

'82 Budget-Presidential Wrap-Up Session, 12/18/80

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From McIntyre to The President (4 pp.) re: Decisions on International Affairs Budget Appeals	12/17/80 Opened 12/20/2013 per RAC/	A MR-NLC-92-204
memo w/ att	From Owen to The President (3 pp.) re: Foreign Aid OPENED 8/12/93	12/16/80	A
<p>Items above are enclosed in Presidential Wrap Up Session 12/18/80</p>			

FILE LOCATION

Carter Presidential Papers- Staff Offices- Office of the Staff Sec.- Pres. Handwriting File 1982 Presidential Wrap-Up Session 12/18/80 BOX 216

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~~SECRET~~



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

DEC 17 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *JL*
SUBJECT: Decisions on International Affairs Budget Appeals

The international affairs agencies' appeals are listed below in the same order that they appear in OMB's government-wide ranking of 1982 agency appeals that will be the basis for your decisions. For two of the large appeals, Henry Owen and Zbig Brzezinski propose smaller program packages in light of budget stringencies. (U)

1. International Development Assistance

A. Size of the Basic P.L. 480 Program

	(\$ and tons in millions)			
	1980 Actual	1981 Est.	1982	
			OMB	IDCA
Program	1,600	1,715	1,678	1,800
Outlays	1,073	1,471	1,200	1,322
Tonnage	6.2	5.3	5.5	5.9

OMB would hold the Title I program to the dollar planning ceiling and the Title II grant feeding program only slightly above the legislatively mandated minimum tonnage for a total program of 5.5 million tons. The IDCA appeal, supported by USDA, Henry Owen and State, would raise P.L. 480 to 5.9 million tons, close to the 6 million ton level, regarded in the past as a minimum. For Egypt, all agencies have agreed to maintain a 1.5 million ton program in 1981 but to shift to a dollar denominated program in 1982 set at \$250 million, which at current prices would provide 1.2 million tons. (e)

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Per: Pac Project
ESCAL: NLC-126-23-15-1-9
BY: *Q* DATE: 3/14/13
ALSO MR. NLC-92-204

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 DECL REVW ON 12/16/86
DERIVED FROM: various agency documents

~~SECRET~~

B. IDCA Leadership Package

(\$ in millions)

	1980 <u>Actual</u>	1981 <u>Est.</u>	1982			
			<u>OMB</u>	<u>Owen</u>	<u>IDCA Appeal</u>	<u>IDCA Total</u>
AID Development Funds	1,240	1,277	1,751	+220	+757	2,508
UN Contributions	260	256	248	-	+18	266
P.L. 480	1,600	1,715	1,678	-	+75	1,875*
Economic Support Fund	<u>2,158</u>	<u>2,227</u>	<u>2,374</u>	-	<u>+75</u>	<u>2,449</u>
TOTAL PROGRAM	5,258	5,475	6,051	+220	+925	7,098*
TOTAL OUTLAYS	4,231	4,897	4,861	+33	+214	5,197*

*Includes \$122 million IDCA appeal for basic P.L. 480 program. (U)

OMB recommends that AID development funds be held to \$1.75 billion. Henry Owen recommends an increase of \$220 million on the condition that other Summit countries also provide increased aid in critical problem areas. (See his attached memorandum.) IDCA, supported by State, proposes a \$925 million increase to promote U.S. leadership in the development aid area. (U)

2. International Security Assistance

A. Concessional Foreign Military Sales (FMS) Credits

	(1982 in \$ millions)			
	<u>OMB Rec.</u>		<u>State Appeal</u>	
	<u>Total Credits</u>	<u>Conces-sional*</u>	<u>Total Credits</u>	<u>Conces-sional*</u>
Egypt	800	(---)	800	(400)
Spain	150	(---)	150	(100)
Portugal	60	(---)	60	(50)
Israel	1,200	(500)*	1,200	(500)*
Turkey	300	(200)	300	(200)
Other	<u>921</u>	<u>(150)</u>	<u>921</u>	<u>(150)</u>
TOTAL PROGRAM	3,431	(850)	3,431	(1,400)
TOTAL OUTLAYS	932	(800)	1,362	(1,230)

*Repayment for the Israeli loan would be forgiven, the other loans would be on extended terms at interest rates of 3% or more.

The OMB recommendation would restrict the new on-budget concessional FMS credit sales to \$350 million (plus the traditional \$500 million

Israel grant). State would increase concessional credit by \$550 million to add concessional funds for Egypt, Portugal, and Spain. The NSC supports the State position and would note that Egypt should receive top priority. (e)

B. Persian Gulf/Southwest Asia Package

<u>Country</u>	<u>OMB</u>		<u>State/Defense Additions</u>	
	<u>FMS Credits</u>	<u>ESF</u>	<u>FMS Credits</u>	<u>ESF</u>
Turkey	300	250	+400	+50
Greece	210	-	+265	-
Egypt	800	750	+215	-
Israel	1,200	785	+200	-
Pakistan	-	-	+500	+100
Other	<u>921</u>	<u>589</u>	<u>+275</u>	<u>-</u>
TOTAL PROGRAM	3,431	2,374	+1,855	+150
Of which concessional	(850)	(2,374)	+(818)*	+(150)
TOTAL OUTLAYS	932	2,225	+327	+150

* Defense would prefer grant MAP.

The Defense and State Departments recommend a \$2 billion package of assistance primarily for Turkey/Greece, Egypt/Israel and Pakistan. The Defense Department proposes up to \$818 million of grant military aid as part of the package while State seeks an equal amount of concessional credits instead. You could also consider a smaller package of aid only for Turkey and Greece which would involve \$525 million of program funds and \$114 million in outlays. (S)

The NSC agrees with the State/Defense recommendation. However, in response to your request, the NSC has developed an alternative which reduces the Defense budget by \$350 million and adds \$991 million to the security assistance budget for the Middle East. NSC analysis posits that the impact on the national debt of both is approximately the same. DOD would agree with this tradeoff only if the Defense budget is approved at the highest request level, \$201 billion. (S)

Some of your advisors believe the \$200 million FMS increment for Israel is desirable in order to match the increase which Congress added this year. (S)

3. Export Import Bank - Direct loans and guarantees

(\$ in millions)

	1980	1981		1982	
	<u>Actual</u>	<u>Budget</u>	<u>Est.</u>	<u>OMB</u>	<u>Exim</u>
Direct loans	4,001	4,355	5,500	5,000	7,355
Long-term guarantees	1,756	1,800	1,800	1,980	935
TOTAL BUDGET AUTHORITY	1,842	6,600	7,010	5,016	7,371
TOTAL OUTLAYS	1,836	1,737	2,310	2,680	2,916

OMB recommends a \$5 billion direct loan program for 1982. OMB believes the congressional \$1.1 billion increase above the 1981 budget request should be used to reduce current unfunded commitments. Eximbank requests \$7.4 billion of direct loans for 1982. (U)

Attachment

This total proposed add-on would be \$220 million, or \$33 million in FY 82 outlays. It would leave total bilateral development aid still below the \$2 billion mark, and is far below State's compromise package of \$500 million, which is focused on the same three fields. (C)

4. This add-on might well be acceptable on the Hill, and for good reason: Increased LDC food and energy production would reduce pressure on global food and oil prices, which generate inflation in the US. Humanitarian aid to avert starvation and to restrain population growth have traditionally been supported by the Congress. The fact that this add-on package would be conditional on comparable additional effort by other industrial countries would be well received. (C)

5. I know that you are besieged with requests for international affairs budget add-ons. Secretary Muskie said at your December 8 budget meeting that international development aid deserved the highest priority among these appeals. In development assistance, all agencies agree that top priority should go to food, energy, and family planning -- because of their importance, their popularity on the Hill, and the likelihood that they would evoke a response from other countries. The program I propose would pave the way for a new phase in foreign aid marked by increased emphasis on aid in these three fields, to be provided through functional consortia among bilateral aid donors. All this for an increased FY 82 outlay of \$33 million seems to me a good bargain, the more so since the increase in real terms over last year's request level would still be only 15% (as compared to about 1% for the OMB mark). (C)

Defense Ranking Back-up
(\$ in Billions)

Baseline \$193.9B. Defense Band 2 level as adjusted below

- Real growth over 1981 -- 2.5%-3.8%
- Average real growth 1981-1982 -- 5.8%
- Provides all essential strategic & GPF modernization
- Continued large increases in combat readiness O&M -- 3% real growth (11% real growth 1980/1981) & Spare Parts (70% real growth in 1982)
- OMB would limit support readiness (e.g., Military Construction--\$.800) offset by the following increases:

. RDT&E	+ .300	(12% real growth)	
. Procurement	+ .500,	initiates production of new AF/Navy missile (HARM)	.128
. 14 new Navy CH-53 helicopters	--prevents production break		.248
. Increase F-18 aircraft buy	from 58 to 63 aircraft		.087

Level 2, \$195.5B. Adds \$1.6B. Major items:

-- Continues KC-10 production at a rate of 4 aircraft per year	.255
-- Modernize 151 CH-47 helicopters to provide improved reliability and increased performance	.230
-- Continues Blackhawk helicopters production with 78 in 1982	.465
-- Army air defense improvements including modification of 3500 Hawk missiles	.090
-- Tomahawk missile capability--launch tubes for attack submarines	.093
-- Procurement of 18 SH-2F (ASW) helicopters--reopens production line	.244
-- Various other procurement and support items	.228

Level 3, \$196.4B. Adds \$.9B. Major items:

-- Continued procurement of NAVSTAR	.079
-- Productivity improvement projects--with fast payoffs for all military services	.090
-- Provide a competitive second source for infantry fighting vehicle (IFV)	.050
-- Procurement of 120 captor mines and 120 MK 46 torpedoes--this action continues both production lines into 1982	.130
-- Other Procurement items	.200
-- Military pay and allowances	.300

Level 4, \$198.4B. Adds \$2B including

-- Total Operations and Maintenance (4.5% real growth in 1982; 6.5% in 1981)	.700
. Combat readiness (6% in 1982/11% in 1980/1981)	
. Support readiness (3% in 1982/14% in 1981)	
-- Military Construction (33% real growth excluding MX and South West Asia bases)	.800
-- RDT&E (15% real growth)	.500

1982 PRESIDENTIAL
WRAP-UP SESSION
12/18/80

THE WHITE HOUSE

WASHINGTON

December 17, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
BERT CARP
JOSH GOTBAUM *JB*

SUBJECT: Budget Appeals

Since we received OMB's list of possible cuts and additions only this afternoon, we cannot evaluate them for you here. I will try to comment upon each when we meet tomorrow afternoon. This memorandum simply lists those additions we think are a necessary part of a Democratic budget.

For each item, we have listed the level in millions of dollars proposed by OMB for FY82 and the additional amount we propose in budget authority. (We have not been able to calculate the effects on outlays in FY82, although they will obviously be much smaller.) We have also identified some items as being of secondary priority, although they are still important and worth your consideration.

Even with these additions, your domestic budget will almost certainly decline in real terms. As you directed, EPG has reviewed the elements of the tax program and found ways to reduce its impact substantially. I cannot say whether the same has been done for the defense budget.

1982 BA in millions

LABOR

OMB

DPS
Add

Trade Adjustment Assistance

300

1200

In securing labor support for the passage of our landmark trade bill, we agreed to income support for workers who lost their jobs through plant closings. The program is now very expensive (\$3 b. in 81). However, to gut the program unilaterally, as OMB proposes, would be to break our agreement with organized labor.

Unemployment Insurance

1600

2970

OMB proposes two major changes in UI: first to eliminate the national trigger, and also to exclude those on the extended benefit program in calculating the state trigger. This would reduce the UI program by over one-half. These are absolutely critical issues for organized labor, and you should not consider them without talking to Lane Kirkland.

Title VI (PSE)

0

1049

We campaigned in 1976 and again this year as the party of jobs. Our record in creating private sector jobs is historic, and our record in targeting and improving the public jobs program is clear (now 87% of Title VI participants are poor, 45% black and hispanic). Title VI is a critical symbol of your administration's commitment to employment during a time when the overall unemployment rate is expected to remain very high. At a minimum we should maintain it at current levels. OMB seeks to phase-out the program.

Economic Revitalization Job Training

25

275

In our August proposal we promised \$300 million for training the disadvantaged and other unemployed workers. OMB suggests dropping the initiative.

	<u>OMB</u>	<u>DPS Add</u>
Second Priority:		
Inflation Adjustments for training and employment programs.	--	406
OMB asks programs to "absorb" inflation and minimum wage increase. DOL and DPS ask current services budget.		
<u>HEALTH AND HUMAN SERVICES</u>		
CHAP	0	15
This initiative almost passed this session and has bipartisan support. Its opponents should not be permitted to argue that you abandoned your own program.		
National Health Program		(out years only)
The symbolic importance of maintaining support for your highest priority health initiative outweighs any effect on outyear estimates. It would have no effect on FY82.		
Welfare Reform	0	42
Funding this initiative in the last quarter of FY82 would reinforce rather than repudiate an objective we have devoted four years trying to achieve. It could also fulfill our commitment to Senator Moynihan's fiscal relief program.		
Low Income Energy Assistance	1850	150
The OMB proposal ignores the fact that residential energy prices will increase almost 20 percent yearly between now and 1985.		

