

3/24/80 [2]

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NAME Senator Wendell Ford

1197

TITLE D-Ky.

CITY/STATE _____

Requested by Frank Moore

Phone Number--Home () WH Operator

Date of Request 3-24-80

Work () 224-4343

Other () _____

INFORMATION (Continued on back if necessary)

Wendell Ford is one of the Chairmen of the Democratic Congressional Campaign Committee dinner. I think you should call him to tell him of your decision not to attend the dinner on Wednesday night. The Vice President is substituting for you in giving the address but this is a major event and they were expecting you to attend. We have also asked the First Lady to stop by, but this has not been scheduled yet.

NOTES: (Date of Call _____)

CANCEL

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ADK

NAME Jim Corman

1196

TITLE D-Calif.

Requested by Frank Moore

CITY/STATE _____

Date of Request 3-24-80

Phone Number--Home () WH Operator

Work () 225-5811

Other () _____

INFORMATION (Continued on back if necessary)

Congressman Corman is one of the Chairmen of the Democratic Congressional Campaign Committee dinner. I think you should call him to tell him of your decision not to attend the dinner on Wednesday night. The Vice President is substituting for you in giving the address but this is a major event and they were expecting you to attend. We have also asked the First Lady to stop by, but this has not been scheduled yet.

NOTES: (Date of Call _____)

CANCEL

NASA VOYAGER TEAM
GODDARD MEM TROPHY
79/JUPITER 79 > all before
3/24/80/SATURN
1986/URANUS
NATURE, SOLAR SYSTEM
US LEADERSHIP IN
SPACE EXPLORATION

Natl Space Club's Goddard Memorial
Trophy Presentation

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THE WHITE HOUSE
WASHINGTON

24 mar 80

COPIES OF THE ATTACHED WENT
TO ARNIE MILLER AND JACK
WATSON

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *JW*
ARNIE MILLER *AM*

SUBJECT: Counsellor on Aging

We join Nelson Cruikshank in recommending the appointment of Harold L. Sheppard to succeed Nelson as the Counsellor on Aging.

Dr. Sheppard is currently Director of the Center on Work and Aging of the American Institutes for Research. He was the first Staff Director of the Senate Aging Committee in the early 60's and served under LBJ in what is now the Economic Development Administration in Commerce. He has had a long and distinguished career in the field of aging, focusing especially on older Americans in the work environment.

Dr. Sheppard enjoys the support of the aging community, has been endorsed by Senator Chiles and Congressman Pepper and by several labor unions. He also has sound ties to the business community.

Stu and Anne concur in our recommendation.

RECOMMENDATION

That you appoint Harold L. Sheppard, of Maryland, to be the Counsellor on Aging.

approve disapprove

*Let me meet
him first
J*

HAROLD L. SHEPPARD
Maryland

EXPERIENCE

1975 - Date Senior Research Fellow, Director,
Center on Work and Aging,
American Institutes for Research

1963 - 1975 Staff Social Scientist,
W. E. Upjohn Institute for Employment
Research

1961 - 1963 Assistant Administrator for Operations,
Area Redevelopment Administration,
U. S. Department of Commerce

1959 - 1961 Staff Director,
U. S. Senate Special Committee on Aging

1947 - 1959 Associate Professor,
Wayne State University

EDUCATION

1940 - 1943 Undergraduate work at:
Wilson Teachers College,
University of Maryland,
George Washington University

1945 University of Chicago, M.A.

1948 University of Wisconsin, Ph.D.

PERSONAL

White Male
Age
Democrat

COMMENTS ON HAROLD L. SHEPPARD

Charles Edwards, Staff Director, House Aging Committee

Hal is an expert in the aging field. He is also very versatile. The business community and labor, as well as the aging community, like him. He's a good speaker who's been involved in politics in the past, and he can stump if necessary. Congressman Pepper feels strongly about him and so does Senator Chiles.

E. Bentley Lipscomb, Staff Director, Senate Aging Committee

We think Sheppard is a good choice. A special interest of the Committee is senior citizens in the work environment, which is an area in which Dr. Sheppard has been active. We think it's important to have someone who does not have a "welfare mentality".

State Senator Margaret Schweinhaut, Chairman, Maryland Aging Committee. Co-Chairman, Carter/Mondale Presidential Committee

I've known Hal Sheppard for many years. His political involvement goes way back; he's organized retirees as campaign workers. He's effective in that forum. He's very strong substantively.

Bob Butler, Director, National Institutes on Aging, NIH

Sheppard is excellent, very knowledgeable, especially about the economics of aging. He's been active in applied research, is not an academic per se. He's worked on the Hill, is good on his feet.

Jerry Waldie, Director, White House Conference on Aging

I don't know him personally. I was impressed with his book and know that he has a good reputation in the field.

Arthur Fleming

My recollection is that Sheppard's experience hasn't been in a political direction. He is highly regarded by academics and practitioners, but I don't think he's had the political involvement that you need.

Esther Peterson

He's very strong substantively, solid, a fairly good speaker. You have to be careful to appoint someone who is credible substantively. If you appoint someone who is viewed solely as a political appointee, it will generate a lot of criticism from the aging community.

The following groups have endorsed Sheppard:

National Council on Aging
National Council of Senior Citizens
American Association of Homes for the Aging
AARP/NRTA
National Center on the Black Aged
AFL-CIO/Social Security Department
AFSCME

THE WHITE HOUSE
WASHINGTON

24 Mar 80

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Stu Eizenstat
Al McDonald
Jack Watson

ADMINISTRATIVELY CONFIDENTIAL

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
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ACTION
FYI

<input checked="" type="checkbox"/>	VICE PRESIDENT
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<input type="checkbox"/>	DONOVAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	MCDONALD
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<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CAMPBELL
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	FRANCIS
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HERTZBERG
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	KAHN
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MARTIN
<input type="checkbox"/>	MILLER
<input type="checkbox"/>	MOE
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THE WHITE HOUSE

WASHINGTON

March 21, 1980

Frank J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Energy

Windfall Profits Tax

The Senate began debate on the Windfall Conference Report as Senators Bellmon and Dole indicated an intent to speak on the conference report through at least mid-week. If no time agreement is reached by Monday a cloture petition will be filed and a cloture vote will occur on Wednesday. We believe it would take at least two cloture votes to shut off debate.

Energy Mobilization Board (EMB)

There is no progress to report on the EMB, although the conferees may schedule a meeting this week.

Time which waits me to meet the conferees

Energy Security Corporation (ESC)

Wednesday the Conferees held an initial meeting on Title V (Conservation) and Title IX (Solar Bank). Conferees began working through some 33 issues dealing with these Titles.

The absence of joint House/Senate staff recommendations bogged them down and no agreement was reached. Conferees have directed staffs to begin work on consensus staff recommendations. The Conference is tentatively scheduled to reconvene Tuesday.

Utility Oil Backout

You recently received a memo outlining the situation on the Senate side. In the House, Dingell's staff, with the help of DOE, has been drafting a bill. Although this draft varies somewhat from our version, it may be acceptable. Nevertheless, Dingell feels there is little support for the proposal in his subcommittee. Liberals oppose it because of environmental (acid rain) concerns while conservative Republicans oppose on traditional philosophical grounds.

(That it's a "give away" program.)

The legislation probably will be introduced this week.

Oil Import Fees

The House Energy Subcommittee has been marking up the Department of Energy Authorization bill for FY 81. Markup will resume Tuesday at which time Stockman will offer an amendment prohibiting the expenditure of any DOE funds for administering the Gasoline Conservation Fee.

Prospects for defeating his amendment do not look good. We have only 4 to 7 votes; eleven are needed.

2. First Budget Resolution

The House Budget Committee finished mark up Thursday on the First Budget Resolution. The resolution was approved by a vote of 18-6, with one voting present.

Spending

The committee's 1981 outlay total is \$700 million above our most recent (unpublished) numbers. Almost all the major budget cuts are consistent with our list. However, the committee cut more for Defense and postal subsidies and reduced outlays (but not BA) for the youth initiative.

The committee failed to include our distressed cities initiative on a 12-12 vote. Congressman Solarz, who was leading the charge, was trying to push for a bigger package for distressed cities. He and his colleagues refused to support the resolution, even with an allowance for the Administration's \$500 to \$700 million initiative. As a result, Giaimo voted against our proposal, and it went down.

Revenues & Surplus

Excluding treatment of the oil import fee, revenues are about \$2 billion above our figures and the surplus is \$5.5 billion.

The committee did recommend that the oil import fee revenues be available for productivity and anti-inflation tax cuts. However, this recommendation is not intended to violate the committee's intent to balance the budget. The enforcement mechanism is that any tax cut bill passed during this session will be held at the Speaker's desk until a Second Budget Resolution is passed and the Congress has a chance to reduce spending in a stronger version of reconciliation.

Future Prognosis

Congressman Obey will oppose the resolution on the floor without the Administration's distressed cities initiative. Chairman Giaimo will probably work with us closely at all future stages, including conference.

Senate staff are concerned that our submittal of the distressed cities proposal will destroy the coalition for major spending cuts developed in the recent budget consultations.

3. Trucking Deregulation

We have been working with Senators Cannon and Packwood in an effort to get agreement on fast floor action on the favorable committee bill. We will not know until Monday whether we have been successful, although the odds are in our favor. The agreement, if reached, would limit debate and would make several key features which we favor exempt from discussion.

On the House side, Congressman Howard indicated this week for the first time that he intends to be more flexible. He wants to wait on Senate action, but has expressed a desire to work with the Administration for a strong bill. It is in the House that trucking association lobbyists intend to concentrate their efforts.

4. FTC Conference

The FTC authorization conference committee plans to meet Wednesday to finalize a package to be discussed Tuesday by Senators Danforth and Ford, and Representatives Broyhill and Scheuer.

The House will vote Wednesday on the continuing resolution. Earlier action had been forstalled by John Slack's death. As soon as the Senate receives the House bill, Senator Magnuson will ask for a vote on the floor.

5. Fair Housing

The Senate Judiciary Subcommittee's mark up of the fair housing amendments has been postponed until April because of objections by Senator Thurmond. Preliminary indications are that Senator DeConcini, the "swingvote," supports the bill in principle but would: (1) eliminate the administrative proceeding in HUD; and (2) substitute expedited review by U.S. magistrates. We are working with DOJ and HUD staffers to reach a compromise with DeConcini.

6. Regulatory Reform

Markup of the Administration's Regulatory Reform Bill continued last week before Congressman Danielson's Judiciary Subcommittee. Other than the defeat of a modified "Bumpers Amendment" offered by Congressman McClory, little of consequence happened. The McClory Amendment, which was supported by both the Business Roundtable and the American Bar Association, was defeated 6-3 on a straight party line vote. Two days of markup are scheduled this week, and should allow the Subcommittee to complete consideration. Both legislative veto and public participation funding will be voted on. Congressman Hughes is the key on both votes.

Can we preempt lobbyists to some degree by sending a letter to all members?

Senator Ribicoff has indicated a willingness to resume markup in the Senate. However, he has asked us to talk to Senators Levin, Chiles and Bumpers about the Presidential Commission we have proposed to study the "Bumpers Amendment," legislative and Presidential veto proposals and the issue of regulatory oversight. We expect to meet with them early next week. Markup will resume the week of March 31.

7. NRC Reorganization Plan

We expect to transmit the plan to Congress Tuesday. A hearing is tentatively scheduled in the Senate Governmental Affairs Committee on Thursday. The House Government Operations Subcommittee is operating under a tight schedule because of Chairman Brooks' primary campaign. Brooks expects to be in Texas almost the entire month of April and will not return to Washington full time until after his primary on May 3rd.

8. Extension of Reorganization Authority

Senators Hollings and Talmadge have indicated they will not oppose a one-year extension of reorganization authority. As a result, Senator Ribicoff is expected to hold hearings next week. A date has not been set.

9. Selective Service

The Selective Service supplemental appropriation appears to be back on track. On Monday Chairman Whitten is expected to introduce a joint resolution transferring \$4.709 million in FY 80 appropriations from the Defense Department to Selective Service. While this is less than the \$13.3 million needed to commence registration, it is the amount passed by the HUD-Independent Agencies Subcommittee on February 27.

We hope the full Committee will markup the resolution on Wednesday or Thursday and are confident that the additional funds will be restored. The bill should go to the House floor the following week. It will be taken up in the Senate after the Easter recess.

10. National Health Plan

Senator Long has apparently overcome an effort by committee Republicans (Dole, Packwood) to defer consideration of this program to an indefinite date (probably until after the second budget resolution). Three days of markup have been scheduled for next week.

11. Rail Deregulation

The Rail Regulatory Reform legislation will be on the Senate floor this week. Senators Long and Cannon have opposing amendments. Long's amendment seeks to control rates on all commodities. It has been supported strongly by shippers and opposed by the railroads. Stu briefed Senate staff members last week and DOT has been briefing all Senators. At present the prospects for success are fairly good. However, our strength could slip if the vote is delayed.

12. Sugar

It is likely Chairman Long will hold hearings Tuesday on the implementing legislation for the International Sugar Agreement. Senator Long favors a two cent increase in the 11-21 cent range for the world price of sugar and has been seeking assurances that the U.S. will not oppose it.

13. Higher Education

The Senate Committee on Labor and Human Resources, Subcommittee on Education, Arts and the Humanities, continues markup of Title IV (student assistance programs) of the higher education reauthorization bill Tuesday. The lack of consensus within the subcommittee leads us to believe that the full committee will eventually report out a bill with insufficient appropriations and management controls.

An exceedingly long list of fiscal, policy, and technical disagreements exists between the subcommittee and the Administration. The Senate Budget and Appropriations Committees support our position and have communicated this to Senator Pell.

II. FOREIGN POLICY ISSUES1. UNSC Resolution on Israeli Settlements

Secretary Vance appeared before the House Foreign Affairs Committee Friday to review our Middle East Policy. The issue of executive privilege was mentioned only once by Representative Holtzman, but was subsequently dropped. We expect the sponsors to eventually drop their demands for documents.

If this does not happen, we believe that the Committee will succeed in having the Resolution of Inquiry tabled on the House floor next week.

Contrary to press reports, it appears that the SFRC will also drop it's investigation. It is still possible, however, that pressure will build to have Ambassador McHenry appear before the Committee.

2. Foreign Assistance Legislation

When the HFAC resumes its markup of the FY 81 bill this week, we expect that one of the first items will be FMS for Israel. As now earmarked in the amended bill, the program would require budget authority greater than our original request for all FMS programs worldwide.

Recognizing this severe budgetary impact, Representative Hamilton intends to offer a compromise whereby the grant component of Israel's ESF program (\$785 million) would be increased by \$200 million and the additional \$200 million in the FMS program (\$1.4

*Do not
support
higher
price*

*hang tough
on all
budget
matters*

billion as compared to our request of \$1.2 billion) would be provided on the usual terms for Israel rather than forgiven. This approach is, of course, still unsatisfactory to us from an overall budgetary standpoint.

Chairman Zablocki may offer an amendment to authorize the emergency use of up to \$50 million of funds -- both earmarked and unearmarked -- under the ESF chapter.

On the FY 80 bill, Congressman Obey and Solarz have promised to push for passage of the conference report within the confines of a Third Budget Resolution. The House Budget Committee adopted levels which assume passage of the FY 80 conference report. We are well positioned in the House to argue for the conference report when a Third Concurrent Resolution is considered. In the Senate the talk is tougher. The Senate Budget Committee is considering a maximum increase of \$200 million in the Function 150 ceiling -- barely enough to accommodate the outlays contained in the FY 80 report.

3. Central America

The House Foreign Operations Appropriations Subcommittee will hold hearings Tuesday on the reprogramming of some \$10 million in military assistance to El Salvador and Honduras. The Salvadoran portion is particularly controversial. Various church and liberal groups have been lobbying against military assistance for El Salvador, as has a group of Salvadoran dissidents who recently resigned from the government. State and Defense, as well as a Salvadoran government team visiting here, are actively explaining the need for this assistance to members.

We will be working to have conferees on the Central America supplemental knock out one or two of the most objectionable amendments added by the House. We expect a very difficult vote when the conference report comes to the House floor.

