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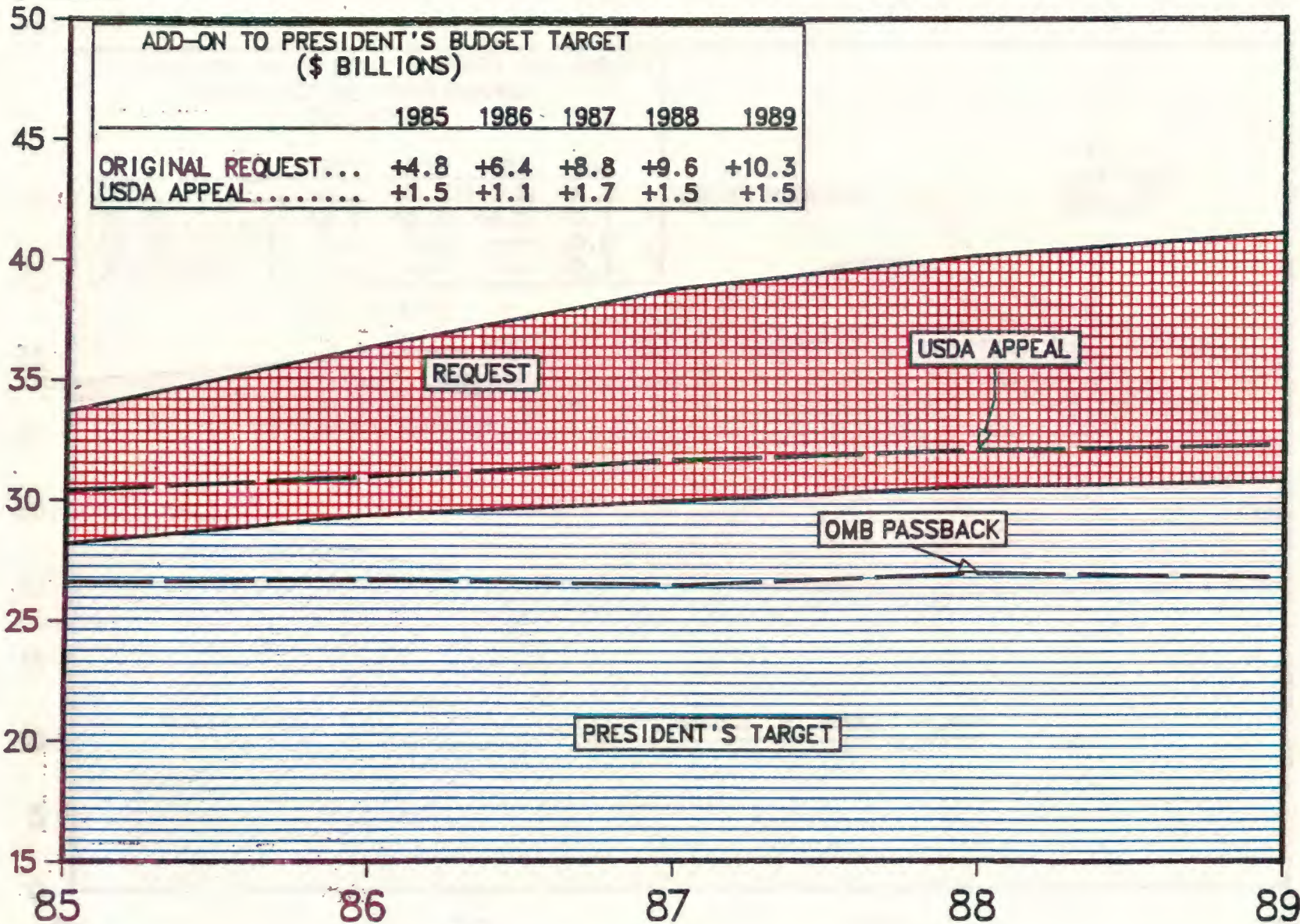
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AGRICULTURE PROGRAMS: REQUEST S. TARGETS

(PROGRAM LEVEL)

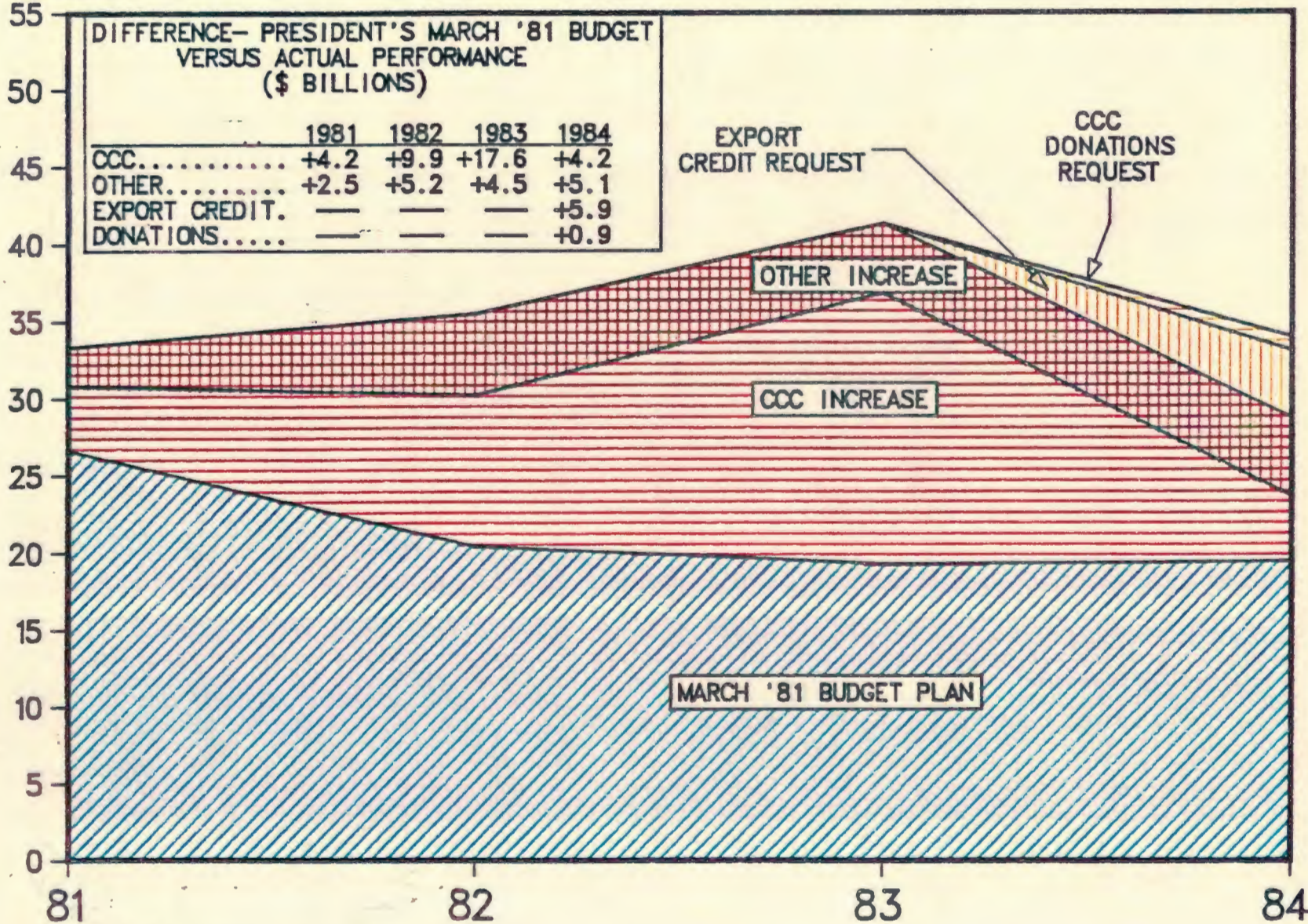
\$ BILLIONS



AGRICULTURE BUDGET HISTORY

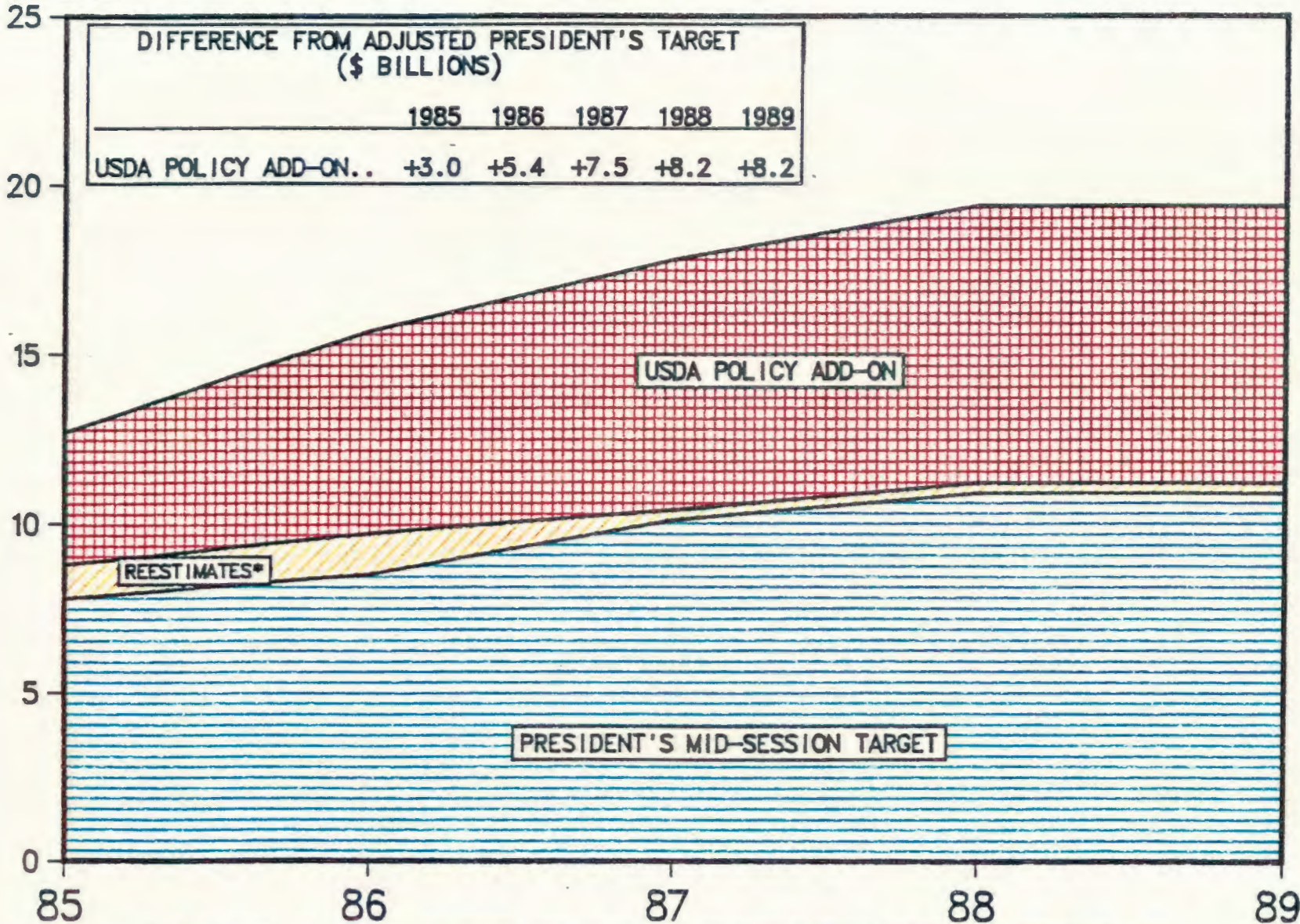
(PROGRAM LEVEL PLUS EXPORT CREDITS)