	<u>OMB</u>	<u>DPS Add</u>
Head Start	950	20
<p>This addition permits swift correction of Head Start problems documented in a Presidentially-commissioned report: overcrowded classes, health and safety hazards, poverty level wages of teachers and staff.</p>		
Second Priority:		
Child Abuse and Neglect	20	2.9
<p>This reduction would eliminate most of the programs for the prevention and treatment of child molestation, rape, prostitution and pornography. A May 1980 Report to the President and to Congress strongly urged you to do more, not less, with this program.</p>		
Child Welfare and Research Development	12	2.1
<p>Increase is needed to meet new Congressional mandate for extensive state-by-state assessment of day care and to provide incentive grants to streamline and strengthen state standards for day care in the areas of health, fire safety and sanitation.</p>		
Adolescent Pregnancy	0	7.6
<p>This is a Carter Administration initiative aimed at structuring a program to provide <u>comprehensive</u> service for pregnant teenagers (including education, health, and social services).</p>		

	<u>OMB</u>	<u>DPS Add</u>
<u>EDUCATION</u>		
Basic Educational Opportunity Grants (BEOG)	2122 (FY 81)	538
<p>The OMB level requires a drop in the maximum award level from \$1750 in FY 1980 to between \$1330 and \$1400 in FY 1981. The DPS level maintains in FY 1981 the previous year's maximum award level of \$1750.</p>		
State Grants for Education of the Handicapped	922	83
<p>The DPS level provides a 9% increase in recognition of the heavy cost and paperwork burdens imposed on states by the Education of the Handicapped Act.</p>		
ESEA Title I Basic Grants to School Districts	3073	27
<p>The DPS level provides a larger (9%) increase for the Department of Education's flagship elementary and secondary education program.</p>		
ESEA Title I State Agency Programs	498	11.6
<p>The OMB level provides a 6.5% increase. The DPS level provides a 9% increase for these programs that serve the most needy of all disadvantaged children -- handicapped, neglected and delinquent students who are housed in state-supported institutions and the children of migratory workers.</p>		
DPS Package for Selected Small Programs	224	14
<p>For a combination of political and programmatic reasons, DPS recommends and additional \$14 million to be allocated among four small, but important education programs. The DPS level provides an increase over your FY 1981 budget of 9% for Teacher Centers, 7% for the minority-focused "TRIO" student service programs, and 9% for two small programs that assist migrants to enter and progress in college. The DPS level maintains the Follow Through Program at last year's request level.</p>		

	<u>OMB</u>	<u>DPS Add.</u>
<u>HOUSING</u>		
Urban Development Action Grants	675	100
<p>Your most popular and successful urban program, one that helps the most distressed cities.</p>		
Subsidized Housing Level/Mix	25800	1400
<p>Your administration has never requested fewer than 300,000 units. At the very least, we should maintain the 53/47 mix and \$27.2 billion funding of FY81. Maintaining the mix is especially important.</p>		
Housing Opportunity Program	0	20
<p>An important initiative to maintain your legacy of support for fair housing.</p>		
Maintaining 25% Limit on Tenant Rents	--	178
<p>It is especially critical that we do not place the burden of budget stringency squarely on the backs of the poorest. Raising their rent would be the starkest example of doing so.</p>		
<u>INTERIOR</u>		
Urban Park and Recreation Program	0	20
<p>This popular program was begun by your Administration. It should be maintained at current levels.</p>		
Second Priority:		
Land and Water Conservation Fund	493	--
<p>The portion of the program available to the states should be increased above OMB's proposed \$158 million.</p>		

	<u>OMB</u>	<u>DPS Add</u>
<u>ENERGY</u>		
Second Priority:		
Magneto hydrodynamics (MHD)	40	26
<p>To keep what they believe to be our commitments to Senators Baucus and Melcher, we believe the FY81 level of funding should be maintained.</p>		
<u>TRANSPORTATION</u>		
Second Priority:		
Interstate 4R (Resurfacing, Restoration, Rehabilitation, and Reconstruction) Funds	10200	300
<p>This will enable repairs to begin on the deteriorating Interstate system where there is a strong Federal interest in promoting and maintaining an adequate transportation infrastructure.</p>		
<u>ECONOMIC REVITALIZATION PROGRAM</u>		
Targeted Investment Tax Credit	0	630
<p>EPG is proposing to drop this most politically popular credit, which is especially helpful to the industrial Midwest and Northeast.</p>		
Second Priority:		
Industrial Development Authority	0	1000
<p>This proposal was the centerpiece of your Economic Revitalization Program. Instead of deleting it, you could defer the proposal until FY82 or out years. I strongly suggest you discuss any decision to delete it with Lane Kirkland.</p>		

10488



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

December 17, 1980

THE ADMINISTRATOR

Dear Mr. President:

One of the issues before you as you finalize your 1982 budget is the level of funding to provide for the implementation of Superfund. I do not know at this stage what information you have seen, but I want to give you an honest reading of what this program will require in 1981 and 1982 if it is to have a reasonable chance of working. The passback we have just received from OMB, which provides only 21 new workyears in 1982, is not at all realistic.

Superfund will be a very difficult program to implement, significantly more so than our other programs have been. We can't stretch the job out as we could in our regulation-writing programs. Local communities with a dangerous hazardous waste site - and their Congressmen and Senators - demand help right away. In any case we shouldn't ignore sites that threaten the public's health or the groundwater. As a result, the Superfund program must start up more quickly than most programs, and it must be able to respond competently and quickly with a series of technically complex, reliable, and sensitive actions.

Recognizing the magnitude and difficulty of the program, OMB had already agreed that the Agency should have approximately 360 workyears to undertake the front-end planning for the first stage of implementation. Our workload analysis indicates, however, that much more is needed if we are actually to implement the program - i.e. to identify sites, diagnose the problems and initiate remedies. In our request to OMB, we have asked for an additional 300+ workyears in '81 and an additional 400+ in '82 to bring the program's strength up to approximately 680 workyears in '81 and 1100 workyears in '82. We also need most of the receipts from the fund in these first two years, approximately \$160M in '81 and \$330M in '82.

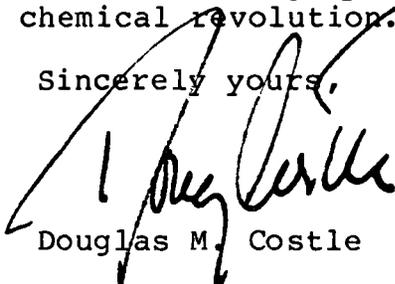
I am very concerned that this Administration make clear that it is determined to implement this emergency health program fully and effectively. To do so we must provide the program with the resources it needs. We have estimated these resources in as analytic and professional a manner as I have seen. The OMB environment branch staff has reviewed these estimates in detail, complimented EPA on the work, and relied on the analysis in earlier resource decision-making.

If we do not allow the program adequate staff and money resources, we will make a tough job impossible and probably leave the program a cripple. Very few new programs survive a mismanaged start-up, let alone one that must face the pressures this one will.

Therefore, I very strongly urge that you instruct OMB to insert EPA's estimates for implementing Superfund in FY-81 and '82 into the resource schedules that go to Congress, and simultaneously to increase the Agency's resource base by the same amount.

Thank you again for the strong leadership you gave us on this legislation. It is the capstone that completes what I believe is one of the historic accomplishments of your Administration: effective control of the highly dangerous side effects of the four decades-old chemical revolution.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Douglas M. Costle", written over the typed name below.

Douglas M. Costle

The President
The White House



THE SECRETARY
WASHINGTON, D.C. 20202
December 15, 1980

MEMORANDUM FOR THE PRESIDENT

081607

SUBJECT: Education Department Employment Decision

During our discussion of your Fiscal Year 1982 budget for the Education Department last Tuesday, December 9, we deferred taking up the matter of full-time permanent employment for this Department. Jim McIntyre suggested to me over the weekend that I should write to you directly about this vital matter since he did not anticipate that there would be time for a personal discussion before final decisions were made on the budget.

In order to protect the Department, it is crucial that your last budget be steadfast in maintaining the employment level of 6,100 full-time permanent positions through Fiscal Year 1982. OMB and the Education Department agree on this position for programmatic reasons because:

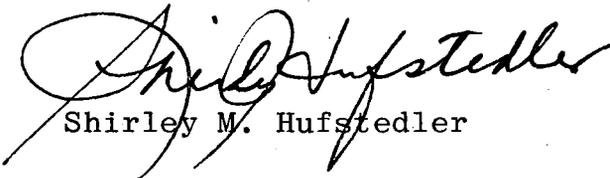
- The permanent employment level of 6,100 was established in 1979 for the new Department in a series of discussions between HEW, OMB, and the Congress as part of a total employment plan to achieve substantial personnel savings.
- The 6,100 ceiling reflects a personnel reduction of 500 full-time equivalents (FTE) from the number of positions transferred to the Department at its creation under the Determination Order of May 4, 1980.
- The further reduction of 195 full-time permanent positions which has been suggested, reflecting projected December 31, 1980, onboard strength, will seriously undermine the Department's ability to manage.
- The Department is in a unique position resulting from its creation halfway through Fiscal Year 1980 which transferred an unusually large number of vacancies to the new Department in order to assure high quality recruitment.
- Because of the late availability of these vacancies, the Education Department was exempted from the two-for-one hiring limitation earlier this year because of the legislatively mandated 500 FTE reduction and in order to

allow the new Department a fair opportunity to establish its staff. The same logic justifies allowing us to fill vacancies after December 31, 1980.

- ° Finally, since the 6,100 ceiling was established, the Higher Education Amendments of 1980 and other legislative actions have added programmatic responsibilities to the Department which must be managed.

A 6,100 personnel ceiling for the Department will allow it to staff its vital functions and will render it less vulnerable to further cuts that would impair its mission.

Let me thank you again for your support in what we have accomplished and especially for your patient and perceptive discussion of the resources needed to maintain the Federal share of responsibility for educating the youth of America.



Shirley M. Hufstedler

cc: James T. McIntyre, Jr.
Director, OMB

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Options for Executive Office Employment--FY 1982

(Full-time permanent, End-of-year positions)

	<u>On-board 9-30-78</u>	<u>On-board 12-31-80</u>	<u>Alternative #1</u>	<u>Alternative #2</u>
<u>White House Office</u>	335	334	315	325
<u>Executive Residence</u>	85	84	83	83
<u>OMB</u>	529	545	559	600
<u>OFPP</u>	26	42	40	40
<u>VP</u>	22	11	20	20
<u>CEA</u>	32	34	36	45
<u>COWPS</u>	40	196	0	0
<u>STR</u>	42	109	100	109
<u>NSC</u>	59	62	50	64
<u>OSTP</u>	22	24	10	24
<u>DPS</u>	48	50	20	35
<u>CEQ</u>	32	32	32	32
<u>OA</u>	148	146	130	130
Total, EXOP.....	1,420	1,669	1,395	1,517

34
30

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for Preservation Purposes**

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

December 3, 1980

*Kathy -
talked with
Jim McIntyre
about this -
Susan - Hold
for 1/8 m/s*

TO: RSC **Electrostatic Copy Made
for Preservation Purposes**

FROM: Kathy

RE: Conversation with Jim McIntyre

Following your conversation with Tom yesterday, we talked again with OMB and NIMH and discovered that the situation is more grim than we originally were told.

There are three issues it would be helpful for you to raise with Mr. McIntyre:

Supplemental to the FY '81 Budget

The President's budget for FY '81 called for \$661 million for mental health. The Congress only passed a continuing resolution, which means that the current budget for FY '81 is only \$560 million. The Department of Health and Human Services has appealed to OMB to request a \$25 million supplemental for new starts for community mental health centers responsive to the needs defined by the Commission. OMB has denied this request. These are new service dollars and are important to continuing the momentum we have already established. If you agree, you should ask Mr. McIntyre to reconsider this decision.

FY '82 Budget: Training

In the training area, HHS asked for \$73.075 million. OMB cut this request to \$56.7 million. HHS has appealed this decision and asked for \$64.9 million. Both Tom and I feel that it is important to reinstate the total \$73.075 million. All this money is being spent to train individuals in shortage areas -- to care for minorities, children, the elderly and the chronically mentally ill, where the gaps in service are still enormous and we believe the federal government has a special responsibility to continue training these kinds of professionals.

FY '82 Budget: Services

In the services area, HHS originally asked for a total of \$374 million. This figure included \$20 million which would be spent by the Health Care Financing Administration (HCFA), not NIMH, to pay for better services for the chronically mentally ill.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

-2-

OMB cut the service dollars to \$334 million. This figure still includes the \$20 million HCFA will spend, which means that the NIMH service budget has been reduced by \$40 million. This will clearly hamper their efforts to begin to implement the Systems Act. Recognizing that we may not be able to ask for complete restoration of all the cuts, Tom and I feel that it is important to restore \$20 million.

In summary, in order to demonstrate that the Carter Administration is continuing its commitment to restoring our national mental health capacity we need to:

1. Get an additional supplemental of \$25 million for new starts for the FY '81 budget;
2. Restore the training funds to \$73.075 million for FY '82;
3. Restore \$20 million for services programs in FY '82.

As Tom stated, there is a good chance the new Administration will make changes in the FY '82 budget, but there is certainly no reason for us to help them do this, and we both feel it is essential that we do the best job we can to continue to build on all we have accomplished in the last four years.



CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

December 18, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: The EPG Steering Group

SUBJECT: Review of Economic Policy Issues

This memorandum summarizes EPG's conclusions and recommendations with respect to the tax elements of the Economic Revitalization Program and other initiatives which will have a significant impact on economic variables.

I. Economic Revitalization Program

In August as part of the Economic Revitalization Program the Administration made nine tax proposals with the following budget impacts:

	Budget effect	
	FY 1981	FY 1982
	(\$ millions)	
Constant rate depreciation	-2,699	-8,903
Refundable investment tax credit	-282	-2,352
Targeted investment tax credit	-56	-630
Hardship relief for Americans living abroad	-63	-318
Tax Credit for Social Security taxes paid	-3,819	-19,369
Earned income credit	-8	-798
Marriage penalty relief	-379	-6,282
Amortization of start-up expenditures*	-23	-73
Subchapter S shareholders	*	*
Total	-7,329	-38,725

In view of the current economic condition and the need for continued fiscal restraint, EPG recommends that the tax program be scaled back as follows:

* The amortization of start-up expenditures was included in the Miscellaneous Revenue Act of 1980 [H.R. 7956] which has just been passed by the Congress.

- 1) The effective date of the 8 percent Social Security tax credit would be delayed from January 1, 1981 to October 1, 1981. This would reduce the unified budget deficit by \$3.8 billion in FY 81 and \$5.9 billion in FY 82. Because employers would receive a refundable credit, which is counted as a budget outlay, these deficit reductions include expenditure cuts of \$0.6 billion in FY 81 and \$1.1 billion in FY 82.
- 2) The marriage penalty relief would be delayed until 1982 and then phased-in with an exclusion of 5% of the lesser earning spouse's earned income for calendar year 1982 and 10% thereafter.
- 3) As part of the review of the budget, you will be asked to consider dropping the bonus investment tax credit for investments made in targeted, distressed areas. This would reduce the unified budget deficit by \$56 million in FY 81 and \$630 million in FY 82. Because the refundable portion of the bonus credit shows up on the expenditure side of the budget, \$285 million of the deficit reduction in FY 82 would be counted as a reduction in Federal expenditures.

Recommending dropping the targeted credit: Bill Miller,
Charlie Schultze, and Jim McIntyre

Recommending retention of the targeted credit: The
Vice President and Stu Eizenstat

The constant rate depreciation proposal and the refundable investment tax credit proposal would not be scaled back. Postponing the effective date beyond January 1, 1981 would adversely affect business investment plans.

II. March 1980 Tax Proposals

In March the Administration proposed as part of the intensified anti-inflation effort withholding of income tax on interest and dividends paid and imposition of a gasoline conservation fee to be later converted into a 10 cent increase in the tax on motor fuels. The withholding proposal was rejected by the Congress, and EPG recommends dropping it from the FY 82 Budget. Carrying the estimated revenues in the budget totals would decrease the budget's credibility. However, the Budget document would indicate that the Administration continues to believe that withholding on interest and dividends is needed to correct a serious tax evasion problem.

