

**12/29/77**

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THE WHITE HOUSE  
WASHINGTON

12-29-77

To Lillian Brown

I really appreciate  
The Audubon Field Guide.

I'll think of you each  
time I use it, and re-  
member your kindness to  
me. You do a superb  
job with a poor subject!

Love,

Jimmy Carter

THE WHITE HOUSE  
WASHINGTON  
December 29, 1977

Jim McIntyre

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

Rick Hutcheson

RE: WHITE HOUSE AND EXECUTIVE  
OFFICE OF THE PRESIDENT  
BUDGET REVIEW

THE WHITE HOUSE  
WASHINGTON

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

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

C  
/

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. MCINTYRE, JR. *Jim McIntyre*

SUBJECT: White House and Executive Office  
of the President Budget Review

This memorandum presents the White House and Executive Office budgets for your review and concurrence.

Both funding and end-of-year employment for these agencies are displayed in the attached tables. Only budget authority is reflected in the table of agency funding levels since outlays are virtually the same as budget authority for each agency. It should be noted that the budget authority figures for FY 1978 and FY 1979 include the effects of the 1977 Pay Act increases.

The following discussions summarize the funding and personnel recommendations for FY 1978 and FY 1979.

FY 1978 Funding and Employment

For FY 1978, each table depicts both the pre- and post-reorganization totals for the White House and Executive Office agencies. You will note decreases in funding and end-of-year employment in the following agencies: White House Office, Office of Management and Budget, Office of the Vice President, Office of Science and Technology Policy, Office of Telecommunications Policy, Office of Drug Abuse Policy, National Security Council, Council on International Economic Policy and Council on Environmental Quality.

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for Preservation Purposes**

These reductions reflect the transfer of funds and positions pursuant to Reorganization Plan No. 1 of 1977 and implementing Executive orders and are in keeping with the recommendations of the EOP reorganization project. Agreements have been reached among the affected agencies with respect to the amounts being transferred.

Other agencies, i.e., Council on Wage and Price Stability, Council of Economic Advisers, Office of Special Representative for Trade Negotiations, and Council on Environmental Quality, reflect no or only slight changes in funding and positions in FY 1978 due to the reorganization. In these cases, there is no authority to transfer funds and positions by Executive order and Determination Order. Consequently, the agencies will reimburse the Office of Administration for services to be performed. The reimbursements are authorized under the Economy Act. In FY 1979, the funding for these services will be shifted to the Office of Administration. Personnel ceilings of the agencies will be correspondingly reduced.

We recommend your concurrence on the FY 1978 funding and end-of-year employment estimates.

Approve

Disapprove

#### FY 1979 Funding and Personnel

In assessing the FY 1979 funding and employment requests from the White House and Executive Office agencies, you will note from the attached table that the majority have asked for funding increases over FY 1978 that total \$6.0M. We are recommending \$3.5M. The major increases recommended are for the following agencies:

- The Office of Administration requested an increase of \$3.1M--primarily for the annualization in 1979 of part-year costs in FY 1978. Our recommendation provides for \$2.7M--the current level of service on an annualized basis.

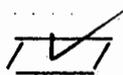
-- The Office of Management and Budget/Office of Federal Procurement Policy requested an increase of \$2.7M for (a) increased OFPP funding of \$1.1M for the Federal Procurement Institute (requested for the Department of Defense but appropriated by Congress to OFPP) and (b) increases of \$2.6M for mandatory items (rent, utilities), administrative support for the President's Reorganization Project, and other discretionary items. Our recommendation provides for these increases. These increases are partially offset by savings (\$1M) due to reorganization transfers of functions.

Except for these increases, we have generally held agencies to the current levels of service, adjusted for the mandatory increases.

With regard to end-of-year employment, most EOP agencies requested their post-reorganization levels. The Council of Economic Advisers and the Office of Administration, however, have requested nominal increases, which we are recommending be denied.

Our overall recommendation is to hold EOP employment at 1464 in FY 1979, 5 above the end-of-year ceiling of 1459 recommended by the reorganization project. The increase of 5 is for the Office of Federal Procurement Policy.

We recommend your approval of the FY 1979 funding and end-of-year budget totals.



Approve



Disapprove

In recommending these budget totals for FY 1978 and FY 1979, we should note that some budgets have arrived very late in the review process. Therefore, we would like to retain the flexibility to make technical adjustments e.g., repricing corrections, in the final numbers to be printed. Potential adjustments should not, however, significantly alter the dollars and employment levels we are recommending to you.

