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Subseries: Chron File, 1989-1993

OA/ID Number: 13542
Folder ID Number: 13542-004

Folder Title:

Grunseth for Governor Breakfast Fundraiser 9/27/90 [OA 5377] [2]

Stack:

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Row:

26

Section:

16

Shelf:

4

Position:

6

September 25, 1990

MEMORANDUM

TO: CHRISS WINSTON
FROM: CAROLYN CAWLEY
RE: GRUNSETH FOR GOVERNOR REMARKS

p.1/para.3:

"...that pushed through the toughest safety standards anywhere in the country."

The campaign can not verify this beyond question; apparently even tougher standards have been implemented elsewhere in the country.

Suggest deleting the reference to pushing through tough safety standards and ending with "and because of his fine efforts (on the Commission), President Reagan appointed Jon Grunseth to the National Board."

p.3/para.3:

Delete "and TV". Only radio stations are sending tapes.

p.4/para.4:

"...building the world's largest mainframe computers."

Mainframe computers are outdated (IE: the old Univacs that took up an entire room). Minnesota is the home of the mainframe computer and one company based in the state, Cray Industries, is currently producing the world's largest and fastest computers. (for now, anyway).

Also: It's distressing, I know, but MN is not the #1 turkey producing state. They are #2, p.5/para.4: so we could say "a top turkey producing state".

FYI: Grunseth's campaign showed some concern about this education graph. Their latest polls show that Minnesotans are very happy with their schools and overwhelmingly support testing of teachers. This is not exactly what we are saying in the current graph, but a simple change could be made by incorporating "accountability".

p.6/para.1:

"Your new MN Valley Wildlife Refuge".

The refuge is not new; it was established in 1976. What is new is their \$6 million Visitor Center and Educational Complex. The funding and establishment of the Center were done by grassroots involvement and community support -- which directly relates to the preceding paragraph on page 5.

See attached fax.

p.7/para.1:

Delete "right away". The taxes statement occurred before the \$1/2 Trillion savings proposal. Could substitute "along the way".

p.7/para.2:

Change "64 days" to "63 days", per Bob's wonder memo.

geology, and Wichita "gold" history of the scenic and some-
times challenging terrain.

During these tours, some of which are by refuge tram, while others are hiking tours or a combination of both, visitors may encounter animals such as elk, Texas longhorn cattle, buffalo, wild turkey, and numerous migratory birds. Participants have opportunities to stop for pictures, walk around, or ask questions. Interpreters are association volunteers, which presently number 55.

The refuge provides interpretive guidelines and orientation tours to association members prior to scheduling

each new series of tours. Interpretive evaluation forms are handed out after each tour for participants to provide feedback in relation to their expectations. This has proven to be a valuable tool in ongoing efforts to improve the quality of the experience provided.

There is a minimal charge for each person on tours. The fee is \$2.00 if the refuge tram is used during the tour, \$1.00 for interpretive hikes, and \$0.50 for a film viewing or lecture presentation.

Along with guided tours, the association publishes a quarterly newsletter titled *Guide to the Wichitas*, which contains helpful hints on wildlife-viewing and scenic places to visit, along with a schedule of upcoming

tours and events. They plan to award scholarships to upper-level students in the biology department at a local university in the future. The association also makes donations of items identified by the refuge to enhance the public use program, and provides personnel for the visitor center.

The Association of Friends of the Wichitas has become a vital contributor to building a positive relationship between the public and the refuge by providing entertaining and educational wildlife and wildland experiences that could not otherwise be provided. Both the refuge and public participants are very pleased with the quality of work donated by the members of this worthy organization. 

REGION 3

New Refuge Facility Focuses on Management

Friends of Minnesota Valley NW Refuge

Tom Worthington
Outdoor Recreation Planner
Refuges and Wildlife
Twin Cities, Minnesota

500,000 RNDLNG VISITORS

*Opened June 30
Dedication - Sep 14
approx \$6 million*



Minnesota Valley Refuge Wildlife Interpretive Center

Refuges are known to the public as great places to see wildlife, to hunt, to fish, or to find a little solitude. But the public knows much too little about how we manage refuge habitat. One of the greatest secrets that the Service needs to share with the public is how we manage refuge lands and waters to create conditions that help wildlife.

One example of an interpretive program that directly addresses wildlife management will be housed in the Minnesota Valley National Wildlife Refuge Wildlife Interpretation and Education Center (center). After many years of planning, construction is scheduled to begin this summer with a public opening in the fall of 1989.

The center will be located in Bloomington, Minnesota, near the edge of the wooded Minnesota River valley bluff, adjacent to a restored prairie and at the end of a 34-mile-long river refuge that penetrates the heart of the Twin Cities area. One block away from three major hotels, a mile from an international airport, and next to an interstate highway, the center will be easy to find.

Housed within the 34,000-square-foot building will be a 120-seat auditorium, multi-purpose education rooms, a bookstore, the refuge's administrative offices, a service garage,

and most importantly, almost 5,000 square feet of exhibit space.