Although the gasoline conservation fee was also rejected by Congress, EPG recommends that the motor fuels tax be included in the budget because of the long term need to reduce oil imports. Because it is unlikely that Congress will act formally

on the proposal, commentators and economic observers will probably subtract out the anticipated revenues of \$3.5 billion in FY 81 and \$13.3 billion in FY 82 the budget totals to arrive at the "true" deficit. This fact should be borne in mind as you review the list of potential addbacks or cuts to the budget.

III. Further Initiatives

A. Limitations on Tax Exempt Financing

EPG recommends that the FY 82 budget propose further restrictions on tax exempt financing. The use of tax-exempt bonds to finance private projects has grown rapidly in recent years and will continue to expand unless Federal restrictions are imposed. Tax-exempt financing of private projects adversely affects economic productivity and the control of the Federal budget. Therefore, EPG recommends the following legislative proposals:

- 1) Restrict the types of activities that can use the "small issue" industrial development bond exemption.
 - Small industrial firms, i.e. those engaged in construction, manufacturing, or mining with total assets of less than \$10 million, would be subject to a lifetime limit of \$5 million in tax exempt issues;
 - Any business located in targeted distressed areas would be subject to a lifetime limit of \$10 million in each targeted area;
 - Record keeping requirements would be added to the law; and
 - Matching subsidies from the state or local issuers would be required.
- 2) Eliminate the exemption allowing tax-exempt student loan bonds. This exemption is not needed given the direct government program in this area.
- 3) Prohibit the issuance of tax exempt bonds by tax-exempt organizations. This will impact primarily on hospital and dormitory construction.

B. Commodity Straddles and Futures Contracts.

Many taxpayers currently are engaged in a number of financial schemes to defer taxation on income already earned and to convert short-term capital gains (taxable at a maximum 70% rate) into long term capital gains (taxable at a maximum 28% rate). Obtaining a satisfactory resolution through the courts under existing law will be a lengthy process and a decision adverse to the Internal Revenue Service is possible. Treasury proposes to disallow losses incurred in commodities straddles and spread transactions. Estimated receipts would increase by \$77 million in FY 81 and \$750 million in FY 82.

* * * * *

Two tables are attached. The first table shows the budget impact of these recommended changes. The second table summarizes the estimated effects of all proposed legislation on unified budget receipts.

Changes in the Unified Budget Surplus or Deficit
Resulting from Recommendations of the Economic Policy Group

Recommended Policy Change	(\$ millions)					
	Fiscal Years					
	1981	1982	1983	1984	1985	1986
August tax proposals:						
Delay social security tax credit:						
Receipts	3,170	4,828	--	--	--	--
Outlays	-649	-1,057	--	--	--	--
Total budget savings	3,819	5,885	--	--	--	--
Delay and phase in marriage penalty relief (receipts)						
	379	5,860	3,011	59	-361	--
Possibly delete targeted investment tax credit:						
Receipts	56	345	590	517	468	426
Outlays	--	-285	-300	-300	-300	-300
Total budget savings	56	630	890	817	768	726
March tax proposals:						
Delete interest and dividend with- holding (receipts)	-3,444	-2,499	-2,800	-3,133	-3,510	-3,937
New proposals:						
Restrict use of certain tax-exempt bonds (receipts)	117	482	984	1,502	2,027	2,573
Commodity straddles and futures contracts (receipts)	77	750	594	704	845	1,000
Total recommendations:						
With deletion of targeted investment tax credit proposal:						
Receipts	355	9,766	2,379	-351	-531	62
Outlays	-649	-1,342	-300	-300	-300	-300
Total budget savings	1,004	11,108	2,679	-51	-231	362
Without deletion of targeted investment tax credit proposal:						
Receipts	299	9,421	1,789	-868	-999	-364
Outlays	-649	-1,057	--	--	--	--
Total budget savings	948	10,478	1,789	-868	-999	-364

PRELIMINARY

Subject to Revision Based on January Budget Forecast

Estimated Effects of Proposed Legislation on Unified Budget Receipts

Fiscal Year 1982 January Budget

Fiscal Years 1981-1986

	(\$ millions)	Effective date	Fiscal Years					
			1981	1982	1983	1984	1985	1986
Foreign tax credit (corporate)		1/1/79 <u>1/</u>	1,400	530	556	588	634	703
Independent contractors:		1/1/82						
Individual			--	412	469	574	684	767
Employment taxes and contributions			--	<u>248</u>	<u>277</u>	<u>338</u>	<u>412</u>	<u>475</u>
Total independent contractors			--	660	746	912	1,096	1,242
Railroad Retirement Tax Act taxes (employment taxes and contributions)		1/1/82	--	268	283	277	291	291
FICA tax on tips (employment taxes and contributions).		1/1/82	--	35	51	56	60	68
Airport and Airway Trust Fund legislation (excise):								
Trust fund:		7/1/81						
Continuation at present rates			261	2,143	2,356	2,599	2,861	3,083
Ten percent tax on fuels			42	222	256	299	349	392
Six percent tax on aircraft and avionics			<u>31</u>	<u>165</u>	<u>175</u>	<u>184</u>	<u>186</u>	<u>188</u>
Total trust fund			334	2,530	2,787	3,082	3,396	3,663
General fund			-142	-1,200	-1,317	-1,452	-1,582	-1,722
Total trust fund and general fund			<u>192</u>	<u>1,330</u>	<u>1,470</u>	<u>1,630</u>	<u>1,814</u>	<u>1,941</u>
Highway Trust Fund extension legislation (excise):		10/1/84						
Trust fund			--	--	--	--	7,007	7,591
General fund			--	--	--	--	-2,956	-3,224
Continuation of manufacturers' tax on fuels at present rates (Land and Water Conservation Fund) .			<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>12</u>	<u>17</u>
Total trust fund and general fund			--	--	--	--	4,063	4,384

PRELIMINARY

Subject to Revision Based on January Budget Forecast

Estimated Effects of Proposed Legislation on Unified Budget Receipts

Fiscal Year 1982 January Budget

Fiscal Years 1981-1986

(\$ millions)

	Effective date	Fiscal Years					
		1981	1982	1983	1984	1985	1986
Interest paid to foreigners (individual)	5/1/81	-20	-40	-44	-49	-54	-59
Increase in passport fees (miscellaneous)	10/1/81	--	45	47	49	51	53
Increase in visa fees (miscellaneous)	4/1/81	15	35	36	36	37	37
President's Economic Program:							
Constant rate depreciation:	1/1/81 <u>1/</u>						
Individual		-636	-2,314	-3,765	-4,882	-5,930	-6,798
Corporate		<u>-2,063</u>	<u>-6,589</u>	<u>-10,406</u>	<u>-13,425</u>	<u>-16,227</u>	<u>-18,526</u>
Total constant rate depreciation		-2,699	-8,903	-14,171	-18,307	-22,157	-25,324
Refundable investment tax credit:	1/1/81 <u>1/</u>						
Individual		*	7	23	37	54	71
Corporate		<u>-55</u>	<u>-24</u>	<u>146</u>	<u>282</u>	<u>442</u>	<u>594</u>
Total refundable investment tax credit		-55	-17	169	319	496	665
Section 911/913 hardship relief (individual)	1/1/81 <u>1/</u>	-63	-318	-270	-302	-338	-378
Social security tax credit:	10/1/81						
Individual		--	-7,267	-8,689	-9,650	-11,045	-12,420
Corporate		<u>--</u>	<u>-3,793</u>	<u>-4,304</u>	<u>-4,733</u>	<u>-5,369</u>	<u>-5,953</u>
Total		--	-11,060	-12,993	-14,383	-16,414	-18,373
Earned income credit (individual)	1/1/81 <u>1/</u>	-8	-176	-161	-149	-136	-126
Marriage penalty relief (individual)	1/1/82	--	-422	-4,413	-9,059	-10,887	-12,479
Subchapter S shareholders (corporate)	1/1/81 <u>1/</u>	*	*	*	*	*	*

PRELIMINARY

Subject to Revision Based on January Budget Forecast

Estimated Effects of Proposed Legislation on Unified Budget Receipts

Fiscal Year 1982 January Budget

Fiscal Years 1981-1986

(\$ millions)

	: Effective : date	Fiscal Years					
		: 1981	: 1982	: 1983	: 1984	: 1985	: 1986
Targeted investment tax credit: 2/	1/1/81 1/						
Individual		-10	-63	-119	-104	-94	-86
Corporate		<u>-46</u>	<u>-282</u>	<u>-471</u>	<u>-413</u>	<u>-374</u>	<u>-340</u>
Total		-56	-345	-590	-517	-468	-426
Total, President's Economic Program:							
Individual		-717	-10,553	-17,394	-24,109	-28,376	-32,216
Corporate		<u>-2,164</u>	<u>-10,688</u>	<u>-15,035</u>	<u>-18,289</u>	<u>-21,528</u>	<u>-24,225</u>
Total		-2,881	-21,241	-32,429	-42,398	-49,904	-56,441
Gasoline and diesel fuels tax (Excise):							
General fund.....	6/1/81	3,507	10,269	11,893	13,724	15,951	17,848
Highway Trust Fund (additional 3 cents per gallon) .	10/1/81	<u>--</u>	<u>3,037</u>	<u>3,128</u>	<u>3,042</u>	<u>2,975</u>	<u>2,929</u>
Total		3,507	13,306	15,021	16,766	18,926	20,777
Tax status of United States territories (individual) .		--	1	1	1	1	1
Straddles and future contracts:	1/1/82						
Individual		69	675	535	634	760	900
Corporate		<u>8</u>	<u>75</u>	<u>59</u>	<u>70</u>	<u>85</u>	<u>100</u>
Total	1/1/81 1/	77	750	594	704	845	1,000
Limitations on industrial development bonds:							
Individual		23	108	232	354	481	610
Corporate		<u>94</u>	<u>374</u>	<u>752</u>	<u>1,148</u>	<u>1,546</u>	<u>1,963</u>
Total	1/1/81 1/	117	482	984	1,502	2,027	2,573
At risk rules for investment tax credit (individual) .	1/1/81 1/	18	54	56	62	70	76
Charitable contributions of property (individual)	?						

PRELIMINARY

Subject to Revision Based on January Budget Forecast

Estimated Effects of Proposed Legislation on Unified Budget Receipts

Fiscal Year 1982 January Budget

Fiscal Years 1981-1986

(\$ millions)

	Effective date	Fiscal Years					
		1981	1982	1983	1984	1985	1986
Total proposed legislation:							
Individual		-627	-9,343	-16,145	-22,533	-26,434	-29,921
Corporate		-662	-9,709	-13,668	-16,483	-19,263	-21,459
Employment taxes and contributions		--	551	611	671	763	834
Excise		3,699	14,636	16,491	18,396	24,803	27,102
Miscellaneous		15	80	83	85	88	90
Total		<u>2,425</u>	<u>-3,785</u>	<u>-12,628</u>	<u>-19,864</u>	<u>-20,049</u>	<u>-23,354</u>

Office of the Secretary of the Treasury
Office of Tax Analysis

December 17, 1980
1:00 p.m.

1/ Assumes May 1, 1981 enactment.

2/ The targeted investment tax credit provision may be deleted from the program.

*Less than \$500,000.

Source of Changes in Receipts
in the Office of Management and Budget Current Estimates

(\$ billions)

	:	Change in Unified Budget Receipts
	:	From fiscal year 1980
	:	to fiscal year 1981
	:	From fiscal year 1981
	:	to fiscal year 1982

Change in receipts due to:

Higher nominal income (excluding "bracket creep")	57.6	75.8
"Bracket creep" under the individual income tax ...	8.9	16.7
Windfall profit tax	11.1	6.5
Cash management and proposed legislation	8.0	-7.4
Total	85.6	91.6

Office of the Secretary of the Treasury
Office of Tax Analysis

December 18, 1980

December 18, 1980

Possible 1981 Reductions
(In Millions)

Item	1981		1982		
	BA	Outlays	BA	Outlays	
<u>First Band of Reductions:</u>					
1. Eliminate anti-recession fiscal assistance.....	-1,000	-1,000			+
2. Tennessee Valley Authority coal gasification demonstration.....	-150	-50	---	-75	+
3. Health care cost containment (realistic savings est.).....	---	-200		a/	+
4. Eliminate semiannual parity increase for dairy program.....	---	-100	---	---	+
5. Limit guaranteed student loan volume to \$6 billion; reduce special allowance, and limit loan subsidies to financial need less family contribution.....	-240	-180		a/	+
6. SRC-I demonstration.....	-180	-104		a/	no
7. High temperature gas reactor.....	-40	-40	-20	-20	+
8. Solar Energy Research Institute (SERI) Building.....	-5	-3		a/	no
9. Nuclear waste management.....	-35	-30	---	---	~
10. High-Btu coal gasification demonstration.....	-42	-70		a/	del
11. Drop Defense supplemental for inflation.....	-2,200	-1,600	---	-100	+
12. Rescind congressional increase for Export-Import Bank loans.....	-500	-43	---	-160	no
13. Rescind congressional add-on for telecommunications (NTIA).....	-4	-1	---	-2	+
14. Additional pay raise absorption for Commerce.....	-5	-5	-5	-5	+

a/ - Shown on separate 1982 list.

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Item	1981		1982	
	BA	Outlays	BA	Outlays
15. Rescind portion of NOAA appropriation added by Congress.....	-30	-17	-7	-20
16. Rescind add-on for SBA direct loan program.....	-58	-40	-35	-42
17. Reduce estimates and increase pay absorption for Transportation.....	---	-180	---	---
18. Rescind congressional add-on for congregate services for housing.....	-10	-2	---	-3
19. Indian Health Service rescission (construction projects above President's Budget).....	-9	-1		a/ <i>NO</i>
20. Reconciliation bill (legislative repeal of Medicare and Medicaid expansions which had not previously been endorsed).....	---	-59		a/
21. HHS - Rescissions to restore 1981 CR funding levels to President's Budget (mostly PHS).....	-32	-16	---	-16
22. HHS - Rescissions to restore 1981 funding levels to "normal" continuing resolution rate--lower of House level or 1980 (mostly PHS).....	-30	-15	---	-15
23. Stop Job Corps expansion at current level (about 41,000 slots versus target of 44,000). Requires deferral or rescission.....	-27	-25	-38	-35
24. Eliminate TAA training supplemental.....	<u>-25</u>	<u>-25</u>		<u>a/</u> <i>+</i>
Total, First Band.....	-4,622	-3,806	-105	-493

a/ - Shown on separate 1982 list.

