

January 31, 1983

THE PRESIDENT'S BUDGET FREEZE AND REFORM PLAN

- o President Reagan's budget is a 4-point plan to freeze federal spending -- taken as a whole -- in fiscal 1984 and to reduce the deficit by \$558 billion in the 5 years from fiscal 1984-88.
- o It provides for a 5% increase in fiscal 1984 spending over levels for the current year. Since that is the projected inflation rate -- the result is no increase in real terms.
- o The President said in his State of the Union Address the budget must be prudent, fair, bipartisan and realistic.
- o This budget meets those tests:
 - It is prudent and based on realistic, even cautious, economic assumptions;
 - It has already won bipartisan acceptance on the Hill at least as the starting point for the give and take that always accompanies a Presidential budget request. Far from dismissing it (as some observers predicted), Democrats and Republicans in Congress see it as the basis for a 1984 budget resolution;
 - The budget is fair. Spending restraint is applied both to defense and non-defense budgets. Contrary to some reports, defense is not the only category of spending marked for increase:
 - o Spending for high priority domestic programs will also rise, including Head Start (up 15%), displaced worker programs (380%); law enforcement (10%); foster care (11%); VA medical care (11%) and others.
 - o Defense spending will be sufficient to meet the President's goal of restoring our deterrent capability; but Secretary Weinberger did recommend \$55 billion in savings that could be made without putting that goal in jeopardy and the President accepted that recommendation.
- o The 4-point plan provides in part for:
 - A 1-year freeze on federal pay and retirement (civilian and military) along with a 6-month freeze on Social Security COLAs (as recommended by the bipartisan SS commission) and related COLAs.
 - Needs-tested entitlements reform to continue the effort to better target federal benefits to the truly needy while holding down costs in areas like health care;

- Defense savings of \$55 billion (\$47 billion in outlays) while protecting vital restoration of the U.S. deterrent.
- A deficit insurance policy through a standby-tax equivalent to 1% of taxable income to be imposed in fiscal 1986-88 only if the economy is growing, the budget freeze and reforms have been adopted and the projected '86 deficit exceeds 2.5% of GNP.

Other items of interest

- o Clean Air -- EPA will today announce preliminary finding that 113 counties are out of compliance. Not final determinations; these are subject to comment and review. Only after review will decision be made whether to apply sanctions (federal funds cut-off) as provided under the law. EPA plans to work with affected states to help bring them into compliance and, if possible, avoid imposition of sanctions.
- o Truckers strike -- DOT will handle all inquiries; other agencies should refer questions to Transportation.

WHITE HOUSE TALKING POINTS

February 1, 1983

FAIRNESS OF THE PRESIDENT'S BUDGET REQUEST (Talking Points)

- o Though total federal spending is virtually frozen in the President's budget, it does propose spending increases for high priority domestic programs -- not just the defense budget.
- o Spending for the elderly, for example, will increase substantially -- rising to \$234 billion in fiscal 1984. This includes retirement and income support programs, health care, nutrition and housing assistance, among others.
- o While some program changes are proposed, the budget requests increased levels of spending in fiscal 1984 (over fiscal 1983) for such programs as Medicaid and subsidized housing for the needy. In addition, spending for other domestic programs increases in the President's budget. For example:
 - Head Start (up 15%);
 - Foster Care (up 11%);
 - Veterans Medical care (up 11%);
 - Displaced workers (up 380%).
- o The proposed changes in entitlement programs will have little or no effect on typical beneficiaries -- but will, as have previous reforms, be designed to target benefits more precisely to those in true need.
- o The fiscal 1984 budget continues to maintain the social safety net for low-income needy and the jobless. Spending for programs to assist them will total \$92.7 billion in fiscal 1984, up almost \$15 billion -- or almost 20 percent -- from 1981.
- o Even after adoption of proposed COLA freezes and system reforms, federal pension spending (for civil servants and social security) will rise.



THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

19 SEP 1983

MEMORANDUM FOR MEMBERS OF THE BUDGET REVIEW BOARD

SUBJECT: Development of Fiscal Year 1985 Budget Proposals

This addresses your memorandum of August 30 requesting summary budget data for the Department of Defense based on the FY 1985 budget submission for the years FY 1984 to FY 1989. The Military Departments and the Defense Agencies are scheduled to input their respective FY 1985 budget requirements based on my summer program review decisions to this office on September 15. This conforms with the OMB approved schedule for the joint budget review of the FY 1985 submission.

As you know, the OMB staff has for several years participated jointly with the OSD staff in a comprehensive evaluation of the defense submission during the fall budget review. This will, of course, start on September 15 and OMB will be receiving the necessary budgetary information at the same time as my staff does.

Since it will take some time thereafter to compile all the data requested for your analysis, I am transmitting the presidentially approved topline levels presented this past January, amended to incorporate the Scowcroft Commission recommendations. As the fall budget review progresses, we will keep the OMB staff up-to-date with the data you request. The review will continue through November, resulting in program mix changes, scheduling and program execution changes, further congressional action, pricing and any changes in the basic economic assumptions finally proposed in the President's budget.

It is important in the case of the Defense budget to consider the distinction between discretionary programs, entitlement and mandatory programs, and all other budgeted items. This is the case because of the longstanding practice of the Congress to employ the concept of full funding when dealing with most defense investments. This policy governs DoD requests for budget authority in all procurement and much of the construction program. It requires us to include in such requests all costs, thus making the best estimate up-front of what is needed to complete the program over the several years that it takes to place the program in our force structure. Once such funding has been appropriated by the Congress, the policy does not require that all funds be obligated immediately. The obligation and expenditure of these funds are based on long leadtimes. These amounts are neither entitlements nor discretionary programs and therefore are counted

in the "all other" category of the required format. At the same time one must be aware of the need for this funding in order to meet the President's established national security goals and to meet the congressionally approved program goals.

Also, it is a key aspect of this Administration's defense buildup to invest in defense programs utilizing such concepts as economic production rates, multiyear procurements and budgeting to most likely costs. These procedures can add budget authority initially that will in turn lead to much lower total acquisition costs and create more savings than would otherwise be achieved.

After congressional action on the FY 1984 Defense budget is completed and signed into law, we will have the additional information to complete deliberations on the FY 1985 budget submission consistent with meeting the President's goals for our national defense.

Enclosure

A handwritten signature in black ink, appearing to be the initials 'S. J.' or similar, written in a cursive style.

FY 1984 Amended President's Budget
Department of Defense
(in billions of dollars)

| | <u>FY</u> <u>1984</u> | <u>FY</u> <u>1985</u> | <u>FY</u> <u>1986</u> | <u>FY</u> <u>1987</u> | <u>FY</u> <u>1988</u> | <u>FY</u> <u>1989</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <u>Discretionary Programs</u> | | | | | | |
| Budget Authority (Military & Civilian Pay Raises) | - | 4.3 | 8.2 | 12.5 | 17.3 | N/A |
| Outlays (Military & Civilian Pay Raises) | - | 4.3 | 8.2 | 12.5 | 17.3 | N/A |
| <u>Entitlement and Mandatory Programs Target Levels</u> | | | | | | |
| Budget Authority (Total DoD Pay Base) | 82.0 | 85.1 | 87.0 | 88.3 | 89.9 | N/A |
| Outlays (Total DoD Pay Base) | 82.0 | 85.1 | 87.0 | 88.3 | 89.9 | N/A |
| (FY 83 & Prior Year Contracts) | 84.3 | 39.1 | 16.1 | 8.7 | 5.3 | N/A |
| <u>All Other</u> | | | | | | |
| Budget Authority (Non-pay DoD Programs) | 190.0 | 232.2 | 261.2 | 287.5 | 317.1 | N/A |
| Outlays (Post FY 83 Prior Year Spending) | - | 62.7 | 109.9 | 135.4 | 153.0 | N/A |
| (Current Year Spending) | 71.8 | 85.8 | 93.5 | 100.6 | 111.5 | N/A |
| <u>Total, Department of Defense</u> | | | | | | |
| Budget Authority | 272.0 | 321.6 | 356.4 | 388.3 | 424.3 | N/A |
| Outlays | 238.1 | 277.0 | 314.7 | 345.5 | 377.0 | N/A |