\$ BILLIONS



CCC: REQUEST VS. TARGETS (NET BUDGET OUTLAYS)

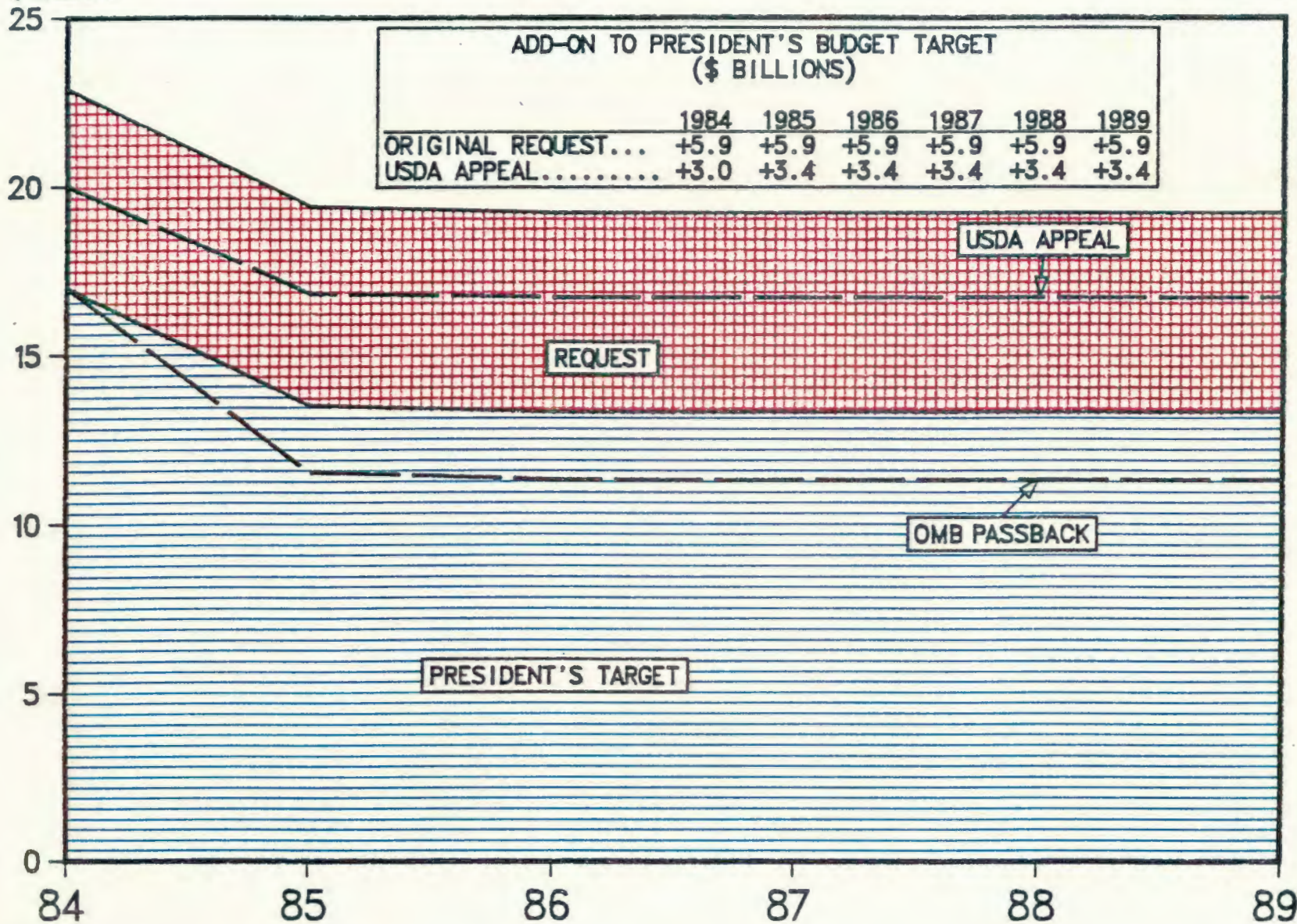
\$ BILLIONS



• REVISED CROP AND CREDIT FORECAST, ONE-YEAR SLIP OF TARGET PRICE FREEZE AND NEW DAIRY LAW.

AGRICULTURE CREDIT PROGRAMS: REQUEST VS. TARGETS (LOAN LEVEL)

\$ BILLIONS



Evolution of The President's 1985 Target for Agriculture
(In program level = Total allocated resources by most appropriate
measure: BA, outlays, or loan levels)

1985 Target
(\$ Billions)

	<u>Discretionary</u>	<u>Lending</u>	<u>CCC</u>	<u>Total Program</u>	<u>Export Credit Guarantees</u>
o President's March 1981 Budget	9.6	8.7	1.6	19.9	2.5
o President's FY83 Budget	8.9	10.1	1.9	20.9	2.5
o President's FY84 Budget/85 Target	8.9	10.3	9.7	28.9	3.0
o USDA Request FY85	10.1	10.9	12.7	33.7	7.5

President's 1985 Budget Targets
USDA Budget Request

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total 85-89</u>
	(\$ in Billions)						
Midsession Budget Target	33.9	27.2	28.2	29.7	30.3	30.5	145.9
Adjustment for Reestimates	<u>-5.3</u>	<u>+1.7</u>	<u>+1.8</u>	<u>+3</u>	<u>+3</u>	<u>+3</u>	<u>+4.4</u>
Adjusted President's Target	28.6	28.9	30.0	30.0	30.6	30.8	150.3
Change to President's Adjusted Target:							
o Original request	+1.0	+4.8	+6.4	+8.8	+9.6	+10.3	+39.9
o OMB passback	--	-2.3	-3.3	-3.5	-3.6	-4.0	-16.7
o USDA appeal	--	+1.5	+1.1	+1.7	+1.5	+1.5	+15.8

CCC PRICE SUPPORT
(excludes export credit)

(Net Outlays in \$M)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target	<u>4,350</u>	<u>8,770</u>	<u>9,700</u>	<u>10,360</u>	<u>11,160</u>	<u>11,160</u>	<u>51,150</u>
o Changes to President's Target:							
- Original Request	+900	+900	+2,800	+4,000	+4,900	+5,800	+18,400
- OMB Passback and USDA Appeal	--	--	-950	-1,400	-1,600	-1,800	-5,750

What Target Funds:

- o Current price support programs, modified by a target price freeze.
- o Surplus food donations at a level that does not displace private food sales, consistent with Congressional intent.

What Agriculture Would Add:

- o Current price support, thus assuming annual escalation in target prices (no legislation to freeze).
- o Food donations and State distribution costs in 1984 and thereafter in amounts that displace commercial markets and increase CCC purchases.

What Passback Funds:

- o President's target, plus additional savings after 1985 for lower dairy price supports (through new legislation).

Agriculture's Appeal Would:

- o Accept OMB Passback.

CCC EXPORT CREDIT

(Direct and Guarantee Loan Levels in \$M)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target	<u>3,175</u>	<u>3,175</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>15,175</u>
o USDA Add-on	+5,925	+5,350	+5,250	+5,250	+5,250	+5,250	+26,350
o Appeal Add-on	+3,000	+3,225	+3,225	+3,225	+3,225	+3,225	+16,125
o Outlay Effect of:							
- USDA Add-on	--	+2,070	+2,550	+3,520	+3,350	+3,330	+14,820
- USDA Appeal	--	+1,050	+1,650	+2,450	+2,300	+2,750	+10,200

What Target Funds:

- o Continuation of credit assistance to creditworthy countries for the promotion, development and expansion of agricultural exports.

What Agriculture Would Add:

- o New credit guarantee program for balance-of-payments and other foreign economic support to countries with high risk of default.
- o Potential outlays of \$3B per year to cover defaults on new guarantees.
- o New concessional 10-year direct loan program for constructing foreign port and storage facilities and for exporting breeding stock.

Agriculture's Appeal Would:

- o Reduce guarantees to financially-weak countries from about \$6B per year to \$4.4B per year.

RURAL ELECTRIC AND TELEPHONE DIRECT GOVERNMENT LOANS

(Loan Level in \$M)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target	<u>4,645</u>	<u>4,120</u>	<u>4,120</u>	<u>4,120</u>	<u>4,120</u>	<u>4,120</u>	<u>20,600</u>
o Change to President's Target:							
- Original Request	--	+15	+15	+15	+15	+15	+75
- OMB Passback		-2,035	-2,035	-2,035	-2,035	-2,035	-10,175
- USDA Appeal		-200	-200	-200	-200	-200	-1,000

What Passback Funds:

- o Continuation of 1984 budget policy for electric operating and all telephone loan programs.
- o Cost overruns on electric power plants already underway.
- o No loans for new electric power plants to avoid adding surplus capacity.
- o REA administrative operations (\$30M BA not included above) on a user-fee basis.

What Agriculture Would Add:

- o New electric generation projects.
- o Increased electric operating loans.
- o More telephone operations financed by the Federal Government.
- o REA administrative operations funded by taxpayer dollars.

Agriculture's Appeal Would:

- o Accept OMB savings, except \$1.8B for new electric generation projects.

FARMERS HOME LENDING - AGRICULTURE, RURAL HOUSING, RURAL COMMUNITIES

(Direct and Guaranteed Loan Levels in \$M)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target	<u>9,143</u>	<u>6,160</u>	<u>6,160</u>	<u>6,160</u>	<u>6,160</u>	<u>6,160</u>	<u>30,800</u>
o Change to President's Target:							
- Original Request	--	+627	+627	+627	+627	+627	+3,135
- OMB Passback	--	+50	+50	+50	+50	+50	+250
- USDA Appeal	--	+370	+370	+370	+370	+370	+1,850

What Passback Funds:

- o \$350M in rural community development loans for FY85; the same as proposed in the 84 budget.
- o \$2.3B in rural housing loans (about 53,000 units) with more emphasis on rental construction for FY85.
- o \$3.5B in agricultural loans, maintaining about 14% of total agricultural credit.

What Agriculture Would Add:

- o \$150M increase in guaranteed farm operating loans in FY85.
- o \$120M expansion in rural development lending.
- o \$320M expansion in rural homeownership program (7,000 more units) at the expense of more cost effective rental construction.

Agriculture's Appeal Would:

- o Maintain full operating loan add-on.
- o Lower rural development add-on to \$50M from \$120M.
- o Lower rural add-on to \$120M frm \$320M.

SOIL AND WATER CONSERVATION

	(BA in \$M)						85-89
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
o President's Target*	814	532	532	533	549	549	2,695
o USDA Add-on	--	+148	+148	+147	+131	+131	+705
o Appeal Add-on	--	+131	+131	+131	+131	+131	+655

What Target Funds:

- o Maintains FY 1984 budget level with offsets for FY 1983 Jobs Bill.

What Agriculture Would Add:

- o \$107M for separate soil and water conservation programs.
- o \$14M more conservation technical assistance for farmers.
- o \$10M for a new matching grant to States to support locally provided conservation technical assistance to farmers.
- o \$17M for water resource development to restore the offsets for FY 1983 Jobs Bill.