<u>Item</u>	<u>1981</u>		<u>1982</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
<u>Second Band of Reductions</u>				
1. Eliminate National Trigger for UI Extended Benefits effective July 1, 1981.....	---	-260	---	---
2. Change method of computing UI Extended Benefits trigger rate effective July 1, 1981.....	---	-338	---	---
3. Adopt GAO recommendation on Trade Adjustment Assistance: Pay benefits only to those who use up all their weeks of UI, effective July 1, 1981.....	-600	-600	---	---
4. Hold Title II-D PSE at end of 1980 enrollment at 205,000 (rescission required).....	-54	-51		<u>b/</u>
5. Cut CETA Title II-BC by 10% or approximately 37,000-40,000 service years (rescission required).....	-212	-201		<u>a/</u>
6. Rescind funds for urban parks grants and reduce State grants under the Land and Water Conservation fund to planned 1982 level.....	-114	-12	---	-34
7. Rescind funds for regional development program which is proposed for 1982 termination.....	-20	-5	---	-10
8. Rescind part of EDA appropriation...	-50	-10	---	-15
9. Defer troubled projects funds.....	-72	-29	-23	-67
10. Eliminate proposed increase of \$350 million in highway limitation (economic revitalization).....	---	-60	---	-160
11. Eliminate supplemental for interstate transfer grants (economic revitalization).....	-250	-25	---	-62

a/ - Shown on separate 1982 list.

b/ - 1982 reduction list contemplates 218,000 level.

<u>Item</u>	<u>1981</u>		<u>1982</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
12. Conservation and solar (across-the board cut).....	---	-40		<u>a/</u>
13. PSE Title VI - phase out in 1981....	-424	-314		<u>a/</u>
14. Reduce Conrail supplemental.....	-100	-100	---	---
15. Convert portion of Israeli FMS forgiveness to an FFB loan.....	<u>-100</u>	<u>-100</u>	<u>---</u>	<u>---</u>
Total, Second Band.....	-1,996	-1,831	-23	-348

Third Band of Reductions

1. Terminate National Consumer Cooperative Bank and rescind funds.....	-86	-53	-135	-112
2. Delete supplemental for SBA disaster loans.....	-780	-780	---	+70
3. Rescind available historic preservation funds and provide no funds for 1982.....	-36	-13	-32	-26
4. Reduce economic aid grants and loans and payments to volunteer organizations.....	-116	-50	---	-38
5. Reduce operating costs in State, AID and IDCA.....	-27	-25	---	-2
6. EPA Operating Programs - Delete 208 planning grants, and Great Lakes R&D; reduce State grants, abatement and control contracts, etc.....	-135	-54	---	-60
7. Rescind funds earmarked for Section 235 housing.....	-2,100	-50	---	-70
8. Rescind housing rehabilitation loan funds (Section 312).....	-124	-93	-126	-124

a/ - Shown on separate 1982 list.

<u>Item</u>	<u>1981</u>		<u>1982</u>	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
9. Delete PL 480 supplemental to maintain dollar level.....	-76	-76	---	---
10. Eliminate energy initiative (capital grants for UMTA).....	---	-50	-480	-70
11. Reduce Summer Youth Employment Program to about 450,000 jobs (about 1 million in current mark). Requires deferral or rescission.....	-600	-450		<u>a/</u>
12. Alaska lands management (do not implement).....	-25	-25		<u>a/</u>
13. Drop food stamp supplemental (would require benefit cuts of 10% beginning March 1981).....	<u>-1,179</u>	<u>-1,037</u>	<u>---</u>	<u>-42</u>
Total, Third Band.....	-5,284	-2,756	-773	-474
Total, All Bands.....	-12,902	-8,707	-901	-1,315

a/ - Shown on separate 1982 list.

Current Budget Totals

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Budget Estimates
(in billions of dollars)

November 25 overview 1/	Actual		Estimate		
	1980	1981	1982	1983	1984
Receipts.....	520.0	606.9	692.6	797.9	906.7
Outlays.....	579.0	654.6	740.3	831.6	921.0
Surplus or deficit (-)...	-59.0	-47.7	-47.7	-33.7	-14.3
<u>Current estimate</u>					
Receipts.....	520.0	605.6	697.2	799.3	911.3
Outlays.....	579.0	666.9	742.9	818.3	893.2
Surplus or deficit (-)...	-59.0	-61.3	-45.7	-19.0	18.1

1/ Estimates for 1983 and 1984 were not displayed in the November overview.

'82
'81
Higher Nom. inc. 57.6
Bracket creep 8.9
WPT 11.1
16.7

\$3.8
inc \$3 bil motor fuel tax
11.2 bil legis savings
higher? \$20

\$13 To A
\$7.6 outlays
Rescissions - 8.7

Economic Assumptions

ECONOMIC ASSUMPTIONS

?

The preliminary economic forecast for the 1982 Budget shows real growth of 2% during CY 1981 and 3-1/2% during 1982. During 1981 real output is forecast to remain essentially flat during the first half of the year and to grow at a 4% annual rate in the second half. Consistent with this real growth pattern, the unemployment rate is forecast to rise slightly in the first half of 1981 and to decline steadily thereafter, to just under 7-1/2% by the end of 1982. Inflation as measured by the CPI remains high during 1981, reflecting large increases in food, energy, and housing prices. Although the CPI increase drops significantly in 1982, it still rises by nearly 10%.

These assumptions are subject to some modification when we get revised GNP data for CY 1980 from the Department of Commerce later this week, but we do not expect the changes to alter significantly the projected outlook.

PRELIMINARY ECONOMIC ASSUMPTIONS FOR THE 1982 BUDGET
(calendar years)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Real growth (% Ch, 4th/4th).....	-1.2	2.0	3.4	3.7	3.7	3.7	3.7
Inflation:	<i>0.3</i>						
CPI (% Ch, 4th/4th).....	12.8	12.4	9.9	8.2	7.5	6.7	6.0
GNP deflator (% Ch, 4th/4th)...	10.1	10.1	8.9	8.2	7.5	6.7	6.0
Unemployment rate (% , 4th Q).....	7.6	7.8	7.4	7.0	6.6	6.2	5.9
91-Day Bill Rate (%).....	11.6	14.7	11.2	9.4	8.5	7.7	6.8

Offset

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Ranked Dollar Listings

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1982 BUDGET
(\$ Millions)

Receipts:

Base before EPG decision	689,000
EPG decision:	
Delay effective date for marriage penalty relief and social security credit	10,700
Drop withholding of tax on interest and dividend income	-2,500 - ?
Current estimate, receipts	697,200
Current estimate, outlays (includes outlay effects of EPG decision)	742,900
Revised 1982 Deficit	45,700

*Assumptions?
Defense, etc*

Ranked Reductions to 1982 Budget

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>
<u>First Band of Reductions</u>		
1. Health Care Cost Containment-reinsert savings estimate (realistic level)	*	-1,000 .
2. Job Corps Capital Improvement - eliminate enhancement	-62	-62 .
3. Indian Health Construction-rescind Congressional additions	-36	-10
4. Reconciliation Bill - rescind health care expansions not supported	*	-172 .
5. PSE Title VI - freeze at 1981 job level (100,000)	-123	-20

* Less than 1 million

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>
<u>First Band Continued</u>		
6. Stockpile Acquisitions- eliminate purchase of lower priority minerals	-150	-105
7. TAA - Eliminate training enhancement	-25	-25
8. SERI building - delay construction	-25	-15
9. Solar Thermal demonstration- eliminate project	-20	-10
10. High-BTU Coal Gasification demonstration - cancel project	-82	-92
11. Conservation & Solar programs - 10% across the board cut	-100	-60
12. SRC-1 Demonstration - cancel project	-507	-176
13. EDA 1982 Request - reduce to 1981 level	-90	-15
14. Commerce Department - eliminate various enhancements	-30	-20
15. Airport grants - delay for one year capacity expansion and non-safety related rehabilitation projects	-200	-40
16. Area Development program- reduce to 1981 level	-11	-11
17. Rehabilitation Loan Fund - reduce program level to 1981 requested level	-24	-14
18. Eximbank - eliminate discount loans	-273	-80
19. SPR - defer upgrade projects	-22	-15
TOTAL	-1,780	-1,942

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>
<u>Second Band of Reductions</u>		
1. Low Income Energy Assistance- reduce to 1980 level	-250	-250
2. Nuclear Waste management- reduce both defense and commercial programs	-50	-42
3. Rehabilitation Loan Fund- reduce program level to \$67 million and target funds on multi-family rehabilitation	-112	-89
4. PSE Title VI - phase out in 1981	-431	-484
5. PSE Title IID - reduce by 22,000 service years <u>1/</u>	-206	-183
6. Development Assistance - reduce AID bilateral programs	-105	-9
7. Security Assistance - reduce ESF special requirements fund by 1/2	-50	-17
8. Community Development Block Grants - reduce increase to \$150 million	-40	-1
9. Head Start - slower phase-in of program improvements	-50	-25
10. Public Housing Operating Subsidies	-143	-127
TOTAL	-1,437	-1,227

1/ Would not be recommended if PSE Title VI is phased out.

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>
<u>Third Band of Reductions</u>		
1. Comprehensive Planning Grants - eliminate program	-37	-5
2. Community Development Block Grants - provide no increase over 1981	-50	-1
3. Liquid Metal Fast Breeder Reactor - stretch out R&D	-41	-41
4. Neighborhood Self-Help Program- eliminate program	-12	-7
5. Venus Orbiting Imaging Radar	-46	-25
6. Positive Adjustment Assistance eliminate demonstrations	-50	-31
7. VA Medical Facilities - close four and deny increases for specialized medical services	-104	-104
8. VA Compensation Benefits - reduce C.O.L.A. to 9%	-210	-193
9. Summer Youth Employment - reduce jobs to 450,000	-439	-390
10. PL-480 - reduce food aid	-100	-100
11. Security Assistance - reduce ESF, miscellaneous countries	-50	-26
12. Youth Initiative - eliminate program	-1,200	-150
13. Alaska Lands management - do not implement program	-50	-50
14. EPA Superfund - do not implement program	-70	-40
15. Defense - reduce TOA from \$194 billion to \$190 billion	-4,000	-2,000
16. Indexed benefit programs - Hold C.O.L.A.'s to 80% of projected addition	--	-4,700
TOTAL	-6,249	-7,470

Ranked Additions to 1982 Budget

<u>Item</u>	<u>\$ Million</u>	
	<u>B.A.</u>	<u>Change to 1982 Deficit</u>
1. Defense I - fund key modernization items	1,600	+700
2. Multi-agency basic research and related programs - I	300	+165
3. Defense II - fund further modernization	900	+300
4. Fund most needed staff additions	130	+130
5. Fund next band of staff additions	110	+110
6. Public housing rent burdens - do not increase to 30%	86	+178
7. Federal Highway System - increase Interstate 4R funds	300	+45
8. P.L. 480 - maintain volume of Egyptian food aid	63	+63
9. P.L. 480 - maintain volume of food aid at 6 million tons	59	+59
10. Multi-agency basic research and related programs - II	66	+40
11. Coast Guard - increase in operations	17	+17
12. USDA - increase rural water and sewage grants	100	+11
13. Defense III - further increases for readiness, largely in non-combat related support	2,100	+1,000
14. Security Assistance - 1/4 Southwest Asia package	240	+114
15. Department of Education Title I Grants - bring level to 9% above base	48	+3
16. P.L. 480 - maintain volume of food aid at 6 million tons, exclusive of Egypt	63	+63

<u>Item</u>	<u>\$ Million</u>	
	<u>B.A.</u>	<u>Change to 1982 Deficit</u>
17. FMS - provide additional Concessional Credits	430	+430
18. Handicapped State Grants - Add 9% to base	83	+8
19. Development assistance - provide 25% of "leadership" package	220	+33
20. DPS Education Package	15	+15
21. FAA Facilities and Equipment	50	+10
22. Coast Guard capital needs	50	+10
23. Basic Educational Opportunity Grants - increase maximum award level to \$1,850	69	+16
24. Youth Conservation Corps - do not terminate program	60	+55
25. Housing Opportunity Program - initiate program	20	+8
26. Urban Parks - do not terminate program	125	+13
27. PSE Title VI - do not phase out program (keep at C.R. level of 100,000 jobs)	514	+485
28. Defense IV - provide full increase	2,100	1,000
29. USDI - increase Land and Water Conservation Fund	257	+30
30. Unemployment Compensation - do not eliminate national trigger	---	+1,420
31. Unemployment Compensation - do not change extended benefit trigger calculation	---	+1,550
32. Trade Adjustment Assistance - do not offer reform proposal	1,200	+1,200

<u>Item</u>	<u>\$ Million</u>	
	<u>B.A.</u>	<u>Change to 1982 Deficit</u>
33. DOL - provide inflation adjustments to employment and training programs	444	+406
34. TVA - continue coal gasification demonstration project	350	+150
35. Multi-agency basic research and related programs - III	87	+45
36. Multi-agency basic research and related programs - IV	147	+80
37. Urban Development Action Grants - increase program to \$875 million	200	+24
38. Export-Import Bank Direct Loans Financial Guarantees	2,355 1	+188 +1
39. Department of Education Title I Grants - increase to full request level	150	+11
40. Basic Educational Opportunity Grants - increase maximum award level to \$2,100, with necessary increase to SEOGs	783	+202
41. Handicapped State Grants - increase to full request level	176	+18
42. National Productivity Center - initiate program	19	+10
43. DOL Economic Revitalization Program - proceed with full August proposal	275	+429
44. Refugee Funding - enhancements	133	+100
45. CHAP - repropose program	70	+70
TOTAL	16,565	+11,015

OTHER ISSUES
(Not affecting 1981 or 1982 Budget Totals)

Aid to Israel. Shall we add \$200 million FMS credits (off-budget FFB financing)? This would bring total FMS credits to Israel to \$1.4 billion in 1982, equal to the amount Israel will receive in 1981.

Defense/Security Assistance Tradeoffs. NSC has proposed substituting \$950 million in security assistance for Southwest Asia for \$350 million in DOD spending at whatever level you choose. OMB recommends that you use the ZBB ranking instead for your decision rather than making specific bilateral tradeoffs.

National Health Insurance--Welfare Reform. Amounts have been deleted from outyear budget proposals; shall they be restored? The amounts are (in billions):

	<u>1982</u>	<u>1983</u>	<u>1984</u>
National Health Insurance.....	---	13.7	31.5
Welfare Reform.....	.9	5.5	6.2
	<u>.9</u>	<u>19.2</u>	<u>37.7</u>

Coast Guard Military Personnel. The Department of Transportation has appealed for increases in military personnel as follows:

	<u>1981</u>	<u>1982</u>
Agreed-on totals.....	39,381	39,183
Agency appeal.....	---	2,317
	<u>39,381</u>	<u>41,500</u>

OMB would agree to addition of 408 for workload needs and training positions.