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: July 14, 1983 NUMBER: 073491CA DUE BY: --

SUBJECT: BUDGET REVIEW BOARD MEETING: Consideration of USDA and Treasury Requests to Increase FY 1983 Export Credit Guarantee Level

| | ACTION | FYI | | ACTION | FYI |
|---------------------|-------------------------------------|--------------------------|---|-----------------------------------|--|
| ALL CABINET MEMBERS | <input type="checkbox"/> | <input type="checkbox"/> | → | Baker | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| Vice President | <input type="checkbox"/> | <input type="checkbox"/> | | Deaver | <input type="checkbox"/> <input type="checkbox"/> |
| State | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | Clark | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| Treasury | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | Darman (<i>For WH Staffing</i>) | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| Defense | <input type="checkbox"/> | <input type="checkbox"/> | | Harper | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| Attorney General | <input type="checkbox"/> | <input type="checkbox"/> | | Jenkins | <input type="checkbox"/> <input type="checkbox"/> |
| Interior | <input type="checkbox"/> | <input type="checkbox"/> | | Duberstein | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| Agriculture | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | Rollins | <input checked="" type="checkbox"/> <input type="checkbox"/> |
| Commerce | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| Labor | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| HHS | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| HUD | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| Transportation | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| Energy | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| Education | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| Counsellor | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| OMB | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| CIA | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| UN | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| USTR | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> <input type="checkbox"/> |
| <hr/> | | | | CCCT/Gunn | <input type="checkbox"/> <input type="checkbox"/> |
| CEA | <input type="checkbox"/> | <input type="checkbox"/> | | CCEA/Porter | <input type="checkbox"/> <input type="checkbox"/> |
| CEQ | <input type="checkbox"/> | <input type="checkbox"/> | | CCFA/Boggs | <input type="checkbox"/> <input type="checkbox"/> |
| OSTP | <input type="checkbox"/> | <input type="checkbox"/> | | CCHR/Carleson | <input type="checkbox"/> <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | | CCLP/Uhlmann | <input type="checkbox"/> <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | | CCMA/Bledsoe | <input type="checkbox"/> <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> | | CCNRE/Boggs | <input type="checkbox"/> <input type="checkbox"/> |

REMARKS:

Attached are materials for discussion in a Budget Review Board meeting scheduled for Wednesday, July 20. The meeting will be held in the Roosevelt Room at 4 pm for 30 minutes. Please contact Karen Hart at 456-2823 should you have any questions.

Thanks.

RETURN TO:

Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

Becky Norton Dunlop
Director, Office of
Cabinet Affairs
456-2800



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

July 13, 1983

MEMORANDUM FOR: EDWIN MEESE III
 JAMES A. BAKER III
 DAVID A. STOCKMAN

FROM: FREDERICK N. KHEDOURI *FK*
 ALTON G. KEEL, JR. *AK*

SUBJECT: Budget Review Board Consideration of USDA and Treasury Requests to Increase FY 1983 Export Credit Guarantee Level

Background:

- The Department of Agriculture has submitted a request for an increase in FY 1983 export credit guarantees of \$668.7 million.
- This increase would be used for blended credits to a tentative list of eleven countries: Iraq, Indonesia, Algeria, Jordan, Peru, Ecuador, Venezuela, Lebanon, Egypt, Turkey, and Syria.
- The Treasury, on behalf of itself and State, has requested an increase of \$500 million in export credit guarantees for FY 1983 for loans to Mexico that would augment prior credits in FY 1983 of \$1.2 billion from CCC and \$300 million from Ex-Im.
- This increase would be characterized as an "advance" on the FY 1984 commitment made by the U.S. as part of the current multilateral Mexican debt agreements.
- With these two requests -- totaling \$1168.7 million -- USDA export credit guarantees would reach \$6.32 billion for FY 1983; this represents an increase of 175 percent over the FY 1982 level of \$2.4 billion.
- We have already increased this authority four times; three times at USDA request and once at Treasury request to accommodate special assistance to Mexico.



(millions)

Budget Table:

| | <u>1981</u> | <u>1982</u> | <u>1983</u> <u>(current)</u> | <u>USDA</u> <u>Request</u> | <u>Treasury</u> <u>Request</u> | <u>USDA &</u> <u>Treasury</u> |
|-------------------------------|-------------|-------------|---------------------------------|-------------------------------|-----------------------------------|--------------------------------------|
| Export Credit Guarantees..... | \$1,500 | \$2,400 | \$5,150 | \$5,819 | \$5,650 | \$6,319 |

Justification for Increase (USDA):

- Would permit utilization of remaining direct lending authority for additional blended credit sales.
- Shortfall is the result of USDA's success at increasing ratio of guarantees to direct loans (i.e., reducing subsidy level on each transaction) and it would be unfair to penalize them.
- Additional credits would presumably increase U.S. export sales.

Justification for Increase (Treasury):

- Government of Mexico believes that additional food and feedgrain imports are essential before end of this fiscal year; guarantees will be used for purchases already tentatively committed.
- U.S. embassy concurs in evaluation of dangerously low stock levels for important grains.
- Mexico will be unable to finance these imports without CCC guarantees.

OMB Recommendation:

- We recommend that both requests be denied.

Arguments Against USDA Request:

- USDA voluntarily elected to dispose of its guarantee authority for sales other than blended credit; thus the "shortfall" in guarantees is entirely of their own making and by itself no justification for an increase.
- Some of the proposed transactions involve high risk loans that may well default, ultimately creating huge budget outlays.
- USDA appears to operate on the premise that if they spend all of their guarantees before the end of the fiscal year, they automatically get an increase; this approach is antithetical to fundamental notions of budget discipline.
- None of the proposed blended credit sales represent efforts to counter EC subsidies, which was the intended purpose for which the President authorized creation of the program last year.

Arguments Against Treasury Request:

- Although characterized as an "advance" on the FY 1984 commitment, the provision of these guarantees will inevitably be followed by an additional amount in FY 1984 above and beyond current commitments.
- There is no clear evidence that Mexico is unable to reallocate existing credit resources to cover essential food imports.
- Mexico just rejected use of \$1.1 billion in private bank credits; by demanding CCC guarantees, they appear to simply be "shopping" for the cheapest loan.

Proposed Credit Sales Classified by Country and Purpose

| | | <u>\$ M</u> |
|---|---|----------------|
| o <u>Meet Direct Foreign Subsidized Competition</u> | | |
| Algeria ✓ | Wheat and dry edible beans | \$42.5 |
| Jordan | Wheat and rice | 58.0 |
| Lebanon | Barley | 1.5 |
| | Total | <u>102.0</u> |
| o <u>Develop Total Markets</u> | | |
| Turkey | Soybeans | 11.5 |
| Syria ✓ | Rice | 34.0 |
| | Total | <u>45.5</u> |
| o <u>Expand Export Markets</u> | | |
| Indonesia | Corn, rice and soybeans | 108.2 |
| Algeria ✓ | Corn | 10.0 |
| Peru | Wheat, soybean oil and corn | 104.2 |
| Ecuador | Rice, lentils and seeds | 9.3 |
| Egypt | Wheat | 24.0 |
| Syria ✓ | Wheat, corn, and soybean meal and oil | 103.7 |
| Unallocated | Unspecified | 20.0 |
| | Total | <u>379.4</u> |
| o <u>Maintain Market/Balance of Payments</u> | | |
| Indonesia | Cotton and wheat | 50.5 |
| Ecuador | Wheat, other | 6.4 |
| Venezuela <u>1/</u> | Corn/sorghum, soybean meal, wheat, vegetable oils, seed potatoes | 308.0 |
| Mexico <u>1/</u> | Grains and other | 500.0 |
| Lebanon | Corn and soybeans | 31.0 |
| | Total | <u>895.9</u> |
| Grand Total | | <u>1,422.8</u> |