Agriculture's Appeal Would:

- o Drop only \$17M in Jobs Bill offsets proposed for restoration.

* OMB Passback at President's Target.

FORESTRY

(BA in \$M)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target	<u>1,380</u>	<u>1,449</u>	<u>1,449</u>	<u>1,449</u>	<u>1,449</u>	<u>7,176</u>
o Change to President's Target:						
- Original Request	+108	+39	+39	+39	+39	+264
- OMB Passback	-46	-115	-115	-115	-115	-506
- USDA Appeal	+72	+4	+4	+4	+4	+88

What Passback Funds:

- o Timber sales of 10 Billion Board Feet and administration of 11.2BBF of timber harvest.
- o Research at the President's 1984 target level of \$101M.
- o Technical assistance only for support of State and Private Forestry.
- o Reduction of the 25 percent payments to States from national forest receipts as proposed by the Department. This will require a legislative proposal to hold payments closer to taxes on private property (-\$50M in 1985 to -\$160M in 1989).

What Agriculture Would Add:

- o \$128M to increase timber sales to 12.3BBF in 1985.
- o \$30M in grants to States for forestry programs.

Agriculture's Appeal Would:

- o Drop grants to States.
- o Restore full timber sales add-on.

RESEARCH AND EXTENSION

(BA in \$M)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target*	<u>1,088</u>	<u>993</u>	<u>993</u>	<u>993</u>	<u>993</u>	<u>993</u>	<u>4,965</u>
o USDA Add-on	--	+128	+128	+128	+128	+128	+640
o Appeal Add-on	--	+108	+108	+108	+108	+108	+540

What Target Funds:

- o Research in Federal installations at about the level requested in the 1984 budget, funding new initiatives to the extent they can be offset by reductions in the base.
- o Formula research grants to land-grant institutions at the 1984 budget level.
- o Cooperative Extension Service technical services to farmers and social services at the 1984 budget level, paying 40% of total costs.

What Agriculture Would Add:

- o Increases for a new initiative in biotechnology costing \$62.7M without offsets from other research areas.
- o 9% increase in formula funds to land-grant institutions.
- o New initiative in farmer computer education costing \$11M.

Agriculture's Appeal Would:

- o Drop \$20M in general research increases.
- o Maintain all other programs and initiatives at original request.

* OMB Passback at President's Target.

OTHER ICULTURE

(BA in \$M)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>85-89 Total</u>
o President's Target*	<u>5,900</u>	<u>6,300</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>31,700</u>
o USDA Add-on	+1,000	+300	+300	+300	+300	+2,200
o Appeal Add-on	+315	+255	+255	+255	+255	+1,335

What Target Funds:

- o New funding for the Census of Agriculture.
- o Management reforms and new operational efficiencies for savings of \$160M a year.
- o A phase-down in Federal funding of the brucellosis program, assuming user fees to fund the private share.
- o Most programs at current policy levels.

What Agriculture Would Add:

- o Additional meat and poultry inspection activities on imports, exports, and chemical residue detection.
- o Brucellosis control without user fees.
- o No management reform savings.
- o No funding for the Census of Agriculture.
- o Routine budget growth for various other programs.

Agriculture's Appeal Would:

- o Eliminate funding for the Census of Agriculture.
- o Maintain most other programs at original request.

* Mid-Session adjusted for reestimates.

USDA Employment
(Staff Years)

	<u>1984</u>	<u>1985</u>
o President's Target*	108,900	106,900
o USDA Add-on	--	+2,000
o Appeal Add-on	--	+1,100

What Target Funds:

- o Staffing to administer all of the programs of the Department of Agriculture allowing for productivity increases and management improvements.

What Agriculture Would Add:

- o Increased staffing for Farmers Home debt management. (+400)
- o Increased staffing for Forest Service timber sales. (+1,025)
- o Increased staffing for conservation programs. (+210)
- o Increased staffing for research programs. (+55)
- o Increased staffing for food inspection programs. (310)

Agriculture's Appeal Would:

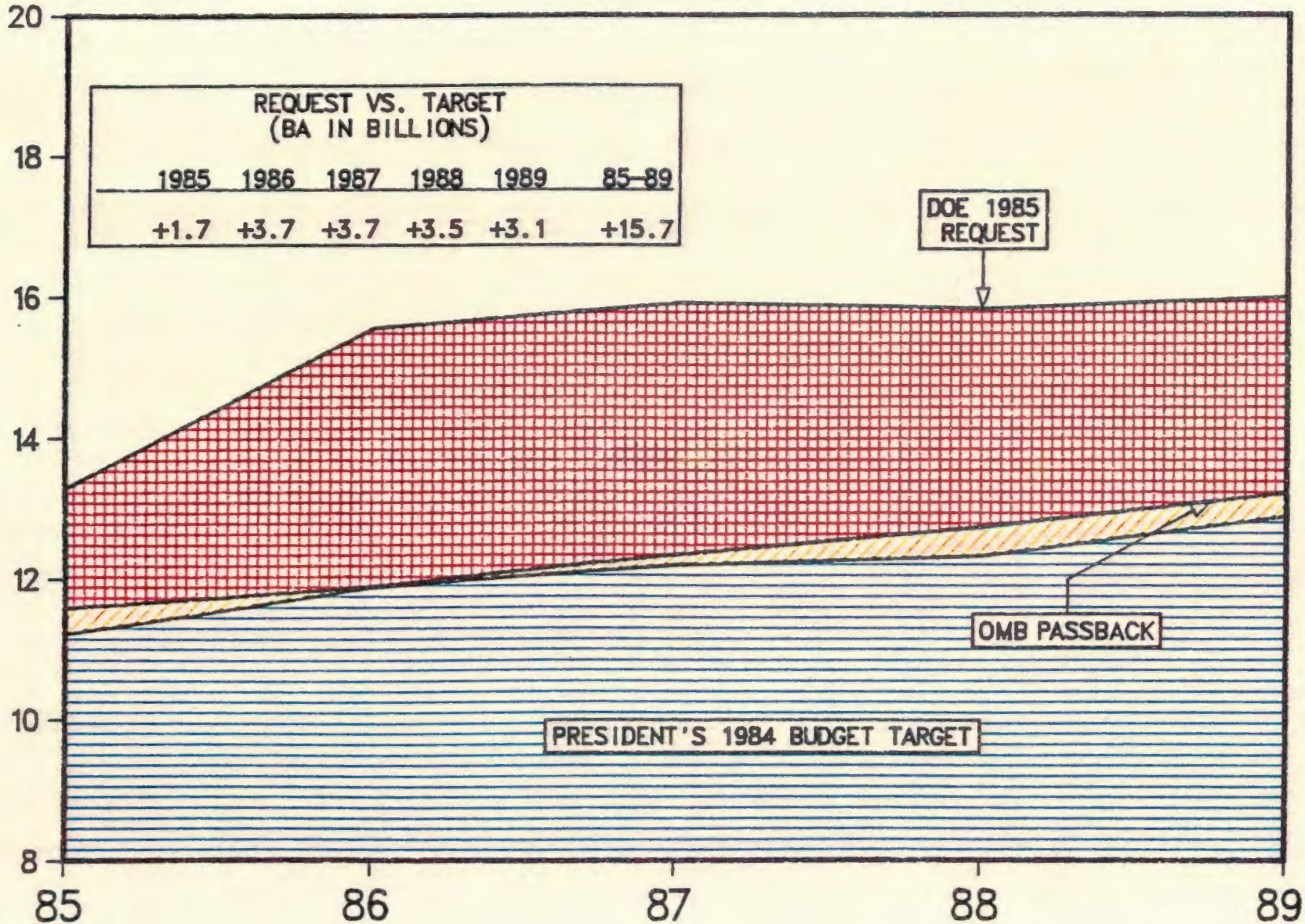
- o Add 55% of original add-on with no specific allocation.

* OMB Passback at President's Target.

DEPARTMENT OF ENERGY

REQUEST VS. PRESIDENT'S TARGET

BA IN \$ BILLIONS



Department of Energy
Alternative Budget Levels
(Budget Authority \$ in Millions)

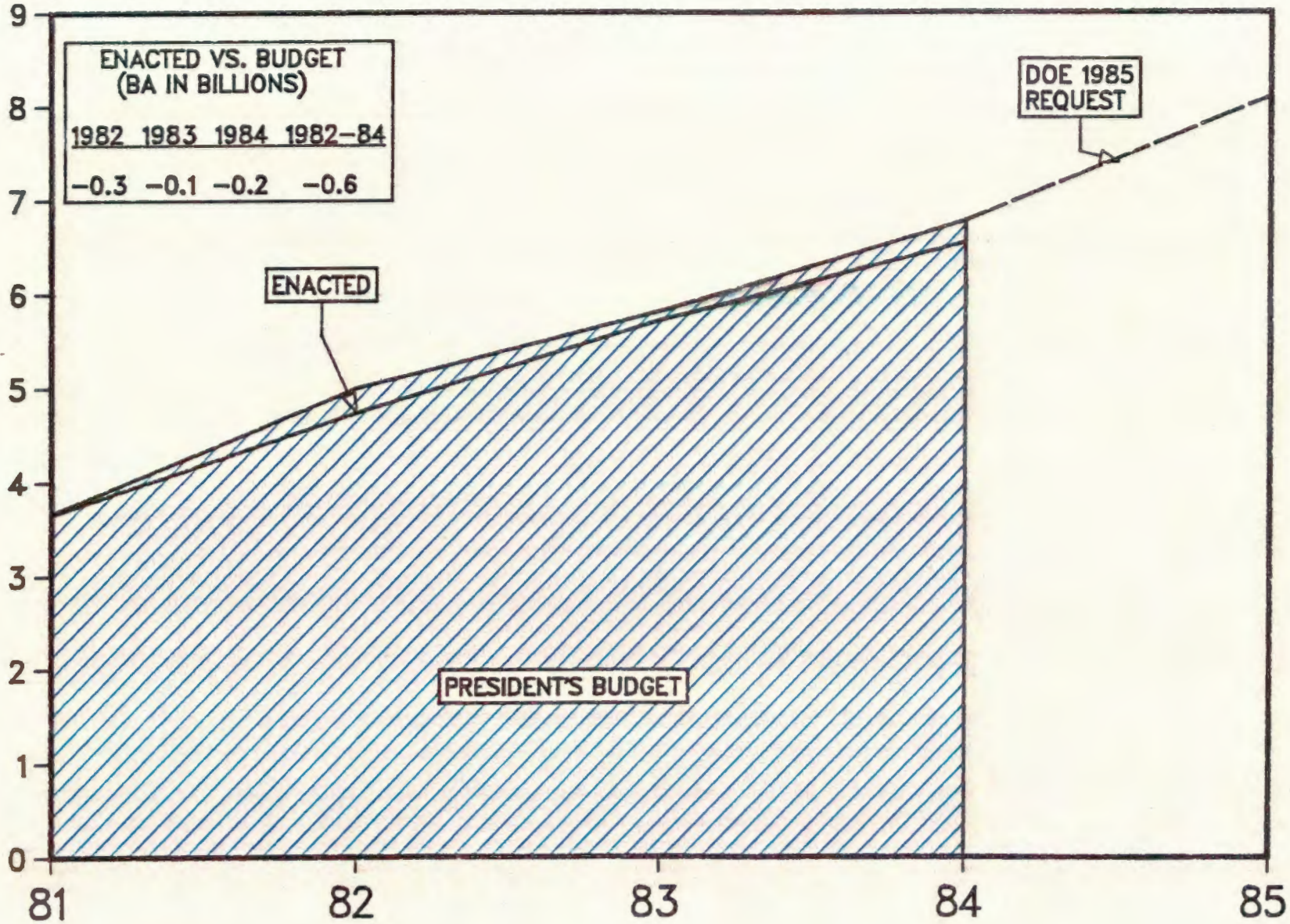
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
President's Budget Target.....	11,591	11,891	12,190	12,323	12,897	60,892
DOE Request.....	<u>13,277</u>	<u>15,562</u>	<u>15,914</u>	<u>15,832</u>	<u>16,003</u>	<u>76,588</u>
Increase above Target.....	+1,686	+3,671	+3,724	+3,509	+3,106	+15,696
DOE Appeal.....	<u>13,068</u>	<u>13,825</u>	<u>14,682</u>	<u>14,729</u>	<u>14,810</u>	<u>71,114</u>
Increase above Target.....	+1,477	+1,934	+2,492	+2,406	+1,913	+10,222
OMB Passback.....	<u>11,211</u>	<u>11,875</u>	<u>12,343</u>	<u>12,740</u>	<u>13,217</u>	<u>61,386</u>
Change from Target.....	-380	-16	+153	+417	+320	+494
Change from Request.....	-2,066	-3,687	-3,571	-3,092	-2,786	-15,202
Change from Appeal.....	-1,857	-1,950	-2,339	-1,989	-1,593	-9,728