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for Preservation Purposes

*Not as late  
as I got  
this - J*

Executive Office of the President  
Budget Authority  
(Dollars in thousands)

Agency	FY 1977	FY 1978		FY 1979	
	Actual	Appropriation before Reorganization	Recommendation after Reorganization	Agency Request	OMB Recommendation
White House Office .....	17,162	17,580	16,230	16,907	16,907
Executive Residence .....	2,180	2,296	2,520	2,824	2,625
Official Residence of the Vice President .....	91	121	121	204	129
Domestic Council .....	1,775	1,850	2,653 <sup>2/</sup>	2,650	2,650
National Security Council .....	3,270	3,315	3,255	3,800	3,432
Office of the Vice President .....	1,271	1,356	1,309	1,356	1,309
Office of Management and Budget .....	27,472	30,322	26,483 <sup>3/</sup>	28,146	28,146
Office of Federal Procurement Policy ...	1,681	2,890	2,890 <sup>1/</sup>	4,040	4,040 <sup>3/</sup>
Council of Economic Advisers .....	1,873	2,018	2,018 <sup>1/</sup>	2,231	2,042
Council on Environmental Quality .....	3,300	3,354	2,960 <sup>1/</sup>	3,458	3,126
Council on International Economic Policy .....	1,450	--	--	--	--
Council on Wage and Price Stability ....	1,917	2,100	2,100 <sup>1/</sup>	2,100	1,753
Office of Drug Abuse Policy .....	1,100	1,200	429	--	--
Office of Telecommunications Policy ....	8,476	8,447	2,112 <sup>2/</sup>	--	--
Office of Science and Technology Policy .....	2,300	2,800	2,500 <sup>2/</sup>	2,800	2,487
Office of Special Representative for Trade Negotiations .....	2,581	2,751	2,751 <sup>1/</sup>	2,765	2,665
Office of Administration .....	--	--	4,621	7,704	7,279
<b>Total .....</b>	<b>77,899</b>	<b>82,400</b>	<b>74,952</b>	<b>80,985</b>	<b>78,590</b>

1/ Includes funding retained under Economy Act agreements with the Office of Administration. For FY 1979, funds are adjusted to reflect a shift of administrative functions to OAD.

2/ Adjustments to these funding levels may occur as a result of further negotiations over transfers and reductions under reorganization.

3/ Amounts shown for OFPP reflect an additional \$1M in FY 1978 and a further increase of \$1.1M in FY 1979 to fund the Federal Procurement Institute.

Executive Office of the President  
End-of-Year Employment Ceilings

Agency	FY 1977 Actual	FY 1978		FY 1979	
		Ceiling before Reorganization	Ceiling after Reorganization	Agency Request	OMB Recommendation
White House Office .....	485	460	351	351	351
Executive Residence .....	86	86	86	86	86
Official Residence of the Vice President ...	--	--	--	--	--
Domestic Council .....	40	40	43	43	43
National Security Council .....	70	68	64	64	64
Office of the Vice President .....	30	30	27	27	27
Office of Management and Budget .....	682	682	550	550	550
Office of Federal Procurement Policy .....	27	27	25 <sup>1/</sup>	25	25
Council of Economic Advisers .....	42	42	37 <sup>1/</sup>	42	35
Council on Environmental Quality .....	40	40	35 <sup>1/</sup>	32	32
Council on International Economic Policy ...	21	21	--	--	--
Council on Wage and Price Stability .....	57	57	40 <sup>1/</sup>	39	39
Office of Drug Abuse Policy .....	10	10	--	--	--
Office of Telecommunications Policy .....	41	41	--	--	--
Office of Science and Technology Policy ....	32	32	22	22	22
Office of Special Representative for Trade Negotiations .....	49	49	45 <sup>1/</sup>	41	41
Office of Administration .....	--	--	149	159	149
Total .....	<u>1712</u>	<u>1685</u>	<u>1474</u>	<u>1481</u>	<u>1464</u>

1/ Includes positions retained under Economy Act agreements with the Office of Administration. For FY 1979, personnel ceilings are adjusted to reflect a shift of administrative functions to OAD.

### Summary

When Reorganization Plan No. 1 was announced, public statements indicated that the reorganization would save \$6M. The attached funding chart shows a decrease of approximately \$4M between the FY 1978 pre-reorganization funding level and the FY 1979 recommended level.

Additionally, a section of the prologue to Reorganization Plan No. 1 stated the Administration's intention to reduce end-of-year employment from 1712 in FY 1977 to 1459. As you can see from the employment chart, the FY 1979 recommended level is 1464, 5 over that target.

As specified above, the overall reductions in funding and employment fulfill your commitment to the public to reduce the size of the White House and the Executive Office.

