAL - HSA	1,142	-73	-11%	-6%	--	-73	-11		
<u>Reductions not recommended:</u>									
Indian Health Service	283	-23	-11%	-8%	Marginal impact (F and P)	-23	No		

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

Yes but explain carefully - putting categorical grants in one formula grant pending prog.

NO

hold grant pending further - New audit in camp



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Center for Disease Control

(In millions of dollars)

<u>Title</u>	1975				Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	<u>Opposed</u>
	<u>Total outlays</u>	<u>Outlay cut</u>	<u>Percentage cut Budget authority</u>	<u>Outlays</u>					
Reduce funding for in- house activities in venereal disease, lead paint poisoning, rat control, and immuni- zation program areas (Rescission).....	10	-3	-50%	-30%	Slight CDC employment decrease--can be absorbed thru attrition (F).	-8	--		No
Reduce CDC administra- tive overhead expenses by \$1 million. (Rescission).....	12	-1	- 8%	-11%	Possibly slight CDC employment decrease which can be absorbed thru attrition (F).	-1	-1		Yes
Require absorption of doctors pay bonus costs (Administrative).....	12	-2	-17%	-100%	None	-2	--		Yes
Incorporate venereal disease, immunization, rat control, & lead poisoning prevention project grant funds into new State formula grant, & reduce overall funding level by 20% (Substantive legisla- tion and rescission)...	70	-5	-20%	-7%	Possibly slight employment reduc- tion on part of project grantees (P).	-8	--		No
Other	65	--	--	--	--	--	--		
TOTAL	169	-11	-13%	-7%	--	-19	-1		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Center for Disease Control (page 2)

(In millions of dollars)

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

7/2



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTES OF HEALTH

(In millions of dollars)

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

Actions Not Recommended:

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

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

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

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION

(In millions of dollars)

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION - Page 2

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reduce outlays for program management (Rescission)..... xxx	-5	--	--	--	RIF for estimated 100 to 300 employees (F).	-3	-5		
Other.....1,102	--	--	--	--	--	--	--		
TOTAL - HRA	1,155	-53	-46%	-5%	xxx	-231	-26		

yes

Reductions not recommended:

Reduce National Health Service Corps Scholarships (Rescission)..... xxx	-10	--	--	None	--	-10		
Defer implementation of health resources planning legislation until 1976 (Rescission)..... xxx	-10	--	--	None	-32	No		
Reduce health services research grants and contracts by an additional 25% (Rescission)... xxx	-6	--	--	Minor reduction in faculty (P)	-3	No		



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH RESOURCES ADMINISTRATION - Page 2

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reduce outlays for program management (Rescission)..... xxx	-5	--	--	--	RIF for estimated 100 to 300 employees (F).	-3	-5		
Other.....1,102	--	--	--	--	--	--	--		
TOTAL - HRA	1,155	-53	-46%	-5%	xxx	-231	-26		

yes

Reductions not recommended:

Reduce National Health Service Corps Scholarships (Rescission)..... xxx	-10	--	--	--	None	--	-10		
Defer implementation of health resources planning legislation until 1976 (Rescission)..... xxx	-10	--	--	--	None	-32	No		
Reduce health services research grants and contracts by an additional 25% (Rescission)... xxx	-6	--	--	--	Minor reduction in faculty (P)	-3	No		



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

(In millions of dollars)

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

Reductions not recommended:

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
MEDICARE

(In millions of dollars)

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

Handwritten notes:
 In favor: tentative NO
 Opposed: possible opt-in
 Yes
 No ^{3/} Yes
 Yes (if can be done administratively)
 Yes

^{1/} Excludes Medicaid offset of \$32M in FY 1975 and \$86M in FY 1976.

^{2/} HEW proposed only dynamic deductible.