Memorandum: Impact of CRBR termination and SPR compromise on President's 1984 budget targets

CRBR Termination.....	-270	-270	-270	-270	-270	-1,350
SPR Compromise.....	<u>+1,514</u>	<u>+688</u>	<u>+639</u>	<u>+647</u>	<u>+689</u>	<u>+4,177</u>
	<u>+1,244</u>	<u>+418</u>	<u>+369</u>	<u>+377</u>	<u>+419</u>	<u>+2,827</u>

DEPARTMENT OF ENERGY DEFENSE PROGRAMS

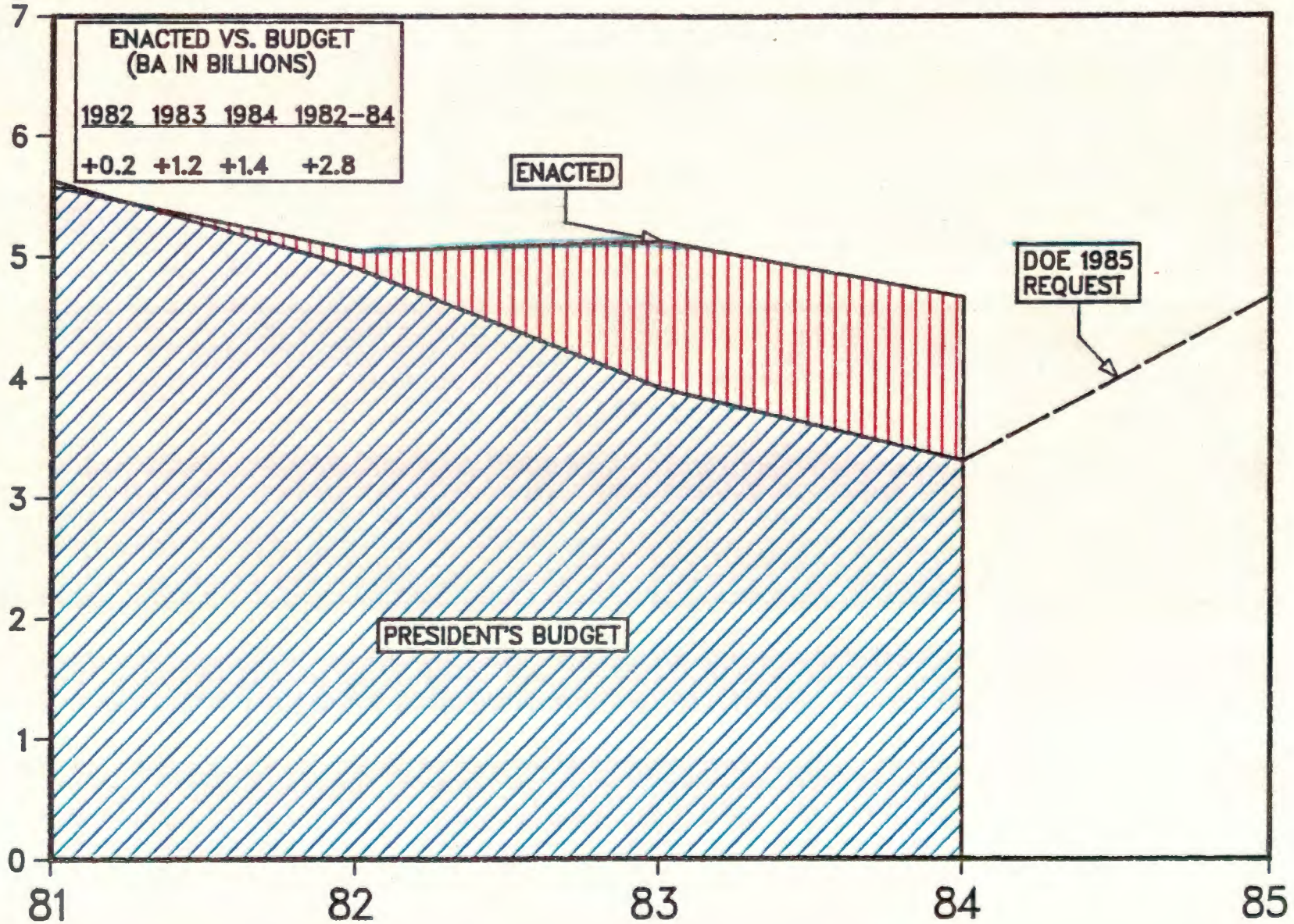
BA IN \$ BILLIONS



ENERGY

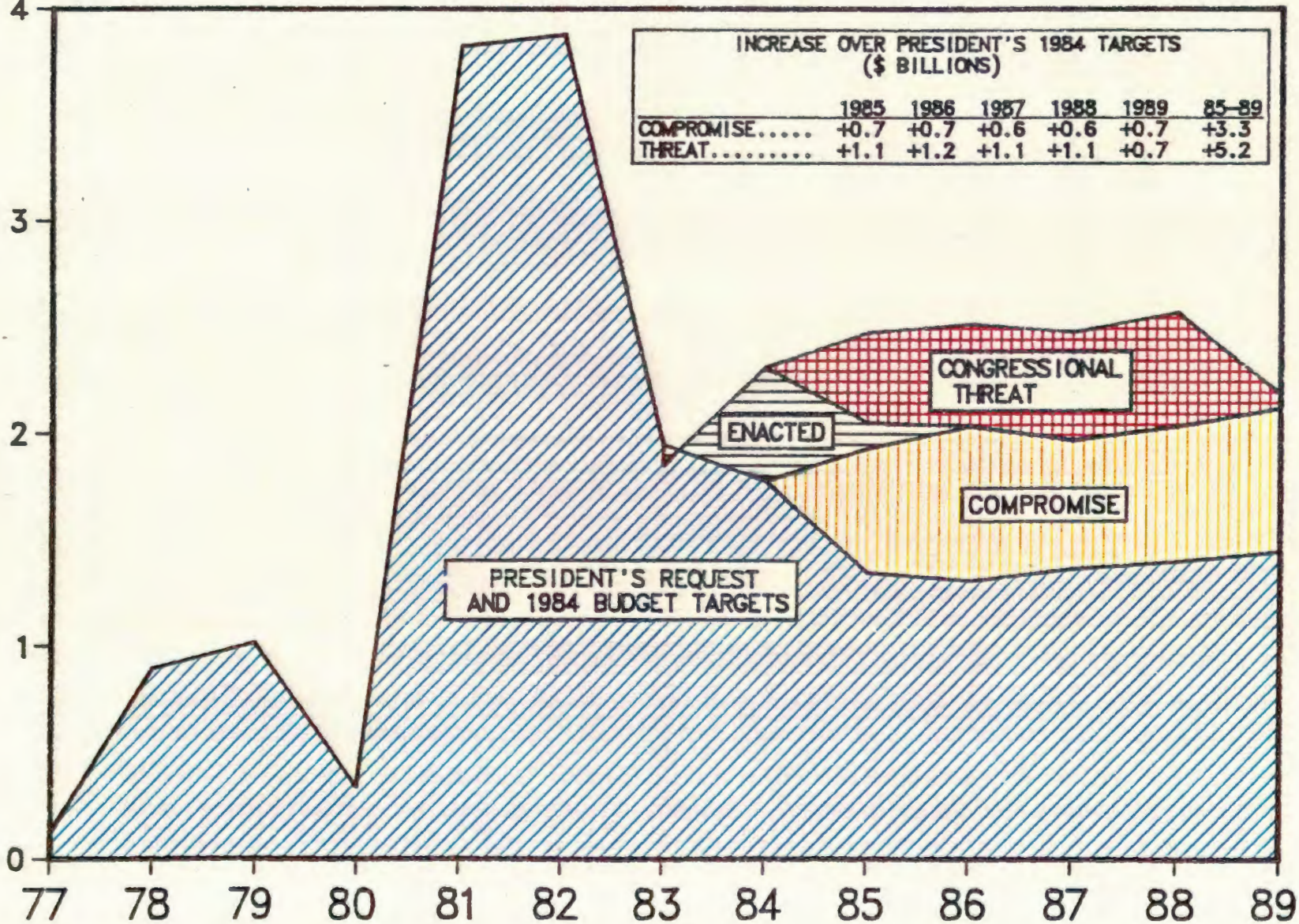
DEPARTMENT OF ENERGY CIVILIAN ENERGY PROGRAMS

BA IN \$ BILLIONS

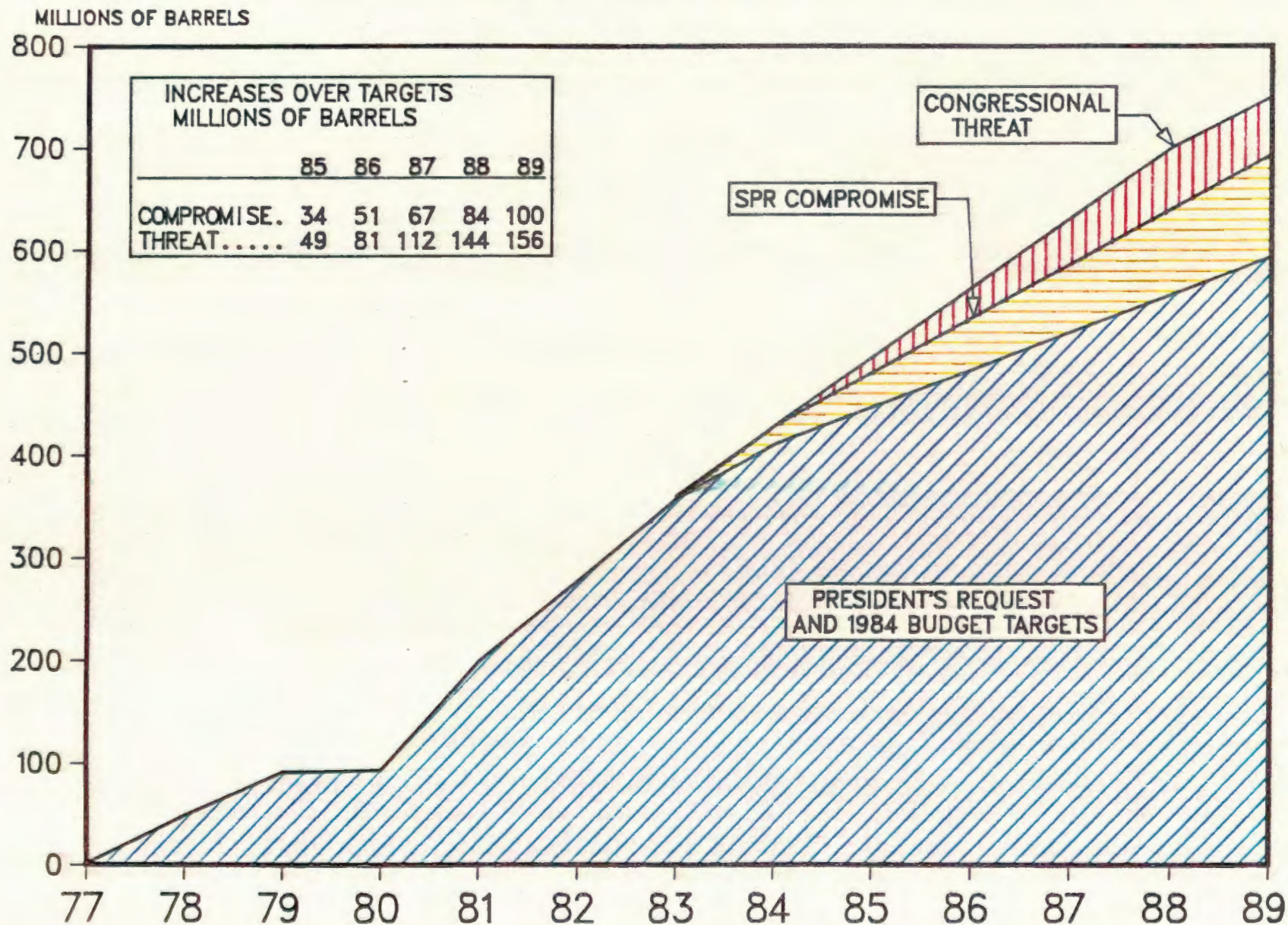


STRATEGIC PETROLEUM RESERVE (SPR) (BUDGET OUTLAYS)

\$ BILLIONS
4



STRATEGIC PETROLEUM RESERVE (SPR) CUMULATIVE STORAGE



DOE Defense Programs
Alternative Budget Levels
(Budget Authority \$ in Millions)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
President's Budget Target	8,037	7,962	8,147	7,767	8,155	40,068
DOE Request	<u>8,099</u>	<u>10,031</u>	<u>10,523</u>	<u>10,450</u>	<u>10,292</u>	<u>49,395</u>
Change from Target	+62	+2,069	+2,376	+2,683	+2,137	+9,327
DOE Appeal	<u>8,168</u>	<u>9,328</u>	<u>9,943</u>	<u>9,620</u>	<u>9,620</u>	<u>46,679</u>
Change from Target	+131	+1,366	+1,796	+1,853	+1,465	+6,611
OMB Passback	<u>7,432</u>	<u>8,042</u>	<u>8,487</u>	<u>8,736</u>	<u>8,909</u>	<u>41,606</u>
Change from Target	-605	+80	+340	+969	+754	+1,538
Change from Request	-667	-1,989	-2,036	-1,714	-1,383	-7,789
Change from Appeal	-736	-1,286	-1,456	-884	-711	-5,073

DOE Defense Programs
1985 Budget
(Budget Authority \$ in Millions)

President's Budget Target	Request Level	OMB Passback Level	Appeal Level
<u>Base Programs</u>			
Funding for weapons R&D, testing, production, nuclear materials, waste management, and naval reactors. <p style="text-align: right;">\$7197</p>	Same <p style="text-align: right;">\$7197</p>	Same <p style="text-align: right;">\$7197</p>	No Appeal. <p style="text-align: right;">\$7197</p>
<u>Special Isotope Separation (SIS)</u>			
R&D on new technique to enrich plutonium. Includes start of production facility with total cost \$1.0 billion. <p style="text-align: right;">\$120</p>	Same <p style="text-align: right;">\$120</p>	Production facility not necessary to address potential weapons builds in the 1990's. <p style="text-align: right;">\$39</p>	Restores Requested Level. <p style="text-align: right;">\$120</p>
<u>R&D and Testing</u>			
Program expansion for new weapons concepts (total funding for R&D and testing is \$1.3B). Raises lab employment by 100 above current 7,900. <p style="text-align: right;">\$30</p>	Enhanced level of R&D, 430 extra people at labs, inflation at 7.5%, expanded Nevada testing. <p style="text-align: right;">\$119</p>	Some expansion over target level, but more modest than requested. Lower inflation estimates. <p style="text-align: right;">\$49</p>	Restores Requested Level. <p style="text-align: right;">\$119</p>

DOE Defense Programs
1985 Budget
(Budget Authority \$ in Millions)

President's Budget Target	Request Level	OMB Passback Level	Appeal Level	
<u>R&D Facilities</u> <u>Revitalization</u> at national laboratories. (TEC = \$1.9 billion.) <div style="text-align: right;">\$40</div>	Rapid start up. (5-yr. = \$1457M) <div style="text-align: right;">\$57</div>	Slower start up. (5-yr. = \$313M) <div style="text-align: right;">\$43</div>	Restores Requested Level. (5-yr. = \$1457M) <div style="text-align: right;">\$57</div>	
<u>New Safeguards</u> <u>Construction</u> (TEC = \$0.4 billion.) <div style="text-align: right;">\$50</div>	Funds 23 new projects in 1985. <div style="text-align: right;">\$108</div>	Funds 12 new projects in 1985. <div style="text-align: right;">\$55</div>	Restores Requested Level. <div style="text-align: right;">\$108</div>	
<u>Discretionary Items</u> Additional upgrades at weapons plants, new equipment, environmental projects, R&D on waste, treaty veri- fication, etc. <div style="text-align: right;">\$600</div>	Fewer items than planned, so that funds could be applied elsewhere. <div style="text-align: right;">\$498</div>	(Deferrable into FY86 and beyond, without directly affecting weapons production schedules.) <div style="text-align: right;">\$49</div>	Restores request. Adds new projects above Requested Level. <div style="text-align: right;">\$567</div>	
Total	\$8037	\$8099	\$7432	\$8168

DOE Breeder Reactor and Related Programs
Alternative Budget Levels
(Budget Authority \$ in Millions)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