4. Nuclear Non-Proliferation

This may again become a major issue on the Hill. A hearing last week before the Senate Foreign Relations Committee focused on non-proliferation problems. Congressional agreement on the two pending nuclear fuel shipments to India seems doubtful unless Mrs. Gandhi provides adequate assurances on India's future nuclear explosives testing program. With respect to possible aid for Pakistan, Glenn hinted that the time may have passed when a waiver of the Symington Amendment could be achieved. Other matters that have already elicited concern in the Congress and will probably be pursued this session are: (1) reports of Italian and French nuclear cooperation with Iraq; (2) possible Libyan attempts to gain nuclear expertise from either Pakistan or India; (3) proposals for storage of foreign spent nuclear fuel in the U.S. or on an island in the Pacific; and (4) the upcoming Non-Proliferation Treaty Review Conference. Any or all of these issues are likely to come up in May when the SFRC resumes its hearings on non-proliferation policy.

5. Defense Authorization Bill

House Armed Services Committee markup on this bill is scheduled to start on Tuesday. Following are Subcommittee recommendations:

- ..Funds have been added for the advanced procurement of 12 cruise missile carrier aircraft (modified B-1s).
- ..F-14s, F-15s, and A-6s have been added.
- ..Two SSN-688 class submarines have been added.
- ..Two FFG-7 class frigates have been added.
- ..Although the funds have not been cut, the number of ships in the Rapid Deployment Force package are reduced from two to one in FY 1981. This is based on an understanding between Chairman Bennett and Secretary Claytor that the Force will now be made up of eight larger TAKXs and four commercially available roll-on/roll-off ships converted to meet military requirements.
- ..Activation of the Oriskany and New Jersey has been funded at \$500 million in 1981.
- ..The CX R&D funding is deleted, and close to \$300 million is added for the AV-8B.

6. Nunn/Warner Military Compensation

Although progress has been halted because of the lack of a Third Budget Resolution, the House Armed Services Committee plans to defer action until a revised military doctors pay bill is reported. Chairman Nichols is not satisfied with the Administration bill and would like to find some middle ground between it and the vetoed bill. Using the doctors pay bill as a wedge, we may be able to modify the Nunn/Warner version to exclude variable housing allowances and subsistence increases. This is a delicate matter -- no action is anticipated until a firm Administration position is developed on a reviewed bill or we signal probable veto of the Nunn/Warner bill, which includes the variable housing allowance and subsistence increases.

III. MISCELLANEOUS

1. Congressional Travel

A large number of Congressional delegations will be traveling abroad during the Easter recess. On the House side, Speaker O'Neill will head a leadership delegation to Morocco, Portugal and Yugoslavia. The State Department views the stop in Belgrade as particularly helpful from the standpoint of assuring the Yugoslavs of our support as they undergo a period of political transition. Chairman Zablocki will lead an HFAC group to Spain, Morocco, Algeria, Tunisia and

We'll also hold on defense budget - even to veto

Malta. Jack Bingham is heading another HFAC delegation to Japan, the PRC and Korea. Chairman Price and an Armed Services Committee delegation will go to Spain, Somalia, Oman, Pakistan, Saudi Arabia, Kuwait and Turkey. Clarence Long is heading a House Appropriations Committee group to Israel, Egypt, Tunisia and France. The most important Senate CODEL is that of Senators Biden, Baker and others from Foreign Relations to Turkey, Italy and Greece.

Budget Cuts

The period of "uncertainty" between your announcement of intent to balance the budget and the release of Administration budget numbers has given Republicans an opening to launch attacks on a number of our proposals. Especially vulnerable have been welfare reform and national health. Our agency CL staff are generally anxious to receive firm figures so they can go about the business of explaining the rationale of the cuts and defending the programs that may be deferred (but not obliterated as some Republicans would desire).



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

MAR 21 1980

C

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. 
SUBJECT: Agency Responses to Our Budget
Exercise, or, Even the Dark Cloud
has a Silver Lining

You and I have received stacks of eloquent and emotional arguments from agency heads protesting the impact on their programs of our present exercise. The attached reflects a quite different -- and certainly refreshing -- attitude. ICA continues to be a bright spot in a variety of ways, and I think you will enjoy reading John Reinhardt's brief note.



**International
Communication
Agency**

United States of America
Washington, D.C. 20547

RECEIVED
80 MAR 13 P 5: 57

McIntyre
White
Cutter
Spencer-Action

Director

C

OFFICE OF MANAGEMENT & BUDGET
March 13, 1980

Dear Mr. McIntyre:

The proposed cut in the FY 1981 budget for the International Communication Agency cannot fairly be described as grievous. We can and will adjust to it should that be the President's decision.

Having made that point as clearly as I can, and recognizing as I do the pressure under which you are laboring, let me also say that the turn which the international climate has recently taken will demand more and better of USICA in the future than in the past.

While the amount by which you propose to reduce our budget is small -- indeed infinitesimal in comparison with the total amount you seek to recoup -- it will nonetheless affect our ability to conduct an aggressive information and cultural program abroad at a time when the calls upon our resources from both the White House and Department of State are increasing.

If the President wishes to affirm this cut nonetheless, we will accept it in good spirit.

Sincerely,

John E. Reinhardt

The Honorable
James T. McIntyre, Jr.
Director
Office of Management and Budget

THE WHITE HOUSE
WASHINGTON

24 Mar 80

Attorney General Civiletti

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Lloyd Cutler
Frank Moore

cc Ben
J

Dear Mr. President

3/21/80

IN the review of judicial candidates last week I had three questions to follow up on. I've done so & will proceed with the 3 candidates.

- ok 1. P.R.: AG. Miguel GIMENEZ ANOZ is the recommended person of the AG & our principal supporters.
- ok 2. Mich. EAST. HORACE W. WILSON is the choice of both Senators Levin & Riegle & Mayor Young.
- ok 3. Wis. West. Norman C. Anderson choice of S. Nelson. Both Senators recommended & you appointed Barbara CRABBS U.S.D.J. for West. District & she is now sitting. Ben.

THE WHITE HOUSE
WASHINGTON

24 Mar 80

The Vice President
Hamilton Jordan
Jody Powell
Al McDonald
Stu Eizenstat
Sarah Weddington
Anne Wexler
Lloyd Cutler
Frank Moore
Hedley Donovan
Jack Watson
Jim McIntyre
Charlie Schultze
Alfred Kahn

The attached was returned in the
President's outbox today and is
forwarded to you for your personal
information.

Rick Hutcheson

Eyes Only



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

March 21, 1980

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. FINANCIAL MARKETS

- . Stock prices posted net losses on the week due to concern over an impending recession. The Dow Jones fell 26.54 points this week, closing today at 785.15 -- the lowest level since April 1978.
- . In the credit markets short-term interest rates were mixed, while intermediate and long-term yields increased. Treasury's \$3.5 billion 2-year note, auctioned yesterday, yielded a record 15.01 percent.
- . All major banks are posting a 19 percent prime rate.
- . In the international financial community the response to the anti-inflation program has been favorable. Following an initial sharp appreciation when the markets opened last Monday, the dollar has eased somewhat but remains firm in well-balanced trading.
- . Gold prices continued to decline early this week, moving to well below \$500 per ounce for the first time since last December. The closing price in London today was \$525, the market having been influenced by South African statements that some new production might be withheld.

2. WINDFALL PROFITS TAX

- . Senate debate on the Windfall Profits Tax Conference Report, which began on March 19, continues. A vote is expected next week. Senator Byrd may lay down a cloture petition on Monday, March 24, if he cannot get a time agreement.

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3. MULTILATERAL DEVELOPMENT BANKS

- . The Conference Report on the FY 1980 authorization for the multilateral development banks was filed in the House on Thursday and may come up on the floor for a vote next Wednesday, March 26, or Thursday, March 27.

4. CHRYSLER

- . Preliminary Treasury analysis indicates that Chrysler may require significantly more Federally-guaranteed funds than called for in their financing plan submitted last month. The company's plan called for \$200 million in guarantees to be issued and repaid in 1980. Our analysis reveals that as much as \$800 million may be needed and that none would be repaid in 1980. The Guarantee Board will address this issue next week.
- . The Senate Committee on Banking, Housing and Urban Affairs intends to hold oversight hearings, perhaps as early as the week of March 31.

5. MORTGAGE SUBSIDY BOND TAX ACT

- . The House has completed most of the debate on the Mortgage Subsidy Bond Tax Act. Final discussion has been postponed until next week.
- . In view of the wide margin in the vote to allow for consideration of the legislation (277-133), House passage is considered likely.

6. CANDIDATE PROTECTION

- . Secret Service protection for Ambassador Bush commenced on March 17, 1980.



G. William Miller



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

March 21, 1980

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

Subject: Weekly Report of Major Departmental Activities

Mortgage Insurance Approved for New York City Marina Towers Project. Marina Towers, the proposed new \$102.3 million housing complex for Battery Park City, moved a step closer to groundbreaking this week with FHA approval of \$87.2 million in mortgage insurance for the 1,642-unit residential project. I announced the approval at a joint press conference with New York State and City officials. Marina Towers is the first residential project proposed for construction at the 100 acre site on the West Side of Lower Manhattan.

HUD to Acquire Shenandoah Project. The New Community Development Corporation Board of Directors has voted in favor of HUD acquisition of the Federally assisted new town of Shenandoah, Georgia. The Board action was taken to facilitate our ability to deal with the project's financial difficulties. Following the Board meeting I and other HUD officials met with the Shenandoah developers to explain the need for the Board's decision. In a press release announcing the plans for acquisition we lauded the Shenandoah developers for their contribution to the goals of the New Communities program and pledged HUD's continued cooperation with them and with State and local officials to carry out an orderly ownership transfer and continued development of the project.

Intergovernmental Management Program Continues. HUD's unique work/study program designed to develop a network of federal, state and local government managers in the field of housing and community development has entered its second year of operation. The program combines rigorous graduate study at the University of Southern California's Washington Public Affairs Center and full time professional work at HUD Headquarters.

Mexican Officials to Visit HUD. At my invitation the Secretary of the Department of Human Settlements and Public Works of Mexico will visit Washington on March 24. This visit will provide an opportunity for discussion of urban issues of mutual concern and will reaffirm U.S. commitment to cooperation under the U.S.-Mexican Bilateral Agreement.

HUD Activities Emphasize Energy Conservation. We are noting an increased volume of inquiries about possible Urban Development Action Grant funding for energy projects. At the present time we have under consideration proposals relating to residential energy conservation application, a gasohol plant and a plant which would use refuse to produce electricity.

HUD has awarded a grant to the Brookings Institution for a new project to bring major energy and urban researchers together with policy analysts for the purpose of examining basic issues arising from the impact of energy on housing and urban policy in the next ten years.

Moon
Moon Landrieu

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CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

March 21, 1980

C
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MEMORANDUM FOR THE PRESIDENT

FROM: G. WILLIAM MILLER *Bill*
CHAIRMAN, ECONOMIC POLICY GROUP

SUBJECT: EPG Activities

Members of the EPG, White House staff, and the Cabinet were engaged in a broad variety of activities to follow up on your March 14th announcement of an intensified anti-inflation program.

At its meeting on Thursday, the EPG reviewed a schedule of additional decisions and additional work assignments. A follow-up system is being established.

Among the items on the agenda for next week's meeting are:

1. Withholding on interest and dividends. One of the issues here involves the development of a workable administrative system with respect to the multiplicity of short term money market instruments now available. The other issue involves meshing the proposal with the proposal included in the January budget to exempt certain interest paid to foreigners from the current 30% withholding tax.
2. Motor fuels tax. The major questions here involve the number of exemptions which are appropriate and the magnitude of the set-aside for the highway trust fund. Treasury staff has been meeting this week with the appropriate agencies to develop the options.
3. Thrift institutions. EPG will review the financial situation of the thrift institutions and will consider whether any legislation is appropriate. The record levels of interest rates have resulted in substantial deposit outflows.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

March 21, 1980

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

SALES SUSPENSION. New stories this week indicated that the impact of the sales suspension is less than we had indicated or expected. These stories reflect (1) a use by the newswriters of the figures for the July-June year vs. the October-September agreement year. (The October-September year figures continue to show that the Soviets will be about 10-11 million tons short of their intended import levels) and (2) an updating of USDA-CIA figures on previous sales, new sales, and leakage.

As is often the case, the stories are somewhat misleading in that they paint a picture that makes the suspension appear less effective during the critical period of March-July 1980 than is the case.

The stories do suggest, however, some of the problems that may increase as the result of less than full cooperation from other exporting countries. We should realistically plan ahead as to how we deal with the situation from mid-year on in light of what at presently could be a good 1980 Soviet grain crop which would lessen their need for imports in 1980-81. We are carefully reviewing the options available to us and their potential impact and we will have recommendations for you soon.

WORLD SUGAR PRICES. World raw sugar prices declined to 19 cents a pound as of March 19, from 23 cents during the first week in March. However, no change in the 1980 sugar production and consumption fundamentals has occurred, and USDA still forecasts a 1980 average price of 20-25 cents a pound. The recent easing in price was caused by several factors, including the cooling of commodities in general.

MASSACHUSETTS SCS STATE CONSERVATIONIST NAMED. Sherman L. Lewis, Resource Conservationist in the West Technical Service Center, will be reassigned to State Conservationist for Massachusetts, effective May 4, 1980. He is the second black in the history of SCS to be appointed as a State Conservationist.

To The President

Page 2

BERGLAND TRIP. The Secretary has been in Wisconsin since Tuesday and will return Saturday afternoon. I talked with him last night and he reports all is going well there.

A handwritten signature in cursive script, appearing to read "Jim Williams".

JIM WILLIAMS
Acting Secretary



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

March 21, 1980

10

MEMORANDUM FOR THE PRESIDENT

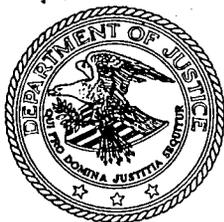
SUBJECT: Weekly Report of HEW Activities

Cost Saving Hospital Reporting System Unveiled. On Tuesday the Department briefed the press and mailed information to hospital administrators, professional associations and Members of the Congress on a new hospital reporting system to monitor Medicare and Medicaid payments. The new system will reduce the annual reporting costs for hospitals by 50 percent and help the Health Care Financing Administration distribute funds more equitably.

Initial Review Completed on New York's Proposal for Metropolitan and Sydenham Hospitals. The Administrator of the Health Care Financing Administration (HCFA) determined that the proposal was not fundable. The Under Secretary and other senior Department officials met on Wednesday with Congressman Rangel and representatives of Governor Carey and Mayor Koch to discuss the health needs of Harlem residents and possible approaches to substantially improve access to health services in Harlem. We are in the process of developing an agreement between the Governor, the Mayor and the Secretary of HEW, which commits all parties to work over the next several weeks on a demonstration program that can be funded under HCFA's limited experimental funding authority.

Speech Before the National League of Cities Convention. On Tuesday I spoke before the National League of Cities in Washington on the Administration's commitment to urban areas. My comments on the Administration's accomplishments in the past three years were warmly received by the group.

Patricia Roberts Harris



Office of the Attorney General
Washington, D. C. 20530

C

March 21, 1980

Principal Activities of the Department of Justice
For the Week of March 17 through March 21, 1980

1. Meetings and Events

The Attorney General addressed the American College of Trial Lawyers in Coronado, California on March 17, on the differences between private and governmental legal practice.

On March 19, the Attorney General spoke to the Calvin Bullock Forum in New York City on immigration issues.

Today the Attorney General will address the Greater New Orleans Cultural Society and will receive an award from that organization.

2. Judicial Selection

There are currently 75 federal judgeship vacancies (33 under the new law and 42 regular vacancies), only 14 of which have not been acted on yet. Of the 61 candidates in process, 21 are pending in the Senate (14 under the new law and 7 under regular vacancies), 10 are pending at the White House (5 under the new law and 5 under regular vacancies), with the remainder still under background evaluation.

3. Census Case

The Supreme Court this week denied an injunction that would have delayed the conduct of the census. The plaintiffs had contended that the failure to exclude undocumented workers would result in the malapportionment affecting from 1 to 16 seats in the House of Representatives.

4. Sentencing of Border Patrol Agents

Border patrol agents Brown and Otherson of Chula Vista, Texas, recently convicted of violating the civil rights of

undocumented workers, were sentenced to three years probation and fines of \$1,000 each. Their probation requires the performance of 750 hours of community service.