Personnel

SUMMARY

EXECUTIVE BRANCH CIVILIAN EMPLOYMENT
 (Excluding the Postal Service)
 (In thousands)

Estimates as of: December 16, 1980

	<u>Full-time permanent</u>		<u>Total employment</u>	
	<u>End-of-</u> <u>year</u>	<u>Full-time</u> <u>equivalent</u>	<u>End-of-</u> <u>year</u>	<u>Full-time</u> <u>equivalent</u>
Actual:				
January 1977.....	1,911.9	---	2,095.9	---
February 1980.....	1,887.5	---	2,188.1	---
September 1980.....	1,866.7	---	2,133.7	---
Estimated:				
December 1980.....	1,868.8	---	2,086.8	---
In 1981 Budget:				
1981.....	1,909.0	---	2,108.3	---
1982 Budget:				
Latest estimates:				
1981.....	1,869.6	1,852.1 <u>1/</u>	2,103.4	2,127.8
1982.....	1,874.4	1,858.0 <u>1/</u>	2,123.9	2,131.9

1/ Reflects a technical change in conversion to the FTE system that results in a 25,000 decrease in DOD.

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1982 Budget
Employment Appeals
(Full-time Permanent, Full-time Equivalent)

	<u>1981</u>	<u>1982</u>
Base (tentatively approved): Full-time equivalent.....	1,852,100	1,858,000
End-of-year.....	(1,869,600)	(1,874,400)
Additions:		
1. HHS--Social security workload, approved program levels and closure of smaller Boston PHS hospital in lieu of San Francisco.....	600	2,141
2. Education <u>A</u> --Management throughout Department...	195	195
3. Labor--Employment and training audit, equal employment practices by contractors, mine safety, etc.....	629	629
4. VA--New medical facilities, data and computer operations, and other workload.....	1,520	1,970
5. Equal Employment Opportunity Commission <u>A</u> -- Case backlog.....	466	466
6. National Labor Relations Board--Caseload.....	<u>275</u>	<u>275</u>
	<i>7600</i>	<i>5676</i>
Subtotal, with additions needed most:		
Full-time equivalent.....	1,855,785	1,863,676
End-of-year.....	(1,873,285)	(1,880,076)

1982 BUDGET
(\$ Millions)

Receipts:

Base before EPG decision	689,000
EPG decision:	
Delay effective date for marriage penalty relief and social security credit	10,700
Drop withholding of tax on interest and dividend income	<u>-2,500</u>
Current estimate, receipts	697,200
Current estimate, outlays (includes outlay effects of EPG decision)	<u>742,900</u>
Revised 1982 Deficit	45,700

*+ 3.4 GNP
13 bil Fuel Tax
11 bil Legis Savings*

Ranked Reductions to 1982 Budget

<u>Item</u>	<u>1982 RA</u>	<u>Change to 1982 Deficit</u>
<u>First Band of Reductions</u>		
1. Health Care Cost Containment - reinsert savings estimate (realistic level)	-120	¹³ -1,000 +
2. Guaranteed Student Loans - limit loan volume and subsidy and reduce special allowance	-403	<u>-302 +</u>
3. Reconciliation Bill - rescind health care expansions not supported	-14	-172 +
4. Stockpile Acquisitions - eliminate purchase of lower priority minerals	-150	-105 +
5. TAA - eliminate training enhancement	-25	-25 ?
6. SERI building - delay construction	-25	<u>-15</u> #

Meet college needs

*Charge int while in school
7% → 9%*

Title 1 only

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>	
<u>First Band Continued</u>			
7. Solar Thermal demonstration - eliminate project	-20	-10	? +
8. High-BTU Coal Gasification demonstration - cancel project	-82	-92	+ H ₁ S ₂ Coal
9. Conservation & Solar programs - 10% across the board cut	-100	-60	!
10. SRC-1 Demonstration - cancel project	-507	-176	? no
11. EDA 1982 Request - reduce to 1981 level	-66	-11	+
12.. Airport grants - delay for one year capacity expansion and non-safety related rehabilitation projects	---	-40	+
13. Area Development program- reduce to 1981 level	-11	-11	+
14. Rehabilitation Loan Fund - reduce program level to 1981 requested level	-24	-14	* no
15. Eximbank - eliminate discount loans	-273	-80	+
16. SPR - defer upgrade projects	-22	-15	+
17. Indian Health Construction - rescind Congressional additions	-36	-10	* no
18. Health Care Cost Containment - additional savings estimate	-40	-300	+
TOTAL	-1,918	-2,438	

DoE 657 → 700

start late

570 570?

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>		
<u>Second Band of Reductions</u>				
1. Low Income Energy Assistance- reduce to 1980 level				
			2.2 1/80 1.85 3/80 1.85 base	
	-250	-250	?)	no
2. Nuclear Waste management- reduce both defense and commercial programs	-50	-42	+	
3. Rehabilitation Loan Fund- reduce program level to \$67 million and target funds on multi-family rehabilitation	-112	-89		
4. PSE Title VI - phase out in 1981			149 → 100,000	
	-431	-484	?	
5. PSE Title IIB/C - reduce 10% to 37-40,000 service years	-212	-201	?	
6. PSE Title IID - reduce by 22,000 service years <u>1/</u>	-206	-183	?	
7. Development Assistance - reduce AID bilateral programs	-105	-9	?	
8. Security Assistance - reduce ESF special requirements fund by 1/2	-50	-17	?	no
9. Community Development Block Grants - reduce increase to \$150 million	-40	-1	?	
10. Commerce Department - eliminate various enhancements	-30	-20	?	
11. Head Start - slower phase-in of program improvements	-50	-25	+	
12. Public Housing Operating Subsidies	-143	-127	?	
13. Job Corps Capital Improvement - eliminate enhancement	-62	-62	?	
TOTAL	-1,741	-1,510		

1/ Would not be recommended if PSE Title VI is phased out.

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<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>	
<u>Third Band of Reductions</u>			
1. Comprehensive Planning Grants - eliminate program	-37	-5	?
2. Community Development Block Grants - provide no increase over 1981	-50	-1	?
③ 3. Liquid Metal Fast Breeder Reactor - stretch out R&D	-41	-41	+
4. Neighborhood Self-Help Program- eliminate program	-12	-7	?
5. Venus Orbiting Imaging Radar	-46	-25	?
6. Positive Adjustment Assistance eliminate demonstrations <i>\$50</i>	-50	-31	?
7. VA Medical Facilities - close four and deny increases for specialized medical services	-104	-104	?
8. VA Compensation Benefits - reduce C.O.L.A. to 9% <i>11.6 → 9%</i>	-210	-193	
9. Summer Youth Employment - reduce jobs to 450,000	-439	-390	?
10. PL-480 - reduce food aid <i>- 400,000 TONS</i>	-100	-100	
11. Security Assistance - reduce ESF, miscellaneous countries	-50	-26	?
12. Youth Initiative - eliminate program	-1,200	-150	?
13. Alaska Lands management - do not implement program	-50	-50	?
14. EPA Superfund - do not implement program	-70	-40	?
TOTAL	-2,249	-770	
<u>TOTAL, ALL BANDS</u>	-5,908	-4,718	

<u>Item</u>	<u>1982 BA</u>	<u>Change to 1982 Deficit</u>	
<u>Fourth Band of Reductions</u>			
1. Indexed benefit programs - hold C.O.L.A.'s to 80% of projected addition	---	-4,700	?
2. Defense - reduce TOA from \$194 billion to \$190 billion	-4,000	-2,000	?
	<hr/>	<hr/>	
	-4,000	-6,700	

Ranked Additions to 1982 Budget

Item	\$ Million		
	B.A.	Change to 1982 Deficit	
<i>Band 2</i> 1. Defense I - fund key modernization items <i>To 4.7% growth</i>	1,600	(1955)	+700 +
2. Multi-agency basic research and related programs - I <i>+ 3% vs '81</i>	300		+165 +
<i>Band 3</i> 3. Defense II - fund further modernization <i>+ 5.1% growth</i>	900		+300 +
4. Fund most needed staff additions	130	+3600 '81 5400 '82	+130 +
5. Fund next band of staff additions	58	+ 2500 '81 + 1900 '82	+58 +
6. Public housing rent burdens - do not increase to 30%	86		+178 +
7. Federal Highway System - increase Interstate 4R funds	300		+45 + No
8. P.L. 480 - maintain volume of Egyptian food aid <i>ok as is estate</i>	63		+63 + APP
② > 9. P.L. 480 - maintain volume of food aid at 6 million tons	59		+59 No
10. Multi-agency basic research and related programs - II	66		+40 no
11. Coast Guard - increase in operations	17		+17 + +
12. USDA - increase rural water and sewage grants	100		+11 No ?
<i>Band 4</i> 13. Defense III - further increases for readiness, largely in non-combat related support	2,100		+1,000 no
③ > 14. Security Assistance - 1/4 Southwest Asia package <i>Turkey & Greece</i>	52 240	(31)	+114 + + 30
15. Department of Education Title I Grants - bring level to 9% above base	48		+3 VP +
16. P.L. 480 - maintain volume of food aid at 6 million tons, exclusive of Egypt add-on	63		+63 no

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Item	\$ Million		
	B.A.	Change to 1982 Deficit	
① > 17. Development assistance - provide 25% of "leadership" package	220	+33	<i>Match</i> Chris Henry +
18. DPS - Handicapped State Grants - Add 9% to base	83	+8	No
19. FMS - provide additional Concessional Credits	550	+430	No
20. DPS Education Package	15	+15	No
21. FAA Facilities and Equipment	50	+10	No
22. Coast Guard capital needs	50	+10	No
23. Basic Educational Opportunity Grants - increase maximum award level to \$1,850 from \$1,800	69	+16	No
24. Youth Conservation Corps - do not terminate program <i>YACC</i>	60	+55	+ <i>ay</i>
25. Housing Opportunity Program - initiate program	20	+8	No
26. Urban Parks - do not terminate program	125	+13	(25)
27. PSE Title VI - do not phase out program (keep at C.R. level of 100,000 jobs)	514	+485	Stu ?
28. Defense IV - provide full increase	2,100	1,000	No
29. USDI - increase Land and Water Conservation Fund	25	+30	(25) ?
30. Unemployment Compensation - do not eliminate national trigger	---	+1,420	Stu + \$4.6 bil -82 → 1.7 bil
31. Unemployment Compensation - do not change extended benefit trigger calculation	---	+1,550	No
32. Trade Adjustment Assistance - do not offer reform proposal <i>now '82 \$1.5 bil</i>	1,200	+1,200	Stu

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Item	\$ Million		
	B.A.	Change to 1982 Deficit	
33. DOL - provide inflation adjustments to employment and training programs	444	+406	no
34. Multi-agency basic research and related programs - III	234	+125	no
35. Urban Development Action Grants - increase program to \$875 million	200	+24	no
36. Export-Import Bank Direct Loans Financial Guarantees	2,355 1	+188 +1	no
37. Department of Education Title I Grants - increase to full request level	150	+11	} no
38. Basic Educational Opportunity Grants - increase maximum award level to \$2,100, with necessary increase to SEOGs	783	+202	
39. Handicapped State Grants - increase to full request level	176	+18	
40. National Productivity Center - initiate program	19	+10	
41. DOL Economic Revitalization Program - proceed with full August proposal	275	+429	
42. Refugee Funding - enhancements	133	+100	
43. CHAP - repropose program in last quarter of 1982	70	+70		no Stu?
44. Welfare Reform - initiate in last quarter 1982	300	+300	} no
45. DPS Low Income Energy Assistance - provide a further increase	150	+150	
46. DPS Head Start - provide a further increase	20	+20	

Late in year →

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<u>Item</u>	<u>\$ Million</u>		
	<u>B.A.</u>	<u>Change to 1982 Deficit</u>	
47. Child Abuse and Neglect - maintain funding at 1981 level	3	+3	+
48. Child Welfare and Research Development - fund new Congressional mandates	2	+2	no
49. Adolescent Pregnancy - do not terminate program	8	+8	+
50. Magnetohydrodynamics (MHD) - maintain 1981 funding level	26	+26	no
51. TVA - continue coal gasification demonstration project	350	+150	no
TOTAL	17,142	11,472	

1982 Budget
 Employment Appeals--Continued
 (Full-time Permanent, Full-time Equivalent)

	<u>1981</u>	<u>1982</u>
7. Nuclear Regulatory Commission <u>A</u> --Reactor licensing.....	98	320
8. HUD--Section 8 and program management.....	---	107
9. Energy--New programs, management support.....	100	200
10. Commerce--Patent and Trademark Office, EDA, International Trade Administration and Inspector General.....	45	268
11. Interior--Alaska Lands implementation.....	68	250
12. EPA--Superfund legislation.....	64	150
13. Federal Labor Relations Authority <u>A</u> /.....	32	64
14. Merit Systems Protection Board <u>A</u> /.....	25	51
15. Treasury--IRS (collection and audit).....	450	900
16. HUD--Section 8, public housing and public housing modernization.....	---	203
17. Transportation--Coast Guard maintenance.....	35 882	35 2513
18. Office of Personnel Management--Claims processing, compensation administration, etc....	97	194

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1982 Budget
 Employment Appeals--Continued
 (Full-time Permanent, Full-time Equivalent)

	<u>1981</u>	<u>1982</u>
19. HHS <u>B</u> /--Social security workload, PHS direct patient care.....	1,014	1,174
20. Transportation <u>B</u> /--Remaining request for Coast Guard.....	531	627
21. Treasury--Additional, for IRS collection and audit.....	750	1,500
22. Peace Corps--New countries, training.....	21	21
23. Commerce <u>B</u> /--Service and technology, National Productivity Center.....	16	168
24. Energy <u>B</u> /--Remainder for new programs, management support.....	100	525
25. Interior <u>B</u> /--Lands and parks administration and geological survey.....	401	315
26. VA--More computer and data operations, etc.....	---	1,000
27. Treasury--Last increment, IRS collection and audit.....	584	1,098
28. Labor--Further Employment and Training Administration, Employment Standards Administration, etc.....	486	486
Total additions.....	8,602	15,332

A/ Full department request.

B/ Package brings agency total up to full request.



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

DEC 17 1980

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. MCINTYRE, JR. *J. McIntyre*
SUBJECT: Data on Treasury Staffing

When we met with Treasury yesterday to discuss the issue of staffing for the Internal Revenue Service (IRS), the Secretary of the Treasury questioned whether the OMB data for IRS staffing in 1977 represented budgeted levels rather than actual numbers.

I have checked with my staff, and the numbers included for 1977 were furnished by Treasury and represent actual staff-years realized. The staff has reconfirmed the data with Treasury this morning.

As discussed yesterday, the level of staffing for enforcement programs under the OMB recommendation would increase by 12% between 1977 and 1982. Thus, the apparent decline in enforcement would have to be caused by factors other than staffing for overall enforcement activity.