^{3/} HEW proposed for FY 1976 budget rather than FY 1975.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
MEDICAID

(In millions of dollars)

Title	1975		Percentage cut		Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Budget authority	Outlays					
⑤ Reduce average Federal matching from 55% to 50% (Legislation)	xxx	-300	--	--	Not significant	-700	No	Yes (1?)	
⑥ Push for enactment of Administrative proposal to end Federal matching for adult dental care (Legislation)	xxx	-35	--	--	Not significant	-76	-35	Yes	
⑦ Accelerate implementation of cost control regulations (Administrative action)	xxx	-25	--	--	Not significant	--	-25	Yes	
Encourage States to collect from private insurance for dual coverage (Administrative action)	xxx	-7	--	--	Not significant	-7	-44	Yes	
Establish lower definition of reasonable costs (Administrative action)	xxx	-6	--	--	Not significant	-12	No ^{1/}	Yes	
Savings from AFDC eligibility actions (Legislation)	xxx	-3	--	--	Not significant	-3	-30	Yes	
Back legislation to limit payment for excessive hospital inflation (Legislation)	xxx	-2	--	--	Not significant	-17	No ^{2/}	Yes	
Special reviews of high volume providers (Administrative action)	xxx	-1	--	--	Not significant	-1	-12	Yes	
Other	6,282	--	--	--		--	--		
Total-Medicaid	6,661	-379	-6%	-6%		-816	-146		
<u>Reductions not recommended:</u>									
Establish Federal escrow fund for depreciation (Legislation)	xxx	-50	--	--	Not significant	-110	-50		

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

^{2/} HEW proposed for Medicare in 1976.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
EDUCATION PROGRAMS

(In millions of dollars)

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

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

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



EDUCATION PROGRAMS
(In millions of dollars)

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

Recommendations Not Recommended

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



EDUCATION PROGRAMS
(In millions of dollars)

Not recommended

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Income Maintenance Programs

(In millions of dollars)

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



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Income Maintenance Programs - Page 2

(In millions of dollars)

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

yes
yes



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Miscellaneous

(In millions of dollars)

<u>Title</u>	<u>Total outlays</u>	<u>Outlay cut</u>	<u>1975</u>		<u>Effect on employment</u>	<u>Effect on 1976 outlays</u>	<u>Offered by the agency</u>	<u>In favor</u>	<u>Opposed</u>
			<u>Budget authority</u>	<u>Outlays</u>					
Rescission of all increases in Labor-HEW Appropriations Bill	545	-545	100%	100%	--	--	-545		
Cancel Rand health insurance experiment...	5	-3	100%	60%	--	-6	No		
Reduce spending for personnel, travel, consultants, contracts, etc.....	NA	-66	NA	NA	--	-8	-60		
Other	118	--	--	--	--	--	--		
TOTAL	668	-614	xxx	xxx	--	-14	-605		

Yes
No
Yes



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

(In millions of dollars)

Title	1975		Percentage cut		Effect on Employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Reductions:									
1. Raise the interest rate on mortgages under the May 10 tandem plan from 8% to 9-1/4%	725	-75	---	-10%	---	-80	-0-	<i>Yes</i>	
2. Withhold Model Cities funds carried over from FY 1974, and rely on 1975 funds and community development block grants	280	-50	-25% ^{1/}	-18%	---	---	-0-		
3. Suspend the Rehabilitation loan program in favor of community development block grants	88	-28	-76% ^{2/}	-32%	---	-9	-0-*		
4. Suspend the Comprehensive planning assistance program	120	-20	-85% ^{3/}	-17%	--- ^{4/}	-90	-0- ^{5/}	<i>Yes</i>	
5. Halt the rebate of insurance premiums under FHA's home mortgage program	40	-20	---	-50%	---	-40	-0-*		
6. Reduce the number of units approved under the new Lower-income housing assistance program	15	-15	-4%	-100%	---	-29	-0-*		



(in millions of dollars)

2

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

Reductions not recommended:

Postpone start-up of the new community development grant program for six months (to July 1, 1975)	150	-150	-100%	-100%	6/	-300	-0-		
Cancel the 8% tandem plan announced May 10	725	-95	---	-13%	---	-95	-0-		
Reduce public housing operating subsidies	364	-12	-4%	-3%	---	-8	-0-*		
Reduce the number of surveys to identify flood prone areas under the Flood insurance program	82	-10	-22%	-12%	---	---	-0-*		
Cut HUD staffing by 1,000 (6.5%)	238	-5	-2%	-2%	-1,000	-5	-0-		