President's Budget Target	689	722	758	795	831	3795
CRBR Termination	(-270)	(-270)	(-270)	(-270)	(-270)	(-1350)
DOE Request	<u>369</u>	<u>506</u>	<u>478</u>	<u>375</u>	<u>378</u>	<u>2106</u>
Change from Target	-320	-216	-280	-420	-453	-1689
DOE Appeal Level	<u>343</u>	<u>343</u>	<u>367</u>	<u>328</u>	<u>328</u>	<u>1709</u>
Change from Target	-346	-379	-391	-467	-503	-2086
OMB Passback	<u>228</u>	<u>185</u>	<u>150</u>	<u>95</u>	<u>95</u>	<u>753</u>
Change from Target	-461	-537	-608	-700	-736	-3042
Change from Request	-141	-321	-328	-280	-283	-1353
Change from Appeal	-115	-158	-217	-233	-233	-956

Breeder and Related Programs
1985 Budget
(Budget Authority \$ in Millions)

President's Budget Target	Request Level	OMB Passback Level	Appeal Level	
<u>Clinch River Breeder Reactor</u> Continue project: total cost estimated at \$4 billion. <div style="text-align: right;">\$270</div>	Deletes funds for CRBR. <div style="text-align: right;">\$0</div>	Same <div style="text-align: right;">\$0</div>	Same <div style="text-align: right;">\$0</div>	
<u>Breeder Base Program</u> Direct support for CRBR is 10% of total. For future reactors, funds components, fuels development, reactor core design, materials research. <div style="text-align: right;">\$348</div>	Essentially drops support for CRBR (\$35M) and continues support for future reactors. <div style="text-align: right;">\$302</div>	Drops CRBR support Reduces work on fuels, cuts work on testing large components. <div style="text-align: right;">\$198</div>	Terminates work on large components. Focuses on more economic concepts and more inter- national cooperation. <div style="text-align: right;">\$287</div>	
<u>Reprocessing</u> Funds development of new techniques: robotics for security in reprocessing. <div style="text-align: right;">\$41</div>	Continues development work. Begins breeder reprocessing demon- stration plant with total cost \$350M. <div style="text-align: right;">\$38</div>	Drops reprocessing as premature in absence of operating breeders in near future. <div style="text-align: right;">\$0</div>	Reduces development work, but restores demonstration plant. <div style="text-align: right;">\$26</div>	
<u>Light Water Breeder</u> Experiment completed, shutdown and testing of fuel will run two more years. <div style="text-align: right;">\$30</div>	Same <div style="text-align: right;">\$30</div>	Same <div style="text-align: right;">\$30</div>	Same <div style="text-align: right;">\$30</div>	
Total	\$689	\$369	\$228	\$343

Other DOE Nuclear R&D Programs
Alternative Budget Levels
(Budget Authority \$ in Millions)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
President's Budget Target	1097	1146	1141	1238	1294	5916
DOE Request	<u>1175</u>	<u>1590</u>	<u>1531</u>	<u>1541</u>	<u>1577</u>	<u>7414</u>
Change from Target	+78	+444	+390	+303	+283	+1498
DOE Appeal	<u>1162</u>	<u>1510</u>	<u>1417</u>	<u>1402</u>	<u>1416</u>	<u>6907</u>
Change from Target	+65	+364	+276	+164	+122	+991
OMB Passback	<u>1081</u>	<u>1270</u>	<u>1316</u>	<u>1380</u>	<u>1443</u>	<u>6490</u>
Change from Target	-16	+124	+175	+142	+149	+574
Change from Request	-94	-320	-215	-161	-134	-924
Change from Appeal	-81	-240	-101	-22	+27	-417

Other DOE Nuclear R&D Programs
1985 Budget
(Budget Authority \$ in Millions)

President's Budget Target	Request Level	OMB Passback Level	Appeal Level
Fusion - Maintain constant program level. \$490	Same \$493	Same \$493	Same \$493
Nuclear Waste Fund provides for permanent waste storage funded by utility fees. \$350	Reflects slightly revised scope of work. (5-yr. = \$2,762M) \$343	Constrains program to spend at level of revenues. (5-yr. = \$2,454M) \$343	Same as Request. (5-yr. = \$2,762M) \$343
<u>Other Waste and Safety</u> - Waste Technology - Three-mile Island - Reactor Safety Tests - Cleanup old re-processing plant (West Valley, NY) \$257	Several minor increases, including allowing inflation in TMI cleanup R&D. \$299	Minor reductions in waste technology. Hold West Valley at 1984 level pending official estimate of total cost. \$245	Same as Request \$286
High Temperature Gas Reactor (HTGR) drops support for design work leading to 1,000 MW plant. Program has been consistently added by Congress. \$0	Continues program but refocused on small plants for electric and industrial applications. (5-yr. = \$209M) \$40	No funds \$0	At Request Level (5-yr. = \$209M) \$40
Total	\$1,097	\$1,081	\$1,162

