

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual
collections.

Collection: Deaver, Michael
Folder Title: Economic Program
Working Group Meeting
02/13/1981(Michael Deaver Set) (2)
Box: 37

To see more digitized collections
visit: <https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories
visit: <https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives

Catalogue: <https://catalog.archives.gov/>

RONALD REAGAN LIBRARY
TRANSFER/PARALLEL/OVERSIZE FILE SHEET

Please circle "preservation" (put in AV, etc.), "classified" (parallel filed in vault/annex), "collection" (misfile, provenance), "RD/FRD" (parallel file), "NATO" (parallel file), "SAP" (parallel file).

PRESERVATION CLASSIFICATION COLLECTION RD/FRD NATO SAP

FROM:
Collection Fuller, Craig: Files
Series Series IV: Subipat File
File Folder Title/Casefile #/NSC # See below

Box Number OA 8991 (KFOA 30)

Description of Material:

① [Economic Program Working Group Meeting 02/12/1981
(Michael Deaver Set)] ~~(1)-(2)~~ (1)-(3)

② [Economic Program Working Group Meeting 02/13/1981
(Michael Deaver Set)] (1)-(3)

these are duplicates of Fuller material & clearly
marked for Deaver

TO:
Collection: Deaver, Michael: Files
Series: Series IV: Subject File
File Folder Title/Casefile #/NSC # _____

Box Number: OA 8606 (Box 39)

Transferred by: dlb Date: 10/19/2011

NEED ONE COPY IN ORIGINAL LOCATION
SECOND COPY WITH ITEM PARALLEL FILED OR TRANSFERRED
THIRD/FOURTH* COPY FOR COLLECTION FOLDERS - * IF TRANSFERRING TO/FROM TWO
COLLECTIONS

February 9, 1980

SUBJECT: Solar Energy and Energy Conservation Bank

Expected Savings:

	(in millions of dollars)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget authority	121	132	141	150	158	166
Outlays	47	137	148	143	152	160
Policy reduction						
Budget authority	-121	-132	-141	-150	-158	-166
Outlays	-47	-137	-148	-143	-152	-160
Reagan Budget						
Budget authority	0	0	0	0	0	0
Outlays	0	0	0	0	0	0

Change proposed:

This is a new program designed to grant direct Government subsidies to households which invest in energy conservation improvements and solar technology equipment. With energy prices already high and continuing to rise as oil is decontrolled, and with substantial tax credits already available, the need for a new direct spending program to promote energy conservation is highly questionable. Therefore, this new program would not be started up by this Administration. Rather, we would request that the 1981 appropriation be rescinded and no new funding be provided in 1982.

February 12, 1981

Department of Housing and Urban Development

SUBJECT: Level of Subsidized Housing Program

Expected Savings:

(in millions of dollars)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base <u>1/</u> Budget Authority	29502	27123	28464	30354	31660	33343
Outlays	5633	6894	7901	9186	10364	11464
Policy Reduction Budget Authority	0	-4547	-3591	-3854	-4093	-4318
Outlays	-1	-10	-39	-95	-223	-371
Reagan Budget <u>2/</u> Budget Authority	29502	22576	24873	26500	27567	29025
Outlays	5632	6884	7862	9091	10141	11093

1/ The base numbers assume the enactment of an increase in subsidized housing tenant rent contributions from 25 to 30 percent of adjusted income. (See separate paper on Tenant Rent Burden.)

2/ The Reagan budget totals include the combined effect of increasing tenant rent contributions and reducing the subsidized housing program level.

Change proposed:

The number of additional subsidized units will be reduced by 13 percent from 260,000 to 225,000 units in 1982 and the outyears. To permit an orderly transition to a lower 1982 program level, the 1981 program will be reduced by from 255,000 to 240,000 units. This change will not reduce benefits to current subsidized housing tenants but will only reduce the rate of increase in the number of additional beneficiaries. A 1982 program level of 225,000 units still represents a substantial commitment towards achieving our national housing goal to provide safe, sanitary, decent, and affordable housing for lower income households. At the same time, this program reduction will respond to the increasing congressional concern over the growing per unit costs of current rental housing subsidies and the long-term budget authority commitments of the subsidized housing programs.