5. Equal Employment Opportunity

The Attorney General issued a directive to strengthen the equal employment opportunity program throughout the Department of Justice and to at least double the number of minority and women employees in key managerial and policy-making positions. The program includes development of affirmative action plans for every component of the Department, establishment of a Department-wide Talent Bank, and evaluation of members of the Senior Executive Service on their success in meeting their components' affirmative action goals.

6. Public Integrity Investigations

The Public Integrity Section of the Criminal Division recently reported to Congress, as required by the Ethics in Government Act of 1978, that it is conducting eight investigations of members of Congress, 45 investigations of federal Executive Branch officials, 4 investigations involving the federal judiciary, and 62 investigations involving state and local officials.

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

①

FYI

March 21, 1980

REPORT TO THE PRESIDENT

Steel: Briefings of steel producers just prior to announcing our policy on TPM produced spotty reactions -- some were passive, others negative and political in their responses. U.S. Steel has today formally filed antidumping cases against the UK, France, West Germany, the Netherlands, Italy, Belgium, and Luxemburg. Upon filing, TPM will be suspended, though whether or not we formally accept the suits will depend upon our finding as to their sufficiency under the law within 20 days of today.

Export Controls: Implementation of the revised export control regulations has begun and no major problems have been encountered. Business continues to be generally supportive, but wide concern and uncertainty continues to be expressed due to the lack of precision in the policy announcements, the case-by-case approach being taken to processing, and the inability to predict the outcome of the COCOM negotiations.

Anti-Inflation Policy: No serious or unexpected difficulties were encountered in my briefings of the editorial boards of the Wall Street Journal and New York Post. (The discussion with the Post of your Middle East policy was productive.) My most considered and intense questioning was from New York Black Business Leaders who appeared to assume a substantial percentage reduction in minority-targeted economic development programs; and, a regressive, inflationary impact of the tax on imported fuels. In light of the program, they questioned the seriousness of the Administration's commitment to minorities. I believe we were able to clarify the situation somewhat.

Olympics: Businesses contacted to date are serious in their desire to cooperate with the voluntary embargo, but fear that, without a written directive from the government there will ensue costly litigation, possible extensive damage awards, significant loss of future business throughout Eastern Europe, and a loss of large support contracts for future Olympics.

Departmental Organization: I have initiated an intensive review of the Department's organization and management in light of our new responsibilities and our realigned priority commitments to trade and productivity, and to the delivery of services. I will report to you on this effort within the next several weeks.

Philip M. Klutznick
Secretary of Commerce

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Community Services Administration WASHINGTON, D.C. 20506



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MEMORANDUM FOR THE PRESIDENT

TO: Rick Hutcheson
Staff Secretary

FROM: William W. Allison *WWS*
Acting Director

SUBJECT: Weekly Report of Significant Activities
(March 17-21, 1980)

DATE: **MAR 21 1980**

ENERGY SELF-SUFFICIENCY FOR THE POOR

A report "Energy and the Poor, an Imperative for Action" was completed by the National Center for Appropriate Technology (NCAT) a CSA grantee.

The report outlines the energy crisis facing low-income Americans and recommends a comprehensive program dealing with home heating, food and transportation. The NCAT program is based on adopting natural energy systems and energy conservation as major sources of energy supply for low-income people. The proposals are projected to save the equivalent of over 2 million barrels of petroleum per day at a cost significantly less than synthetic crude oil derived from coal.

The program can be implemented immediately because with only one exception, the program depends on existing technologies. NCAT believes that through increased self sufficiency, low-income people can meet their energy needs and attack the problems of poverty. (~~Report attached.~~)

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

9
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March 21, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: THE SECRETARY OF LABOR *Ray*

SUBJECT: Major Departmental Activities
March 17-21, 1980

Campaigning in New York. During the past month I have been in New York five times building labor support for the upcoming primary. During these visits, a substantial segment of the labor community has expressed their strong support for the development of the Westway Highway. The Westway was also one of the major issues discussed with Jay Turner prior to his endorsement. A number of the unions have expressed concern that the EPA has been improperly involved in the resolution of this matter. I have discussed the broad issue with Stu and the question of the EPA participation with Doug Costle. I understand that this is a controversial issue in New York but think we have worked out a reasonable accommodation.

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

March 21, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Gus Speth
Jane Yarn
Bob Harris



SUBJECT: Weekly Report

Energy Mobilization Board. The Conference Committee continues to deadlock on what to the environmental community is perhaps the most deeply felt issue of these last three years -- whether the EMB is to have power to waive or expansively to grandfather substantive environmental laws. Your position, last expressed on February 29, in opposition to such waivers is exceedingly impressive to environmentalists. As you know, the Senate conferees, led by Bennett Johnston, agree with us on major issues -- from the need for an EMB to fast track vital energy projects to opposition to substantive waivers. Many of the House conferees, led by John Dingell, agree with the first aim but, at present, not with the second. You will remember that in the House we supported Dingell's bill with the expectation that the waiver aspects would be removed in Conference. We should now ensure that that is accomplished for reasons of good policy and our own credibility. Unfortunately, we have not yet mounted a major, consistent effort to secure our position on waivers and grandfathering, and this failure led to two developments this week:

- The leaders of national organizations have telegraphed you to request "an immediate personal meeting with you" and your "personal intervention." (League of Women Voters, NRDC, EDF, EPC, Sierra Club, NWF, Audubon, FOE.)

- A group of Senators and Congressmen have written you also asking for an "opportunity to discuss these matters with you at your earliest convenience." They conclude:

"It has become clear during the conference committee sessions that a workable coalition can be crafted to produce a bill without waiver provisions and end the current impasse. That goal, which we believe you share, can only be accomplished with clear, consistent efforts from the Administration and requires your personal involvement. To date, Senate conferees have held firm in opposition, but despite repeated appeals to your staff, no consistent effort has been mounted, particularly with respect to House conferees, to eliminate the waiver provisions from the legislation."

NRC's Analysis of Major Accidents. Yesterday, we provided the NRC with our assessment of its long-standing policy not to discuss severe or "Class 9" accidents (such as core melts) in its environmental impact statements. This failure has been of significant concern to many federal agencies (including the Interior Department) and to the public. Our assessment of the NRC's policy is based in part on two nine-month studies which were prepared for us by the Environmental Law Institute and

Princeton University. We determined that the NRC's approach has been contrary to good public policy and the NRC's obligations under NEPA. We asked the NRC to incorporate in its future NEPA statements a discussion of Class 9 accidents. I met with Chairman John Ahearne on Wednesday to discuss our recommendations. I underscored that we do not seek or anticipate delays in the issuance of NRC licenses. We expect that the NRC will be receptive to our recommendations.

Meeting with Governor Garrahy. We are currently seeking to resolve a major interagency dispute over the proposed design and construction of I-84 from Hartford to Providence. You are scheduled to drop by a meeting with Rhode Island Governor Garrahy next Wednesday afternoon. I-84 might be mentioned. It is a sensitive and unresolved issue within the Administration, and our advice is to make no commitments.

THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

21 March 1980

MEMORANDUM FOR: The President
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Activities

Appointments

I have forwarded my recommendation of Michael Timpane for Director of the National Institute of Education to the White House. Dr. Timpane has been the acting director of NIE since June, 1979. I am very pleased to have such an excellent candidate for this position.

Activation Date of the Department

The Department of Education will begin officially on May 4, 1980, one month before the date required in the legislation. As we discussed, we will celebrate E-Day on May 7th. Plans are underway for several activities commemorating education, including ceremonies at the White House. Elizabeth Carpenter, Assistant Secretary for Public Affairs, is directing the planning effort.

Consultations/Speeches

In the past week, I had productive meetings with the Great City Schools Superintendents and with representatives of Indian tribes and organizations. I also addressed conferences sponsored by Action for Children's Television and the National Newspaper Association.

Congressional Hearings

My testimony before the House Appropriations Subcommittee, scheduled for March 18, was postponed until after the budget cuts are announced by the Office of Management and Budget. The program hearings are being held.


Shirley M. Hufstetter



Veterans
Administration

MARCH 20 1980



TO : The President
THRU : Rick Hutcheson, Staff Secretary
FROM : Administrator of Veterans Affairs

Max [Signature]

VA Presidential Update

Cool It and Save - VA has concluded an 8-month test using colder water to do hospital laundry. The test at one hospital - using 85-degree water instead of the standard 160-degree minimum - was successful in all respects. The changed procedure will be used in all our 172 hospitals. The annual VA savings: 2.1 billion BTUs equating to nearly \$2.1 million. We will advise other government agencies of our findings as well as appropriate associations in the civilian sector.

Readjustment Counseling - Update - We have now trained 350 staffers and are operating outreach Vet Centers in 45 locations. More than 2,500 Vietnam Era veterans have already sought assistance and the centers have handled nearly 5,400 contacts. I am enthused about the response to this innovative new program, which you have long advocated. In operation less than 6 months, the program has attracted a great deal of very favorable media attention. Veterans are becoming increasingly aware of the added service and more and more alienated veterans are seeking our "no hassle" assistance. It is working.



THE SECRETARY OF ENERGY
WASHINGTON, D.C. 20585

March 21, 1980

MEMORANDUM FOR: THE PRESIDENT

FROM: Charles W. Duncan, Jr. *CWJ*
John C. Sawhill

SUBJECT: Weekly Activities Report
March 15, 1980 - March 21, 1980

1. Energy Conservation. The Department has been working to effectuate the energy commitments of your speech last Friday.
 - a. Gasoline Conservation Fee: We have drafted, and are clearing with O.M.B., the Presidential Proclamation needed to implement the fee.
 - b. State Gasoline Conservation Targets: We have delivered to each Governor his or her State's target. The targets are based on your decision to set the national consumption target at 7.0 million barrels per day and on the methodology we have discussed extensively with the States over the past two months.
 - c. Utility Oil Backout legislation: We have been working closely with both the House and the Senate Committees to draft legislation that is in accordance with the specifications you submitted to the Congress. This legislation will be introduced in the Senate on Monday and in the House sometime before the recess. Senators Byrd, Ford, and Jackson have requested a letter from you confirming that the prepared legislation satisfies the specifications you set. Such a letter is being prepared for your signature for Monday.
 - d. Interagency Conservation Action Group: The staff of this Cabinet-level group made good progress this week in developing a specific plan for the first campaign, focussing on ridesharing, of the intensified conservation effort. The five Departments involved have developed conservation events; created a master calendar, now under review, to determine opportunities for coordination and for White House participation; identified material for distribution; begun drafting talking points for government participants; and planned follow-up assistance to participating employers. The current proposal calls for an April kickoff by a Presidential press event in Washington including the National Ridesharing Task Force, followed immediately by regional meetings between chief executive officers of major employers and teams of Cabinet members and White House staff. We expect that this will have maximum national and regional impact. The White House staff has participated closely in the Group's planning efforts.
2. Alaska Natural Gas Pipeline. I held a productive meeting on Tuesday with representatives from Exxon, ARCO, and SOHIO; John MacMillian from Northwest Pipeline; and Governor Hammond. This marked the first meeting between MacMillian, the producing companies, and the State. The parties will meet by mid-April to formulate an agreement on funding and managing the

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design and engineering work. A further meeting will be held before mid-April to identify issues on project financing and to set a schedule for resolving those issues. I was encouraged by this meeting.

3. Incremental Pricing of Natural Gas, Phase II. The Federal Energy Regulatory Commission on Thursday instructed its staff to prepare an order on the implementation of phase two of incremental pricing. Incremental pricing was a key part of the compromise that allowed passage of the Natural Gas Policy Act; it provides that a disproportionate part of the burden of increased wellhead prices will be borne by industrial and utility users of natural gas. The Commission implemented phase one, for utilities and industrial boiler users of gas, last year. The Act requires the Commission to submit phase two, concerning other industrial users, to Congress by this May.

The Commission's announcement would extend incremental pricing to all those industrial users not specifically exempted by statute. The price of natural gas would be set at the price of high-sulfur number 6 residual fuel oil. The first 300,000 cubic feet of natural gas used per day would be exempt from incremental pricing. The Commission estimates that this will add up to 1.2 trillion cubic feet of gas per year to the incremental pricing program and may save residential customers as much as \$25 per year.

Incremental pricing has been a very controversial issue. Gas companies and industrial users have mounted a campaign to repeal that portion of the Natural Gas Policy Act. The Commission's approach appears to be a carefully crafted compromise between the extreme positions.

4. White House correspondence. We continue to see progress in the Department's response to correspondence referred by the White House. For the five weeks from February 1 through March 7, we received 1,375 referrals and answered 1,440, thus reducing the backlog to approximately 200. The time for responding to special referrals has been reduced and the list of overdue referrals has dropped significantly.

5. Speeches and Trips. This week I traveled to Carbondale, Illinois for several appearances relating to coal; testified before the House Armed Services Committee; addressed Gulf Oil executives; held a luncheon concerning energy conservation with eight prominent architects; spoke to the National Association of Manufacturers; and spoke to the the National Newspaper Association. I will be in Ottawa on Monday to meet the new Energy Minister. John Sawhill is in Paris for a meeting of the OECD.

THE WHITE HOUSE
WASHINGTON

24 Mar 80

Al McDonald
Rick Hertzberg

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

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CONFIDENTIAL
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ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIZENSTAT
/	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
/	HERTZBERG
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE
WASHINGTON

March 24, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: Al McDonald
Rick Hertzberg
Bob Rackleff *BR*

SUBJECT: Presidential Speech:
AFL/CIO Bldg Trades
Unions

Scheduled delivery:
Mon, March 31, 1980
2:30 PM, Wash Hilton

Attached for your modification and approval is the speech strategy for this occasion as worked out at a recent speech planning meeting.

PRESIDENTIAL SPEECH STRATEGY

AFL-CIO BUILDING & CONSTRUCTION TRADES LEGISLATIVE CONFERENCE
(Group or Event)

Monday, March 31, 1980
(Date)

2:30 PM
(Time)

Washington Hilton
(Place)

Bob Rackleff
(Speechwriter)

- ¶ Audience description: About 5000 members and officers of all building trades unions in the AFL-CIO.
- ¶ Purpose: To solicit the support of the unions for the President's policies and to demonstrate to the general public that the President has wide support.
- ¶ Theme: The President's aim is to achieve security for the United States in the 1980s.
- ¶ Main topics:

Military Security -- Recent events demonstrate that we must sustain the great military strength of this country in order to meet challenges to our vital interests wherever they occur and, ultimately, in order to preserve the peace.

Energy Security -- We can, we must, reduce our dependence on imported oil through bold conservation measures and vigorous development of domestic resources.

Economic Security -- We must follow our success in creating nine million new jobs by controlling inflation in order to provide the economic stability needed to get the economy and economic opportunity expanding again.

Support of the labor movement is crucial to these efforts.

- ¶ Tone: Determined, rousing, fighting.
- ¶ Length: 12-15 minutes
- ¶ Notes: If detailed budget cuts have been announced by March 31, this speech will be the first public opportunity to defend them.

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Don't give
me a
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sharp-specific-
applause lines
J

24 Mar 80

Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

WORLD JEWISH CONGRESS
CONGRES JUIF MONDIAL • CONGRESO JUDIO MUNDIAL

ONE PARK AVENUE
NEW YORK, N.Y. 10016

CABLES: WORLDGROSS, NEW YORK
TELEPHONE: (212) 679-0600

BUENOS AIRES
La re a 744

GENEVA
1 rue de Varembe

JERUSALEM
1 Ben Yehuda Road

LONDON W1
55 New Cavendish St.

PARIS VIII
78 Av. des Ch. Elysees

ROME
Plazza Scanderbeg 85

TEL AVIV
123 Yehuda Halevi St.

March 21, 1980

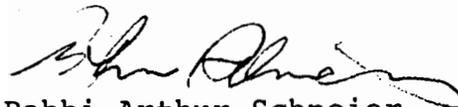
Dear Mr. Strauss:

The enclosed reprint from the Jewish Week and the paper of my Congregation, Park East Synagogue, accurately reflects the spirit of the World Jewish Congress leadership meeting with President Carter on March 4th.

The copy of my letter to the Editor of the Washington Post and New York Post refutes the second-hand distorted report of Evans and Novak.