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

* Identified by HUD but not recommended



DEPARTMENT OF THE INTERIOR
(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Obliga- tions	Outlays					
Defer construction of Reclamation water and irrigation projects..	537	-40	9	7	2,000	-84	35	No	
Defer construction and planning of 10 Indian schools from 3 to 8 months, construction of administration buildings for Navajo irrigation project for 3 months and miscellaneous purchases.....	82	-20	32	24	1,250	+20	20	No	
Defer land acquisition by Federal agencies for conservation and recreation programs in national parks, forests and wildlife refuges.....	120	-30	26	25	none	+30	In part, see issue paper		

See next p. - 55 at year



DEPARTMENT OF THE INTERIOR

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Obligations	Outlays					
Defer construction of recreation, hatchery, refuge, range improvement and watershed facilities from 6 to 9 months.....	251	-13	6	5	1,050	+12	13	<i>No</i>	
Other-outlays for programs not being reduced.....	<u>2,670</u>	<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>0</u>			
Total, Department of the Interior (gross).....	3,662	-103		3	4,300	-22			

Reductions not recommended:

Defer land acquisition by Federal agencies for conservation and recreation programs in national parks, forests and wildlife refuges....	120	-55	40	46	none	+35	OMB alternative	<i>yes</i>	
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DEPARTMENT OF THE INTERIOR

(In millions of dollars)

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

Yes
Yes



PROPOSED OUTLAY REDUCTIONS
DEPARTMENT OF JUSTICE

(In millions of dollars)

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

Reductions not recommended:

None

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

** Estimated by the Department.

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



Department of Labor
(In millions of dollars)

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



Department of Labor
(In millions of dollars)

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

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

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

3/ Base: on Senate-approved \$ for rescission.

4/ After the reduction recommended above.

5/ Outlays are from UI Trust Fund.



DEPARTMENT OF STATE
(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Oppose
	Total outlays	Outlay cut	Budget authority	Outlays					
Reductions:									
Contributions to international organizations - Rescission	206	-2.0	-1%	-1%	---	---	-2.0	Yes.	
Migration and refugee assistance - Budget amendment	16	-1.1	-10%	-7%	---	---	---	Yes No	
International trade negotiations - Rescission	2	-.1	-5%	-5%	---	---	-.1	Yes.	
Other	628	---	---	---	---	---	---		
Total	852	-3.2	-4%	-4%	---	---	-2.1		
Reductions <u>not recommended</u> :									
Salaries and expenses - Rescission	349	-7.6	-2%	-2%	-350 Federal	-.9	-1.5		
Mutual educational and cultural exchange activities - Rescission	51	-3.5a/	-13%	-7%	---	-3.5a/	-11.0		
Acquisition and maintenance of buildings abroad - Deferral	24	-1.2	-6%	-5%	---	-.3	-.4		
International Boundary and Water Commission - Deferral	10	---	---	---	---	---	-1.0		
Grand total possible reductions		-15.5a/	-2%	-2%	-350 Federal	-4.7a/	-16.0		



get more info from State
No decision yet.
✓
for State and 5 million for D.A.

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

DEPARTMENT OF STATE

Effects of Denying Supplemental Appropriations

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

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

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



(In millions of dollars)

Department of Transportation

Title	Total outlays	Outlay cut	1975		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
			Percentage cut Program Level	Outlays					
① Federal-aid Highways deferral	4675	50	-22%	-1%	28,000 direct non-Fed	-300	None	No	
(1975 authority already cut by Sept. 20 deferral)			(-49%)		(60,000)				
② Airport Landing Fees (Substantive Leg.)	(951)	(+30)	-	(+3%)	None	(+120)	None	Yes	
② Aviation Licensing/Certification Fees (Technical Supplemental)	-	(+15)	-	-	None	(+35)	(+15)	Yes	
② Inland Waterway User Charges (Substantive Legislation)	-	(+25)	-	-	None	(+100)	None	Yes	
② Mass Transit Capital Grant Reductions (Cong. Agreement)	700	-50	-20%	-7%	None	-50	-50	Yes	
Airport Grant Congressional - Supplemental Reduction (Cong. Committee Agreement)	290	-10	-15%	-3%	1400 direct non-Fed	-25	-10	Yes	
Coast Guard Operating Reductions (Cong. Committee Agreement)	674	-28	-4%	-4%	1000 Fed	-	-28	Yes	