DEPARTMENT OF EDUCATION

SUBJECT: Consolidation of Elementary and Secondary Education Programs

Expected Savings:

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	5,647	6,100	6,612	7,095	7,549	8,032
Outlays	5,368	5,797	6,279	6,730	7,155	7,613
Policy reduction						
Budget Authority	----	-1,537	-1,803	-2,042	-2,413	-2,688
Outlays	----	-110	-1,259	-1,807	-2,095	-2,318
Reagan Budget						
Budget Authority	5,647	4,563	4,809	5,053	5,136	5,344
Outlays	5,368	5,687	5,020	4,923	5,060	5,295

Change proposed: In order to shift resources and decision making to State and local government, the Administration will propose to consolidate all or part of 57 categorical elementary and secondary programs into two major block grant proposals. The two block grants will be: (1) a local education agency block grant for special populations such as disadvantaged, handicapped and limited English proficient; and, (2) a State Block grant that will include ESEA Title I State agency programs, support and innovation and other school improvement programs. By increasing the flexibility of States and local education agencies in the use of Federal funds, better decisions will be made by the persons responsible to implement the programs and unnecessary paperwork and reporting requirements will be eliminated.

SUBJECT: Reduction of Vocational Education

Expected Savings:	Fiscal Year (\$ in millions)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	784	854	842	903	961	1,022
Outlays	767	962	880	881	915	968
Policy reduction						
Budget Authority	---	-75	-166	-178	-190	-202
Outlays	---	-74	-166	-171	-179	-190
Reagan Budget						
Budget Authority	---	779	676	725	771	820
Outlays	---	888	714	710	736	778

Change proposed: Under this proposal, all federal vocational education programs would be reduced by 20 percent from the 1981 Continuing Resolution level. Resources provided by State and local education agencies overmatch federal expenditures for vocational education in excess of 10 dollars for each federal dollar.

SUBJECT: Refocusing Student Loans and Pell Grants

Expected Savings:

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	5,369	6,247	6,470	6,759	6,682	6,573
Outlays	4,792	5,916	6,396	6,633	6,805	7,005
Policy reduction						
Budget Authority	-288	-1,124	-1,984	-2,343	-2,549	-2,741
Outlays	-89	-914	-1,702	-2,185	-2,564	-2,948
Reagan Budget						
Budget Authority	5,081	5,123	4,486	4,416	4,133	3,832
Outlays	4,703	5,002	4,694	4,448	4,241	4,057

Change proposed: Federal interest benefits to borrowers under the Guaranteed Student Loan (GSL) program who cannot demonstrate any need for these subsidies in order to finance their education will be halted. This change will be achieved by: (a) limiting student loan amounts to "remaining need": (educational costs minus other aid and expected family contribution); (b) eliminating the in-school interest subsidy on student loans; and (c) eliminating the Federal special allowance payment to lenders on parent loans.

Benefits to the highest income students will also be reduced in the Pell Grant program by increasing the amount of discretionary income that families must contribute to the support of a student, and requiring an annual \$750 self-help contribution from students, except where extreme financial need is demonstrated.

By more directly targeting Federal student loans and grants on the needy students, program costs can be reduced by approximately 35 percent annually or by \$11 billion over the next five fiscal years. At the same time, the important national policy objective of assuring equal access to higher education will be maintained.