With warm regards, I remain

Sincerely yours,



Rabbi Arthur Schneier
Chairman
American Section

Honorable Robert Strauss
Regency Hotel
Park Avenue and 61st Street
New York

*Str
info
J*

WORLD JEWISH CONGRESS

CONGRES JUIF MONDIAL • CONGRESO JUDIO MUNDIAL

ONE PARK AVENUE
NEW YORK, N.Y. 10016

CABLES: WORLDCRESS, NEW YORK

TELEPHONE: (212) 679-0600

B U E N O S A I R E S
L a r r e o 744

March 20, 1980

G E N E V A
1 rue de Varembe

Letter to the Editor

J E R U S A L E M
1 Ben Yehuda Road

The New York Post
210 South Street
New York, New York 10002

L O N D O N W I
55 New Covendish St.

Dear Sir:

P A R I S V I I I
78 Av. des Ch. Elysoes

In response to the Evans and Novak column of March 19th, "The Day an Angered Carter Allowed No Pictures", describing the White House meeting between the President of the United States and the World Jewish Congress delegation on March 4th, I would appreciate your printing the following facts.

R O M E
Piazza Scanderbeg 85

On that day I was privileged to lead a delegation of American Jewish leaders associated with the World Jewish Congress, American Section in a series of meetings with officials of the highest levels of our government.

T E L A V I V
123 Yehuda Halevi St.

President Carter made an unscheduled appearance in the Roosevelt Room to briefly greet the delegation at the White House --- incidentally, a meeting not arranged by Secretary of Commerce Philip Klutznick.

We happened to be the first group of American Jewish leaders to meet with the President following the United States March 1st vote in the United Nations Security Council. I posed several questions to the President, seeking clarification on United States policy toward Israel. President Carter extended the meeting and responded to my questions at considerable length, and in a straightforward manner, in conformity with the White House statement disavowing the United States vote. This took up so much time so that there was no opportunity for individual picture taking. As to the

Letter to the Editor
New York Post

-2-

March 20, 1980

assertion that the President refused to take pictures and "stalked out before any pictures could be taken", enclosed please find several pictures, many of which have been published, and I hope you will see fit to print one of them.



Rabbi Arthur Schneier, Chairman
World Jewish Congress
American Section

THE WHITE HOUSE
WASHINGTON

24 Mar 80

Anne Wexler

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

cc: Phil Wise

FOR STAFFING
FOR INFORMATION
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LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
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FOR APPROPRIATE HANDLING
LAST DAY FOR ACTION

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ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
✓	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
✓	WISE

THE WHITE HOUSE

WASHINGTON

March 21, 1980

cc Anne
J

ADMINISTRATIVELY
CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *AW*

SUBJECT:

ACTIVITIES REPORT -- WEEK ENDING MARCH 21, 1980

1. Inflation - The reactions from the 1000 interest group representatives briefed on your anti-inflation program this week are:
 - Business groups are supportive, but a bit cynical about our willingness to stick with it over the long haul. They believe that after the 80 elections new pressures will cause us to agree to supplemental appropriation requests.
 - Liberal interest groups are resigned to the fact that the budget will be balanced and accept the necessity for getting inflation under control even if they would approach it differently. The most vocal express concern that the Defense Department is not going to be required to carry its share of the pain and defense spending has steadily grown in spite of your campaign promise to reduce it, and that poor people are going to bear an unequal share of the proposed budget cuts, particularly those on welfare who are dependent on food programs.

The meeting we conducted for Paul Volckèr and Bill Miller with about 20 of the leading retailers was positive. They will continue to work with the Fed to straighten out procedural matters so that they can help in curtailing credit (which they share as an objective). Their major concern is state usury laws which cause credit departments of retailers to lose money when interest rates are at 15% or above. While larger firms can absorb this loss and continue to extend credit (even if limited), smaller businesses making up the bulk of retailers in this country will not be able to absorb those losses and could by late summer be in very dangerous financial circumstances. Our friends among the retailers warned us that a development along these lines could create political pressures which might make it difficult for us to sustain our anti-inflation efforts, particularly if a large number of bankruptcies should occur.

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The responses were extremely positive to your remarks at the community leaders briefing on Thursday. We need to continue to do these kinds of forums every two weeks or so in order to involve community leaders around the country who otherwise would not get a sense of participating in a program directly led by you. This is done best in relatively small (250 people) sessions with your participation. It also gives you a chance to continue to speak on the subject and in an event that gets at least some media attention. Most important, it shows you continuously involved in selling the program.

We are now moving to a phase of working with individual interest group leaders to develop support from various constituencies much as we do with the small business groups today. Although some of the non-business groups will have to wait until the budget is firm, we will make every effort to show some willingness to sacrifice by a good cross-section of groups in order to isolate those who will try to pick us apart on their particular programs. In this regard, we are working with Jim McIntyre on the announcement of our new budget figures to the various constituency groups. In addition, as you know, we are working with Al McDonald and others on longer term sustained activities to present the anti-inflation effort to the American people.

2. Youth Employment Initiative - We are continuing a series of meetings with outside groups to unify support --- including this week the school administrators and teacher union representatives of the 30 largest urban school districts. Among educators we are seeking a united front for the initiative, rather than having them "nit-pick it" because of detailed objections. The urban school representatives involved some 200 Congressmen and 35 Senators and we will receive a summary of their legislative contacts later next week.
3. Energy Conservation - We are following up with the individual groups at the Energy Education Day signing to assure that they have information and access to show accomplishments in school curriculums next fall. We are also working with the Departments of Energy and Education to bring about further coordination in this area.

Two fairly visible energy conservation initiatives are well along in planning to allow us to make announcements later this spring --- an energy conservation transportation initiative tied into your state targets and an energy efficiency initiative which will provide recognition (awards) to successful energy conservation efforts. We have identified a large number of energy conservation "success stories" and with Esther Peterson have computerized them so that Administration representatives traveling about the country can be briefed and highlight them during their travels.

4. Miscellaneous

- I have designated a staff member as liaison to Asian Americans and to Native Americans. There are a number of positive things we can do for these two constituencies without large cost and we are pursuing those. As always, there is some pressure for a special assistant designation by each group. I think you should resist this.
- Bob Maddox is identifying people for more conservative churches in Illinois and Florida to work on behalf of ERA and has received a surprisingly warm response.
- We continue our efforts with veterans, labor, students and some religious groups to support our registration proposals.

For your information our office had over 2000 people in the White House this week, not including Sunday's Anniversary of the Israel-Egypt Peace Treaty. This involves stuffing over 2000 information packets and over 1000 telephone calls (anti-inflation briefings were held on such short notice that written invitations could not be extended). We have included the anti-inflation program in just about every briefing conducted at the White House --- what ever the group --- because we believe that it is important to continue giving the message, no matter how boring it might become for us. Your participation in one of these briefings --- the Cattlemen's Association was very positive and should be reported in their state newsletters and hopefully in some press coverage. They were interviewed by the press afterwards.

- Several weeks ago I sent you a memo on the Medal of Freedom. We should make a determination about these awards fairly soon and also we need to plan to give Archbishop Iakovos the Medal of Freedom which you announced for him. He has mentioned it to me. I await your guidance.

Note: Some months ago you conducted a series of meetings with various White House staffs. Mine was not among them. With the volume of briefings and subsequent follow through, plus our normal workload, they have been working days, nights and weekends (as well as helping out on the campaign trail) for months. I'd very much appreciate it if you would agree to spend 5 minutes with them sometime soon. They're a great group and work unbelievably hard. Thanks.

I will do this week

ok

KV NAME STEPHEN SOLARZ

1194

TITLE U.S. Representative - 13th Congressional District
CITY/STATE Brooklyn, New York Requested by Kraft
Phone Number--Home (703) 759-3326 Date of Request 3/19/80
Work (202) 225-2361
Other (212) 743-2742 (Brooklyn home)

INFORMATION (Continued on back if necessary)

Congressman Solarz has strong ties with the Jewish community, and has been a C/M supporter for about two months. He has been one of our most important backers. On March 10, he and Chairman Strauss met with leaders of the City's Jewish community in a contentious gathering designed to dispel anxiety over the recent U.N. Security Council vote. Congressman Solarz gave a cohesive, forceful and eloquent defense (over)

NOTES: (Date of Call 3-24)

Will be close in 13th - Have come back somewhat from 2 weeks ago wants to add \$1B.1 to budget Comm. recon.

of what the Administration has done for Israel. He has put his political organization at the disposal of the C/M campaign, and has, in effect, risked his political life with his heavily Jewish constituency.

Thank him for his strong, energetic support. Ask him for an evaluation of how the C/M ticket is doing in his district.

THE WHITE HOUSE

WASHINGTON

March 21, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN *Fred*

SUBJECT: Weekly Activities Summary

Price monitoring

The Council on Wage and Price Stability this week took two steps in the promised intensification of its price monitoring activities. It directed companies with annual sales in excess of \$100 million to file regular price and organizational reports, and it directed 150 petroleum product refiners and distributors, and another 100 companies in a variety of other industries to file special price reports for the first quarter of the second program year.

We also developed a compendium of possible sanctions for non-complying companies. This entire exercise is threatened, however, by the threat of prominent business members of the Pay Advisory Committee to resign if we use denial of Federal contracts as a weapon against violators of the price standard, in view of our having forsworn this weapon in the case of the pay standard. This is an issue that will probably have to come to you. Meanwhile we are enlisting the Vice President in an effort to counteract the more general complaint by the business members that we are not being even handed in dealing with them and labor.

Finally, we are intensively planning the promised CWPS expansion and exploring the possibility of recommending to you some prominent person we might bring in to administer the expanded price monitoring program in a forceful way, designed to be as substantively effective and as publicly credible as possible.

Your new anti-inflation program

Most of our time this week has been spent in expounding the new program -- a series of television appearances, testimony before the Senate and House Banking Committees, and a larger number of speeches and briefings than I care to count. Issues and Answers this Sunday.

Regulatory reform

We have been very actively involved in shepherding the trucking bill to the Senate floor; the prospects look excellent.

The House communications reform bill, in contrast, has become badly snarled over the inability of the members of the subcommittee to agree on structural protections against the possibility of unfair competition by the Bell System. We have been trying informally to negotiate a compromise.

In addition, I testified this week in favor of the general principles in Senator Durenberger's bill, which would attempt to encourage competition in the provision of medical insurance by requiring (as a condition for continued exemption from employees' income tax liability) that employers offer their employees a choice of plans, meeting some minimum stipulated standards, that their contributions be equal regardless of the plan selected, and that employees receive in rebates the difference between that flat contribution and the cost of the plan they select.

We feel strongly that it is desirable to promote the competitive alternative to pervasive regulation in the health care field, and have met with HEW officials and private groups to develop a program for doing so.

THE WHITE HOUSE

WASHINGTON
March 24, 1980

①

MEMORANDUM FOR THE PRESIDENT

FROM

STU EIZENSTAT *Stu*
FRANK MOORE *F.M.*

SUBJECT

LETTERS TO SENATOR BYRD AND SPEAKER O'NEILL ON
UTILITY OIL BACKOUT LEGISLATION

For the last several weeks, the Department of Energy has been working informally with House and Senate staff to draft a bill which embodies the specifications you sent to Congress for our program to reduce oil and natural gas use by electric utilities. The bills are now ready for introduction and have been reviewed by OMB, DoE, and DPS. They are consistent with the specifications sent to Congress on March 6. (We have not circulated the draft bills for formal interagency clearance since the Administration is not formally transmitting them to the Congress.)

Senators Byrd and Jackson, and Congressman Dingell have asked that you send a letter reiterating your support for the program and indicating that the bills they will sponsor are consistent with our specifications.

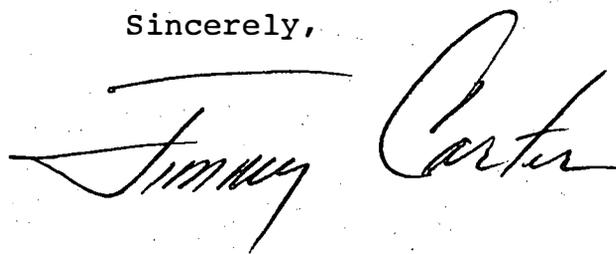
We have agreed that such a letter is desirable and will help move the legislative process forward. (Senator Byrd is particularly anxious to have the letter today so that the bill can be introduced today.)

Accordingly, we and DoE (with concurrence from OMB) recommend that you sign the attached letters at your earliest convenience. Once signed, we will have them hand-carried to the sponsors of the bills.

Dear Mr. Speaker:

My staff has reviewed a draft of the bill which I understand Congressman Dingell and perhaps others intend to introduce concerning the reduction of use of oil and natural gas by electric utilities. I am pleased to report that the bill is consistent with the legislative specifications which I sent to the Congress on March 6. The program set forth in the bill is one which I support, and I look forward to working with you toward its enactment at an early date.

Sincerely,

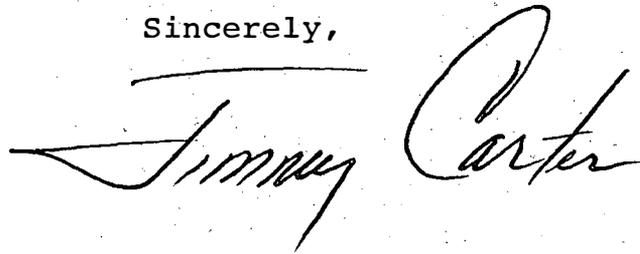
A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Thomas P. O'Neill, Jr.
Speaker of the
House of Representatives
Washington, D.C. 20515

Dear Senator Byrd:

Pursuant to your request, my staff has reviewed a draft of the bill which you, Senators Jackson, Ford, and perhaps others intend to introduce concerning the reduction of use of oil and natural gas by electric utilities. I am pleased to report that the bill is consistent with the legislative specifications which I sent to the Congress on March 6. The program set forth in the bill is one which I support, and I look forward to working with you toward its enactment at an early date.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Robert C. Byrd
Majority Leader
United States Senate
Washington, D.C. 20510



1:55 p.m.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
March 24, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: JIM McINTYRE *Jim*

SUBJECT: Drop-By Luncheon with Foreign Budget Officials

Monday, March 24, 1980
(12:30 - 2:00 p.m.) at 1:55 p.m.
Roosevelt Room

I. PURPOSE

To meet and welcome the principal budget officials of the major industrial nations.

II. BACKGROUND, PARTICIPANTS AND PRESS

A. BACKGROUND: Last year I visited the principal budget officials of France, Germany, and Britain. In every instance I was received graciously and the visit was treated as an important occasion. To reciprocate, we arranged this two-day conference (today and tomorrow) to discuss issues of common interest to all the industrial nations represented. This is the first such conference ever held.

The guests will look forward to your greeting them briefly at the close of the luncheon.

B. PARTICIPANTS: The list is attached. OMB Representatives: Jim McIntyre, John White, Bo Cutter, and Dale McOmber.

C: PRESS: White House photographer for a group photograph and individual photographs. No press coverage is suggested.