Non-Nuclear R&D Programs
Budget Levels
(Budget Authority in \$ Millions)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
President's Budget Target.....	349	358	368	379	396	1,850
DOE Request.....	575	551	567	578	606	2,877
Change from Target.....	+226	+193	+199	+199	+210	+1,027
DOE Appeal.....	650	632	635	654	654	3,225
Change from Target.....	+301	+274	+267	+275	+258	+1,375
OMB Passback Level.....	342	345	341	349	365	1,742
Change from Target.....	-7	-13	-27	-30	-31	-108
Change from Request.....	-233	-206	-226	-229	-241	-1,135
Change from Appeal.....	-308	-287	-294	-305	-289	-1,483

(\$ in Millions)

	<u>1984</u>			<u>1985</u>		
	<u>President's Budget</u>	<u>Enacted</u>	<u>Difference</u>	<u>DOE Request</u>	<u>DOE Appeal</u>	<u>OMB Passback</u>
Non-Nuclear R&D						
Fossil.....	138	329	+191	271	273	167
Conservation....	74	154	+80	114	148	51
Solar/Renewables	<u>128</u>	<u>254</u>	<u>+126</u>	<u>190</u>	<u>229</u>	<u>124</u>
Total.....	340	737	+397	575	650	342

Department of Energy Employment
(Total Staff-Years)

	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>President's Budget Target.....</u>	<u>15,798</u>	<u>15,798</u>	<u>15,798</u>
 <u>FTE Add-Ons:</u>			
DOE Request.....	+1,572	+1,569	+1,569
DOE Appeal.....	+1,013	+885	N/A
OMB Passback.....	+910	-16	-356

Memorandum: Included in Add-Ons Shown Above:

Effect of Withdrawing Reorganization Legislation...	+386	+386	+386
Effect of Congressional "Floors".....	+547	--	--

What the DOE Request/Appeal Would Provide

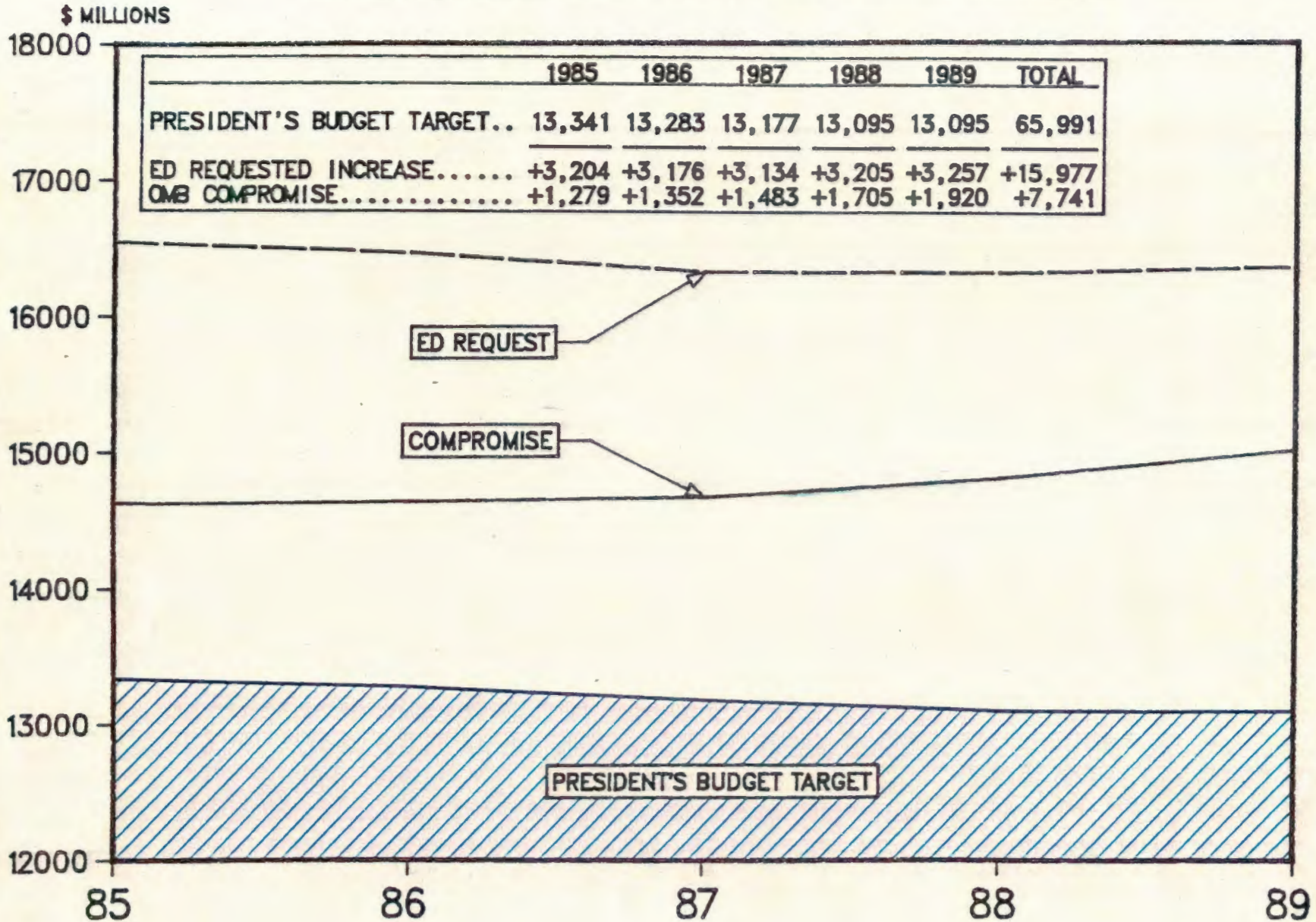
- o The 1985 request as modified by the appeal would provide increases over target, primarily for:
 - non-nuclear energy technology (+343), which continues fossil R&D and energy conservation programs near the Congressional floors;
 - nuclear energy technology (+162), mainly for nuclear waste; and
 - administration (+530), which consists of +386 to continue the Department and +144 for administrative enhancements.
- o The programmatic increases are partially offset by:
 - management reform savings (100 FTE's in 1984 and 264 in 1985); and
 - "bottom line" reductions for position vacancies (savings of 435 FTE's in 1984 and 130 in 1985).

Basis for the OMB Passback

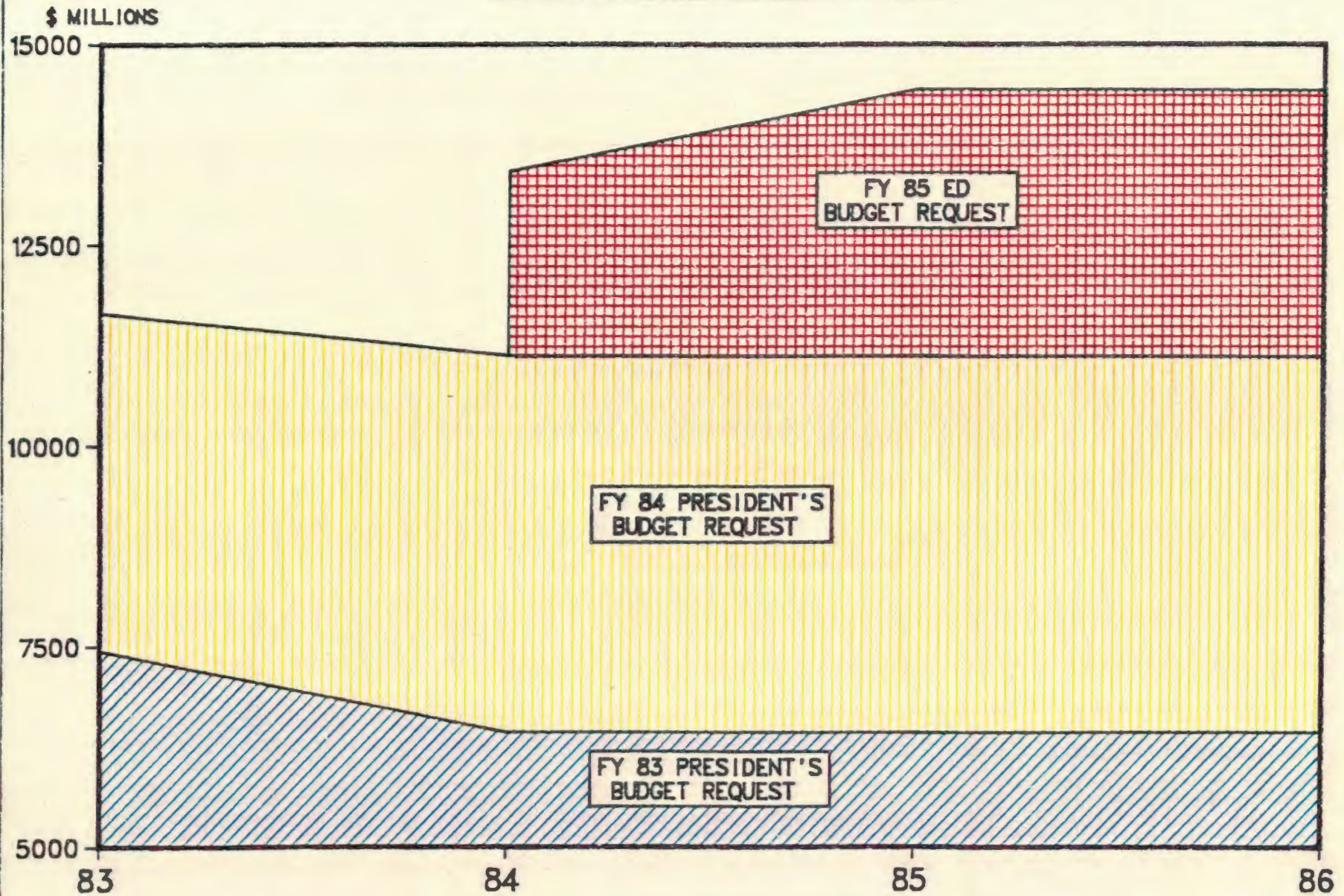
- o Continue DOE as a Cabinet-level department.
- o Allow DOE to meet the minimum employment floors in 1984, with a phase-down in 1985 assuming repeal of the restrictions.
- o Provide for implementation of nuclear waste legislation.
- o Higher management reform savings (total savings of 120 FTE's in 1984 and 420 in 1985).
- o No bottom line reductions for vacancies. Decreasing employment levels make a substantial vacancy rate unlikely.