SUBJECT: School Assistance in Federally Affected Areas (Impact Aid)

Expected Savings:

	Fiscal Year (\$ in millions)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	790	875	953	1,032	1,107	1,178
Outlays	932	888	968	1,047	1,127	1,196
Policy reduction						
Budget Authority	-162	-480	-523	-567	-608	-632
Outlays	-155	-458	-500	-551	-584	-613
Reagan Budget						
Budget Authority	628	395	430	465	499	546
Outlays	777	430	468	496	543	583

Change proposed: In order to concentrate assistance to those districts most seriously burdened by the presence of nontaxable Federal property, maintenance and operations payments will be made only to districts with an enrollment of 20% or more children who reside and whose parents work on Federal property. Children of parents who contribute to the support of education through the payment of State and local taxes do not represent a significant Federal burden on the community and districts will no longer be entitled to receive assistance for their education. Construction payments will be held at the 1980 level to support urgently needed construction or repair projects for school facilities on Federal installations and Indian lands.

SUBJECT: National Institute of Education

Expected Savings:	Fiscal Year (\$ in millions)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	74	79	86	93	100	106
Outlays	71	78	82	87	93	99
Policy reduction						
Budget Authority	--	-20	-22	-23	-25	-27
Outlays	--	-22	-20	-20	-21	-22
Reagan Budget						
Budget Authority	74	59	64	70	75	79
Outlays	71	56	62	67	72	77

Change proposed: As a part of a general effort to reduce funding for lower priority programs, the Administration will withdraw the \$5 million supplemental proposed by the Carter Administration for NIE for FY 1981 and reduce NIE in FY 1982 by 25 percent. NIE has failed to conduct research that is useful to educational practitioners. In order to provide for activities with near-term results, \$59 million will be provided in 1982.

INSTITUTE OF MUSEUM SERVICES

SUBJECT: Reducing Federal Support to Museums

	(in millions of dollars)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current services:						
Budget Authority	12.9	14.0	15.2	16.5	17.7	18.8
Outlays	13.0	12.0	13.1	14.3	15.6	17.7
Policy reduction						
Budget Authority	-12.4	-13.5	-15.2	-16.5	-17.7	-18.8
Outlays	-2.0	-12.0	-13.1	-14.3	-15.6	-17.7
Reagan Budget						
Budget Authority	0.5	0.4	--	--	--	--
Outlays	11.0	2.0	--	--	--	--

In order to reduce Federal spending for lower priority programs, the President will propose to terminate the Institute of Museum Services in the Department of Education. The Institute of Museum Services awards grants to museums principally for general operating support. The reduction reflects the Administration's conviction that provision of general operating support for museums is an inappropriate Federal activity. The change will be achieved by proposing a rescission of -\$12.4 million for 1981 and a -\$16.5 million budget amendment for 1982 to eliminate funds for grants to museums. Some administrative support will be maintained through 1982 in order to phase down agency activities.

Student Loan Marketing Association (Sallie Mae)

SUBJECT: FFB Acquisition of Sallie Mae Obligations

FFB Off-budget Loan Outlays

	(dollars in millions)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current base.....	1,095	1,923	2,500	3,000	3,500	4,000
Policy reduction.....	--	-1,923	-2,500	-3,000	-3,500	-4,000
Reagan Budget.....	1,095	--	--	--	--	--

Legislation will be submitted to eliminate Sallie Mae's access to the Federal Financing Bank (FFB). Sallie Mae was set up as a private corporation to encourage lenders to participate in the Guaranteed Student Loan (GSL) program. Sallie Mae buys GSLs using FFB provided capital under a Department of Education guarantee. This provides the double subsidy: below market Federal capital and a high rate of return on GSL's based on private capital costs. With GSL volume at record levels, stimulation by Sallie Mae is unnecessary. Furthermore, there are other incentives within the GSL program to generate the loan capital needed, and the focus will propose changes to the GSL program that will focus its benefits on the truly needy and thereby constrain further explosive program growth.

By eliminating the Department of Education's guarantee of Sallie Mae's FFB borrowing, off budget savings will occur due to the reduction of an estimated \$15 billion of Federal Financing Bank borrowing over the next five years.