1/ Guarantees only

BLENDED CREDITS -- PURPOSES
SUMMARY

| <u>Purpose*</u> | <u>Extended Thus Far</u> | | <u>USDA Request</u> | | <u>Treasury Request</u> | | <u>Total, including Requests</u> | |
|--|--------------------------|------------|---------------------|------------|-------------------------|-------------|----------------------------------|------------|
| | <u>\$M</u> | <u>%</u> | <u>\$M</u> | <u>%</u> | <u>\$M</u> | <u>%</u> | <u>\$M</u> | <u>%</u> |
| 1. Compete with foreign subsidies | 337 | 21% | 102 | 11% | -- | -- | 439 | 15% |
| 2. Develop export markets | 427 | 27% | 46 | 5% | -- | -- | 473 | 16% |
| 3. Expand export markets | 533 | 34% | 379 | 41% | -- | -- | 912 | 30% |
| 4. Maintain markets/balances of payments | <u>280</u> | <u>18%</u> | <u>396</u> | <u>43%</u> | <u>500</u> | <u>100%</u> | <u>1,176</u> | <u>39%</u> |
| Total | <u>1,577</u> | 100% | 923 | 100% | 500 | 100% | 3,000 | 100% |

* As defined by USDA:

- Compete with foreign subsidies by displacing subsidized sales of foreign competitors.
- Develop export markets by initiating U.S. exports to a foreign country.
- Expand export markets by increasing U.S. exports to a foreign country.
- Maintain markets/balances of payments by helping a foreign country's financial status or cash flow.

Attached are:

- o Proposed credits by country and purpose.
- o Blended credits extended thus far by country and purpose.

5/25/83
NRD/DD

Blended Credits Extended Thus Far in FY 83
By Purpose, By Country
(\$ in millions)

1. Compete with Foreign Subsidies
(country displaced in parentheses)

| | | |
|------------|----------------------|-----|
| Egypt | veg. oil (Brazil) | 25 |
| Iraq | corn & barley (EC) | 28 |
| Jamaica | wheat flour (EC) | 1 |
| Morocco | wheat (France) | 140 |
| | rice (Spain & Italy) | 8 |
| Portugal | wheat (EC) | 20 |
| Tunisia | wheat (EC) | 50 |
| | livestock (EC) | 5 |
| Yugoslavia | cotton (USSR) | 60 |
| | Total | 337 |

2. Develop export markets

| | | |
|-------------|-----------|-----|
| Brazil | wheat | 120 |
| Egypt | wheat | 55 |
| | lumber | 6 |
| Iraq | rice | 160 |
| | seed corn | 5 |
| Phillipines | wheat | 18 |
| Yemen | wheat | 55 |
| | rice | 8 |
| | Total | 427 |

3. Expand export markets

| | | |
|-------------|----------------|-----|
| Brazil | wheat | 40 |
| Chile | wheat | 109 |
| Egypt | corn | 40 |
| | tobacco | 30 |
| | tallow | 5 |
| | semen | 2 |
| | wheat | 197 |
| Iraq | eggs | 30 |
| | soybeans | 8 |
| Jamaica | lumber | 7 |
| | rice | 1 |
| | soy oil & meal | 25 |
| Pakistan | corn | 18 |
| Phillipines | cotton | 5 |
| Portugal | soy oil & meal | 10 |
| Thailand | corn | 6 |
| Tunisia | | |
| Total | | 533 |

4. Maintain markets/balances of payments

| | | |
|--------------------|--------------------|-----|
| Bangladesh | wheat | 28 |
| Dominican Republic | hogs & wheat | 3 |
| Egypt | corn | 30 |
| Iraq | soy meal & protein | 20 |
| Jamaica | corn | 4 |
| | cotton | 50 |
| Korea | corn | 10 |
| | wheat | 42 |
| | soybeans | 28 |
| Portugal | grains | 30 |
| | soybeans | 15 |
| Thailand | cotton | 20 |
| Total | | 280 |

GRAND TOTAL

1,577

Countries Receiving CCC Export Credit and On Treasury's
Watch List of Economically Troubled Countries

| Country | Credit Extended in Year: (\$ in millions) | | | | Total |
|-----------------------|--|------|-------|---------|-------|
| | 1981 | 1982 | 1983 | Request | |
| A. Costa Rica | 4 | 16 | 2 | -- | 22 |
| Poland | 639 | 26 | -- | -- | 665 |
| Romania | 26 | 24 | -- | -- | 50 |
| Sierra Leone | 1 | -- | -- | -- | 1 |
| Sudan | 30 | -- | -- | -- | 30 |
| Zambia | -- | -- | -- | 8 | 8 |
| B. Dominican Republic | 28 | 60 | 4 | 10 | 102 |
| Guatemala | -- | 1 | -- | -- | 1 |
| Mexico | -- | -- | 1,200 | -- | 1,200 |
| Morocco | 51 | 76 | 198 | -- | 325 |
| C. Chile | -- | -- | 145 | -- | 145 |
| Egypt | -- | -- | 310 | 5 | 315 |
| Haiti | -- | -- | 8 | -- | 8 |
| Honduras | 1 | -- | 3 | -- | 4 |
| Jamaica | 17 | 34 | 67 | -- | 118 |
| Nigeria | -- | 2 | -- | 128 | 130 |
| Peru | 108 | 44 | 148 | 104 | 404 |
| Yugoslavia | -- | -- | 235 | -- | 235 |
| D. Bangladesh | -- | -- | 43 | -- | 43 |
| Brazil | 198 | 283 | 415 | 30 | 926 |
| Ecuador | -- | -- | 65 | 16 | 81 |
| El Salvador | 14 | 27 | 24 | -- | 65 |
| Hungary | -- | -- | 42 | -- | 42 |
| Indonesia | -- | -- | -- | 160 | 160 |
| Iraq | -- | -- | 440 | 90 | 530 |
| Ivory Coast | -- | -- | -- | 8 | 8 |
| Jordan | -- | -- | -- | 58 | 58 |
| Pakistan | 15 | 51 | 85 | -- | 151 |
| Panama | -- | -- | 9 | 6 | 15 |
| Philippines | -- | -- | 40 | 13 | 53 |
| Venezuela | -- | -- | 11 | 319 | 330 |
| Total Principal | 1,132 | 644 | 3,494 | 955 | 6,225 |
| Total Liability | 1,200 | 683 | 3,750 | 1,012 | 6,645 |

WHITE HOUSE STAFFING MEMORANDUM

DATE: March 28 ACTION/CONCURRENCE/COMMENT DUE BY: _____

SUBJECT: BUDGET REVIEW BOARD MEETING RE JOBS BILL OFFSETS

| | ACTION | FYI | | ACTION | FYI |
|----------------|--------------------------|-------------------------------------|---------------|--------------------------|-------------------------------------|
| VICE PRESIDENT | <input type="checkbox"/> | <input type="checkbox"/> | GERGEN | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| MEESE | <input type="checkbox"/> | <input checked="" type="checkbox"/> | HARPER | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| BAKER | <input type="checkbox"/> | <input checked="" type="checkbox"/> | JENKINS | <input type="checkbox"/> | <input type="checkbox"/> |
| DEAVER | <input type="checkbox"/> | <input type="checkbox"/> | MURPHY | <input type="checkbox"/> | <input type="checkbox"/> |
| STOCKMAN | <input type="checkbox"/> | <input type="checkbox"/> | ROLLINS | <input type="checkbox"/> | <input type="checkbox"/> |
| CLARK | <input type="checkbox"/> | <input type="checkbox"/> | WHITTLESEY | <input type="checkbox"/> | <input type="checkbox"/> |
| DARMAN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | WILLIAMSON | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| DUBERSTEIN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | VON DAMM | <input type="checkbox"/> | <input type="checkbox"/> |
| FELDSTEIN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | BRADY/SPEAKES | <input type="checkbox"/> | <input type="checkbox"/> |
| FIELDING | <input type="checkbox"/> | <input type="checkbox"/> | ROGERS | <input type="checkbox"/> | <input type="checkbox"/> |
| FULLER | <input type="checkbox"/> | <input checked="" type="checkbox"/> | _____ | <input type="checkbox"/> | <input type="checkbox"/> |

Remarks:

The attached paper, prepared by OMB, is background for the 10:30 and 4:00 BRB meetings tomorrow, March 29th.