**Electrostatic Copy Made
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Office of Management and Budget

James T. McIntyre, Jr.
John P. White
W. Bowman Cutter III
Dale R. McOmber

Foreign Officials

Stephen Hanfield-Jones - Canada
Robert Richardson - Canada
Sir Anthony Rawlinson - Great Britain
Robin Butler - Great Britain
Bengt Westerberg - Sweden
Minoru Nagaoka - Japan
J. Saito - Japan
A. Soejima - Japan
Maurice Papon - France
Guy Dutreix - France
E. Hubrich - Germany
Dr. Overhaus - Germany
A.J. Meijs - Netherlands
Rino Onofri - Italy

Interpreters (not at table)

H. Toyoda - Japan
Jacques Amar - France

Summary Reductions
(Billions)

	<u>1980</u>	<u>1981</u>
Stoppable new programs	-.4	-5.5
Other program reductions	-1.3	-6.9
Shift to annual indexing	<u>-.2</u>	<u>-1.3</u>
Total budget reductions	-1.9	-13.7
Loan guarantees		-3.7

March 19, 1980

Stoppable
Programs

1981 Budget Reductions
Stoppable New Programs
(Millions)

	<u>BA</u>	<u>Outlays</u>	<u>Outlay Reductions</u>
<u>Department of Agriculture</u>			
Soil Conservation Service new construction starts <u>1/</u>	75.0	10.0	-10.0
Delay nationwide crop insurance 1 year.....	111.0	112.0	-45.0
Eliminate rural cable TV loans.....	34.2	15.8	-10.0
Defer proposal to raise authorization for women, infants, and children program.....	<u>971.0</u>	<u>903.0</u>	<u>-43.0</u>
Total.....	1,191.2	1,040.8	-108.0
<u>Department of Commerce</u>			
Reduce new EDA development financing program by 3/4 in 1980 and 1/2 in 1981.....	1,149.2	756.2	-211.6 ✓
<u>Corps of Engineers</u>			
New construction starts <u>1/</u>	500.0	30.0	-30.0
<u>Department of Energy</u>			
Energy management partnership act...	152.0	107.0	-25.0
Gas rationing.....	---	20.0	+53.0
Coal research and development.....	50.0	50.0	-36.0
Regional Storage.....	15.1	11.2	-11.2
Biomass Credit.....	50.0	50.0	-50.0
Conservation Audit Demonstration Grants.....	70.0	15.5	-7.8
Auditor Training Grants.....	<u>20.0</u>	<u>5.5</u>	<u>-5.5</u>
Total.....	357.1	259.2	-82.5
<u>Health and Human Services</u>			
Delay Medicaid/Medicare benefits:			
Plantar warts coverage.....	---	2.0	-2.0
Ceiling for territories.....	18.0	18.0	-18.0
Outpatient psychiatric coverage....	---	18.0	-18.0
Mandated clinic coverage.....	52.0	52.0	-52.0
Delay Medicaid/Medicare home health reforms.....	15.0	22.0	-22.0

1/ Assumed to be covered by the allowance for contingencies in the 1981 budget.

	<u>BA</u>	<u>Outlays</u>	<u>Outlay Reductions</u>
<u>Health and Human Services (continued)</u>			
Delay new income survey 1 year.....	16.0	7.0	-5.0
SSA legislative increases deferral.....	NA	44.0	-44.0
Delay CHAP until October 1, 1981.....	403.0	403.0	-403.0 ✓
Total.....	504.0	566.0	564.0
<u>Housing and Urban Development</u>			
Solar and conservation bank (Delay implementation until 1981).....	450.0	466.0	-94.0
(In addition, cut 1981 program level in half).....	NA	NA	-185.0
Total.....	450.0	466.0	-279.0
<u>Department of the Interior</u>			
Delay tax matching for Guam and Virgin Islands.....	22.0	22.0	-22.0
<u>Treasury Department</u>			
Eliminate ARFA payments by raising the unemployment rate trigger to 7-1/2%.....	1,000.0	1,000.0	-1,000.0 ✓
Reduce general revenue sharing by \$2.3B BA in 1981.....	6,855.0	6,855.0	-1,714.0 ✓
Total.....	7,855.0	7,855.0	-2,714.0
<u>Security Assistance</u>			
Eliminate economic support fund special requirements fund.....	50.0	25.0	-25.0
<u>Delay initiation of welfare reform by one year.....</u>			
	859.0	859.0	-859.0 ✓
<u>Energy security trust fund</u>			
Hold low income energy assistance to 1980 level.....	2,400.0	2,400.0	-200.0 ✓
Transportation initiative:			
Fuel economy technology assessment.....	8.0	4.0	-4.0
Basic auto research.....	20.0	8.0	-8.0
Auto use management.....	250.0	180.0	-120.0 ✓
Mass transit capital.....	1,222.0	425.0	-265.0 ✓
Total, transportation initiative.....	1,500.0	617.0	-397.0
Total.....	3,900.0	3,017.0	-597.0
<u>Office of Personnel Management</u>			
Delay legislative proposal to improve government employees life insurance program.....	NA	22.0	-22.0
TOTAL REDUCTIONS.....			-5,514.1

1981
Reductions

March 19, 1980

Energy/Export

1981 Budget Reductions
in Other Controllable Programs
(millions)

	Base		Outlay Reductions
	BA	Outlays	
1. <u>Agriculture:</u>			
a. Reduction in operating expenses and administration.....	3,524	3,523	-46
b. Increase interest rates on loan programs.....	NA	NA	-88
c. Forest Service small construction delay.....	28	29	-10
d. Moratorium on Soil Conservation Service watershed construction grants.....	172	192	-20
e. Stop Bankhead-Jones grants to land grant colleges.....	12	12	-12
f. Cut water and sewer loans corresponding to grant reduction.....	NA	NA	-5
g. Increase interest on loan programs by legislation.....	NA	NA	-37
h. Terminate rural development grants in 1981.....	10	12	-5
i. Substantially reduce water and sewer grants beginning April 1, 1980.....	284	303	-55
j. Reduce Agricultural Conservation Program.....	190	193	-10
k. Youth Conservation Corps.....	55	61	-15
Agency total.....	4,275	4,325	-303

13

7%

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
2. Commerce:			
a. Reduce operating expenses in the Office of the Secretary.....	39	39	-2.0
b. Reduce general operating expenses in the Census Bureau.....	58	54	-.9
c. Reduce general operating expenses in Maritime Administration.....	66	67	-.4
d. Reduce general NOAA operating expenses.....	744	733	-2.1
e. Reduce overall operating expenses in International Trade Administration...	118	118	-.8
f. Rescind carryover balances in Coastal Energy Impact Fund.....	---	53	-18.0
g. Accelerate purchase of Census Bureau large-scale computer system.....	148	230	-1.6
h. Reduce budget increases for maritime research and development.....	19	19	-2.4
i. Reduce Bureau of Standards basic research and ADP standards activities	124	120	-4.0
j. Reduce funding for National Telecommunications and Information Administration telecommunications protection activities and facilities grants.....	42	40	-1.8
k. Eliminate budget increase for Minority Business Development Agency management and technical assistance..	63	59	-2.0
l. Eliminate planned operating subsidies for Russian grain carriage and for one new operator.....	348	348	-14.5

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
m. Reduce pending Economic Development Administration supplemental for salaries and expenses due to delay in EDA reauthorization.....	71	68	-9.0
n. Eliminate proposed funding for EDA section 304 program of public works grants to States.....	20	20	-20.0
o. Impact of withdrawing proposed 1980 supplemental for new Regional Development Commissions.....	4.1	3.9	-3.9
p. Eliminate base funding for entire Regional Development Commissions program.....	<u>70.1</u>	<u>67.8</u>	<u>-45.8</u>
Agency total.....	1,934.2	2,039.7	-129.2
3. <u>Corps of Engineers:</u>			
a. Small construction and procurement...	115	148	-39
b. Reduction in small operating programs	154	154	-23
c. Reduce operation and maintenance on existing public works.....	976	964	-78
d. Reduce ongoing public works construction.....	<u>1,638</u>	<u>1,604</u>	<u>-25</u>
Agency total.....	2,883	2,870	-165
4. <u>Education:</u>			
a. Reduce Elementary and Secondary Education Act Support and Innovation programs:			
- Improving Local Educational Practices.....	146	164	-42
- State Education Agency Management..	<u>51</u>	<u>40</u>	<u>-5</u>
	197	204	-47
b. Reduce general service programs:			
- Career Education.....	20	20	-18
- Vocational Education State Grants..	<u>784</u>	<u>777</u>	<u>-65</u>
	804	797	-83

6%

OP
EFP

-10

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
c. Reduce Equal Educational Opportunity programs:			
- Emergency School Aid.....	163	140	-20
d. Reduce Educational Quality and Reform programs:			
- Follow Through.....	59	59	-10
- National Institute of Education....	88	74	-2
- Handicapped Research.....	37	31	-2
	<u>184</u>	<u>164</u>	<u>-14</u>
e. Reduce general assistance programs:			
- Law Enforcement Education.....	---	16	-16
- Law Related Education.....	1	1	-1
- Telecommunications Demonstrations..	1	1	-1
- Ethnic Heritage Studies.....	3	3	-3
- Guidance and Counseling.....	18	13	-13
- Impact Aid.....	519	554	-88
- Mining Fellowships.....	---	5	-4
- Public Service Fellowships.....	---	4	-4
- Education Information Centers.....	---	3	-3
- Architectural Barriers Removal.....	---	2	-2
- University Community Services.....	---	1	-1
- Law School Clinical Experiences....	---	4	-4
- Postsecondary Commissions.....	---	3	-3
	<u>542</u>	<u>610</u>	<u>-143</u>
f. Reduce Higher Education Student Assistance:			
- National Direct Student Loans.....	---	274	-83
- Basic Opportunity Grants.....	2,309	2,147	-130
	<u>2,309</u>	<u>2,421</u>	<u>-213</u>
g. Reduce Elementary and Secondary Education Act Title I concentration..			
	300	191	-57
h. Terminate Elementary and Secondary Education Act Title I State incentives.....			
	<u>17</u>	<u>11</u>	<u>-11</u>
Agency total.....	4,516	4,538	-588
5. <u>Energy:</u>			
a. Reduce nonproliferation program.....	5	6	-3.5

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
b. Reduce magnetic fusion -- Elmo Bumpy Torus Experiment and operating expenses.....	404	464	-7.5
c. Delete low priority environmental research.....	187	182	-14
d. Reduce Federal photovoltaics buys-solar applications.....	74	86	-15
e. Cut some DOE nuclear facility safeguard activity.....	50	47	-3.7
f. Reduce Energy Information Administration information collection.....	116	116	-3
g. Reduce uranium enrichment, including delaying gas centrifuge plant, Portsmouth, Ohio.....	NA	NA	-154.4
h. Reduce International Affairs Less Developed Countries and Studies program.....	5	5	-1
i. Delay construction one year of new and active in-house energy management project.....	57	37	-10
j. Reduce support for verification and control.....	41	39	-2
k. Water Cooled Breeder Reactor - reduce applications.....	61	68	-.8
l. Reduce Environmental Overview and Assessment Studies.....	63	60	-8
m. Reduce security investigations.....	17	17	-2
n. Reduce funding for Basic Energy Sciences.....	260	264	-8
o. Reduce support services.....	104	104	-5
p. Stretch construction schedule for Isabelle project (high energy physics).....	359	350	-3

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
q. Defer Atlas nuclear physics project at Argonne National Lab.....	116	112	-1
r. Phase out work on solar power satellite.....	21	20	-5.5
s. Reduce policy and evaluation contract studies.....	20	20	-1
t. Terminate Rivesville AFB Pilot Plant in 1980.....	3	3	-3
u. Reduce Energy Regulatory Administration grants to utilities, delay Public Utilities Regulatory Policies Act guidelines.....	62	56	-10
v. Delay defense waste interim operations.....	150	147	-10
w. Defer commercial remedial action.....	54	54	-8
x. Stretch out advanced gasification research and development.....	30	30	-10
y. Stretch fuel cells research and development schedule.....	25	25	-5
z. Delay Energy Impact Assistance expenditures to areas impacted by energy projects.....	150	62	-28
aa. Reduce nonessential data collection for Uranium Resource Assessment.....	36	54	-8.5
bb. Stretch schedule for resource characterization of Enhanced Gas Recovery.....	31	31	-3
cc. Delay planned University Problem-oriented Research program.....	14	14	-3
dd. Stretch In-Situ Coal Gasification research and development schedule.....	10	10	-5
ee. Stretch heat engines research and development schedule.....	43	43	-7

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
ff. Stretch out award of new mining research and development projects....	47	47	-8
gg. Delay of power pack for NASA.....	40	41	-2
hh. Delay work on advanced isotope separation.....	87	78	-3
ii. Delay development of appliances and controls for Building and Community Systems.....	22	22	-8
jj. Stretch electric/hybrid vehicles research and development schedule....	NA	NA	-7.6
kk. Delay start-up funds for Pressurized Fluidized Bed Pilot Plant.....	13	13	-3
ll. Conservation grants (schools and hospitals).....	202	139	-15
mm. Weatherization grants (low income)...	199	199	-10
nn. Cut gas-cooled fast reactor.....	---	8	-8
oo. Delay Solar Energy Research Institute facility.....	10	10	-9
pp. Magnetohydrodynamics (closed system).	72	70	-1
qq. Defense waste research and development (long term).....	101	116	-3
rr. Defer strategic petroleum reserve purchase from June 1980 to June 1981.	2,300	1,176	-850 ✓
ss. Solar applications.....	56	44	-4
tt. Terminate hybrid vehicle battery buy.	---	4	-4
Agency total.....	5,717	4,493	-1,284.5

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
6. <u>Health and Human Services:</u>			
a. NIOSH laboratory construction in Morgantown, W. VA.....	25	5	-5
b. Health Services Administration buildings and facilities (renovation of National Center for Hansen's Disease).....	2	1	-1
c. Conversion and Closure grants.....	10	1	-1
d. Local Health Planning (30% reduction).....	125	100	-9
e. Prevention Formula Grants.....	10	5	-5
f. Food and Drug Administration equipment and selected contract expenditures.....	363	314	-5
g. Health Care Financing Administration management.....	975	988	-20
h. State health planning.....	34	30	-1
i. Health maintenance organizations.....	57	23	-3
j. Health Statistics surveys.....	32	27	-2
k. Health Care Financing Administration research.....	35	28	-4
l. Mental health and alcohol services (cancel 1980 supplemental).....	—	—	-41
m. Other Center for Disease Control programs.....	126	107	-5
n. Miscellaneous Human Development Services expansions.....	56	47	-6
o. Social Security Administration consultative medical examinations....	177	177	-9

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
p. Discretionary Departmental Management activities.....	145	145	-2
q. Head Start - deobligate some unneeded carryover balances.....	---	12	-6
r. Human Development Services training, research and development, and evaluation activities.....	111	111	-6
s. Health Incentive Grants.....	52	49	-23
t. Alcohol, Drug Abuse and Mental Health State formula grants.....	99	92	-10
u. Indian Health Service.....	632	590	-15
v. Health Care Technology.....	6	3	-1
w. Health services grants (except Community Health Centers).....	736	609	-70
x. Community Health Centers initiatives.	374	312	-17
y. Operating cost reductions.....	1,350	1,350	-27
z. Delay child welfare reforms.....	164	<u>164</u>	-44
aa. Delay aging social services expansion.....	280	251	-19
bb. Adolescent health.....	18	13	-6
cc. Other health professions support.....	188	118	-12
dd. Reduce Disability Insurance vocational rehabilitation.....	NA	111	-24
ee. Reduce Supplemental Security Income vocational rehabilitation.....	55	55	-18
ff. NIH program support (still impacts 5000 grants).....	3,582	3,335	-60

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
gg. Nursing capitation and research.....	---	9	-9
hh. Health professions capitations and loans.....	---	34	-34
Agency total.....	9,819	9,216	-520
7. HUD:			
a. Salaries and expenses - reduce 1980 supplemental by \$2M and reduce 1981 appropriations by \$6M.....	341	332	-8
b. Troubled Projects Operating Subsidies--reduce 1981 appropriations by \$10M.....	41	103	-7
c. Community Development Block Grant Program - Rescind \$88M from the Categorical Program Financial Settlement Fund in 1980; rescind \$25M from the Secretary's Discretionary Fund in 1980.....	3,950	4,000	-80
d. Neighborhood Self-Help Development Grants -- eliminate 1981 program increase of \$5 million.....	15	10	-3
e. Community Development Block Grant Program--rescind \$40 million of 1979 and 1980 unused entitlement grants.....	See 'c' above		-12
f. Homeownership Assistance (Sec. 235) Program--eliminate 1980 anti-displacement initiative and reduce program from 25,000 units to 18,000 units in 1980 and 1981.....	NA	144	-9
g. FHA Fund - Increase receipts by charging for HUD services, includ- ing recertification of mortgagees....	263	-71	-6