With respect to the examinations program, the staffing level and workload output, i.e., the audit coverage rate, reflect a number of factors. During the period in question, the Administration and the Treasury Department have placed a higher priority on other enforcement efforts that appear to have a better return for both revenue and compliance, such as the document matching program and investigations of tax fraud. In addition, as a result of inflation there has been a substantial increase in the number of taxpayers in higher income brackets, and it is Treasury policy to audit greater percentages of high bracket returns without adjusting for inflation. This coupled with the fact that higher bracket returns tend to be more complex has meant that more staff are required to maintain a constant audit level.

OMB does not dispute Treasury evidence of growth in levels of uncollected tax accounts. However, Treasury research findings indicate that this is due in large part to economic conditions; interest rates have risen and credit is more difficult to obtain. Moreover, both Treasury and OMB have some serious concern about the efficiency of IRS collection practices. Macro-data indicate a drop in the number of accounts collected since 1977 with a significant increase in staff during that period.

Attachment

Change in Staffing
1977 - 1982
(OMB Recommendation)

Attachment

<u>Activity</u>	<u>1977</u>	<u>1982</u>	<u>Increase</u>	<u>% Change</u>
*Examinations	27,055	27,895	840	3%
*Accounts Receivable	9,430	10,079	649	7%
Taxpayer Service	4,461	4,845	384	9%
Tax Returns Processing	21,984	2,280	296	1%
*Document Matching	2,220	4,460	2,240	101%
Legal Counsel	1,552	1,748	196	13%
*Appeals	1,600	1,882	282	18%
*Tax Fraud	3,909	4,418	509	13%
Disclosure	202	265	63	31%
*Windfall Profits	--	1,011	1,011	100%
Reimbursement	500	700	200	40%
Other	<u>10,830</u>	<u>11,751</u>	<u>921</u>	<u>9%</u>
Total	83,743	91,334	7,591	9%
*Enforcement Programs	44,214	49,557	5,343	12%

Appendix

LIST OF TABLES

- | | |
|------------------------------------|-----------------------------|
| A. Current Agency Outlays | H. Research and Development |
| B. Current Agency Budget Authority | I. Fossil Program |
| C. Revenue Proposals | J. Solar Program |
| D. Legislative Savings | K. Energy Conservation |
| E. Economic Revitalization Program | L. Civil Rights Program |
| F. Regulatory Budget Proposals | M. State and Local Programs |
| G. Inspectors General | N. Programs for the Elderly |

11
12
13
14
15

BUDGET OUTLAY ESTIMATES BY AGENCY
(in billions of dollars)

	1981			1982			1983	1984
	November	Current	Change	November	Current	Change	Current	Current
Legislative Branch.....	1.3	1.4	0.1	1.3	1.4	0.1	1.4	1.5
The Judiciary.....	0.6	0.6	—	0.7	0.7	—	0.7	0.7
Executive Office of the President.....	0.1	0.1	—	0.1	0.1	—	0.1	0.1
Funds Appropriated to the President.....	5.9	6.0	0.1	6.3	6.4	0.1	6.8	7.1
Department of Agriculture.....	19.6	19.1	-0.5	26.9	26.2	-0.7	28.1	30.4
Department of Commerce.....	3.0	3.1	0.1	3.3	3.2	-0.1	3.4	3.5
Department of Defense—Military.....	154.4	157.1	2.7	173.8	181.4	7.6	204.8	231.9
Department of Defense—Civil.....	3.1	3.4	0.3	3.4	3.4	—	3.9	4.1
Department of Education.....	14.0	14.9	0.9	16.0	15.5	-0.5	18.7	20.6
Department of Energy.....	9.4	10.0	0.6	13.9	13.6	-0.3	13.3	13.3
Department of Health and Human Services.....	226.7	227.8	1.1	225.5	257.7	2.2	290.0	321.2
Department of Housing and Urban Development.....	12.3	12.6	0.3	13.9	14.7	0.8	16.0	17.8
Department of the Interior.....	4.1	4.6	0.5	3.8	4.2	0.4	4.6	4.9
Department of Justice.....	2.5	2.7	0.2	2.5	2.5	—	2.5	2.6
Department of Labor.....	40.0	39.2	-0.8	38.5	33.5	-5.0	32.3	32.9
Department of State.....	2.3	2.1	-0.2	2.5	2.4	-0.1	2.6	2.7
Department of Transportation.....	18.4	21.9	3.5	20.6	19.8	-0.8	22.5	24.1
Department of the Treasury.....	91.0	94.1	3.1	105.0	107.8	2.8	109.3	108.2
Environmental Protection Agency.....	5.6	5.5	-0.1	5.7	5.7	—	6.1	6.2
National Aeronautics and Space Administration.....	5.2	5.2	—	6.3	6.3	—	6.8	6.7
Veterans Administration.....	21.5	23.3	1.8	23.8	25.5	1.7	27.2	28.7
Office of Personnel Management.....	17.9	17.9	—	20.4	20.5	0.1	23.4	26.2
Other Independent Agencies.....	19.4	20.0	0.6	16.8	16.3	-0.5	17.7	17.4
Allowances:								
Industrial development assistance.....	*	-0-	-*	0.2	-0-	-0.2	-0-	-0-
Civilian agency pay raises.....	1.3	0.6	-0.7	4.1	3.1	-1.0	5.6	8.2
Contingencies for other requirements.....	0.5	0.5	—	1.9	1.0	-0.9	1.0	2.9
Allowance for youth initiative.....	—	—	—	0.3	—	-0.3	0.3	0.8
Total Allowances.....	1.8	1.1	-0.7	6.5	4.1	-2.4	6.9	11.9
Undistributed offsetting receipts:								
Employer share, employee retirement.....	-6.7	-6.7	—	-6.9	-6.9	—	-7.1	-7.3
Interest received by trust funds.....	-12.4	-12.4	—	-13.1	-13.1	—	-13.7	-14.1
Rents and royalties on the Outer Continental Shelf.....	-6.6	-7.8	-1.2	-7.2	-9.9	-2.7	-9.9	-9.9
Total Undistributed offsetting receipts.....	<u>-25.7</u>	<u>-26.9</u>	<u>-1.2</u>	<u>-27.3</u>	<u>-29.9</u>	<u>-2.7</u>	<u>-30.7</u>	<u>-31.3</u>
Total outlays.....	654.6	666.9	12.3	740.3	742.9	2.6	818.3	893.2

* \$50 million or less.

BUDGET AUTHORITY ESTIMATES BY AGENCY
(in billions of dollars)

	1981			1982			1983	1984
	November	Current	Change	November	Current	Change	Current	Current
Legislative Branch.....	1.3	1.3	—	1.5	1.4	-0.1	1.6	1.5
The Judiciary.....	0.6	0.6	—	0.7	0.7	—	0.7	0.7
Executive Office of the President.....	0.1	0.1	—	0.1	0.1	—	0.1	0.1
Funds Appropriated to the President.....	13.9	14.7	0.8	7.8	10.6	2.8 - ?	9.4	10.0
Department of Agriculture.....	24.9	25.8	0.9	28.3	28.1	-0.2	30.0	32.0
Department of Commerce.....	3.0	2.9	-0.1	3.3	3.1	-0.2	3.5	3.5
Department of Defense—Military.....	167.2	171.6	4.4 -	191.5	193.7	2.2 -	219.4	246.6
Department of Defense—Civil.....	2.9	3.0	0.1	3.5	3.4	-0.1	4.4	4.5
Department of Education.....	15.6	14.7	-0.9	17.2	17.7	0.5	19.6	20.6
Department of Energy.....	11.0	9.5	-1.5	21.7	14.5	-7.2 - ?	13.6	12.9
Department of Health and Human Services.....	224.0	224.5	0.5	254.8	251.5	-3.3 - ?	282.0	310.1
Department of Housing and Urban Development.....	40.9	37.8	-3.1	44.2	36.9	-7.3 - ?	38.4	41.7
Department of the Interior.....	3.9	4.4	0.5	3.9	4.5	0.6	5.1	5.2
Department of Justice.....	2.2	2.4	0.2	2.3	2.4	0.1	2.5	2.6
Department of Labor.....	38.8	37.9	-0.9	43.2	40.8	-2.4	38.8	38.2
Department of State.....	2.5	2.4	-0.1	2.6	2.8	0.2	2.7	2.9
Department of Transportation.....	21.9	23.9	2.0 -	22.0	23.7	1.7 -	24.7	25.7
Department of the Treasury.....	91.3	94.4	3.1 -	105.0	108.2	3.2 -	109.3	108.0
Environmental Protection Agency.....	5.4	4.8	-0.6	5.8	5.2	-0.6	5.6	6.2
National Aeronautics and Space Administration.....	5.5	5.5	—	6.3	6.6	0.3	7.1	6.8
Veterans Administration.....	22.6	24.1	1.5 -	24.4	26.0	1.6 -	27.8	29.9
Office of Personnel Management.....	27.9	27.9	—	29.7	29.7	—	31.8	33.8
Other Independent Agencies.....	22.6	23.8	1.2	19.8	19.3	-0.5	19.2	20.1
Allowances:								
Industrial development assistance.....	0.2	-0-	-0.2	0.4	-0-	-0.4	-0-	-0-
Civilian agency pay raises.....	1.3	0.7	-0.6	4.3	3.2	-1.1	5.7	8.3
Contingencies for other requirements.....	0.9	0.9	—	2.9	2.0	-0.9	1.9	4.0
Allowance for youth initiative.....	—	—	—	0.8	-0-	-0.8	0.8	0.8
Total Allowances.....	2.4	1.6	-0.8	8.4	5.2	-3.2	8.4	13.1
Undistributed offsetting receipts:								
Employer share, employee retirement.....	-6.7	-6.7	—	-6.9	-6.9	—	-7.1	-7.3
Interest received by trust funds.....	-12.4	-12.4	—	-13.1	-13.1	—	-13.7	-14.1
Rents and royalties on the Outer Continental Shelf.....	-6.6	-7.8	-1.2	-7.2	-9.9	-2.7	-9.9	-9.9
Total Undistributed offsetting receipts.....	-25.7	-26.9	-1.2	-27.2	-29.9	-2.7	-30.7	-31.3
Total Budget Authority.....	727.2	732.5	5.3	821.2	806.2	-15.0	875.0	945.5

TABLE B

ESTIMATED EFFECT OF PROPOSED LEGISLATION AND
ADMINISTRATIVE ACTION ON RECEIPTS
(in billions of dollars)

	<u>Effective date</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Economic revitalization program:					
Constant rate depreciation.....	1/1/81	-2.7	-8.9	-14.2	-18.3
Refundable investment tax credit.....	1/1/81	-0.1	-*	0.2	0.3
Targeted investment tax credit <u>1/</u>	1/1/81	-0.1	-0.3	-0.6	-0.5
Exclusion for Americans working abroad.....	1/1/81	-0.1	-0.3	-0.3	-0.3
Social security tax credit.....	10/1/81	---	-11.1	-13.0	-14.4
Expanded earned income tax credit.....	1/1/81	-*	-0.2	-0.2	-0.1
Marriage penalty relief.....	1/1/82	---	-0.4	-4.4	-9.1
Change in regulations for Subchapter S corporations.	1/1/81	*	*	*	*
Subtotal, economic revitalization program...		-2.9	-21.2	-32.4	-42.4
Motor fuels tax.....	6/1/81	3.5	13.3	15.0	16.8
Foreign tax credit on oil and gas extraction.....	1/1/79	1.4	0.5	0.6	0.6
Independent contractors.....	1/1/82	---	0.6	0.7	0.9
Railroad retirement taxes.....	1/1/82	---	0.3	0.3	0.3
FICA tax on tips.....	1/1/82	---	*	0.1	0.1
Airport and airway trust fund taxes.....	7/1/81	0.3	1.3	1.5	1.6
Interest paid to foreigners.....	1/1/81	-*	-*	-*	-*
Increase in passport fees.....	10/1/81	---	*	*	*
Increase in visa fees (administrative action).....	4/1/81	*	*	*	*
Subtotal, other revenue proposals.....		5.1	16.1	18.2	20.3
Total, proposed legislation and administrative action <u>2/</u>		2.3	-5.1	-14.3	-22.1

1/ The President will decide whether to include this proposal in the budget.

2/ The following revenue raising proposals also will be included in the budget: taxation of small issue industrial development bonds; change in the tax status of U.S. territories; taxation of commodity straddles and futures contracts; and, the elimination of tax exempt financing of student loans. Estimates of their revenue impact are not yet available.

TABLE C

ENACTED
Administration Cost Savings Proposals
in the 1981 Budget
(outlays in millions of dollars)

TABLE D

	1981	1982	1983	1984
Disability insurance reforms, including revision of benefit computations, increased work incentives, improved adminis- tration, and other changes.....	-40	-70	-300	-550
State financial liability for errors in food stamp program administration.....	-90	-180	-196	-208
Food stamp eligibility reforms..	-130	-123	-123	-123
Annual indexation for food stamps.....	-303	-267	-257	-234
Increased GSA stockpile sales...	-237	-188	-144	---
Modification of GI bill benefits for correspondence courses and general flight training.....	-18	-16	-13	-11
Health care cost control proposals.....	-5	-28	-31	-38
Annual indexation of Federal Employees Compensation Act (FECA) benefits.....	-33	-48	-86	-74
Targeting of child nutrition and special milk program subsidies to the most needy.....	-224	-134	-113	-126
Annual indexation of child nutrition.....	<u>-77</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total, enacted proposals.....	-1,157	-1,054	-1,263	-1,364

Administration Cost Savings Proposals
in the 1982 Budget
(outlays in millions of dollars)

	1981	1982	1983	1984
Health programs:				
Elimination of bonus to hospitals for provision of routine nursing services to medicare programs.....	-45	-245	-305	-375
Establishment of financial penalties to deter abuse of medicare and medicaid programs.....	---	-23	-23	-23
Competitive bid purchasing for equipment and services...	---	-9	-21	-35
Competitive bidding for medicare contractors.....	---	-23	-47	-78
Repeal retention bonuses for obligated PHS Commissioned Corps physicians.....	---	-10	-14	-17
Expedite recovery of State medicaid claims.....	-25	-100	-125	---
Other health care cost control proposals.....	<u>---</u>	<u>-20</u>	<u>-18</u>	<u>-20</u>
Total, health programs.	-70	-430	-553	-548

Income Security programs:

Targeting of child nutrition and special milk program subsidies to the most needy.....	---	-332	-400	-429
Changes to the aid to families with dependent children (AFDC) program and related programs to simplify eligibility and administration, reduce fraud and abuse, and improve the child support enforcement program.....	---	-288	-294	-291

*Annual
indexation
all programs*

Administration Cost Savings Proposals (continued)

	1981	1982	1983	1984
Reform of the railroad retirement program to restore the solvency of the railroad industry pension fund.....	---	-36	-71	-104
Annual indexation for child nutrition.....	---	-118 ✓	-95	-88
Annual indexation of Federal personnel retirement:				
Department of Defense.....	-69	-390 ✓	-326	-320
Civilian agencies.....	-13	-531 ✓	-478	-512
Elimination of unemployment benefit eligibility for Public Service Employment workers.....	---	-133	-244	-230
Retain current food stamp indexation and deductions....	---	-510 ✓	-512	-464
Eliminate national UI extended benefit trigger*.....	---	-1,420 ✓	---	---
Change UI extended benefit trigger rate calculation*....	---	-1,550 ✓	-800	-260
Adopt GAO recommendation on Trade Adjustment Act*.....	---	-1,200 ✓	-251	-236
Total, income security programs.....	-82	-6,508	-3,471	-2 934
Veterans benefits and services:				
Elimination of GI bill benefits for correspondence courses and general flight training.....	---	-32	-28	-24
Limitation of certain dental benefits.....	---	-32	-30	-28

Administration Cost Savings Proposals (continued)

	1981	1982	1983	1984
Limitation of beneficiary travel for certain non-service disabled veterans.....	<u>---</u>	<u>-15</u>	<u>-15</u>	<u>-15</u>
Total, Veterans Programs.....	<u>---</u>	<u>-79</u>	<u>-73</u>	<u>-67</u>
Federal compensation reform:				
Department of Defense.....	<u>---</u>	<u>-2,275</u>	<u>-2,950</u>	<u>-3,267</u>
Civilian agencies.....	<u>---</u>	<u>-1,219</u>	<u>-1,386</u>	<u>-1,529</u>
	<u>====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Total, Federal compen- sation reform.....	<u>---</u>	<u>-3,494</u>	<u>-4,336</u>	<u>-4,796</u>
Defense: Reduction in leave pay.....	-15	-30	-30	-30
Education: Reduce assistance to schools in federally affected areas.....	-390	-538	-617	-740
General Services Administration: Increase stockpile sales.....	<u>-210</u>	<u>-210</u>	<u>-217</u>	<u>-430</u>
Total, cost savings proposals.....	-767	-11,289	-9,297	-9,545

* Still on appeal.