### Attachments

THE WHITE HOUSE  
WASHINGTON

December 29, 1977

Jim McIntyre

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

Rick Hutcheson

RE: DEFENSE DEPT 1980 - 1983 BUDGET  
PROJECTIONS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
/		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

## DEFENSE DEPARTMENT 1980-1983 BUDGET PROJECTIONS

We seek your guidance on the 1980-1983 projections for the Department of Defense military programs to be published in the 1979 budget document. There are four major considerations that bear on this decision:

- . The 1980 and 1981 projections that we publish in January will establish the 1980 budget planning targets for Defense's next budget cycle. It is clear to DOD that the 1980 projection represents the "guidance" number which they have requested from you prior to the Spring Review.
- . These projections will appear in the 1979 budget document and will be compared by some observers with the January 1977 projections of the previous administration to see whether or not they demonstrate reductions of \$5 to \$7 billion, as promised in the election campaign.
- . In keeping with your decision incorporated in PD-18 to raise the real level of Defense spending by approximately three percent per year along with our NATO allies, these projections will be examined by other observers to see whether projected outlays increase by about 3 percent per year in real terms.
- . The 1981 Defense outlays will have an important bearing on the nature of the budget balance achieved in that year.

In our view long range projections for Defense should not be in such detail that they commit you to individual program decisions at this early date. Rather, we would recommend setting projections equal to a given level of real growth in total.

We recommend that Defense TOA projections for 1980 through 1983 be calculated in the same way that you asked us to derive the 1979 total, e.g., after inflation, add substantial real growth based upon the NATO-dedicated portion of the budget. Specifically, we recommend real growth of about 2.5% in total Defense TOA. This rate is slightly higher than the 1979 TOA increase you have just approved, and is necessary to permit outlays (spending) to increase at 2.5-3 percent on the average,

Should you conclude that our commitment to the NATO allies can be sustained at a rate of outlay growth less than this, we can lower the projections slightly, perhaps to the 1979 level of 2.2% real TOA growth. Secretary Brown has argued for 3 percent real growth in TOA, and is likely to protest strongly that any rate below our recommended one (or perhaps even that our recommended rate) will create serious credibility problems with our allies. NSC staff may share this view.

The following tables compare the previous administration's projections, Defense's requested projections, and our OMB recommended levels.

Approve DOD projections \_\_\_\_\_

Approve OMB projections \_\_\_\_\_

TOA PROJECTIONS (Dollars billions)  
(Percent Annual Real Growth in Parentheses)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Ford Administration	134.4(4.8)	144.8(2.7)	155.7(2.6)	165.9(3.0)	----
Defense Recommendation	126.0(2.1)	137.6(3.0)	149.3(3.0)	161.8(3.0)	174.6(3.0)
OMB Recommendation	126.0(2.1)	137.0(2.5)	148.0(2.6)	159.6(2.5)	171.4(2.5)

OUTLAY PROJECTIONS

Ford Administration	120.8	133.3	145.2	156.0	---
Defense Recommendation	115.5	125.8	136.5	147.9	160.2
OMB Recommendation	115.5	124.5	134.6	145.2	156.3

To M<sup>c</sup>Intyre  
JC

The following tables compare the previous administration's projections, Defense's requested projections, and our OMB recommended levels.

Approve DOD projections \_\_\_\_\_

Approve OMB projections \_\_\_\_\_

✓ <sup>or</sup> modifies  
JC

TOA PROJECTIONS (Dollars billions)  
(Percent Annual Real Growth in Parentheses)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Ford Administration	134.4(4.8)	144.8(2.7)	155.7(2.6)	165.9(3.0)	----
Defense Recommendation	126.0(2.1)	137.6(3.0)	149.3(3.0)	161.8(3.0)	174.6(3.0)
OMB Recommendation	126.0(2.1)	137.0(2.5)	148.0(2.6)	159.6(2.5)	171.4(2.5)

OUTLAY PROJECTIONS

Ford Administration	120.8 (4.7)	133.3 (5.2)	145.2 (4.0)	156.0 (2.8)	---
Defense Recommendation	115.5 (3.4)	125.8 (2.8)	136.5 (2.9)	147.9 (3.0)	160.2 (3.3)
OMB Recommendation	115.5 (3.4)	124.5 (1.7)	134.6 (2.5)	145.2 (2.6)	156.3 (3.4)

add about 0.2%

This number seems to OMB to be too low, + is based on DOD estimates of 1980 outlays, which are extremely conservative. Intuitively, we feel the 1980 % should be consistent with the 1981-82 rates of 2.5-2.6%.

Randy Payne

3.4  
2.5  
2.6  
3.4  
3.0

12.6  
1.6  
13.6  
2.21

11.9  
2.5  
14.4  
2.81

2.5  
2.61

Let these  
come out  
~~show~~ 3% growth