1981 Budget Reductions (continued)

	Base		Outlay Reductions	
	BA	Outlays		
h. Rehabilitation Loan Program- rescind \$38 million in 1980; reduce 1981 single-family program \$64 million.....	188	190	-72	
Agency total.....	4,798	4,708	-197	
8. Interior:				
a. Eliminate borrowing against duck stamp receipts - reduce wildlife refuge purchase.....	10	10	-10	
b. Bureau of Land Management, Fish and Wildlife Service, and National Park Service small construction delay.....	152	97	-33	
c. Reduce Indian roads and irrigation construction.....	108	73	-20	
d. Reduction in operating accounts.....	2,532	2,390	-25	17%
e. Reduce Federal purchases from Land and Water Conservation Fund.....	(252)	(247)	-129	
f. Further reduce LWCF and stop State grant portion.....	580	489	-65	
g. Stop urban park grants.....	125	74	-46	
h. Payment-in-lieu of taxes.....	120	120	-60	(-30)
i. Reduce Historic Preservation grants..	45	35	-12	
Agency total.....	3,672	3,288	-400	
9. Justice:				
a. Reduce Justice operating programs....	2,094	2,064	-27	-17%
b. Eliminate Law Enforcement Assistance Administration assistance in 1981....	394	442	-89	(-109)
Agency total.....	2,488	2,506	-116	

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
10. Labor:			
a. Phase down Young Adult Conservation Corps.....	265	277	-100
b. Phase out Welfare Reform Demonstration in 1980.....	281	239	-239
c. Reduce countercyclical public service employment (Title VI) to 149,000 service years (200,000 in budget).....	2,044	1,978	-500
d. Stop paying unemployment compensation based on public service employment jobs.....	<u>222</u>	<u>222</u>	<u>-165</u>
Agency total.....	2,812	2,716	-1,004
11. State:			
a. Reduce operating costs of Boundary and Water Commission.....	8	8	-.5
b. Defer embassy construction.....	173	146	-10
c. Reduce low priority refugee aid.....	552	518	-29
d. Increased passport and consular fees (affecting receipts).....	NA	NA	(-65)
e. Reduce operating costs of American Institute in Taiwan.....	<u>7</u>	<u>6</u>	<u>-1</u>
Agency total.....	740	678	-40.5
12. Transportation:			
a. Defer 1980-81 rail test track work at Test Center until 1982 and defer intermodal passenger demonstration projects.....	58	50	-5
b. Defer procurement of one new 270' Coast Guard cutter by 12 months, and delay selected other facilities..	324	245	-25

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
c. Rescind 1979 and 1980 appropriations for a waterborne demonstration program to test the feasibility of high-speed ferry service in the New York City area.....	NA	15	-15
d. Operating reductions in Office of the Secretary, NHTSA, FHWA, FRA, UMTA, SLSDC and RSPA.....	199	184	-7
e. Delay Federal Aviation Administration research on airways capacity.....	85	82	-2
f. Delay construction of highway link between I-66 and Dulles Access Road..	18	11	-7
g. Eliminate research and development of an automated group rapid transit technology for 1990's.....	13	13	-10
h. Shorten work hours of certain FAA facilities, defer start-up of some new electronic aids, suspend certain training.....	2,267	2,239	-23
i. Reduce Coast Guard vessel inspections, curtail flight hours, defer some housing improvements, defer some miscellaneous procurements.....	1,182	1,162	-12
j. Defer certain Northeast Corridor rail improvements (\$75M) from 1980 to 1981 (bridge and electrification overhaul, signaling).....	400	388	-50
k. Reduce the 1981 Emergency Rail Service Assistance loan guarantee cap based on faster-than-anticipated commitment of available ERSA funds in 1980.....	NA	NA	(-20)
l. Delay by two months (until 1982) initial delivery of low-level AMTRAK cars.....	244	114	-50

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
m. Reduce 1981 request for transit-related urban initiatives from \$200M to \$120M.....	200	115	-25
n. Reduce the highway obligation limitation in 1980 and 1981 from \$8.85B to \$7.35B and \$8.1B respectively. Monthly obligation controls will be imposed which will reduce 1980 obligations from an average of about \$955M to about \$370M per month. 1981 obligations will average \$675M per month.....	9,048	7,860	-455
Agency total.....	14,038	12,477	-686
13. Treasury:			
a. Defer expansion of Mint facilities...	9	2	-2
b. Reduce most Treasury operating expenses except for the Internal Revenue Service:			
Office of the Secretary/			
International Affairs.....	59	59	-2
Government Financial Operations..	192	190	-4
Alcohol, Tobacco & Firearms.....	147	146	-2
Customs Service.....	472	466	-6
Mint.....	61	60	---
Public Debt.....	191	190	-3
Secret Service.....	159	157	-2
Subtotal.....	1,281	1,268	-18
c. Reduce Internal Revenue Service operating expenses.....	2,385	2,378	-26
d. Reduce Treasury investment in the National Consumer Cooperative Bank by \$26.7M in BA.....	116	95	-22
Agency total.....	3,791	3,743	-68

1981 Budget Reductions (continued)

	Base		Outlay Reductions	
	BA	Outlays		
14. EPA:				
a. Reduction in personnel costs and benefits.....	357	270	-7	3%
b. Delay some construction grants (defer most remaining 1980 funds).....	<u>3,700</u>	<u>4,250</u>	<u>-95</u>	—
Agency total.....	4,057	4,520	-102	
15. National Aeronautics and Space Administration:				
a. Reduce operating expenses (research and program management).....	1,047	1,043	-14	1%
b. Reduce construction activities.....	120	163	-7	
c. Delay launch of International Solar Polar mission (research and development).....	83	66	-39	
d. Reschedule science experiments planned to fly on Spacelab missions (research and development).....	103	82	-45	
e. Reduce other space science, space and terrestrial applications, aeronautics and space technology, tracking and data systems and operations programs (research and development).....	<u>4,384</u>	<u>4,086</u>	<u>-119</u>	
Agency total.....	5,737	5,440	-224	

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
16. <u>Veterans Administration:</u>			
a. Delay of construction contracts for VA Medical facilities.....	660	371	-27
b. Stop direct housing loans.....	---	-107	-59
c. Reduce capital investment in VA's Department of Medicine and Surgery...	6,155	6,101	-155
d. Reduce Medical Administration and Miscellaneous Operating Expenses.....	56	56	-1
e. Reduce VA Research programs.....	135	135	-5
f. Reduce new medical care programs, beneficiary travel to non-service connected, and outpatient care for retired military.....	see "c" above		-42
g. Miscellaneous reductions in VA general operating expenses.....	<u>645</u>	<u>644</u>	<u>-34</u>
Agency total.....	7,651	7,200	-323

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
17. <u>International Development Assistance:</u>			
a. Stretch out payment of World Bank selective capital increase.....	70	70	-63
b. Eliminate forgiveness of debt collection for poorest countries.....	---	11	-11
c. Cut Agency for International Development schools and hospitals grants and health programs.....	20	18	-3
d. Reduce Overseas Private Investment Corporation direct investment fund loans by two-thirds both in 1980 and 1981.....	15	15	-10
e. Reduce Agency for International Development operating costs.....	293	284	-2
f. Reduce Institute for Scientific and Technological Cooperation program....	95	32	-2
g. Reduce selected UN voluntary contributions.....	244	247	-7
h. Reduce Inter-American Foundation programs and operating funds.....	<u>17</u>	<u>17</u>	<u>*</u>
Agency total.....	754	694	-98
18. <u>Security Assistance:</u>			
a. Reduce grant military assistance program - general costs.....	105	150	-1
19. <u>Peace Corps:</u>			
a. Reduction in operating expenses.....	118.8	115.5	-3.9
20. <u>ACTION</u>	178	175	-15
21. <u>Community Services Administration:</u>			
a. Two percent reduction in program levels.....	550	555	-11

* Less than \$500,000

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1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
22. <u>Corporation for Public Broadcasting</u>	162	162	---
(1983 forward funded appropriation reduced \$10 million)			
23. <u>Export-Import Bank:</u>			
a. Cut loan program.....	7,085	1,658	-269
24. <u>General Services Administration:</u>			
a. Reduce GSA stockpile procurement.....	170	170	-21
b. Reduce ADP opportunity buy program.....	---	7	-7
c. Reduce procurement of telecom- communications circuits.....	---	-2	-4
d. Reduce operating programs obligations.....	---	707	-14
e. Reduce leasing and repair and alterations.....	---	-8	-50
Agency total.....	170	874	-96
25. <u>Appalachian Regional Commission:</u>			
a. Reduce Appalachian Corridor Highway program level because of deferral of corridor "X" in 1980.....	369	331	-6
26. <u>International Communication Agency:</u>			
a. Reduce exchanges, media support and employment. Cut back slightly overseas facilities and reduce grant to East-West Center.....	429	423	-8
27. <u>National Consumer Cooperative Bank:</u>			
a. Reduce Self-Help and Technical Assistance Fund.....	49	56	-14
28. <u>National Endowment for the Arts</u>	168	154	-7
29. <u>National Endowment for the Humanities</u>	164	161	-6.5

*Furniture**More*

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
30. <u>National Science Foundation:</u>			
a. Phase down US/USSR cooperative research.....	3	2	-1
b. Cancel research facility upgrading program.....	14	7	-7
c. Reduce rate of expansion of industrial innovation activities:	35	17	-9
-Industrial/university cooperative research			
-Small Business innovation			
-Generic Technology Center			
d. Scale down ocean margin drilling program.....	10	8	-4
e. Scale down Science Education programs.....	86	75	-8
f. Reduce level of applied research.....	74	40	-11
g. Slow expansion of basic research and related activities.....	784	389	-9
h. Operating expenses.....	<u>61</u>	<u>61</u>	<u>-1</u>
Agency total.....	1,067	599	-50
31. <u>Pennsylvania Avenue Development Corporation:</u>			
a. Stretch out land acquisition and development program of the Corporation.....	NA	21	-6
32. <u>Railroad Retirement Board:</u>			
a. Two percent reduction in operating expenses.....	NA	48	-1

1981 Budget Reductions (continued)

	Base		Outlay Reductions
	BA	Outlays	
33. <u>Small Business Administration:</u>			
a. Business Loan and Investment Fund	682	613	-14
-8(a) advances.....			(-10)
-7(a)			(-4)
b. Contractual services in salaries and expenses account (7(j) call contracting).....	<u>225</u>	<u>225</u>	<u>-2</u>
Agency total.....	907	838	-16
34. <u>Smithsonian Institution:</u>			
a. Defer by one year construction of museum support center in Suitland, Maryland.....	---	21	-16
b. Reduce operating expenses by 2% in 1981 (Smithsonian & National Gallery)	<u>145</u>	<u>143</u>	<u>-3</u>
Agency total.....	145	164	-19
35. <u>Tennessee Valley Authority:</u>			
a. Delay and reduce nonpower program social and capital items.....	146	164	-10
36. <u>Water Resources Council:</u>			
a. Reduce State grants.....	30	23	-12
37. <u>Other Small Agency Reductions:</u>			
a. Two percent reduction in operating expenses.....	NA	NA	<u>-66</u>
GRAND TOTAL.....			-6,866

1980
Reductions

(in millions of dollars)

Outlays

Deferral of new proposals (continued):

- Eliminate payments under antirecession fiscal assistance by raising the unemployment rate trigger to 7.5%.....	-70
- Delay effective dates of proposed child welfare, foster care and adoption reform legislation (H.R. 3434) to 1982	-63
- Delay enactment of Child Health Assurance Program.....	-39
- SSA legislative increases.....	-2
Subtotal, deferral of new proposals.....	<u>-404</u>

D. Other 1980 actions (mainly needed for 1981 reductions):

<u>International Development Assistance</u> - Reduce grants to American schools and hospitals abroad in pending conference version of the 1980 Foreign Assistance Appropriation bill from \$20 million to \$10 million.....	-1
<u>Agriculture</u> - Rescissions: watershed and flood prevention, urban gardening grants, water and sewer grants, rural development planning grants, resource conservation and development program, and special research grants; increase credit rate on loan programs.....	-20
<u>Commerce</u> - Rescind excess carryover balances in Coastal Energy Impact fund.....	-3
<u>Education</u> - Rescissions in various programs including vocational education, emergency school aid, local educational practice, direct loans, ESEA Title I concentration, and career education incentives.....	-37
<u>Energy</u>	
- Defer Strategic Petroleum Reserve purchases from June to October 1980.....	-230
- Rescissions: enhanced gas recovery, in-situ gasification, mining R&D, advanced isotope separation, SERI, Economic Regulatory Administration, and electric hybrid vehicles; Deferrals: In-house energy management, defense waste, and commercial waste.....	-24
<u>HHS</u> - Various health rescissions (including adolescent health, HMO's, NIH, health professions training and capitation, emergency medical services, health services and mental health programs, and Indian health facilities) and deobligation of some unneeded carryover balances in Head Start.....	-67
<u>HUD</u> - Delay troubled projects operating subsidies; rescind 1980 CDBG and Rehabilitation Loan funds.....	-35
<u>Interior</u> - Stop new urban park grants; reduce purchases from Land and Water Conservation fund; reduce small construction programs; reduce Historic Preservation grants.....	-81

1980 Budget Reductions
(in millions of dollars)

Outlays

A. Actions affecting indexed programs:	
- Shift to annual indexing for selected indexed programs, including retirement funds.....	-178
Subtotal, actions affecting indexed programs.....	<u>-178</u>
B. Withdrawal of supplementals:	
<u>Foreign Assistance</u> - Withdraw Pakistan request.....	-100
<u>Commerce</u>	
- Reduce pending EDA supplementals.....	-63
- Withdraw supplemental for new Regional Development Commissions.....	-3
- Withdraw remaining supplemental request for Regional Development Commissions.....	-5
<u>HHS</u>	
- Withdraw mental health and alcohol services request.....	-9
- National Health Service Corps - reduce to cover only scholarship-obligated personnel.....	-7
<u>Justice</u> - Withdraw supplemental for State antitrust enforcement grants.....	-2
<u>ACTION</u> - Reduce supplemental for urban initiative and stretch out expansion of VISTA.....	-13
<u>Other</u> - Reduce pay supplementals for non-defense agencies.....	-50
Subtotal, withdrawal of supplementals.....	<u>-252</u>
C. Deferral of new proposals:	
- Energy programs and ground transportation energy initiatives:	
Defer proposals for:	
Biomass.....	-50
Solar energy and conservation bank.....	-41
Coal research and development.....	-35
Regional strategic petroleum storage.....	-3
Auditor training grants.....	-1
Audit demonstration grants.....	-*
Delay start-up of auto use management program until 1981 by deleting 1980 request.....	-50
Delay program increase for mass transit capital investment until 1981 by reducing 1980 request from \$1.1 billion to \$0.7 billion..	<u>-50</u>
Total, energy programs and transportation initiatives.....	(-230)

(in millions of dollars)

Outlays

Labor

- Phase down Young Adult Conservation Corps..... -23
- Phase out welfare reform demonstration projects..... -122
- Reduce countercyclical Public Service Employment from 206,500 to 187,000 slots..... -182

Transportation - Rescission: Waterborne demonstration; Deferrals: Rail test track, Coast Guard cutter, Group rapid transit, Northeast Corridor, Federal-aid highways..... -45

EPA - Delay some construction grants (deferral of \$3.5B)..... -6

Veterans Administration - Stop direct housing loan program (half-year effect)..... -30

Arms Control and Disarmament Agency - Reduce program operations and research..... -1

Export-Import Bank - Reduce direct loan limitation in pending conference version of the 1980 Foreign Assistance Appropriation bill from \$5.0 billion to \$4.1 billion..... -70

GSA - Reduce "buy" of ADP and telecommunication equipment and leasing, repair and alteration..... -38

NSF - Phasedown of some applied research; reduction in 1980 science education program..... -9

Smithsonian Institution - Delay museum support facility..... -2

SBA - Reduce Business Loan and Investment Fund..... -15

Tennessee Valley Authority - Delay and reduce nonpower program (social and capital items)..... -3

Water Resources Council - Reduce State water planning grants..... -6

Subtotal, other 1980 actions..... -1,050

TOTAL, 1980 budget reductions..... -1,884

* \$500 thousand or less.