EDUCATION

EDUCATION DEPARTMENT REQUEST VS. PRESIDENT'S FY 1984 BUDGET TARGETS

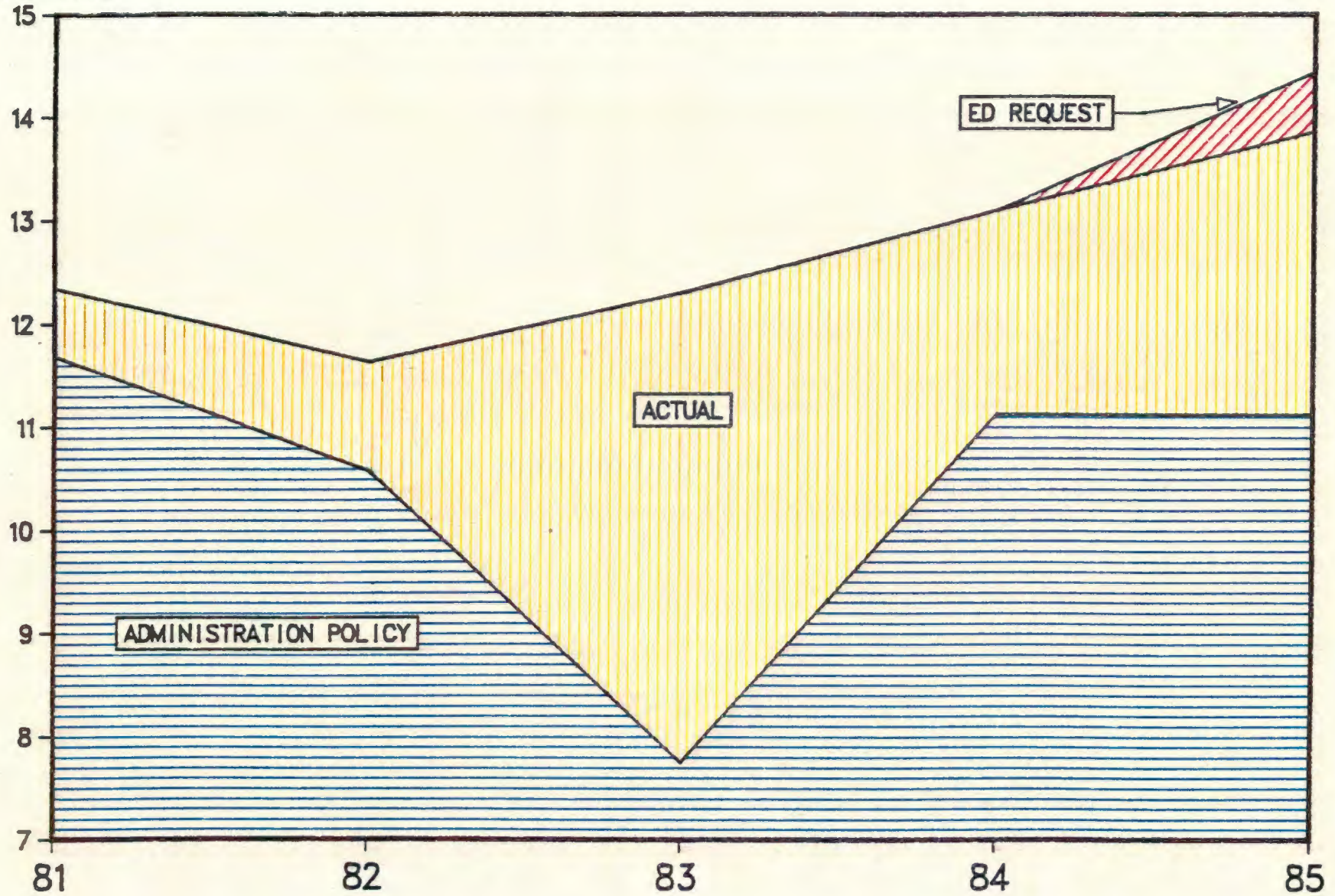


EDUCATION'S DISCRETIONARY PROGRAM BUDGET SINCE 1983



EDUCATION DEPARTMENT BUDGET TRENDS DISCRETIONARY BA

\$ BILLIONS



SUMMARY OF EDUCATION DEPARTMENT CHANGES COMPARED TO FY 1985 CURRENT SERVICES BASELINE

<u>Program/Category</u>	<u>(Budget Authority in Millions)</u>					
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
<u>Comparison of FY 1985 Current Services Baseline to President's 1984 Target (Discretionary Programs)</u>						
1) Current Services Baseline	\$13,862	\$14,681	\$15,522	\$16,403	\$17,334	\$77,802
2) President's 1984 Budget Target	<u>11,108</u>	<u>11,100</u>	<u>11,100</u>	<u>11,048</u>	<u>11,048</u>	<u>55,404</u>
3) Difference	-2,754	-3,581	-4,422	-5,355	-6,286	-22,398
4) Percent difference	-20%	-24.4%	-28.5%	-32.6%	-36.3%	xxx
<u>Comparison of FY 1985 Current Services Baseline to FY 1985 Compromise Budget (discretionary programs)</u>						
5) Compromise level	<u>12,611</u>	<u>12,697</u>	<u>12,847</u>	<u>12,999</u>	<u>13,158</u>	<u>64,312</u>
6) Savings from FY 1985 Current Services baseline	-1,251	-1,984	-2,675	-3,404	-4,176	-13,490
7) Percent cut from baseline	-9%	-14%	-17%	-21%	-24%	xxx
8) Illusory savings due to insufficient funding of FY 1985 Policy Compromise in outyears	xxx	(704)	(1,322)	(1,974)	(2,660)	(6,660)
<u>Total Department: FY 1985 Current Services baseline vs. Compromise Budget:</u>						
9) FY 1985 Current Services baseline, total	16,333	17,059	17,807	18,650	19,618	89,467
10) Compromise Budget level, total	<u>14,620</u>	<u>14,635</u>	<u>14,660</u>	<u>14,800</u>	<u>15,009</u>	<u>73,732</u>
11) Policy Savings, total	-1,713	-2,424	-3,147	-3,850	-4,609	-15,735
12) Percent Cut from 1985 Current Services baseline	-10.5%	-14.2%	-17.7%	-20.6%	-23.5%	xxx

Composition of Compromise Budget (Cuts vs. FY 1985 Current Services Baseline)

<u>Program/Category</u>	(Budget Authority in Millions)					<u>Total</u>
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	
<u>Discretionary Programs:</u>						
1) Handicapped State Grants	-66	-110	-156	-205	-258	-795
2) Disadvantaged LEA Grants	-143	-292	-445	-608	-783	-2,271
3) Handicapped Discretionary and Disadvantaged State Grants	-110	-204	-244	-287	-332	-1,177
4) Vocational and Adult Education	-50	-103	-156	-212	-272	-793
5) Rehabilitation of Disabled (State and Discretionary).....	-102	-153	-205	-260	-320	-1,041
6) Indian, Bilingual and other elementary and secondary	-119	-144	-170	-196	-225	-854
7) Impact Aid	-113	-142	-170	-200	-226	-851
8) Student Financial Aid	-578	-773	-936	-1,188	-1,414	-4,889
9) All Other	<u>+34</u>	<u>-62</u>	<u>-150</u>	<u>-246</u>	<u>-344</u>	<u>-768</u>
10) Total, Discretionary Savings	-1,251	-1,984	-2,675	-3,404	-4,176	-13,490
<u>Mandatories</u>						
11) GSL Current Law and other mandatories..	2,471	2,378	2,285	2,247	2,284	11,665
12) GSL/Mandatories Policy Cut (and re-estimates) in Compromise	-466	-442	-474	-448	-433	-2,263

COMPARISON OF FY 1985 COMPROMISE BUDGET TO PRESIDENT'S FY 1984 BUDGET TARGETS

<u>Program/Category</u>	<u>(Budget Authority in Millions)</u>					
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
1) President's Budget Target, Department Total.....	<u>\$13,341</u>	<u>\$13,283</u>	<u>\$13,177</u>	<u>\$13,095</u>	<u>\$13,095</u>	<u>\$65,991</u>
2) <u>Adjustments to Program base due to 1984 Congressional Action:</u>						
3) Disadvantaged LEA grants.....	+271	+311	+351	+391	+431	+1,755
4) Handicapped - State grants	+72	+97	+122	+147	+172	+610
5) Vocational/Adult Education.....	+338	+338	+338	+338	+338	+1,692
6) Vocational Rehab. - State grants	+60	+80	+100	+120	+140	+500
7) Indian/Bilingual and other elementary/ secondary programs.....	+104	+104	+104	+154	+154	+620
8) Impact Aid ("a" children).....	+52	+60	+70	+79	+95	+356
9) Howard/TRIO and Special programs.....	+57	+56	+56	+57	+57	+283
10) Student Aid.....	+86	+142	+198	+256	+315	+997
11) Sub-Total, base adjustments due to 1984 Congressional Action.....	+1,040	+1,188	+1,339	+1,542	+1,702	+6,813