Economic Revitalization Program
 Summary of Changes to Agency Requests
 (fiscal years; in millions of dollars)

<u>Function and Program</u>	<u>1981</u>		<u>1982</u>		<u>1983</u>	<u>1984</u>
	<u>Request</u>	<u>Recommended</u>	<u>Request</u>	<u>Recommended</u>	<u>Estimate</u>	<u>Estimate</u>
Spending increases:						
General science, space, and technology:						
Science and technolgy						
Budget authority.....	300	---	300	300	300	300
Outlays.....	165	---	335	165	300	300
Energy:						
Solar Energy and Energy Conservation Bank						
Budget authority.....	100	78 ^{1/}	---	---	---	---
Outlays.....	27	47	73	31	---	---
School and hospital weatherization						
Budget authority.....	100	---	140	---	---	---
Outlays.....	50	---	190	---	---	---
Low income weatherization						
Budget authority.....	100	---	100	---	---	---
Outlays.....	50	---	150	---	---	---
Commerce and housing credit:						
Payments in excess of business tax liabilities						
Budget authority.....	227	227	4,050	4,050	4,988	5,677
Outlays.....	227	227	4,050	4,050	4,988	5,677
Transportation:						
Mass transit and highways ^{2/}						
Budget authority.....	250	250	---	---	---	---
Outlays.....	80	80	245	240	120	80
Community and regional development:						
Industrial development assistance ^{3/}						
Budget authority.....	200	---	400	---	---	---
Outlays.....	31	---	180	---	---	---
Loan guarantees.....	(800)	---	(1,600)	---	---	---

TABLE E

Economic Revitalization Program Summary of Changes to Agency Requests (cont.)

<u>Function and Program</u>	<u>1981</u>		<u>1982</u>		<u>1983</u>	<u>1984</u>
	<u>Request</u>	<u>Recommended</u>	<u>Request</u>	<u>Recommended</u>	<u>Estimate</u>	<u>Estimate</u>
Education, training, employment, and social services:						
CETA job services and retraining						
Budget authority.....	320	25	370	75	25	25
Outlays.....	131	25	505	56	44	25
Refundable tax credit payments to non-profit institutions						
Budget authority.....	---	---	294	294	346	385
Outlays.....	---	---	294	294	346	385
Income security:						
Supplemental unemployment benefits						
Budget authority.....	1,300	---	---	---	---	---
Outlays.....	1,300	---	---	---	---	---
Public housing weatherization <u>4/</u>						
Budget authority.....	500 <u>5/</u>	---	---	---	---	---
Outlays.....	---	---	---	---	---	---
Payments in excess of individual tax liabilities						
Budget authority.....	---	---	622	622	572	526
Outlays.....	---	---	622	622	572	526
General purpose fiscal assistance:						
Countercyclical revenue share						
Budget authority.....	1,000	1,000	---	---	---	---
Outlays.....	1,000	1,000	---	---	---	---
Refundable tax credit payments to state and local governments						
Budget authority.....	---	---	701	701	784	858
Outlays.....	---	---	701	701	784	858

Economic Revitalization Program Summary of Changes to Agency Requests (cont.)

Function and Program	1981		1982		1983	1984
	Request	Recommended	Request	Recommended	Estimate	Estimate
Federal building weatherization <u>3/</u>						
Budget authority.....	55	55	137	137	---	---
Outlays.....	14	14	66	66	83	29
Total, Budget authority.....	4,452	1,635	7,114	6,179	7,015	7,771
Total, Outlays.....	3,075	1,393	7,411	6,225	7,237	7,880
Receipts reductions:						
Corporation income tax reductions.....	-2,164	-2,164	-10,621	-10,621	-15,035	-18,289
Individual income tax reductions.....	-717	-717	-10,620	-10,620	-17,394	-24,109
Total, receipts reductions.....	-2,881	-2,881	-21,241	-21,241	-32,429	-42,398
TOTAL (addition to budget deficit)..	-5,956	-4,274	-28,652	-27,466	-39,666	-50,278

1/ Reflects Congressional action.

2/ The impact of an increase of \$350 million in the Federal-aid highway obligation limitation in 1981 included in outlay estimates.

3/ No formal agency request exists for this administration sponsored proposal.

4/ These items were proposed as "Energy Security Investments," but their spending is classified in other functions.

5/ Agency request for \$500 million for a supplemental was denied. Funds provided in the regular HUD appropriations will be used to finance the program.

LATEST ESTIMATE FOR SELECTED REGULATORY AGENCIES
(in millions of dollars)

	1980 Actual		1981 Estimate		1982 Estimate		Change from 1981 to 1982	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
Relatively Controllable Agencies								
<u>Independent Agencies:</u>								
Civil Aeronautics Board.....	125	118	143	146	143	143	---	-4
Commodity Futures Trading Commission.....	17	16	20	20	21	21	1	1
Consumer Product Safety Commission.....	45	45	47	47	45	45	-2	-2
Equal Employment Opportunity Commission.....	125	124	142	141	149	134	7	-7
Federal Communications Commission.....	73	73	76	75	76	75	---	---
Federal Election Commission.....	9	8	10	9	10	10	---	1
Federal Maritime Commission.....	11	11	12	12	12	12	---	---
Federal Mine Safety and Health Review Commission...	5	3	5	4	4	4	---	---
Federal Trade Commission.....	66	65	72	71	74	72	2	2
Interstate Commerce Commission.....	145	155	86	85	85	84	---	---
National Labor Relations Board.....	112	110	117	115	127	126	10	11
National Mediation Board ^{1/}	4	4	5	4	5	4	---	---
Nuclear Regulatory Commission.....	368	343	453	421	483	446	30	25
Occupational Safety & Health Review Commission.....	7	7	8	7	7	7	-1	---
Securities & Exchange Commission.....	73	75	76	75	81	82	5	8
<u>Other Entities:</u>								
Animal & Plant Health Inspection Service (USDA)....	252	251	259	258	285	286	26	28
Food Safety & Quality Service (USDA).....	345	342	352	350	375	374	23	24
Federal Energy Regulatory Commission (DOE).....	68	67	74	77	82	80	7	3
Food & Drug Administration (HHS).....	324	320	362	343	352	348	-10	5
Office of Surface Mining (Interior).....	180	85	175	147	246	134	71	-12
Labor Management Services Administration (Labor)...	56	52	60	58	59	57	-1	-1
Employment Standards Administration (Labor).....	169	165	178	167	181	177	4	10
Occupational Safety & Health Administration (Labor)	186	178	210	193	239	232	30	40
Mine Safety & Health Administration (Labor).....	144	142	154	149	161	158	7	10
Environmental Protection Agency ^{2/}	<u>1,270</u>	<u>1,260</u>	<u>1,353</u>	<u>1,280</u>	<u>1,312</u>	<u>1,375</u>	<u>-41</u>	<u>95</u>
Total.....	4,179	4,020	4,446	4,252	4,615	4,488	167	236
<hr/>								
Relatively Uncontrollable Agencies:								
Federal Deposit Insurance Corporation.....	---	-922	---	-1,500	---	-1,550	---	-50
Federal Home Loan Bank Board.....	---	559	---	-334	---	-683	---	-349
National Credit Union Administration.....	---	85	---	174	---	287	---	115
Pension Benefit Guaranty Corporation (Labor).....	---	-20	---	-59	---	-47	---	12
Total.....	---	-298	---	-1,721	---	-1,993	---	-272

^{1/} A substantial portion of National Mediation Board Funding is for non-regulatory activities.

^{2/} Excludes construction grants and other non-regulatory activities.

EMPLOYMENT FOR SELECTED REGULATORY AGENCIES
Number of Total Full-Time Equivalent Employment by Agency

	1980 <u>Actual</u>	1981 Latest <u>Estimate</u>	1982 Latest <u>Estimate</u>	Change 1980 to 1982
Relatively Controllable Agencies				
<u>Independent Agencies:</u>				
Civil Aeronautics Board.....	777	745	698	-79
Commodity Futures Trading Commission.....	474	523	523	49
Consumer Product Safety Commission.....	915	915	949	34
Equal Employment Opportunity Commission.....	3,512	3,376	3,376	-136
Federal Communications Commission.....	2,190	2,155	2,152	-38
Federal Election Commission.....	265	265	260	-5
Federal Maritime Commission.....	324	335	337	13
Federal Mine Safety and Health Review Commission...	85	87	88	3
Federal Trade Commission.....	1,723	1,748	1,784	61
Interstate Commerce Commission.....	1,957	1,990	1,959	2
National Labor Relations Board.....	2,900	2,879	2,893	-7
National Mediation Board ^{1/}	68	62	62	-6
Nuclear Regulatory Commission.....	3,093	3,260	3,484	391
Occupational Safety & Health Review Commission.....	182	166	163	-19
Security & Exchange Commission.....	2,050	2,042	2,009	-41
<u>Other Entities:</u>				
Animal & Plant Health Inspection Service (USDA)....	4,363	4,403	4,450	87
Food Safety & Quality Service (USDA).....	11,700	12,150	12,250	550
Federal Energy Regulatory Commission (DOE).....	1,653	1,740	1,853	200
Food & Drug Administration (HHS).....	8,100	8,165	8,165	65
Office of Surface Mining (Interior).....	1,010	1,050	1,068	58
Labor Management Services Administration (Labor) ^{2/}	1,201	1,148	1,148	-53
Employment Standards Administration (Labor) ^{2/}	5,019	4,869	4,869	-150
Occupational Safety & Health Administration (Labor) ^{2/}	2,799	2,763	2,763	-36
Mine Safety & Health Administration (Labor) ^{2/}	3,620	3,576	3,576	-44
Environmental Protection Agency ^{3/}	9,752	10,149	10,295	543
Total.....	69,732	70,558	71,174	1,442
<hr/>				
Relatively Uncontrollable Agencies:				
Federal Deposit Insurance Corporation.....	3,464	3,741	3,741	277
Federal Home Loan Bank Board.....	1,446	1,486	1,502	56
National Credit Union Administration.....	726	733	733	7
Pension Benefit Guaranty Corporation ^{2/} (Labor).....	451	451	451	---
Total.....	6,087	6,411	6,427	340

^{1/} A substantial portion of National Mediation Board funding is for non-regulatory activities.

^{2/} Full-time equivalent estimates are not yet available, therefore full-time permanent employment figures are used.

^{3/} Excludes construction grants and other non-regulatory activities.

December 15, 1980

INSPECTOR GENERAL RESOURCES
 (Dollars in thousands)
 Estimates as of: December 15, 1980

<u>Agency</u>	<u>1980 Actual</u>	<u>1981 Estimate</u>	<u>1982 Estimate</u>
Dept. of Agriculture			
BA	35,941	40,291	43,535
Outlays	35,324	39,625	42,888
Full-time Employment	930	935	965
Dept. of Commerce			
BA	4,490	7,177	7,000
Outlays	4,490	7,177	7,000
Full-time Employment	134	153 <u>1/</u>	153 <u>1/</u>
Dept. of Education <u>2/</u>			
BA	10,781	11,300	11,500
Outlays	9,164	9,900	11,400
Full-time Employment	279	279	279
Dept. of Energy			
BA	6,165	7,075	7,416
Outlays	5,184	7,075	7,416
Full-time Employment	155	150	155 <u>3/</u>
Dept. of Hth & Human Svc.			
BA	72,800	85,900	75,800
Outlays	72,800	85,900	75,800
Full-time Employment	969	975	975 <u>4/</u>
Dept. of HUD			
BA	10,852	10,888	15,753
Outlays	9,925	10,589	15,439
Full-time Employment	465	470	550
Dept. of the Interior			
BA	7,848	8,832	9,556
Outlays	4,827	8,333	8,927
Full-time Employment	177	207	217

1/ Appeal pending. Should the appeal be granted, FTE will increase to 193 in 1981 and to 233 in 1982.

2/ Appeal of limitation pending. Should the appeal of the December 31 limitation be granted, budget authority will increase to 11.7 in 1981 and 12.0 in 1982, outlays will increase to 11.4 in 1981 and 11.9 in 1982, and FTE will increase to 331 in 1981 and 1982.

3/ Appeal pending. Should the appeal be granted, the FTE will increase to 170 in 1982.

4/ Appeal pending. Should the appeal be granted, FTE will increase to 1,000 in 1982.