March 19, 1980

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Rescissions
& Deferrals

SUMMARY OF PROPOSED REDUCTIONS
REQUIRING RESCISSION PROPOSALS OR DEFERRALS
(in millions of dollars)

<u>Department/Item</u>	<u>Amount of Reduction</u>		
	<u>BA</u> <u>1980</u>	<u>Outlays</u>	
	<u>1980</u>	<u>1980</u>	<u>1981</u>
<u>Agriculture</u>			
1. Rescission proposals:			
a. Watershed and flood prevention...	32.5	5.0	20.0
b. Water and sewer grants.....	75.0	3.5	55.0
c. Rural development planning grants	2.0	2.0	---
d. Resource conservation and development.....	4.0	1.0	2.0
e. Special research grants.....	2.5	2.5	---
f. Urban gardening grants.....	1.5	1.5	---
Subtotal, rescission proposals.....	(117.5)	(15.5)	(77.0)
<u>Commerce</u>			
1. Rescission proposals:			
a. Coastal Energy Impact Fund.....	50.0	3.0	18.0
<u>Education</u>			
1. Rescission proposals:			
a. Ethnic heritage.....	3.0	0.1	2.9
b. Guidance and counseling.....	18.0	1.0	12.0
c. Local educational practice.....	50.0	4.0	35.0
d. State agency management.....	5.0	0.4	4.2
e. Direct loans.....	108.0	11.0	83.0
f. Career education incentives.....	20.0	3.0	15.0
g. Vocational education.....	88.0	7.0	61.0
h. Emergency school aid.....	24.0	4.0	30.0
i. Follow through.....	15.0	2.2	8.1
j. Law related education.....	1.0	---	1.0
k. Telecommunications demonstrations	1.0	---	1.0
l. Mining fellowships.....	4.5	---	4.2
m. Public service fellowships.....	4.0	---	3.6
n. Education information centers....	3.0	---	3.0
o. Architectural barriers removal...	25.0	---	2.0
p. University community services...	1.0	---	1.0
q. Law school clinical experience...	4.0	---	4.0
r. Postsecondary commissions.....	3.0	---	3.0
s. ESEA Title I Concentration.....	150.0	3.5	35.8
t. ESEA Title 8 State incentives....	15.0	1.0	11.0
Subtotal, rescission propoals.....	(542.5)	(37.2)	(320.8)

Department/Item	Amount of Reduction		
	BA 1980	Outlays 1980	1981
<u>Energy</u>			
1. Rescission proposals:			
a. Enhanced Gas Recovery.....	5.0	2.0	3.0
b. In-Situ Gasification.....	3.0	2.0	1.0
c. Mining R&D.....	14.0	4.0	8.0
d. Advanced isotope separation.....	1.0	1.0	---
e. SERI.....	6.9	6.9	---
f. Economic Regulatory Adminis- tration (ERA).....	1.0	1.0	---
g. Electric Hybrid Vehicles.....	6.0	2.0	4.0
i. Gas-cooled fast reactor.....	8.0	---	8.0
Subtotal, rescission proposals.....	(44.9)	(18.9)	(24.0)
2. Deferrals:			
a. In-House energy management.....	[1.0]	[1.0]	---
b. Defense waste (interim ops).....	[1.0]	[1.0]	---
c. Commercial waste (Remedial action) Subtotal, deferrals.....	[2.0] [4.0]	[2.0] [4.0]	--- [---]
Subtotal, rescission proposals and deferrals.....	(48.9)	(22.9)	(24.0)
<u>HHS</u>			
1. Rescission proposals:			
a. Other health professions training	23.5	2.5	9.2
b. Other health professions capitation.....	97.8	11.7	34.4
c. Nursing capitation and research..	29.0	3.6	8.6
d. HMO's.....	4.0	1.3	1.3
e. Adolescent health.....	8.8	5.6	1.6
f. Indian health service sanitation.	18.0	2.2	7.4
g. ADAMHA state formula grants.....	4.0	0.5	3.5
h. NIH program support.....	41.5	30.0	29.0
i. HSA: black lung; MCH research and training; family planning EMS.....	58.6	8.0	28.8
Subtotal, rescission proposals.....	(285.2)	(65.4)	(123.8)

CRBB

Same
one as
before?

<u>Department/Item</u>	<u>Amount of Reduction</u>		
	<u>BA</u> <u>1980</u>	<u>Outlays</u>	
	<u>1980</u>	<u>1980</u>	<u>1981</u>
<u>HUD</u>			
1. Rescission proposals:			
a. CDBG:			
-Secretary's discretionary fund..	25.0	---	13.0
-Categorical program financial settlement fund.....	88.0	21.0	67.0
-Unused entitlement grants.....	40.0	---	12.0
b. Rehabilitation loans.....	38.0	14.0	24.0
Subtotal, rescission proposals.....	<u>(191.0)</u>	<u>(35.0)</u>	<u>(116.0)</u>
<u>Interior</u>			
1. Rescission proposals:			
a. Land and water conservation fund.	251.0	67.0	53.0
b. Urban park and recreation grants (unannounced).....	85.0	---	29.0
c. Historic preservation grants.....	<u>20.0</u>	<u>6.0</u>	<u>6.0</u>
Subtotal, rescission proposals.....	<u>(356.0)</u>	<u>(73.0)</u>	<u>(88.0)</u>
2. Deferrals:			
a. National Park Service Construction (Cumberland Gap Tunnel).....	<u>[16.0]</u>	<u>[8.0]</u>	<u>[8.0]</u>
Subtotal, rescission proposals and deferrals.....	<u>(372.0)</u>	<u>(81.0)</u>	<u>(96.0)</u>
<u>Labor</u>			
1. Deferrals:			
a. Young Adult Conservation Corps...	[41.0]	[23.0]	[18.0]
b. Welfare reform demonstration projects.....	[175.0]	[122.0]	[53.0]
c. CETA Title VI PSE.....	<u>[203.0]</u>	<u>[182.0]</u>	<u>[21.0]</u>
Subtotal, deferrals.....	<u>[419.0]</u>	<u>[327.0]</u>	<u>[92.0]</u>
<u>Transportation</u>			
1. Rescission proposals:			
a. Waterborne demonstration.....	15.0	---	15.0

<u>Department/Item</u>	<u>Amount of Reduction</u>		
	<u>BA</u> <u>1980</u>	<u>Outlays</u>	
	<u>1980</u>	<u>1980</u>	<u>1981</u>
2. Deferrals:			
a. Rail test track.....	[3.8]	---	[3.8]
b. Coast Guard cutter.....	[33.8]	---	[25.0]
c. Group rapid transit R&D.....	[10.0]	---	[10.0]
d. Northeast corridor rail.....	[75.0]	---	[50.0]
e. Federal-aid highways.....	[1,500.0]	[45.0]	[455.0]
Savings from deferral.....	---	(45.0)	(-795.0)
Outlay reestimate due to changes in obligation pattern.....	---	---	(+340.0)
Subtotal, rescission proposals and deferrals.....	<u>(1,637.6)</u>	<u>(45.0)</u>	<u>(558.8)</u>
EPA			
2. Deferrals:			
a. Construction grants.....	[3,490.0]	[6.0]	[95.0]
Appalachian Regional Commission			
2. Deferrals:			
a. Appalachian highway program Corridor "X".....	[14.3]	---	[6.0]
Arms Control and Disarmament Agency			
1. Rescission proposals:			
a. Program operations and research..	1.0	1.0	---
GSA			
2. Deferrals:			
a. Leasing, repair and alteration...	[25.0]	[25.0]	---
NSF			
1. Rescission proposals:			
a. Science education programs.....	10.0	1.0	6.0
2. Deferrals:			
a. Applied research.....	<u>[16.0]</u>	<u>[8.0]</u>	<u>[8.0]</u>
Subtotal, rescission proposals and deferrals.....	<u>(26.0)</u>	<u>(9.0)</u>	<u>(14.0)</u>
Smithsonian Institution			
2. Deferrals:			
a. Museum support facility.....	[19.0]	[2.0]	[16.0]

<u>Department/Item</u>	<u>Amount of Reduction</u>		
	<u>BA</u> <u>1980</u>	<u>Outlays</u>	
	<u>1980</u>	<u>1980</u>	<u>1981</u>
<u>SBA</u>			
1. Rescission proposals:			
a. Business loan and investment fund.....	19.0	15.0	4.0
<u>Tennessee Valley Authority</u>			
2. Deferrals:			
a. Non-power programs.....	[3.0]	[3.0]	---
<u>Water Resources Council</u>			
1. Rescission proposals;			
a. Water Resources council state grants.....	<u>11.0</u>	<u>5.6</u>	<u>5.4</u>
 TOTAL, all rescission proposals and deferrals.....	 7,272.0	 698.6	 1,566.8

Loan
Guarantees

1981 BUDGET REDUCTION
 Loan Guarantee Programs
 (in millions of dollars)

<u>Program</u>	<u>Commitments Subject to Limitation</u>	
	<u>Base</u>	<u>Reduction</u>
Energy security trust fund-biomass loan guarantees.....	250	100
Overseas Private Investment Corporation.....	150	30
FMHA: Rural development revolving fund.....	926	185
FMHA: Rural housing insurance fund	275	275
Economic Development Administration.....	1,620	810
Maritime Administration.....	1,500	300
Health maintenance organizations...	210	40
Health professions graduate student loan insurance fund.....	48	18
Federal Housing Administration <u>1/</u>	34,155	---
GNMA: mortgage-backed securities..... <u>1/</u>	[53,000] <u>2/</u>	---
Community Development Block Grants.....	300	50
Emergency rail service assistance..	40	20
Export-Import Bank.....	8,893	1,334
Small Business Administration: Surety bond guarantees.....	1,700	100
Business and investment loans....	<u>4,000</u>	<u>400</u>
TOTAL.....	54,067	3,662

1/ This program was not subject to appropriations language limitations in the January budget. Although no reductions are recommended at this time, the program will now be subject to specific appropriations language limitations. HUD strongly objects to this proposal.

2/ This is a secondary guarantee, and is netted out of the credit budget totals.

THE WHITE HOUSE
WASHINGTON

24 mar 80

Jim McIntyre

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Secretary Vance
Zbig Brzezinski



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

Jim
J

MAR 20 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM McINTYRE *Jim*

SUBJECT: Foreign Service Salary Schedule

Last year, the State Department proposed to the Congress a comprehensive revision of the Foreign Service Act which would make significant changes in the Foreign Service personnel system. One of the proposed changes consolidates the two existing Foreign Service salary schedules (officer and staff) into one. At the time the schedules are consolidated, certain long standing link points between the Foreign Service schedules and the General Schedule need to be changed. We have not been able to reach agreement with the State Department, which also speaks for AID and ICA, on the grade levels for the new linkages.

BACKGROUND

Current law requires the President to "interrelate" the Foreign Service salary schedules with the General Schedule. Historically this has been effected by selecting a few grade levels in both schedules where duties and responsibilities are reasonably equal. The same pay rate that appears in the General Schedule is then assigned to the appropriate point in the Foreign Service, or the linked, schedule. The remaining pay rates necessary to fill out the linked schedule are determined by using relationships, such as between-grade differences and rate ranges, that are best suited to the population being served by the linked schedule.

Linkage of the Foreign Service schedules to the General Schedule became a matter of concern to the Department of State and the President's Pay Agent in the early 1970's. Under the auspices of the Pay Agent, OPM conducted a study designed to evaluate existing linkages. The OPM study found that generally mid-level Foreign Service jobs were linked low, and at the lower levels, linkages were too high. That is, mid-level Foreign Service Officers were underpaid while support level Foreign Service staff--principally secretaries and communicators--were overpaid.

State began holding down promotion rates to overcome the overgrading of support levels and the Pay Agent considered revising Foreign Service schedule linkages. These developments reinforced the dissatisfaction of foreign service people with their pay. In response, Congress mandated that the State Department conduct a study of the Foreign Service personnel and salary systems, particularly the linkage issue. State contracted with Hay Associates, an internationally respected consulting firm specializing in personnel pay and benefit systems, to conduct this study.

The Hay Study confirmed the OPM finding that the support levels were overpaid, and that the mid-levels were somewhat underpaid. However, the Hay study also found that the upper-level officer classes were underpaid, which the OPM study had not indicated. The chart at Tab A compares current Foreign Service pay and current link points with the recommendations of the OPM and Hay studies.

When the proposed Foreign Service Act revision was forwarded to OMB for clearance last year, State proposed a schedule based on the Hay study. The Hay linkages would result in large pay raises for almost all Foreign Service Officers. OMB questioned these increases and argued that Hay conclusions about upper level linkages were not necessarily more valid than the more conservative OPM study conclusions. OMB cleared the Foreign Service bill with the understanding that the linkage issue would be resolved later. Subsequently, an interdepartmental task force was appointed to examine the issue. The task force reviewed the two studies and analyzed the issues and options, but could not reach agreement. OMB and OPM task force members recommended an option which they believed accommodated the findings of both the OPM and Hay studies--in essence a compromise--while State, AID and ICA members favored the option patterned on the Hay Study. Tab B shows critical features of relevant options.

Since mid-November we have made unsuccessful attempts to reach agreement with State. State originally favored Option I, but has fallen back to Option II. Both of these options are patterned on the Hay Study linkages with the principal difference that one has 9 grades and the other 10. Option II would give annual increases averaging \$2,721 or 10.2% per employee at a cost of \$29 million per year. OMB and OPM favor Option IV which would give annual increases averaging \$1,422 or 5.33% per employee at a cost of \$15.2 million per year. The critical difference between the options is where they link one Foreign Service grade, FS-2, to the General Schedule. Options I and II both link FS-2 with GS-14, whereas Option IV links it at GS-13.38.

It is important to remember that the increases that result from these linkage changes are separate from, and over and above the annual comparability pay increase. Accordingly, they constitute a permanent elevation of a major portion of the Foreign Service salary system relative to all other Federal employees, and a permanent reduction of another portion of the Foreign Service salary system--the overpaid support levels.

DISCUSSION

Several considerations account for the firm adherence to Option II by all three Foreign Service agencies. State was intimately involved in the Hay study and is convinced that Hay's recommended linkages place foreign service personnel at appropriate pay levels in comparison with their General Schedule counterparts. In contrast, State believes that the OPM study linkage does not fully reflect the overseas dimension of foreign service duty.

Foreign Service employees and their unions are fully informed on the Hay study and have closely followed deliberations of the task force. Although the primary Foreign Service union, The American Foreign Service Association, originally preferred Task Force Option I (average annual increase of 11.9 percent or \$3,172 per employee), they have since indicated some willingness to join State in support of Option II with its slightly lower increases.

For several years, Foreign Service morale has been lower than the Secretary would like. There are several reasons to which this relatively low morale is usually attributed. First, overseas life has become less attractive due to increasingly unfriendly environments and the inability of spouses to pursue working careers abroad. Second, dissatisfaction with financial remuneration has grown because of rapid inflation overseas as well as the dollar's depreciation. In many countries, foreign nationals without the educational background, loyalty to the United States or willingness to serve long hours must be paid more salary, because of local wage conditions, than we are able to pay our Foreign Service Officers and Staff. Third, there is a perception that Foreign Service promotions are slower than civil service promotions. Finally, there has been keen disappointment that important historic Foreign Service responsibilities for the promotion of commerce and trade, have been transferred to other agencies.

For all the above reasons, I understand that Secretary Vance strongly supports the Hay findings and feels that he cannot compromise on a plan which offers any less than Option II.

OMB and OPM favor Option IV for a number of reasons. They believe the OPM study was conducted with the same degree of technical expertise and sensitivity as the Hay study and that its findings are just as valid. They conclude that any decision on the matter should not discard the findings of one study in favor of the other.

OMB/OPM believe that the strong and weak points of each study essentially balance out. Thus, Option IV does not fully reflect the OPM study findings, and does accept certain Hay study linkages. Accordingly, Option IV is in the middle ground between the findings of the two studies. OMB and OPM believe that an acceptable solution lies in this middle ground and in an option that reflects the strong points of each of the studies. It is important to note here that OPM and OMB, in an effort to compromise, have accepted in Option IV a substantially richer arrangement than that dictated by what OPM's study (Option V) would have indicated.

Since receiving the task force report, OMB and OPM have examined the adequacy of Foreign Service compensation from the viewpoint of attracting and retaining Foreign Service personnel. They also examined how Foreign Service benefits and allowances compare with those in the private sector and with those of other Federal employees.

- o Foreign Service statistics indicate to us that there are no serious recruitment and retention problems. For example, State has about 12,000 to 14,000 applicants for its annual officer entrance test from which some 180 will be accepted in the service. In terms of retention, while somewhat higher losses have been experienced recently, over the past 4 year period State has lost through resignation less than 1 percent per year of its mid-level officers. We do not see this as a loss rate to cause major concern. Without question then, the foreign service is attracting and retaining the numbers of people of the quality they need to perform their mission. Indeed, at senior levels, the attractiveness of present compensation has led to a growing problem of the opposite type--an excess of older officers and a resulting slowdown in promotion opportunity.