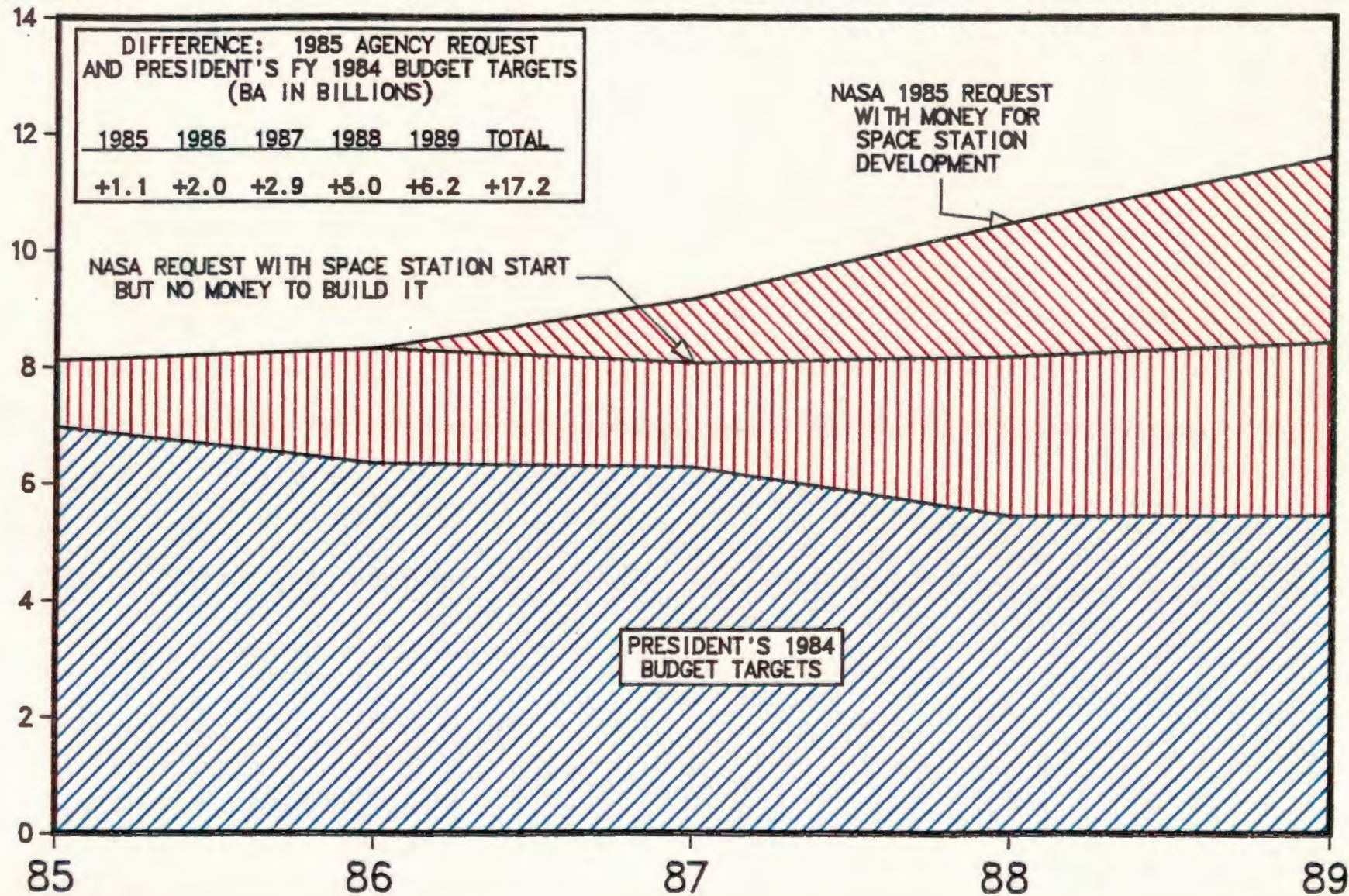
COMPARISON OF FY 1985 COMPROMISE BUDGET TO PRESIDENT'S FY 1984 BUDGET TARGETS

<u>Program/Category</u>	<u>(Budget Authority in Millions)</u>					
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
12) <u>FY 1985 Administration Policy Changes</u> <u>from President's Budget Target</u>						
13) Slower phase-down of State Chapter 1 Education for handicapped, delinquent, neglected and migrant children.....	+195	+165	+165	+165	+165	+855
14) Handicapped Discretionary.....	+34	+17	+17	+17	+17	+101
15) Rehabilitation Discretionary.....	-10	-10	-10	-10	-10	-50
16) NIE/NCES.....	+5	+5	+5	+5	+5	+25
17) State block grant/education reform initiative 3.5% of Federal Elementary and Secondary program base.....	+250	+250	+250	+250	+250	+1,250
18) DoED Salaries and Expenses (est.).....	-8	-16	-16	-16	-16	-72
19) GSL/mandatories policy and re-estimate.	<u>-227</u>	<u>-247</u>	<u>-267</u>	<u>-248</u>	<u>-197</u>	<u>-1,186</u>
20) Sub-Total, Policy Changes.....	+239	+164	+144	+163	+214	+923
21) Total change from President's Budget.....	+1,279	+1,352	+1,483	+1,705	+1,913	+7,736
22) Compromise ED Budget.....	14,620	14,635	14,660	14,800	15,008	73,727

NASA

NASA REQUEST VS. PRESIDENT'S TARGETS

\$ BILLIONS



The President's 1985 Budget Target for NASA

Evolution of 1985 Budget Target



<u>Budget Version</u>	<u>1985 Target</u> (BA in billions)
o Original March 1981 President's Budget.....	\$5.6
o President's FY 1983 Budget.....	\$6.1
o President's FY 1984 Budget (current ceiling).	\$7.0
o NASA FY 1985 request.....	\$8.1

Multi-Year Add-On to President's FY 1984 Targets for FY 1985-89

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total 1985-89</u>
o President's FY 1984 targets...	<u>7.0</u>	<u>6.3</u>	<u>6.3</u>	<u>5.5</u>	<u>5.5</u>	<u>30.6</u>
o Add-on in official NASA request with 1991 space station commitment but no money for development.....	+1.1	+1.8	+1.3	+1.7	+1.6	+7.5
o Add-on for new projects other than space station in 1986 and 1987.....	--	+0.2	+0.5	+1.0	+1.4	+3.1
o Total add-on in NASA request with minimum (NASA estimate) space station development and new project funding consistent with requested policy.....	+1.1	+2.0	+2.9	+5.0	+6.2	+17.2

(slight difference due to rounding)

POLICY ISSUES IN AGENCY REQUEST

The gap between the President's budget targets and the 1985 NASA request reflects the steady evolution of a fundamental policy dilemma:

- The original March 1981 budget established a five-year (1982-86) funding ceiling and policy which:
 - o placed highest priority on completing development of the Shuttle and putting it into routine and cost-effective operation;
 - o provided for cost growth required to complete existing commitments;
 - o terminated low-priority activities;
 - o assumed initiation of a no sizeable new projects for five years (thru 1986);
 - o avoided inappropriate subsidization of industry.

- Subsequent budget actions have moved us steadily toward a much more costly budget path than estimated projections:
 - o Unexpected cost growth above 1982 projections for the Shuttle and other ongoing activities (e.g, the Space Telescope and Tracking and Data Relay Satellite) has had to be covered. This has amounted to about \$1.7 billion in 1983/84 and is projected to require an additional \$2.4 billion in 1985/86;
 - o At the same time, NASA has been allowed several new space missions and other program starts in 1983 and 1984. These projects have a total estimated cost of \$1.4 billion through 1988.

- The 1985 NASA budget request reflects a complete elimination of the savings projected in the 1982 budget. Programs initially curtailed or deferred would be reinstated or further augmented (e.g., Aeronautics R&D, facilities construction).

- In addition to the space station, the NASA budget request would initiate 6 new major projects having a currently-estimated total cost of \$1.6 billion.

Composition of NASA Add-On to President's FY 1984 Budget Targets

1) Space Transportation System (Shuttle Program)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
o President's 1984 budget target....	<u>3.2</u>	<u>2.5</u>	<u>2.5</u>	<u>1.6</u>	<u>1.7</u>	<u>11.5</u>
o NASA 1985 request add-on.....	+0.2	+0.6	+0.4	+1.2	+1.2	+3.6

What existing ceiling funds:

- o Completion of basic shuttle development,
- o Continued expansion of operations for the four orbiter fleet, including flight hardware, spares, and support equipment,
- o Continued developmet of the new Centaur upper stage, and support for Spacelab.

What NASA-Add-ons buy:

NASA add-on is above targets of \$217 million (BA) in 1985. While this is a limited increase in 1985, it can lead to a total increase of \$3.6 billion through 1989. NASA add-ons in 1985 would include primarily:

- o Initiation of an orbital maneuvering vehicle development to aid the transfer of payloads to and from the Shuttle.
- o A lower flight rate than assumed in the President's budget targets, but higher Federal funding. Higher Federal funding would be needed because NASA would discount revenues from commercial/foreign users on the assumption that all planned flights would be flown even if paying substitutes could not be found for possible "no shows".
- o In addition, relatively minor increases would be required for additional support equipment and Shuttle improvements (e.g., engine upgrade).

2) Space Station

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
o President's 1984 budget target....	<u>6M</u>	--	--	--	--	<u>6M</u>
o NASA add-on.....	+0.2	+0.3	+1.3	+2.3	+3.2	+7.3
(under-priced NASA request)	(0.2)	(0.3)	(0.2)	(0)	(0)	(+0.7)

1984 Budget Targets

- o Since the Space Station is a fundamental major new commitment that has not yet been authorized, no funding allowance is contained in the current Budget Ceiling other than \$6 million for relatively low-level design study work. As the existing 1985-89 ceiling amounts are fully utilized by projects previously approved, the entire space station project is necessarily an incremental budget expenditure.

What the NASA Request Would Buy:

- o NASA's 1985 request includes a commitment to development a permanently manned space station by 1991, but the 1985 program and outyear funding requested by NASA includes only amounts needed to define the scope of the project, starting at \$235 million in 1985, with a total of \$684 million for 1985-1987.
- o In order to meet the 1991 goal, NASA will need to spend an additional \$1.1 billion in 1987 to initiate full scale development of the station (e.g., long lead time procurements) while definition studies are still being completed.
- o NASA has identified tentative total definition and development costs of \$10.5 billion (approximately \$8 billion in constant 1984\$) for the period 1987-1991. However, these estimates do not include:
 - The cost of operating the space station;
 - The cost of science and applications experiments to utilize the station;

- Potential program enhancements; and,
- Cost overruns.
- o Even at the minimum development cost estimated by NASA, cumulative expenditures by 1989 would total \$6.6 billion compared to zero in the NASA request.
- o NASA has described the capabilities of the 1991 space station as limited. Enhancements which raise the total cost to \$28 billion or more would eventually require funding if the manned space station is to:
 - Serve as a transportation node to geostationary orbit and to planetary trajectories, or as a stepping stone to a manned lunar base or Mars mission;
 - Operate in polar orbit to develop and service earth-oriented capabilities;
 - Expand capacity for research and commercial activities, particularly for materials processing, and to provide a more sophisticated satellite servicing capability.

3) Institutional Base Activities/Enhancements

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
o President's 1984 budget targets....	<u>2.1</u>	<u>2.1</u>	<u>2.1</u>	<u>2.1</u>	<u>2.1</u>	<u>10.5</u>
o NASA request add-on.....	+0.3	+0.3	+0.3	+0.3	+0.3	+1.5

What the 1984 Budget Ceiling Funds:

- o Continuing the workforce of 22,000 Federal employees;
- o Cost of living increases for continued operation of all major field centers;
- o The funding increases to repay the loan for and to operate the new Tracking and Data Relay Satellite to support all space missions; and
- o A reduction in facilities construction consistent with the competition of Shuttle development.

What the NASA Add-on Would Buy:

- o Funds for 200 additional Federal employees.
- o Higher maintenance and general purpose laboratory equipment funding, an 80% increase over the budget target for facility construction and refurbishment, and higher administrative expenses (+\$159 million in 1985).
- o Separate funding for the legislatively-mandated small business R&D set-aside. (+\$25 million in 1985).
- o Compensation for unplanned expenditures (made by NASA in 1984) related to an upper stage launch failure of the TDRSS satellite and, funds to accelerate improvement of the capability of the tracking stations.

4) Space Science, Applications, Technology and Aeronautics

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Total</u>
o President's 1984 budget targets....	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.6</u>	<u>8.4</u>
o NASA request add-on.....	+0.4	+0.8	+0.9	+1.2	+1.4	+4.7

What Existing Budget Ceiling Funds:

- o The President's 1984 budget targets for science, applications and technology provide \$1.4 billion in 1985. this level allows for continuing all ongoing flight projects and related basic research and technology work. Large projects assumed to be continued include the Space Telescope, the Gamma Ray Observatory, Spacelab experiments, the Galileo mission to Jupiter, the Venus Radar Mapper, and the Advanced Communications Technology Satellite.
- o The President's 1984 budget targets for aeronautics R&D would provide \$332 million in 1985. This level would continue ongoing programs, such as rotorcraft technology, new composite structures, and the Numerical Aerodynamic Simulator.

What the NASA Add-on Would Buy:

In 1985:

- o Space Telescope cost growth due to technical problems and a schedule slip.
- o Initiation of a series of relatively "low cost" planetary observer spacecraft to explore the planets. The first would be a Mars Geophysical/Climatology Orbiter at a total multi-year cost of about \$300 million.
- o A new Upper Atmospheric Research Satellite to study the outer regions of the Earth's upper atmosphere.
- o Augmentation of ongoing basic research and generic technology.
- o Flight tests of an advanced turboprop to validate performance improvements.
- o Further tests of rotorcraft to reduce noise and vibration.
- o Augmented technology efforts on small engines for helicopters, cruise missiles, and small aircraft; and advanced materials for aircraft engines.

In 1986 and 1987, various unspecified new projects totalling \$4.6 billion through 1989.