Richard G. Darman
 Assistant to the President
 (x2702)

Response:

FISCAL YEAR 1984 OFFSETS TO JOBS BILL (H.R. 1718) INCREASES
(Budget Authority in Millions)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH BLOCK GRANTS

| | Fiscal Year 1982 | Fiscal Year 1983 | | | Fiscal Year 1984 | | | New FY 1984 Change From New FY 1983 |
|---|------------------------|--------------------------|-----------|----------------|--------------------|--------------------|----------------|--|
| | | Continuing Resolution | Jobs Bill | New FY 1983 | Pending Request | Proposed Offset | New FY 1984 | |
| <u>OMB PROPOSALS:</u> | | | | | | | | |
| Health Block Grants..... | 1,333 | 1,362* | +205 | 1,567 | 1,362 | -205 | 1,157 | -410 |
| ***** | | | | | | | | |
| <u>HHS PROPOSALS:</u> | | | | | | | | |
| Health Block Grants: | | | | | | | | |
| Primary Care (CHCs, etc.).... | 449 | 461 | +70 | 531 | 461 | 0 | 461 | -70 |
| Maternal & Child Health..... | 374 | 374 | +105 | 479 | 374 | 0 | 374 | -105 |
| Alcohol, Drug Abuse and Mental Health..... | 428 | 440 | +30 | 470 | 440 | 0 | 440 | -30 |
| Prevention..... | 82 | 86 | 0 | 86 | 86 | 0 | 86 | 0 |
| Total, Health Blocks..... | 1,333 | 1,362* | +205 | 1,567 | 1,362 | 0** | 1,362 | -205 |

* OMB's FY 1983 number of \$1,196 million includes only Community Health Centers and excludes categoricals proposed for inclusion in the Primary Care Block Grant in FY 1984 (Migrant Health - \$38.1m; Family Planning - \$124.1m; Black Lung Clinics - \$3.1m).

** If offsets must be taken, HHS recommends that they be taken in the Social Services Block Grant.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: HHS
Program: Health Block Grants

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 1,196 | 1,362 | 1,362 | 1,362 | 1,362 | 1,362 | 8,006.0 |
| Outlays..... | 1,119 | 1,303 | 1,362 | 1,362 | 1,362 | 13,62 | 7,870.0 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | +205.0 | --- | --- | --- | --- | --- | +205.0 |
| Outlays..... | +104.5 | +100.5 | --- | --- | --- | --- | +205.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -205.0 | --- | --- | --- | --- | -205.0 |
| Outlays..... | --- | -122.6 | -82.4 | --- | --- | --- | -205.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | No offsets recommended. | | | |
| Outlays..... | | | | | | | |

OMB Position

- o Implements President's offset policy.
- o President's FY 1984 Budget combines 4 block grants -- Primary Care; Maternal and Child Health; Alcohol Drug Abuse and Mental Health; and Preventive Health and Health Services -- which are separate accounts in FY 1983. The latter 3 block grants are included in the President's New Federalism package.
- o As a practical matter, increased FY 83 budget authority will largely be spent in FY 84 and a stronger economy will reduce the need for continuing high budget authority in FY 1984

Agency Position

- o No offsets recommended. If offsets must be taken, however, HHS recommends that offsets be taken in the Social Services Block Grant account.

March 29, 1983
275:115,78

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: HHS
 Program: Social Services Block Grant and Community Services Block Grant

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 2,804 | 2,503 | 2,600 | 2,700 | 2,700 | 2,700 | 16,007 |
| Outlays..... | 2,930 | 2,599 | 2,600 | 2,900 | 2,700 | 2,700 | 16,229 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 225.0 | --- | --- | --- | --- | --- | 225.0 |
| Outlays..... | 170.0 | 55.0 | --- | --- | --- | --- | 225.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -250.0 | --- | --- | --- | --- | -250.0 |
| Outlays..... | --- | -173.8 | -76.3 | --- | --- | --- | -250.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | --- | -212.0 | -212.0 | --- | --- | --- | -424.0 |
| Outlays..... | --- | -147.0 | -212.0 | -65.0 | --- | --- | -424.0 |

OMB Position

- o Implements President's offset policy.
- o Includes \$25 million for the Community Services Block Grant.
- o These programs are low priority and a stronger economy will reduce the need for continuing high budget authority in FY 84.

Agency Position

- o No offsets recommended. If offsets must be taken, HHS recommends offsets against the Social Services Block Grant.

March 29, 1983
89:115,78

FISCAL YEAR 1984 OFFSETS TO JOBS BILL (H.R. 1718) INCREASES
(Budget Authority in Millions)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH BLOCK GRANTS

| | Fiscal Year 1982 | Fiscal Year 1983 | | | Fiscal Year 1984 | | | New FY 1984 Change From New FY 1983 |
|---|------------------------|--------------------------|-----------|----------------|--------------------|--------------------|----------------|--|
| | | Continuing Resolution | Jobs Bill | New FY 1983 | Pending Request | Proposed Offset | New FY 1984 | |
| <u>OMB PROPOSALS:</u> | | | | | | | | |
| Health Block Grants..... | 1,333 | 1,362* | +205 | 1,567 | 1,362 | -205 | 1,157 | -410 |
| ***** | | | | | | | | |
| <u>HHS PROPOSALS:</u> | | | | | | | | |
| Health Block Grants: | | | | | | | | |
| Primary Care (CHCs, etc.).... | 449 | 461 | +70 | 531 | 461 | 0 | 461 | -70 |
| Maternal & Child Health..... | 374 | 374 | +105 | 479 | 374 | 0 | 374 | -105 |
| Alcohol, Drug Abuse and Mental Health..... | 428 | 440 | +30 | 470 | 440 | 0 | 440 | -30 |
| Prevention..... | 82 | 86 | 0 | 86 | 86 | 0 | 86 | 0 |
| Total, Health Blocks..... | 1,333 | 1,362* | +205 | 1,567 | 1,362 | 0** | 1,362 | -205 |

* OMB's FY 1983 number of \$1,196 million includes only Community Health Centers and excludes categoricals proposed for inclusion in the Primary Care Block Grant in FY 1984 (Migrant Health - \$38.1m; Family Planning - \$124.1m; Black Lung Clinics - \$3.1m).

** If offsets must be taken, HHS recommends that they be taken in the Social Services Block Grant.

OFFSETTING OUTYEAR REDUCTIONS

TO JOBS BILL ADD-ONS

SUMMARY
TABLE I

SUMMARY TABLE 1

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS 1/
(in millions of dollars)

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>Total in Title I:</u> | | | | | | | |
| Budget authority..... | 4,598.9 | --- | --- | --- | --- | --- | 4,598.8 |
| Outlays..... | 1,781.5 | 2,355.5 | 1,293.5 | 414.0 | 208.0 | 41.0 | 6,093.5 |
| 2) <u>No offsets possible:</u> | | | | | | | |
| Budget authority..... | 583.5 | --- | --- | --- | --- | --- | 583.5 |
| Outlays..... | 208.4 | 208.7 | 78.5 | 53.7 | 28.2 | 6.0 | 583.5 |
| 3) <u>OMB and agencies agree:</u> | | | | | | | |
| <u>Amount in bill:</u> | | | | | | | |
| Budget authority..... | 2,134.4 | --- | --- | --- | --- | --- | 2,134.3 |
| Outlays..... | 1,158.6 | 1,266.0 | 443.5 | 161.6 | 101.1 | -49.0 | 3,081.6 |
| <u>Amount offset:</u> | | | | | | | |
| Budget authority..... | --- | -665.6 | -346.9 | -84.9 | -93.0 | -21.0 | -1,211.4 |
| Outlays..... | --- | -158.4 | -322.1 | -361.1 | -335.9 | -290.1 | -1,467.6 |
| 4) <u>OMB and agencies differ:</u> | | | | | | | |
| <u>Amount in bill:</u> | | | | | | | |
| Budget authority..... | +1,881.0 | --- | --- | --- | --- | --- | +1,881.0 |
| Outlays..... | 414.5 | 880.8 | 771.5 | 198.7 | 78.7 | 84.0 | 2,428.4 |
| <u>OMB recommendation:</u> | | | | | | | |
| Budget authority..... | --- | -1,686.6 | +32.7 | -66.7 | -59.7 | -37.0 | -1,817.3 |
| Outlays..... | -62.0 | -369.9 | -673.9 | -733.0 | -271.5 | -209.5 | -2,319.8 |
| <u>Agency recommendation:</u> | | | | | | | |
| Budget authority..... | -50.0 | +1.5 | -258.5 | -38.0 | -33.0 | -10.0 | -388.0 |
| Outlays..... | --- | -151.3 | -220.8 | -77.6 | -21.0 | +41.0 | -387.7 |

1/ Includes budget authority resulting from overturn of subsidized housing deferral.