<u>Agency</u>	<u>1980 Actual</u>	<u>1981 Estimate</u>	<u>1982 Estimate</u>
Dept. of Labor			
BA	32,338	36,330	41,127
Outlays	30,823	34,618	39,187
Full-time Employment	387	472 <u>5/</u>	472 <u>5/</u>
Dept. of Transportation			
BA	19,745	22,757	24,950
Outlays	16,660	22,722	24,424
Full-time Employment	427	460	460
Environmental Protection Agency			
BA	10,358	10,197	11,241
Outlays	8,099	9,735	10,686
Full-time Employment	152	130	147
General Services Admin.			
BA	18,324	21,706	21,135 <u>6/</u>
Outlays	18,324	21,706	21,135 <u>6/</u>
Full-time Employment	540	540	540 <u>6/</u>
Nat. Aeronautics & Space Admin.			
BA	3,190	4,040	4,477
Outlays	3,190	4,040	4,477
Full-time Employment	88	110	117
Small Business Admin.			
BA	4,904	5,214 <u>7/</u>	4,487 <u>7/</u>
Outlays	4,904	5,214 <u>7/</u>	5,214 <u>7/</u>
Full-time Employment	139	122	122
Community Services Admin. <u>8/</u>			
BA	2,100	2,600	4,300
Outlays	2,100	2,600	4,300
Full-time Employment	61	71	119
Total			
BA	239,836	274,307	282,277
Outlays	225,814	269,234	278,293
Full-time Employment	4,903	5,074	5,271

5/ Appeal pending. Should the appeal be granted, FTE will increase to 486 in 1981 and to 524 in 1982.

6/ Appeal pending. Should the appeal be granted BA and outlays will increase to 23,090 and FTE to 581 in 1982.

7/ Pay raise not included in totals.

8/ Appeal pending. Agency appeal does not distinguish amounts for I.G., therefore, it is not possible to gauge the increase to these amounts should the appeal be granted.

TOTAL CONDUCT OF R. & D.
(Obligations in millions of dollars)

	<u>1980</u>	<u>1981</u>	<u>% Change 80-81</u>	<u>Current Estimate 1982</u>	<u>% Change 81-82</u>
Total	<u>31,662</u>	<u>35,233</u>	<u>11.3</u>	<u>41,020</u>	<u>16.4</u>
Defense	13,888	16,324	17.5	20,128	23.3
N.A.S.A.	5,084	5,398	6.2	6,423	19.0
Energy	4,773	5,009	4.9	5,410	8.0
H.H.S.	3,778	4,027	6.6	4,144	2.9
N.S.F.	888	1,015	14.3	1,107	9.1
Agriculture	698	758	8.6	815	7.5
D.O.T.	352	403	14.7	474	17.5
Interior	438	458	4.7	461	0.6
Commerce	345	388	12.5	407	4.8
E.P.A.	348	382	9.8	339	-11.3
Labor	230	165	-28.3	289	75.2
N.R.C.	188	212	13.0	224	5.7
All Other	653	694	6.3	799	15.1

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FEDERAL FOSSIL FUNDING
(\$ in millions)

	<u>Budget Authority</u>		<u>Outlays</u>	
	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1981</u>	<u>FY 1982</u>
In the DOE:				
Fossil R&D	1,154	1,648	1,061	1,479
Alternative Fuels	<u>0</u>	<u>0</u>	<u>502</u>	<u>5</u>
Subtotal DOE			1,563	1,484
In the SFC:	<u>0</u>	<u>0</u>	<u>35</u>	<u>52</u>
In the DOI:				
Leasing programs	178	182	168	177
Coal mining R&D	59	56	67	56
Surface Mining reclamation	<u>179</u>	<u>255</u>	<u>158</u>	<u>134</u>
Subtotal DOI	416	493	393	367
Total	1,570	2,141	1,991	1,903

TABLE I

FEDERAL SOLAR FUNDING
(\$ in millions)

	Budget Authority		Outlays	
	FY 1981	FY 1982	FY 1981	FY 1982
DOE Solar Programs ^{1/}	668	684	659	700
Solar Bank - HUD	50	50	19	55
Energy Security Reserve-Treasury (biomass loans & loan guarantees)	--	--	132	36
Other Federal Solar Programs (AID, DOD, USDA, etc.)	161	253	96	170
Tax Credits & Exemptions	<u>395</u>	<u>582</u>	<u>395</u>	<u>582</u>
Total	1274	1569	1301	1543

Note: Does not include loans secured by general Federal credit programs (e.g. REA, FmHA).

^{1/} Excludes biomass/alcohol fuels feasibility studies and cooperative agreements funded out of the DOE Alternative Fuels Production Program.

*include under
"solar"?*

FEDERAL ENERGY CONSERVATION FUNDING
(\$ in millions)

	<u>Budget Authority</u>		<u>Outlays</u>	
	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1981</u>	<u>FY 1982</u>
<u>DOE Programs</u>				
Technology development	257	244	212	236
Standards, technical assistance and information	90	107	67	87
State and local grants	453	537	514	607
Low-income weatherization	(182)	(200)	(289)	(289)
Schools and hospitals	(181)	(200)	(124)	(181)
Planning and outreach (EMPA).....	(68)	(102)	(68)	(102)
Subtotal, DOE programs	<u>800</u>	<u>888</u>	<u>793</u>	<u>930</u>
<u>Other Federal Programs</u>				
Conservation bank - HUD	75	75	28	83
Investments in Federal facilities - DOD, GSA, etc.	<u>427</u>	<u>455</u>	<u>276</u>	<u>389</u>
Total, Direct Federal Programs	<u>1,302</u>	<u>1,418</u>	<u>1,097</u>	<u>1,402</u>
Tax credits (revenue loss)	<u>--</u>	<u>--</u>	<u>855</u>	<u>895</u>
Grand Total	1,302	1,418	1,952	2,297

TABLE K

Equal Employment Opportunity Commission
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	126.0	141.4	137.6	167.6	139.2
Outlays	130.3	141.0	133.4	151.0	134.0
FTP	3433	3860	3324	4342	3324

Office of Federal Contract Compliance Program
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	52	54	53	57	50.2
Outlays	51	53	52	56	49.2
FTP	1304	1454	1304*	1514	1321

Department of Education (OCR)
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	46.8	49.4	48.7	54.7	50.5
Outlays	44.2	43.4	44.6	52.4	49.8
FTP	1098	1181	1098	1264	1098

Health and Human Services - OCR
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	42.4	19.0	19.0	29.5	26.1
Outlays	45.6	26.6	26.6	23.6	23.7
FTP <u>1/</u>	590	690	690	815	690

1/ Personnel numbers have not been adjusted to reflect 12/31/80 ceiling limitation.

Department of Justice (CRD)
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	14.9	17.3	16.0	21.3	19.3
Outlays	14.2	17.0	14.8	20.1	18.6
FTP	437	460	393	494	441

U.S. Commission on Civil Rights
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	11.7	12.8	11.6	13.9	13.1
Outlays	12.0	12.5	11.4	13.4	13.3
FTP	285	302	266	323	275

Community Relations Service
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	4.9	5.3	5.3	7.0	5.4
Outlays	4.9	5.3	5.3	6.8	5.3
FTP	111	110	108	152	108

ATBCB
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	1.6	2.4	2.4	3.6	2.9
Outlays	1.5	2.3	2.3	3.4	2.9
FTP <u>1/</u>	32	32	32	74	45

1/ ATBCB personnel numbers have not been adjusted to reflect December 31, 1980, ceiling limitation.

Office of Revenue Sharing
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	6.2	6.6	6.6	8.1	6.8
Outlays	6.2	7.5	7.5	8.2	6.8
FTP	153	153	153	190	153

TABLE L

Merit Systems Protection Board
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	15.0	20.4	19.7	23.0	21.1
Outlays	15.0	20.4	19.7	23.0	21.1
FTP	411	493	518	553	493

Small Business Administration
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>Recom.</u>
Budget Authority	1994	2 415	2355	1427	895
Outlays	1896	2838	3163	1444	815
FTP	4434	4908	4658	5469	4658

Minority Business Development Agency
(\$ in Millions)

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	59	61	60	79	65
Outlays	56	58	58	67	62
FTP	252	315	300	318	300

Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity
(\$ in Millions)

Fair Housing Assistance Program

	<u>1980</u>	<u>1981</u>		<u>1982</u>	
	<u>Actual</u>	<u>Req.</u>	<u>OMB Recom.</u>	<u>Req.</u>	<u>OMB Recom.</u>
Budget Authority	3.7	5.7	5.7	9.0	5.7
Outlays	.0	7.3	7.3	8.5	6.1
FTP	541	683	683	749	683

Housing Opportunities Program

	<u>1980</u>	<u>1981</u>	<u>1982</u>			
	<u>Actual</u>	<u>Req.</u>	<u>HUD Req.</u>	<u>OMB Passback</u>	<u>HUD Appeal</u>	<u>OMB Recom.</u>
Budget Authority	N/A	N/A	30.5	0	20.0	0
Outlays	N/A	N/A	12.2	0	8.0	0
FTP	N/A	N/A	14	0	9	0

TABLE L

Federal Grants - Preliminary Estimates (Dec. 15, 1980)
(Fiscal years, in billions of dollars)

<u>Function</u>	<u>1979</u> <u>(Actual)</u>	<u>1980</u> <u>Estimate</u>	<u>1981</u> <u>Estimate</u>	<u>1982</u> <u>Estimate</u>	<u>1983</u> <u>Estimate</u>	<u>1984</u> <u>Estimate</u>
National defense .....	.1	.1	.1	.1	.1	.1
Energy .....	.2	.3	.6	.8	.7	.5
National resources and environment .	4.6	5.5	5.3	5.1	5.3	5.3
Agriculture .....	.5	.5	.5	.6	.6	.7
Commerce and housing credit	*	*	*	*	*	*
Transportation	10.4	13.3	13.6	12.8	15.1	16.2
Community and regional development .	6.6	6.3	6.2	6.4	6.7	6.9
Education, training, employment, and social services	22.2	21.9	21.8	21.1	25.2	27.8
Health	14.4	15.8	17.9	20.6	23.1	25.8
Income security	14.7	18.4	21.5	23.0	24.8	27.1
Veterans benefits and services .....	.1	.1	.1	.1	.1	.1
Administration of justice .....	.5	.5	.4	.3	.2	.2
General government .....	.2	.2	.2	.2	.2	.2
General purpose fiscal assistance ..	<u>8.2</u>	<u>8.5</u>	<u>7.4</u>	<u>7.9</u>	<u>7.5</u>	<u>7.7</u>
Total	82.9	91.6	95.5	98.9	109.6	118.5

* Less than \$50 million.

Detail may not add to total because of rounding.

Federal Grants - Changes from Fall Overview Estimates
(Fiscal years, in billions of dollars)

<u>Function and program</u>	<u>1981</u> <u>(Estimate)</u>	<u>1982</u> <u>(Estimate)</u>	<u>1983</u> <u>(Estimate)</u>	<u>1984</u> <u>(Estimate)</u>
Natural resources and environment:				
EPA	-*	-*	.1	.1
Transportation:				
Various programs	1.4	-.8	-.3	.1
Community and regional development:				
Disaster relief	*	*	.2	.1
Education, training, employment, and social services:				
Education, excluding youth initiative.	.4	-1.6	-.6	--
Education, youth initiative	--	*	.9	.9
Allowance for youth initiative	--	-.3	-.5	-*
Labor: Employment and training	<u>-1.5</u>	<u>-2.8</u>	<u>-3.0</u>	<u>-3.6</u>
Subtotal	-1.1	-4.7	-3.2	-2.7
Income security:				
Agriculture: Domestic feeding program	.2	.4	.8	1.2
General-purpose fiscal assistance:				
District of Columbia	<u>.1</u>	<u>.1</u>	<u>.2</u>	<u>.1</u>
Total	.6	-5.0	-2.2	-1.1

Federal Grants - Fall Overview Estimates (Oct. 17, 1980)
(Fiscal years, in billions of dollars)

<u>Function</u>	<u>1979</u> <u>(Actual)</u>	<u>1980</u> <u>(Estimate)</u>	<u>1981</u> <u>(Estimate)</u>	<u>1982</u> <u>(Estimate)</u>	<u>1983</u> <u>(Estimate)</u>	<u>1984</u> <u>(Estimate)</u>
National defense .....	.1	.1	.1	.1	.1	.1
Energy .....	.2	.3	.6	.8	.7	.5
Natural resources and environment	4.6	5.5	5.3	5.1	5.2	5.2
Agriculture .....	.5	.5	.5	.6	.6	.7
Commerce and housing credit	*	*	*	*	*	*
Transportation	10.4	13.3	12.2	13.6	15.4	16.1
Community and regional development	6.6	6.3	6.2	6.4	6.5	6.8
Education, training, employment and social services	22.2	21.9	22.9	25.8	28.4	30.5
Health	14.4	15.8	17.9	20.6	23.1	25.8
Income security	14.7	18.4	21.3	22.6	24.0	25.9
Veterans benefits and services ..	.1	.1	.1	.1	.1	.1
Administration of justice .....	.5	.5	.4	.3	.2	.2
General government .....	.2	.2	.2	.2	.2	.3
General purpose fiscal assistance	<u>8.2</u>	<u>8.5</u>	<u>7.3</u>	<u>7.8</u>	<u>7.3</u>	<u>7.6</u>
Total	82.9	91.6	94.9	103.9	111.8	119.6

*Less than \$50 million

Detail may not add to totals because of rounding.

Federal Programs Benefiting the Elderly

Below is a rough minimum estimate of Federal spending on the elderly. The estimate excludes outlays for some benefit and service programs which serve broad populations because elderly participation data are unavailable; for example, Title XX Social Services and Low-Income Energy Assistance are not included. Also excluded are the elderly's pro-rata shares of programs serving the general good, such as national defense, highway construction, and environmental protection.

Outlays for the elderly represent 24 percent of the total budget in 1980, 25 percent in 1981, and 26 percent in 1982.*

	(Outlays in Millions)		
	1980	1981	1982
<u>Minimum Total Outlays for Elderly</u>	138,897	165,523	189,742
◦ Administration on Aging Programs	583	670	704
◦ ACTION Older American Volunteer Programs	72	84	90
◦ National Institute on Aging	58	67	74
◦ Senior Community Service Employment Program and CETA Older Worker Research	238	265	270
◦ White House Conference on Aging	1	3	2
◦ Medicare	28,665	32,799	38,665
◦ Medicaid	4,551	5,270	6,060
◦ Other Federal Health Programs (DHHS Programs, VA, Defense, IHS)	1,974	2,074	2,253
◦ Social Security (OASDI)	81,224	97,017	110,987
◦ Other Retired, Disabled and Survivors Benefits	12,301	16,716	18,749
◦ Supplemental Security Income	2,277	2,500	2,719
◦ Veterans Compensation and Pensions	3,257	3,696	4,214
◦ Subsidized Public Housing	2,255	2,764	3,377
◦ Section 202 Elderly Housing Loans	700	700	575
◦ Food Stamps	485	573	637
◦ Other (Food Donations, Refugee Assistance, etc.)	256	325	366

* The estimates are not for public use as they do not reflect all budget appeal decisions, new Continuing Resolution levels, Reconciliation Bill impacts, and the effect of final economic assumptions. The estimates could be understated by \$1-2 billion in 1981 and \$3-5 billion in 1982.