(receipts)

Revenue Producing



Department of Transportation

(In millions of dollars)

Department of Transportation

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

(receipts)

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

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

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

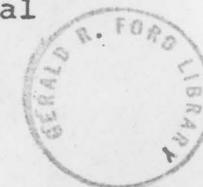


PROPOSED OUTLAY REDUCTIONS
DEPARTMENT OF THE TREASURY

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total Outlays	Outlay cut	Budget authority	Outlays					
Allocate General Revenue Sharing funds over an additional two quarters	6,176	-474	8%	8%	18,000 (P)	-1,077	None	No.	
Reduce Internal Revenue Service programs	1,574	10 20	2%	2%	1,200 ^{1/} (F)	- 2	-20	Yes (20)	
Reduce law enforcement programs	488	1 3	2%	2%	400 (F)	-0-	- 3	Yes Yes (3)	
Reduce other programs	-1,125	- 1	-	-	None	-0-	- 3	Yes.	
Interest on the Public Debt	33,000	---	---	---	---	---	---		
Total	40,113	-514	1%	1%	19,600	-1,079	-26		
<u>Reductions not recommended:</u>									
Reduce \$2 M in other programs (Bureau of the Mint) (Reduction would not result in any net outlay reduction because of offsetting increase in receipts)	-1,125	- 2	-	-	None	-0-	Yes		

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



Atomic Energy Commission
(In millions of dollars)

10/22/74

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

Reductions not recommended:

None

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

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

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



ENVIRONMENTAL PROTECTION AGENCY
(In millions of dollars)

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

* Appropriation not yet made. Amount is anticipated.

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



(In millions of dollars)
General Services Administration

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

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

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

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



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

(In millions of dollars)

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

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

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

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

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



VETERANS ADMINISTRATION
(In millions of dollars)

10-21-74

Title	1975				Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total, outlays	Outlay cut	Percentage Budget authority	cut Outlays					
<u>Reductions</u>									
VA Pensions: Defer pension reform (Deferral of proposed legislation within President's budget)	2,792	- 250	-	- 9	-	-	- 250	Yes.	
Hospital Construction: Deferral or slippage of contract awards.	182	- 48	-	- 26	-4,000 (P)	-	- 48	Yes. (?)	
Medical Care:	3,154	- 49	-	- 2	-3,650 (F)	-105	0	Yes.	
a. Reduce buildup of VA FTP employment by 3,650 positions. (Rescission of previous Presidential exemption from employment cutback.)									No
		(-31)	-	(- 1)	(-3,650 (F))	(-51)	0		No
b. Terminate payment of beneficiary travel, VA medical programs, effective January 1, 1975 (substantive legislation).									No
		(-18)	-	(- 1)	-	(-54)	0		No
Insurance: Authorize VA to defer dividends in three life ins. programs effective January 1, 1975. (Substantive legislation amending	232	-160	-	- 69	-	-344	0		No



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

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

* Reduction effect is relative to most recent 1976 projection.



NATIONAL SCIENCE FOUNDATION
(In millions of dollars)

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

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



Small Business Administration
(In millions of dollars)

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

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



CONSUMER PRODUCT SAFETY COMMISSION

(In millions of dollars)

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

Reductions not recommended: None



National Foundation on the Arts and the Humanities

(In millions of dollars)

Title	1975		Percentage cut		Effect on employment	Effect on 1976 outlays	Offered by the agency	In favor	Opposed
	Total outlays	Outlay cut	Budget authority	Outlays					
Seek a reduction of \$25 million in the appropriation amount provided by the Congress in FY 1975 for the National Foundation on the Arts and the Humanities (Rescission)	164	215 10	-15%	-10%		-9	No		

See (10)



SPECIAL ACTION OFFICE FOR DRUG ABUSE PREVENTION

(In millions of dollars)

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

Find out what Weinberger says.