SUMMARY
TABLE II

SUMMARY
 OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS 1/
 (in millions of dollars)

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>TOTAL</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <u>Total in bill:</u> | | | | | | | |
| Budget authority..... | 4,598.9 | --- | --- | --- | --- | --- | 4,598.8 |
| Outlays..... | 1,781.5 | 2,355.5 | 1,293.5 | 414.0 | 208.0 | 41.0 | 6,093.5 |
| <hr/> | | | | | | | |
| <u>Proposed offsets:</u> | | | | | | | |
| OMB: | | | | | | | |
| Budget authority..... | --- | -2,319.9 | -452.9 | -154.4 | -154.5 | -68.0 | -3,149.7 |
| Outlays..... | --- | -717.9 | -1,141.5 | -1,207.5 | -602.2 | -460.9 | -4,130.0 |
| Agencies: | | | | | | | |
| Budget authority..... | -55.0 | -498.3 | -565.4 | -132.9 | -136.0 | -41.0 | -1,428.6 |
| Outlays..... | -0.2 | -377.4 | -591.2 | -496.4 | -370.0 | -277.3 | -2,112.5 |
| <u>Net amounts added:</u> | | | | | | | |
| OMB recommendation: | | | | | | | |
| Budget authority..... | 4,598.9 | -2,319.9 | -452.9 | -154.4 | -154.5 | -68.0 | -1,449.1 |
| Outlays..... | 1,781.5 | 1,637.6 | 152.0 | -793.5 | -394.2 | -419.9 | 1,963.5 |
| Agencies: | | | | | | | |
| Budget authority..... | 4,543.9 | -498.3 | -565.4 | -132.9 | -136.0 | -41.0 | 3,170.2 |
| Outlays..... | 1,781.3 | 1,978.1 | 702.3 | -82.4 | -162.0 | -236.3 | 3,981.0 |

1/ Excludes subsidized housing.

LABOR

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Labor
Program: Dislocated workers

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|------------------|------------------------|-------------|-------------|-------------|----------------|
| 1. <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 25.0 | 240.0 | 240.0 | 240.0 | 240.0 | 240.0 | 1,225.0 |
| Outlays..... | 6.2 | 198.8 | 240.0 | 240.0 | 240.0 | 240.0 | 1,165.0 |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 85.0 | --- | --- | --- | --- | --- | 85.0 |
| Outlays..... | 21.3 | 63.8 | --- | --- | --- | --- | 85.0 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -22.5 | --- | --- | --- | --- | -22.5 |
| Outlays..... | --- | -22.5 | --- | --- | --- | --- | -22.5 |
| 4. <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | |
| Outlays..... | | | No offset recommended. | | | | |

OMB Position

- ° Implements President's offset policy.
- ° Maintains President's announced program level for 1984, since outlays reflect actual services provided.
- ° Avoids 1984 outlay bulge and maintenance of steady state \$240M program level proposed for 1985-88.
- ° 1983 addition should be viewed as a form of advance funding since the extra resources cannot be spent in this year.
- ° Even with offset, 1983-88 spending will be \$63M more than originally proposed.

Agency Position

- ° Public commitment to \$240 level.
- ° The dislocated worker problem will not disappear and may get worse as technology advances; commitment should be maintained.
- ° Congressional priority.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Labor
Program: Job Corps

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| 1. <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 585.6 | 585.6 | 585.6 | 585.6 | 585.6 | 585.6 | 3,513.6 |
| Outlays..... | 605.4 | 588.6 | 585.6 | 585.6 | 585.6 | 585.6 | 3,536.4 |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 32.4 | --- | --- | --- | --- | --- | 32.4 |
| Outlays..... | 6.0 | 26.4 | --- | --- | --- | --- | 32.4 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | 32.4 | --- | --- | --- | --- | -32.4 |
| Outlays..... | --- | 26.9 | 5.5 | --- | --- | --- | -32.4 |
| 4. <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | |
| Outlays..... | | | | | | | No offset recommended. |



OMB Position

- Implements President's offset policy.
- Addition would create few new enrollments in 1983; Job Corps is now at 105% of capacity.
- Expansion would not be completed until next year and would create a permanent increase in budget costs.
- 1984 capital budget is \$32.2M. DOL has a 5-year capital plan from which it can choose projects that can be accelerated. If for some reason some 1984 projects cannot be accelerated into 1983, we could consider putting part of the offset into 1985 or 1986.

Agency Position

- Add-on was intended to support increased slot levels. DOL had supplied Congress estimates of how slot levels could be increased with the add-on.
- Actual construction budgeted for 1984 is limited and cannot be accelerated; a full offset will result in a reduction of slot levels below 1983.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Labor
Program: Community Service Employment for Older Americans

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|---|---------------------------|-------------|-------------|-------------|-------------|----------------|
| 1. <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 282 | consolidated grant in HHS | | | | | 282.0 |
| Outlays..... | 278 | 211.5 | | | | | 489.5 |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 37.5 | --- | --- | --- | --- | --- | 37.5 |
| Outlays..... | 9.4 | 28.1 | --- | --- | --- | --- | 37.5 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | The added 1983 BA will be offset completely from the recommended | | | | | | |
| Outlays..... | appropriation for Human Development Services Administration on Aging. | | | | | | |
| 4. <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | |
| Outlays..... | No offset recommended. | | | | | | |

OMB Position

- ° Implements President's offset policy.
- ° States will have the flexibility to use resources in the consolidated program to finance these programs according to local needs and on varying financing schedules; an offset to the total does not necessarily mean a reduction in program level.
- ° See sheet on HHS, Human Development Services, Administration on Aging.

Agency Position

- ° DOL states offset in conflict with assurances OMB gave to Secretary of Labor that the consolidation would not result in a program decrease.
- ° HHS objects to the offset but would accept it as a fall-back position.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Agriculture
Program: Rural water and waste disposal grants

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 125.0 | 90.0 | 90.0 | 90.0 | 90.0 | 90.0 | 575.0 |
| Outlays..... | 207.5 | 165.0 | 144.6 | 108.0 | 99.3 | 93.0 | 817.4 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 150.0 | | | | | | 150.0 |
| Outlays..... | 6.0 | 48.0 | 49.0 | 22.5 | 13.5 | 6.0 | 145.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | | -30.0 | -30.0 | -30.0 | -30.0 | -30.0 | -150.0 |
| Outlays..... | | -1.2 | -10.8 | -20.0 | -25.1 | -27.8 | -84.9 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | No offset recommended. |
| Outlays..... | | | | | | | |

OMB Position

- o Implements President's offset policy.
- o Assures rural communities of the same total level of assistance over the 83-88 period as provided in the New Federalism initiative.
- o The rural passthrough for this program under the New Federalism proposal continues to treat program like a categorical program. Consequently, States don't really lose any funding flexibility as a result of this action.

Agency Position

- o Offsets for 84 and outyears are inconsistent with levels recommended for this program in the New Federalism initiative for FY 84-88.
- o Contravenes commitments to rural communities on funding levels thereby risking a loss of support for the New Federalism initiative.