- o Foreign Service benefits and overseas allowances, as measured by private sector practices and those of other Federal employees, are generous. For example, in comparison with large multinational firms, which are known to have above average compensation practices, the Hay study concluded, "In summary...the Foreign Service's Total Overseas Remuneration Practice is reasonably competitive with large multinational companies except where the cap on salaries takes effect." Total Overseas Remuneration is Hay's all inclusive term which includes base salaries, bonuses, overseas allowances and benefits. The exception in Hay's statement for capped salaries relates to Foreign Service individuals equivalent to officials in the Senior Executive Service and not to those in the salary schedule we are concerned with here.

In summary, OMB and OPM have concluded that Option IV is a reasonable compromise between the findings of the two studies, and that other considerations such as attraction and retention problems do not suggest or justify a more generous solution.

In addition to the State, OMB and OPM views above, there are three other factors you should consider in reaching a decision. First, we have checked with the Council on Wage and Price Stability concerning these increases. We found that because linkage changes are structural changes, they are exempt from CWPS guidelines. Moreover, the Foreign Service constitutes such a small portion of the Federal employee unit that any option you choose will not violate the guidelines.

Second, the hostage situation in Iran has made this issue even more salient and emotional for the Foreign Service, and a decision against the study recommendation that the service favors could have high public visibility. On the other hand, as Tab C shows, large numbers of Foreign Service people would get very substantial raises under any of the options. So, settling the issue and getting more money into Foreign Service pay checks may prove more satisfying to Foreign Service people than whether or not the precise recommendations of one study or another are followed.

Third, the Foreign Service community has influential supporters in the Congress. Probably most important are Senator Pell and Congressman Leach. On February 7, at a concurrent hearing of the two House subcommittees, chaired by Ms. Schroeder and Mr. Fascell, which are marking up the

bill, the provision continuing the President's traditional responsibility to establish linkage and adjust the Foreign Service schedule was deleted. In its place there was substituted a provision proposed by Mr. Leach which sets in law a Foreign Service schedule based on the Option I linkages and number of grades.

CONCLUSION

There are no scientific methods that produce absolutely correct answers to questions such as the one we are addressing here. We do have two very good studies that agree in substantial measure. In fact, the basic issue at this point is whether the grade FS-2 should link at GS-13 as recommended by the OPM study or GS-14 as recommended by the Hay Study. So, we believe an option that comes out somewhere between the two might be the fairest solution, especially since factors such as recruitment, retention and morale problems are not of sufficient magnitude to influence a resolution of the issue more favorable to one study's recommendation than the other.

OMB and OPM have examined other options as possible compromises. While still believing that Option IV is a good solution, we recognize that other options such as the task force proposal for a compromise (Option III) or the OPM-developed Option IVa have merit and could be acceptable solutions. These options differ from II and IV principally on the FS-2 linkage. Both would link higher than IV but lower than II. (See Tab B.)

However, we have been unable to reach a compromise with State, so we must ask you to decide it.

We had planned to install whatever Option you select concurrently with the October 1980 increase, provided of course, the proposed Foreign Service Act becomes law. In view of the current budget problems, you may want to defer installing the new system until after fiscal 1981. However, because of the actions in Congress to remove your authority and establish Foreign Service linkage in law, we urge you to decide on one of the options now so that we are not preempted by Congressional action. Later, in conjunction with your decision on the fiscal 1981 comparability pay increase for Federal employees, we can address the issue of whether or not to defer installing the new Foreign Service system.

DECISION

<u>OPTION</u>	Annual recurring budget increase (in millions)	Average annual Pay Increase**	
		<u>\$</u>	<u>%</u>
Option II (State)	\$29.0	\$2,721	10.2%
Option IV (OMB/OPM) <i>J</i>	\$15.16	\$1,422	5.33%
Somewhere between Options II and IV	\$22.0*	\$2,100*	7.7%*
Other			

* Approximate

** Over and above the relevant comparability pay increase which is estimated at 6.2 percent for fiscal 1981.

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Link Point Comparison
Current Versus OPM and Hay Study Recommendations
In Terms of GS Grade

	<u>Grade</u>	<u>Current Average Pay</u>	<u>Current Link Points</u>	<u>OPM Study</u>	<u>Hay Study</u>
Current Officer Schedule	FSO-3	GS-14.40			GS-15
	4	GS-13.00	GS-13	GS-13	GS-14
	5	GS-11.76		GS-12 ^{2/}	
	6	GS-10.38		GS-11 ^{2/}	GS-11
	7	GS- 8.54		GS-9	GS-7 ^{3/}
	8	GS- 7.00	GS-7		
	FSO-3	GS-14.40	(FSO-3) ^{1/}		
	2	GS-13	(FSO-4) ^{1/}		
Current Staff Schedule	3	GS-11.76	(FSO-5) ^{1/}		
	4	GS-10.38	(FSO-6) ^{1/}		GS-9 or 11 ^{4/}
	5	GS- 9.22		GS-8	
	6	GS- 8.10			
	7	GS- 7.02			GS-5 or 6
	8	GS- 5.98		GS-5	GS-4
	9	GS- 4.97			
	10	GS- 4.00	GS-4		

- 1/ These link points are termed internal linkages. They link between the officer and staff schedules.
- 2/ Not recommended as formal link points but pay could be linked at these points if required.
- 3/ The Hay Study did not analyze FSO-7 individuals but studied FSRU-7 individuals who are paid FSO-7 salaries. They determined that the duties of the FSRU-7 individuals most nearly matched GS-7 duties.
- 4/ Per the Hay Study, GS-9 was a more defensible linkage.

SUMMARY
Foreign Service Salary System Options

<u>Option</u>	<u>Total Annual Cost (in millions)</u>	<u>FS-2 ^{4/} Linkage</u>	<u>Average Annual \$ Increase</u>	<u>Average % Increase</u>
V (OPM Study)	\$ 5.0	13	\$ 465	1.75%
IV (OPM/OMB recommendation)	15.16	13.38	1,422	5.33
III ^{1/}	21.71	13.6	2,037	7.64
IVa ^{2/}	22.05	13.54	2,271	7.76
II (Hay Study) (State recommendation)	29.0	14	2,721	10.20
I (Hay Study) ^{3/}	33.8	14	3,172	11.89

1/ This is a possible compromise option developed by the task force.

2/ This is a possible compromise option submitted by OPM.

3/ Option I was originally favored by the unions and the Department of State. The Department agreed to move to support of Option II as a compromise gesture and because the transition from the present system to a 9-class system would be somewhat easier than to a 10-class system. When the Department moved to support Option II, it was able to secure union agreement on the same option.

4/ FS-2 linkage is shown because it is considered critical by proponents of both points of view.

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TAB B

B

FOREIGN SERVICE SALARY SYSTEM
Numbers and Percentage of People and the Increases They
Receive Under Each of the Options*

ANNUAL SALARY INCREASE Dollar Increase Range	O P T I O N											
	I		II		III		IV		IVa		V	
	#	%	#	%	#	%	#	%	#	%	#	%
\$7,000 - \$7,999	12	--	--	--	--	--	--	--	--	--	--	--
6,000 - 6,999	1,773	16.6%	733	6.9%	--	--	--	--	--	--	--	--
5,000 - 5,999	2,129	20.0	1,375	12.9	--	--	--	--	--	--	--	--
4,000 - 4,999	939	8.8	951	8.9	939	8.8%	939	8.8%	939	8.8%	--	--
3,000 - 3,999	862	8.2	2,656	24.9	2,970	27.9	862	8.1	1,847	17.3	--	--
2,000 - 2,999	--	--	--	--	1,806	17.0	985	9.2	2,948	27.7	--	--
1,000 - 1,999	1,645	15.5	1,645	15.5	1,645	15.4	2,034	19.1	2,490	23.4	3	0.1%
Less Than \$1,000	3,297	30.9	3,297	30.9	3,297	30.9	5,837	54.8	2,433	22.8	10,654	99.9
Percent Increase Range												
20.00% - 24.99%	1,806	17.0%	--	--	--	--	--	--	--	--	--	--
15.00 - 19.99	2,108	19.8	2,108	19.8%	--	--	--	--	--	--	--	--
10.00 - 14.99	146	1.3	3,597	33.8	1,512	14.2%	146	1.4%	146	1.4%	--	--
5.00 - 9.99	3,300	31.0	1,655	15.5	5,848	54.9	3,763	35.3	8,198	76.9	--	--
Less Than 5.00%	3,297	30.9	3,297	30.9	3,297	30.9	6,748	63.3	2,313	21.7	10,657	100.0%

* The analysis assumes relative positioning and immediate conversion. Population of 10,657 includes all those from State, AID and ICA anticipated to be included in the new Foreign Service schedule.



THE SECRETARY OF STATE
WASHINGTON

cc Jim, Scotty
quick comment
J

MEMORANDUM TO: THE PRESIDENT
FROM: Cyrus Vance *cv*
SUBJECT: Foreign Service Pay Comparability

You know how strongly I feel about the urgent need for Administration support for full pay comparability for the Foreign Service with other government employees. This is not a request for pay increases; it is a request to provide the Foreign Service with "equal pay for substantially equal work" with Civil Service counterparts as required by law and equity.

At your budget session on December 19, the issue was deferred on the understandings (1) that OMB and OPM as your Pay Agent needed additional time to make their final recommendation to you, and (2) that sufficient sums would be available in the Allowance for Contingency section of the budget to cover any of four pay comparability plan options (estimated to cost from \$15.2 to \$33.8 million for State-AID-ICA) identified last fall by an OMB-chaired interagency task force.

Last month during the House markup of the proposed Foreign Service Act and in the absence of any Administration position, Dante Fascell and Pat Schroeder's Subcommittees adopted unanimously the \$33.8 million pay comparability option as responsive to the recommendations of the Congressionally-mandated pay study completed last year by the expert consultant firm of Hay Associates. The full House Foreign Affairs Committee reported the bill unanimously with this same provision on March 13.

Jim McIntyre is recommending to you the low \$15.2 million option, but indicates that he and Scotty Campbell believe that a low intermediate \$22 million option has "merit" and "could be acceptable". He notes correctly that "there are no scientific methods that produce absolutely correct answers"

to this issue. Jim cites in support of his views a study done six years ago by the then-Civil Service Commission. The 1974 study is far less relevant than the 1979 Hay study. The former was conducted by Civil Service people without any direct overseas service experience and without any comparative international public or private sector pay data of the sort which the Hay study draws on extensively. Neither option mentioned by Jim as preferable or acceptable meets the Hay study recommendation; only the other intermediate \$29 million and full \$33.8 million options do so.

I tried to find a compromise on this issue but efforts to do so led me to the conviction that any compromise would fail to meet legal and equitable requirements. Similarly in recognition of our difficult budget situation I considered possible deferral of some of the costs of pay comparability-- a possibility raised in the OMB memo. I rejected deferral for the same reasons and believe it would almost inevitably subject the government to risk of legal action. Either of these alternatives would constitute the continuation of unfair and inadequate compensation for many members of the Foreign Service at a time when we are asking more of them than ever before.

I urge that you approve the full pay comparability option written into the Foreign Service reform bill by the House Committees. It would:

- bring the life-time earnings of Foreign Service officers closer to the higher level now received by military officers and professional-level civil servants;

- link for the first time the Foreign Service pay scale fully to the Civil Service pay scale at every level (unlike any other option under consideration) and thereby facilitate interchange between the systems;

- follow most closely the findings and recommendations of the Hay study on the correct relationship of Foreign Service and Civil Service pay;

- insure continued low attrition which has been steadily increasing but is being held down by expectations that present inequities will be eliminated; and

- remedy the problem of underpaying mid-level Foreign Service personnel who have been underpaid for years according to all studies and all agencies.

Your budget message rightly states:

"The most important resource in the administration of the foreign affairs of the United States is dedicated and competent officers and employees. These people must be supported and their productivity augmented. A single new pay structure is being developed for Foreign Service employees. It will more accurately compensate for each level of work responsibility and better link those levels to comparable levels on the general schedule of the Civil Service."

There is no more direct way to demonstrate support for the Foreign Service at this period of great stress than through the adoption of a comparability plan which both is, and is perceived to be, fully equitable. The plan I am recommending meets that standard in accordance with the Congressionally mandated study; the OMB-OPM plans do not.

This is the most important management issue I face in running the Department of State.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

March 20, 1980

Mr. President:

The attached for your
information.

Jim McIntyre

THE AGONY IN TEHRAN CONTINUES

As this issue of the *Journal* goes to press fifty of our colleagues have spent more than 100 days as the prisoners of a gang of militant revolutionaries in Tehran. Hopes for their safe and early release fluctuate from day to day, depending upon which TV newscast one happens to be viewing. Nevertheless their prospects of returning home appear to be steadily improving so at this writing there may be grounds for thinking that it's at least possible that our captive associates and friends may be reunited with their families by the time this copy of the *Journal* reaches you, the reader.

The one bright shaft of sunshine illuminating an otherwise gloomy international horizon was the brave and daring action of our Canadian neighbors in making possible the escape from Iran of six of our people. If there is any humor at all to be found in the entire hos-

tage saga it had to be when the so-called Foreign Minister of Iran denounced the action of our Canadian friends as being in violation of international law.

Now, as we await the return of the rest of our colleagues, we must reflect on the prospect of this kind of thing happening again somewhere else. Today it seems that we in the Foreign Service face new dimensions of personal danger. To be sure, Foreign Service life has always entailed certain risks. The 121 names on the AFSA memorial plaque in the Diplomatic Lobby of the Department bear testimony to that fact. But as the days of captivity lengthen for our colleagues, our thoughts should move to ways to counter such extreme hardship in the future, while our hearts and prayers remain with them in Tehran.

FOR SURE, SOMETHING TO CHEER ABOUT

We are pleased to note that after negotiating and pressuring for more than a year on the full range of issues connected with the new Foreign Service Act, we saw major changes which we have long advocated incorporated into the bill at a February 7 joint mark-up session of the Fascell and Schroeder subcommittees of the House International Relations and the Post Office and Civil Service Committees. Our most important victory was in the subcommittees' legislation of full pay parity at option 1, the highest level substantiated by the Hay Associates study, but which had been stalled by OMB for some time. The amendment, introduced by former FSO Jim Leach (Iowa) will raise pay as follows: O/R/RU-3 and FSS-1 equal to GS-15; O/R/RU-4 and FSS-2, equal to GS-14; O/R/RU-5 and FSS-3 equal to GS-13; O/R/RU-6 and FSS-4 equal to GS-11; O/R/RU-7 and FSS-5 equal to GS-9; O/R/RU-8 and FSS-6 equal to GS-7. The Leach amendment also provides for 14 steps in each class, important new bonus for Staff Corps personnel. A "grandfathering" provision will protect against pay losses. Personnel at the O/R/RU-6 and FSS-4 level after 6 months would be reviewed for promotion into a new class equivalent to GS-12.

Both subcommittees adopted most of AFSA's other recommendations pertaining to first 3-1/2 chapters of the bill marked up. AFSA has lobbied staff and members intensively to ensure that they fully appreciate our con-

cerns. The two subcommittees also adopted a long-standing AFSA proposal when it approved language stating that the "position of chief of mission should normally be accorded to career members of the Service, though circumstances will warrant the appointment, from time to time, of qualified persons from without the career. Contributions to political campaigns should not be a factor in the appointment of an individual as a chief of mission."

Additionally, even before bill went to mark-up, the executive branch acceded to the AFSA demand to provide standby pay alleviating the burden for many, especially Staff Corps and Communicators, who are often under the functional equivalent of house arrest. Similarly, AFSA pressure has brought the department to formally press for lifting the restriction on post hardship differential.

This was only the first mark-up session at subcommittee level in the House and sustained work will be required as the remaining twelve chapters of the bill are marked up, reported to full committees and sent to the floor of the House. Parallel action on the Senate side, where so far the foreign relations committee has exclusive jurisdiction, will only be slightly less arduous, and conference action compromising likely House-Senate difference will be almost inevitable. The entire process may well run into the fall.