2/10/81

SUBJECT: Highway Construction

Expected Savings:

	(in millions of dollars)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base						
Budget Authority	9,200	9,926	11,060	11,968	12,796	13,619
Outlays	8,734	8,401	9,854	10,828	11,503	12,395
Policy reduction						
Budget Authority	--	-1,390	-1,964	-2,546	-3,243	-3,437
Outlays	--	-244	-1,211	-1,700	-2,088	-2,234
Reagan Budget						
Budget Authority	9,200	8,536	9,096	9,422	9,553	10,183
Outlays	8,734	8,157	8,643	9,128	9,415	10,161

Change proposed:

New Federal-aid highway legislation will be proposed that will include funding authorizations for 1982 through 1986. The legislation will maintain a high level of funding for the Interstate program (i.e., \$3.5B in 1982) while limiting projects eligible for Interstate funding to assure completion of the system by 1990, the goal set in present highway law. It will also greatly increase emphasis on rehabilitating the Interstate highway system (i.e., from \$.3B in 1981 to \$1.0B in 1982) and include certain structural changes designed to give States more flexibility in the use of highway funds. The rural, urban, and safety programs will be consolidated into a \$2 billion single block grant to the States. These proposed changes are designed to focus Federal attention on the highway systems of highest Federal interest while reducing and stretching out funding for lesser priority projects.

SUBJECT: Mass Transit Capital Grants

	(\$ in millions)					
Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current base:						
Budget Authority.....	3304	3650	3762	4070	4368	4647
Outlays.....	2744	2800	3010	3337	3669	3996
Policy reduction:						
Budget Authority.....	-210	-950	-1047	-1220	-1368	-1497
Outlays.....	-31	-270	-545	-975	-1284	-1480
Reagan Budget						
Budget Authority.....	3130	2700	2715	2850	3000	3150
Outlays.....	2713	2530	2465	2362	2385	2516

Change Proposed:

The revised budget would reduce funding levels for mass transit capital grants. The budget savings would be primarily achieved by reducing funding levels for constructing new rail transit systems and extensions of existing systems. The revised budget would continue to recognize a Federal interest in assisting transit systems through grants for purchasing buses and updating existing rail transit systems--particularly in large, concentrated urban areas. The construction of new rail transit systems or extensions has not, however, proved to be as cost-effective as less capital intensive projects and Federal assistance for such rail construction projects would be phased out.

2/12/81

SUBJECT: Airport Construction

	(\$ in millions)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Expected Savings:</u>						
Current base:						
Budget Authority.....	722	750	818	885	950	1,011
Outlays.....	595	625	671	726	779	829
Policy reduction:						
Budget Authority.....	-272	-250	-278	-305	-330	-371
Outlays.....	-120	-140	-161	-196	-219	-239
Reagan Budget						
Budget Authority.....	450	500	540	580	620	640
Outlays.....	475	485	510	530	560	590

Change Proposed:

Reduce by 33 percent the amounts recommended for airport grants for each of the years 1981-1985, resulting in a BA savings over the period of \$1.3 billion. For 1981 and 1982, the reductions will be taken across-the-board in both the entitlement and discretionary grant programs. In the outyears, consideration will be given to continued across-the-board cuts or discontinuing grants to the 40 largest airports. A 33 percent reduction is consistent with the Administration's broad effort to defer or stretch out Federally-assisted construction programs and should help to concentrate Federal investment on higher priority projects of national interest. The reduction can also be justified on the basis that airports, particularly larger ones should be able to finance the major portion of their capital requirements through user/landing fees and other concessionaire income. The across-the-board 33 percent reduction will not effect aviation safety.