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OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Agriculture

Program: Rural development insurance fund (water and sewer loans)

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | | (350.0) | (350.0) | (350.0) | (350.0) | (350.0) | |
| Outlays..... | | | | | | | |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 450.0 | --- | --- | --- | --- | --- | 450.0 |
| Outlays..... | 45.0 | 135.0 | 135.0 | 67.5 | 45.0 | 18.0 | 445.5 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | (-90.0) | (-90.0) | (-90.0) | (-90.0) | (-90.0) | (-450.0) |
| Outlays..... | --- | -9.0 | -36.0 | -63.0 | -76.5 | -85.5 | -270.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | No offset recommended. |
| Outlays..... | | | | | | | |

OMB Position

- o Implements President's offset policy.
- o Assures rural communities of the same total level of assistance over the 83-88 period as provided in the New Federalism initiative.
- o The rural passthrough for this program under the New Federalism proposal continues to treat program like a categorical program. Consequently, States don't really lose any funding flexibility as a result of this action.

Agency Position

- o Offsets for 84 and outyears are inconsistent with levels recommended for this program in the New Federalism initiative for FY 84-88.
- o Contravenes commitments to rural communities on funding levels thereby risking a loss of support for the New Federalism initiative.

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OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Agriculture
Program: Watershed and flood prevention

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | | 96.6 | 101.6 | 101.6 | 101.6 | 101.6 | |
| Outlays..... | | | | | | | |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 107.5 | --- | --- | --- | --- | --- | 107.5 |
| Outlays..... | 28.8 | 53.8 | 25.0 | --- | --- | --- | 107.5 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -50.0 | -19.2 | -19.2 | -19.2 | --- | -107.5 |
| Outlays..... | --- | -13.4 | -30.1 | -26.3 | -19.2 | -14.0 | -103.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | --- | -15.0 | -20.0 | -20.0 | -20.0 | --- | -75.0 |
| Outlays..... | --- | -7.5 | -17.5 | -20.0 | -20.0 | -10.0 | -75.0 |

OMB Position

Agency Position

- o Implements President's offset policy.
- o Concur with no offset for emergency restoration (\$7.5M).
- o Oppose using any funds for rehabilitation of existing projects - not currently authorized and could set a costly precedent for the future; use the \$25M instead for authorized new construction.
- o Only about one-half of the \$100M increase for FY 83 will likely be obligated in 83. Consequently the FY 84 recommended offset should not cut the \$96M budgeted level.

- Limit offset to new construction. Don't offset rehabilitation of existing facilities (~~\$25M~~), and emergency work restoring flood damage (\$7.5M).
- o Phaseout construction offset evenly thereby avoiding a construction dip in FY 84.

7

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Agriculture
Program: WIC

"Whip Inflation Completely"

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|------------------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| <u>Budget authority</u> | 1,092.6 | 1,092.6 | 1,092.6 | 1,092.6 | 1,092.6 | 1,092.6 | |
| <u>Outlays</u> | 1,117.7 | 1,093.2 | 1,092.6 | 1,092.6 | 1,092.6 | 1,092.6 | |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| <u>Budget authority</u> | 100.0 | --- | --- | --- | --- | --- | 100.0 |
| <u>Outlays</u> | 91.8 | 8.2 | --- | --- | --- | --- | 100.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| <u>Budget authority</u> | --- | -100.0 | --- | --- | --- | --- | -100.0 |
| <u>Outlays</u> | --- | -91.8 | -8.2 | --- | --- | --- | -100.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| <u>Budget authority</u> | No offset recommended. | | | | | | |
| <u>Outlays</u> | No offset recommended. | | | | | | |

OMB Position

o Implements President's offset policy.

Agency Position

o No offset recommended. An 84 offset would further reduce participation levels. The FY 83 add-on was intended to supplement WIC funds, not accelerate scheduled 84 spending.

HUD

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Department of Housing and Urban Development

Program: Community Development Block Grants

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|-----------------------------------|-------------|-------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| (1) <u>President's Budget:</u> | | | | | | | |
| Budget authority..... | 4,456.0 | 3,500.0 | 3,500.0 | 3,500.0 | 3,500.0 | 3,500.0 | 21,956.0 |
| Outlays..... | 3,545.0 | 3,906.0 | 4,004.0 | 3,567.0 | 3,500.0 | 3,500.0 | 22,022.0 |
| (2) <u>Jobs Bill Add-On:</u> | | | | | | | |
| Budget authority..... | 1,000.0 | -- | 250 -- | 250 -- | 250 -- | 250 -- | 1,000.0 |
| Outlays..... | 20.0 | 380.0 | 530.0 | 70.0 | -- | -- | 1,000.0 |
| (3) <u>OMB Recommendation:</u> | | | | | | | |
| Budget authority..... | -- | -1,000.0 | -- | -- | -- | -- | -1,000.0 |
| Outlays..... | -- | -20.0 | -380.0 | -530.0 | -70.0 | -- | -1,000.0 |
| (4) <u>Agency Recommendation:</u> | | | | | | | |
| Budget authority..... | | | | | | | No offset recommended. |
| Outlays..... | | | | | | | |

OMB Position

Agency Position

- ° Implements President's offset policy.
- ° Offset does not undermine commitment to States and localities; merely provides part of 1984 funding one year ahead of time.
- ° Current deficits need to be reduced -- not augmented by \$1 billion. This is key to long-term recovery.

- ° A \$1 billion cut undermines President's New Federalism initiatives because the proposed legislation would freeze CDBG funding at 1984 levels.
- ° Also undermines 1984 budget proposals for CDBG that:
 - a) make housing construction a new eligible activity, and
 - b) mandate State assumption of State position of CDBG program (this is currently voluntary).
- ° Mayors and Governors will be outraged and accuse Administration of betraying commitment to cities and States.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Department of Housing and Urban Development

Program: Urban Development Action Grants

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|-----------------------------------|-------------|-------------|------------------------|-------------|-------------|-------------|----------------|
| (1) <u>President's Budget:</u> | | | | | | | |
| Budget authority..... | 440.0 | 196.0 | 440.0 | 440.0 | 440.0 | 440.0 | 2,396.0 |
| Outlays..... | 500.2 | 548.6 | 491.2 | 439.0 | 414.0 | 379.0 | 2,772.0 |
| (2) <u>Jobs Bill Add-On:</u> | | | | | | | |
| Budget authority..... | (244.0) | -- | -- | -- | -- | -- | (244.0) |
| Outlays..... | 12.2 | 36.6 | 12.2 | -- | -- | -61.0 | -- |
| (3) <u>OMB Recommendation:</u> | | | | | | | |
| Budget authority..... | | | No offset recommended. | | | | |
| Outlays..... | | | | | | | |
| (4) <u>Agency Recommendation:</u> | | | | | | | |
| Budget authority..... | -- | 244.0 | -- | -- | -- | -- | 244.0 |
| Outlays..... | -- | 12.2 | 48.8 | 61.0 | 61.0 | 61.0 | 244.0 |

OMB Position

Agency Position

- ° Implements President's offset policy.
- ° The \$810 million 1983 program for UDAG is a massive (almost 2-1/2 times) expansion of the 1982 level of \$337 million. HUD cannot prudently and effectively manage this enormous program increase.
- ° A substantial carryover of 1983 funds is likely. Obligations thus far for 1983 are running at 1982's low levels. With \$680 million available for the last 7 months of this year, HUD will have to obligate these funds at more than 3 times their current rate.
- ° With the probable carryover of 1983 funds, adding \$244 million now to the President's 1984 request of \$196 million will increase the 1984 UDAG program above the \$440 million level planned for the next 5 years.

- ° An additional \$244 million is needed in 1984 to avoid 55% program cut.
- ° Cutting UDAG funds during recovery will reduce private investment by an estimated \$1.5 billion in many of our most distressed urban areas.
- ° UDAG cut will be perceived as another anti-urban action.
- ° With pending demand of over \$1.2 billion for 1983 UDAG funds, there is no shortage of need for Federal aid among distressed communities.

TRANSPORTATION

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: DOT/UMTA
Program: Urban Mass Transportation Fund - Formula Capital Funding (1984-88)

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|------------------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| <u>Budget authority</u> | 1692 | 1680 | 1735 | 1725 | 1620 | 1620 | 10,072 |
| <u>Outlays 1/</u> | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| <u>Budget authority</u> | 85.7 | -- | -- | -- | -- | -- | 85.7 |
| <u>Outlays</u> | 4.3 | 17.2 | 25.8 | 17.2 | 17.2 | 4.0 | 85.7 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| <u>Budget authority</u> | -- | -85.7 | -- | -- | -- | -- | -85.7 |
| <u>Outlays</u> | -- | - 4.3 | -17.2 | -25.8 | -17.2 | -17.2 | -81.7 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| <u>Budget authority</u> | No offset recommended. | | | | | | |
| <u>Outlays</u> | | | | | | | |

1/ Outlays are not available because these funds are a subset of a larger account from which the outlays can't be readily separated.

OMB Position

- Implements President's offset policy.
- In 1984 DOT is offering to offset only 1% of total 1983 jobs increases (+\$1,400M in 1983 obligation increases; -\$20M in 1984 offsets).
- 1983 jobs bill add-on for all UMTA is \$362M (obligations), while total multi-year offset being asked by OMB is only \$133M (37% of total increase).
- Congress is not interested in phasing out operating subsidies; Administration proposal will not be further damaged by cutting capital budget in 1984.
- Even with proposed cut, UMTA capital budget increases 46% between 1982 and 1984.
- Transit is local responsibility; much Federal transit funding is spent inefficiently because it is "free".

Agency Position

- Congress would be strongly opposed to more offsets because current 1984 proposed levels are already much lower than levels authorized in gas tax legislation.
- Proposed offsets do not meet Administration estimates of transit capital needs (\$50B over 10 years). Further cuts contradict Administration commitment to rebuild transit infrastructure.
- Weakens Administration's position on orderly phase out of operating assistance, because phase out was justified on the basis of maintaining capital assistance.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: HHS
Program: Social Services Block Grant

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 2,804 | 2,503 | 2,600 | 2,700 | 2,700 | 2,700 | 16,007 |
| Outlays..... | 2,930 | 2,599 | 2,600 | 2,900 | 2,700 | 2,700 | 16,229 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 225.0 | --- | --- | --- | --- | --- | 225.0 |
| Outlays..... | 170.0 | 55.0 | --- | --- | --- | --- | 225.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -250.0 | --- | --- | --- | --- | -250.0 |
| Outlays..... | --- | -173.8 | -76.3 | --- | --- | --- | -250.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | --- | -227.5 | -227.5 | --- | --- | --- | -455.0 |
| Outlays..... | --- | -151.0 | -227.5 | -76.5 | --- | --- | -455.0 |

OMB Position

o Implements President's offset policy.

Agency Position

- o No offsets recommended because the Congressional FY 1983 add-on does not represent an acceleration of funds included in the FY 1984 budget.
- o If offsets must be taken, HHS recommends offset be taken against the Social Services Block Grant given the high priority of health programs.



OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: HHS
Program: Health Block Grants

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 1,196 | 1,362 | 1,362 | 1,362 | 1,362 | 1,362 | 8,006.0 |
| Outlays..... | 1,119 | 1,303 | 1,362 | 1,362 | 1,362 | 13,62 | 7,870.0 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | +205.0 | --- | --- | --- | --- | --- | +205.0 |
| Outlays..... | +104.5 | +100.5 | --- | --- | --- | --- | +205.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -205.0 | --- | --- | --- | --- | -205.0 |
| Outlays..... | --- | -122.6 | -82.4 | --- | --- | --- | -205.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | No offsets recommended. |
| Outlays..... | | | | | | | |

OMB Position

- o Implements President's offset policy.
- o President's FY 1984 Budget combines 4 block grants -- Primary Care (Community and Home Health); Maternal and Child Health; Alcohol Drug Abuse and Mental Health; and Preventive Health and Health Services -- which are separate accounts in FY 1983.

Agency Position

- o No offsets recommended because the Congressional FY 1983 add-on does not represent an acceleration of funds included in the FY 1984 budget.
- o If offsets must be taken, however, HHS recommends that offsets be taken in the Social Services Block Grant account.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: HHS
Program: Food and Drug Administration

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 355 | 386 | 386 | 386 | 386 | 386 | 2,285.0 |
| Outlays..... | 365 | 391 | 398 | 394 | 388 | 387 | 2,323.2 |
| <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | .9 | --- | --- | --- | --- | --- | + .9 |
| Outlays..... | .1 | .8 | --- | --- | --- | --- | + .9 |
| <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | | -.9 | --- | --- | --- | --- | -.9 |
| Outlays..... | | -.1 | -.8 | --- | --- | --- | -.9 |
| <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | No offset recommended. |
| Outlays..... | | | | | | | No offset recommended. |

OMB Position

o Implements President's offset policy.

Agency Position

o No offset recommended because the FY 1984 budget does not include funds for the same purpose as that included in the jobs bill; i.e., design of FDA facilities. We would be willing to accept the offset if the HHS fallback position is accepted in general.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Education
Program: College Work Study

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| 1. <u>President's Budget</u> | | | | | | | |
| Budget authority | 540.0 | 850.0 | 850.0 | 850.0 | 850.0 | 850.0 | 4,790.0 |
| Outlays | 568.0 | 545.0 | 842.0 | 850.0 | 850.0 | 850.0 | 4,505.0 |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority | 50.0 | --- | --- | --- | --- | --- | 50.0 |
| Outlays | 2.5 | 46.0 | 1.5 | --- | --- | --- | 50.0 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| Budget authority | --- | -50.0 | --- | --- | --- | --- | -50.0 |
| Outlays | --- | -2.5 | -46.0 | -1.5 | --- | --- | -50.0 |
| 4. <u>Agency recommendation</u> | | | | | | | |
| Budget authority | | | | | | | No offset recommended. |
| Outlays | | | | | | | No offset recommended. |

OMB Position

- ° Implements President's offset policy.
- ° Reduction does not harm student aid proposals:
 - . Even with reduction, 1984 BA is \$800M, \$260M over 1983 enacted and \$210M over 1983 + Jobs Bill. \$260M = 325,000 additional jobs.
 - . Other self-help aspects of program maintained (loans, family and student contributions, etc.).
 - . \$50M reduction in \$3.6B student aid account is only 1.4% reduction - level funding essentially maintained. Outyear funding not affected.
- ° Reduction will meet congressional criticism (and earlier ED fears) that work-study increase was too much for colleges to absorb.

Agency Position

- ° Undermines student aid budget and legislative strategy of level funding while program changes are sought.
- ° Detracts from overall self-help approach, of which work study is a critical component.
- ° Direct reduction of employment funds at a time when unemployment is still projected to be high.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Education
Program: Library construction

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|------------------------|-------------|-------------|-------------|-------------|----------------|
| 1. <u>President's Budget</u> | | | | | | | |
| <u>Budget authority</u> | --- | --- | --- | --- | --- | --- | --- |
| <u>Outlays</u> | --- | --- | --- | --- | --- | --- | --- |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| <u>Budget authority</u> | 50.0 | --- | --- | --- | --- | --- | 50.0 |
| <u>Outlays</u> | --- | 5.0 | 13.5 | 24.5 | 7.0 | --- | 50.0 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| <u>Budget authority</u> | | | | | | | |
| <u>Outlays</u> | | No offset recommended. | | | | | |
| 4. <u>Agency recommendation</u> | | | | | | | |
| <u>Budget authority</u> | -50.0 | --- | --- | --- | --- | --- | -50.0 |
| <u>Outlays</u> | --- | -5.0 | -13.5 | -24.5 | -7.0 | --- | -50.0 |

OMB Position

°Rescission would never be adopted; pending rescissions of \$1.2B in ED are not being adopted now.