SUBJECT: Northeast Corridor Improvement Project

	(\$ in millions)					
Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current Base:						
Budget Authority	350	488	172	20	15	--
Outlays	373	465	534	316	152	--
Policy Reductions:						
Budget Authority	--	-288	+13	-20	-15	--
Outlays	-25	-95	-114	-51	-25	--
Reagan Budget						
Budget Authority	350	200	185	--	--	--
Outlays	348	370	420	265	127	--

Change Proposed:

Legislation will be submitted to Congress to change the focus of the Northeast Corridor Improvement Project (NECIP), a railroad construction project between Washington, D. C., and Boston, Massachusetts. Its size will be reduced by \$310M. the past, faster train speed has been a high priority criterion in the choice of Northeast Corridor construction improvements. In revising the project, the emphasis will be placed on completing a safe and serviceable rail system.

2/10/81

SUBJECT: Local Rail Service Assistance

(\$ in billions)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Expected Savings:</u>						
Current Base:						
Budget Authority	80	88	96	104	112	119
Outlays	56	80	115	110	115	116
Policy Reduction:						
Budget Authority	-80	-88	-96	-104	-112	-119
Outlays	- 8	-32	-62	- 80	-103	-110
Reagan Budget:						
Budget Authority	--	--	--	--	--	--
Outlays	48	48	53	30	12	6

Change Proposed:

The Local Rail Service Assistance Program provides grant assistance to States for rail planning and for support of service on low volume rail branchlines. The Administration proposes rescission of the 1981 appropriation and withdrawal of the 1982 Carter request because: (a) the program's focus on low volume branchlines means that local and State purposes are primarily served, rather than Federal purposes; and (b) the Federal Government should not encourage retention of service on losing or marginal rail lines.

SUBJECT: Highway Safety Grants

2/10/81

	(\$ in millions)					
Expected Savings:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current base:						
Budget Authority.....	264	244	202	215	239	255
Outlays.....	200	241	218	229	237	234
Policy reduction:						
Budget Authority.....	--	-177	-135	-148	-172	-188
Outlays.....	--	-49	-120	-148	-160	-167
Reagan Budget						
Budget Authority.....	264	67	67	67	67	67
Outlays.....	200	192	98	81	77	67

Change Proposed:

Grants for safety activities in 1982 would be reduced to \$67M per year and that level continued in the future. Funds would be focussed on programs that have been found to be most effective in terms of improving highway safety. A GAO study concluded that there is no clear evidence that the highway safety program has had an impact on reducing highway fatalities. New legislation would be required to concentrate grants in the high payoff areas as planned.

The program of grants for 55 MPH enforcement will be terminated. The enforcement of maximum highway speed limits should be responsibility of the States.

SUBJECT: Cooperative Automotive Research Program (CARP)

	(\$ in millions)					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Expected Savings:</u>						
Current base						
Budget Authority.....	12	13	14	15	16	17
Outlays.....	6	9	13	14	14	15
Policy reduction:						
Budget Authority.....	-12	-13	-14	-15	-16	-17
Outlays.....	-6	-9	-13	-14	-14	-15
Reagan Budget						
Budget Authority.....	--	--	--	--	--	--
Outlays.....	--	--	--	--	--	--

Change Proposed:

Federal participation in this new basic automotive research program will not be initiated. Market forces, rather than government subsidies, are spurring industry toward increased fuel efficiency.

SUBJECT: Highway Trust Fund Tax Receipts

	(\$ in billions)					
Increased receipts:	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Current receipts	6.89	6.96	7.12	6.98	6.84*	7.00*
Policy increase	--	+2.17	+2.84	+3.39	+3.98	+4.56
Reagan budget receipts	6.89	9.13	9.96	10.37	10.82	11.56

* Assuming continuation at current rates.

Change proposed:

The existing 4¢/gallon motor fuels taxes dedicated to the Highway Trust Fund will be converted to an ad valorem tax of approximately 4.2% of the selling price beginning in 1981. The motor fuels tax also will be extended from the current expiration date of 1984 to 1986 in order to parallel proposed reauthorization of the Federal highway program through 1986. The estimated revenues should be adequate to fully fund the Administration's proposed highway authorizations. In 1981 revenues to the Highway Trust Fund are below projected outlays necessitating an increase in the taxes supporting the highway program or a further reduction in federally supported highway construction.