Agency Position

°Increase is "excessive".
°"Rescission is the most direct response".
°This offset is in lieu of OMB proposed reductions in college work study and rehabilitation services.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Education
Program: Impact Aid Construction

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1. <u>President's Budget</u> | | | | | | | |
| Budget authority | 20.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 70.0 |
| Outlays | 58.4 | 24.6 | 18.6 | 12.2 | 10.0 | 10.0 | 133.7 |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority | 60.0 | --- | --- | --- | --- | --- | 60.0 |
| Outlays | 6.0 | 16.2 | 29.4 | 8.4 | --- | --- | 60.0 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| Budget authority | --- | -10.0 | -10.0 | -10.0 | -10.0 | -10.0 | -50.0 |
| Outlays | --- | -1.0 | -3.7 | -8.6 | -10.0 | -10.0 | -33.3 |
| 4. <u>Agency recommendation</u> | | | | | | | |
| Budget authority | -5.0 | -10.0 | -10.0 | -10.0 | -10.0 | -10.0 | -55.0 |
| Outlays | -0.3 | -11.6 | -12.5 | -10.7 | -10.0 | -10.0 | -55.0 |

OMB Position

- ° Implements President's offset policy.
- ° Rescission would never be adopted; pending rescissions of \$1.2B in ED are not being adopted now.

Agency Position

- ° Agree with OMB offsets in 1984-1988.
- ° In addition, rescind \$5M in 1983 in lieu of OMB proposed reductions in college work study and rehabilitation services. Still leaves \$55M of add-on available; rescission might be adopted.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Education
Program: Rehabilitation Services and Handicapped Research/Projects with Industry 1/

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|------------------------|-------------|-------------|-------------|-------------|----------------|
| 1. <u>President's Budget</u> | | | | | | | |
| Budget authority (estimates) | 8.0 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 62.5 |
| Outlays (estimates) | 7.6 | 8.5 | 10.4 | 10.9 | 10.9 | 10.9 | 59.2 |
| 2. <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority | 5.0 | --- | --- | --- | --- | --- | 5.0 |
| Outlays | 0.5 | 4.0 | 0.5 | --- | --- | --- | 5.0 |
| 3. <u>OMB recommendation</u> | | | | | | | |
| Budget authority | --- | -5.0 | --- | --- | --- | --- | -5.0 |
| Outlays | --- | -0.8 | -3.4 | -0.8 | --- | --- | -5.0 |
| 4. <u>Agency recommendation</u> | | | | | | | |
| Budget authority | | No offset recommended. | | | | | |
| Outlays | | No offset recommended. | | | | | |

1/ One sub-activity discretionary project in \$1.0B account.

OMB Position

- ° Implements President's offset policy.
- ° Offset still allows \$5.9M BA for 1984.
- ° Offset of \$5M out of \$2.1B total (with handicapped education account) in level-funded BA serving handicapped--only 1/4 of 1%--will not disrupt budget strategy of priority to the disabled.
- ° First evaluation of this program is only now underway; effectiveness is unknown.

Agency Position

- ° Offset means reduction in this politically sensitive area of education for the handicapped.
- ° Offset upsets "credible case" ED has made, by level funding from 1983, that 1984 budget gives priority to handicapped.
- ° Program has been "particularly effective" in placing disabled in jobs; is proposed for increase in 1984, implying more placements in private sector employment. This increase should be maintained.

OTHER INDEPENDENT
AGENCIES

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: Small Business Administration (SBA)
Program: Business Loan and Investment Fund

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 590.7* | 241.0 | 291.0 | 185.0 | 128.0 | 67.0 | 1,502.7 |
| Outlays..... | 496.2 | 286.5 | 174.0 | 142.0 | 90.0 | 35.0 | 1,223.7 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 52.0 | --- | --- | --- | --- | --- | 52.0 |
| Outlays..... | 26.0 | 24.0 | -1.0 | -3.0 | -4.0 | -5.0 | 37.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -3.5 | -14.0 | -17.5 | -10.5 | -7.0 | -52.5 |
| Outlays..... | --- | -3.5 | -14.0 | -17.5 | -10.5 | -7.0 | -52.5 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | --- | --- | -11.0 | -18.0 | -13.0 | -10.0 | -52.0 |
| Outlays..... | --- | --- | -11.0 | -18.0 | -13.0 | -10.0 | -52.0 |

* Includes one-time additional \$200 million for increased loan default repurchases.

| <u>OMB Position</u> | <u>Agency Position</u> |
|---|--|
| <ul style="list-style-type: none"> ° Implements President's offset policy by reducing 1984 loan guarantees from \$2.65 billion to \$2.3 billion thus reducing outyear costs for defaults on SBA guaranteed loans. ° SBA's proposed offset is a technical re-estimate, not a real offset. It is unreasonable to lower the default purchase rates <u>50%</u> below current levels (1982 rate was 33%) and 11% below historical rates (18.6%). Furthermore, current projected default rates already have taken SBA's quality lending initiative into consideration. ° The Administration's policy is <u>not</u> to set credit assistance to meet the demand. The guaranteed program is still being maintained at a level to meet the President's annual \$500 million credit assistance for minorities. | <ul style="list-style-type: none"> ° Opposes credit level reductions and argues that an offset can be obtained by re-estimating guaranteed loan default repurchase rates downward for 1985-1988. ° Through the Quality Lending Program, SBA believes the purchase rate can be reduced from 18.6% (1984 Budget) to 16.5% in each of the years 1985-1988. Banks will assume more responsibility for loans. ° The OMB offset will reduce SBA's ability to meet credit demand, may jeopardize the President's commitment to minority business, may add to the perception that the Administration is anti-small business, and will not be agreed to in Congress. |

Small Business Administration (SBA)
Credit Levels -- Jobs Bill Impact and Offset Alternatives
(in millions of dollars)

Program: Business Loan and Investment Fund

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Direct Loans..... | 260 | 41 | 41 | 41 | 41 | 41 | 465 |
| Guaranteed Loans..... | <u>3,350</u> | <u>2,650</u> | <u>2,300</u> | <u>1,700</u> | <u>1,000</u> | <u>1,000</u> | <u>12,000</u> |
| TOTAL..... | 3,610* | 2,691 | 2,341 | 1,741 | 1,041 | 1,041 | 12,465 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Direct Loans..... | 50 | --- | --- | --- | --- | --- | 50 |
| Guaranteed Loans..... | 100 | --- | --- | --- | --- | --- | 100 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Direct Loans..... | --- | --- | --- | --- | --- | --- | --- |
| Guaranteed Loans..... | --- | -350 | --- | --- | --- | --- | -350 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Direct Loans..... | --- | --- | --- | --- | --- | --- | --- |
| Guaranteed Loans..... | --- | --- | --- | --- | --- | --- | --- |

* President's January Budget requested \$2.72 billion -- \$2.65 billion for loan guarantees and \$73 million for direct loans -- but Congress denied request in March.

OFFSETTING OUTYEAR REDUCTIONS TO JOBS BILL ADD-ONS
(in millions of dollars)

Agency: TVA
Program:

| | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1983-88</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|
| 1) <u>President's Budget</u> | | | | | | | |
| Budget authority..... | 1,166.0 | 883.5 | 810.3 | 761.5 | 666.3 | 820.9 | 5,108.5 |
| Outlays..... | 1,350.0 | 1,010.0 | 725.0 | 687.5 | 592.5 | 747.5 | 5,113.0 |
| 2) <u>Jobs bill add-on</u> | | | | | | | |
| Budget authority..... | 40.0 | --- | --- | --- | --- | --- | 40.0 |
| Outlays..... | 31.0 | 9.0 | --- | --- | --- | --- | 40.0 |
| 3) <u>OMB recommendation</u> | | | | | | | |
| Budget authority..... | --- | -40.0 | --- | --- | --- | --- | -40.0 |
| Outlays..... | --- | -40.0 | --- | --- | --- | --- | -40.0 |
| 4) <u>Agency recommendation</u> | | | | | | | |
| Budget authority..... | | | | | | | No offset recommended. |
| Outlays..... | | | | | | | |

OMB Position

TVA should use the \$40 million in a manner which accelerates higher priority activities which are currently planned under the President's 1984 budget. Examples include: \$10 million for accelerated construction of the new lock at Pickwick Dam, construction of new chemical fertilizer facilities, accelerated replacement of fertilizer tank cars, development of recreational facilities at the Land-between-the-Lakes and other sites, and acceleration of other programs, etc.

Agency Position

Activities performed with Jobs Bill funding are activities which have a lower priority than ongoing TVA programs funded from appropriations. These funds will do maintenance that would not be done under TVA's limited appropriation financing.