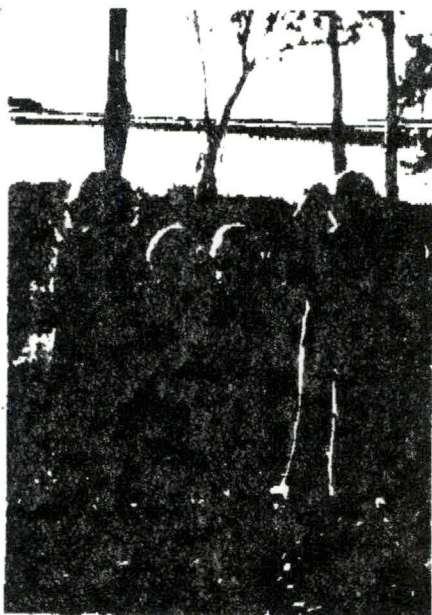
The main exhibit topic will be the refuge's wildlife management program. Visitors will be guided through a large open exhibit space that terraces down to three lower platforms. Each level will focus on management activities that occur in one of the geographic areas of the refuge: grasslands, wetlands, floodplain forests, and river channels.

For example, in the grasslands area, exhibits will illustrate prescribed burning and its benefit to wildlife. One interactive display will explain why burning conditions, such as humidity, wind speed, and direction have to be just right before the refuge staff can burn a grassland successfully. This display challenges the visitor to "play" refuge manager and select the proper burning conditions for a depicted refuge grassland.

In the wetlands area, another exhibit will illustrate the water level management regime of a typical refuge wetland. Visitors will be able to raise and lower water levels in a tank containing a simulated wetland. They will learn how changing water levels affect aquatic plants and invertebrates and why this improves habitat for waterfowl and other wildlife. Hopefully, visitors

will move from the exhibits to the field to see and enjoy wildlife and its management.

By focusing on wildlife management, the Minnesota Valley facility will increase the public's awareness of how resources can, and often must, be managed to gain the greatest benefits to wildlife and to people—a message that needs telling again and again. 



Gary R. Zahn

Document No. 177097

WHITE HOUSE STAFFING MEMORANDUM

DATE: 09/24/90

ACTION/CONCURRENCE/COMMENT DUE BY: NOON Tuesday 09/25

SUBJECT: PRESIDENTIAL REMARKS: GRUNSETH FOR GOVERNOR, MINNEAPOLIS
(09/24 6:45 p.m. draft)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	MCCLURE	☒	☐
SUNUNU	☐	☐	NEWMAN	☐	☐
SCOWCROFT	☒	☐	PORTER	☒	☐
DARMAN	☒	☐	ROGICH	☒	☐
CARD	☒	☐	UNTERMAYER	☐	☐
CICCONI	☐	☒	<u>ROGERS</u>	☒	☐
DEMAREST	☒	☐	<u>PINKERTON</u>	☒	☐
FITZWATER	☐	☒	<u>ANDERSON</u>	☒	☐
GRAY	☐	☐	<u>WINSTON</u>	☐	☒
HAGIN	☐	☐	<u>DELAND</u>	☒	☐
HOLIDAY	☒	☐	<u> </u>	☐	☐

REMARKS:

Please provide any comments/recommendations directly to Chriss Winston by NOON on Tuesday, 09/25, with a copy to my office. Thanks.

RESPONSE:

OK S.R.
9/25/90

James W. Cicconi
 Assistant to the President
 and Deputy to the Chief of Staff
 Ext. 2702

(Lange/Cawley)
September 24, 1990
6:45 p.m.
[MINNGOV.DOC]

PRESIDENTIAL REMARKS: GRUNSETH FOR GOVERNOR
MINNEAPOLIS HYATT
THURSDAY, SEPTEMBER 27, 1990
[7:30 A.M.]

[[Thank you, Jon. Vicki Grunseth, Senators Boschwitz and Durenberger. [Congressman Weber.] Bob Weinholzer, Barb Sykora [SEE-kora], Frank Graves, Evie Axdahl [EH-vee ax-DOLL]. Duane Benson and Bill Schreiber. And to running-mate Sharon Clark, let me pose the question of the hour: Isn't it about time we had a hog farmer on the ticket? \\ Talk about rooting for a candidate...]]

Well, it's an honor to be here, to root for Jon Grunseth. A man born and raised in the magnificent Minnesota countryside, who's no stranger to struggling. Time and again, he's been the underdog who turned adversity to excellence. Whether as the child stricken with severe polio, who became a nationally-ranked swimmer -- or as the candidate who defied conventional wisdom, won his Party's nomination, and won his primary by an overwhelming margin -- **Jon Grunseth is now Minnesota's best choice and brightest hope for governor.** ///

Jon's talents as a leader have been noted at the federal level for several years now. One example: when Minnesota experienced one of the worst pipeline explosions in history, it was Jon who was called upon by his current opponent to chair the Commission on Pipeline Safety. It was Jon who was appointed by President Reagan to the National Board that pushed through the

toughest safety standards anywhere in the country. And I personally looked to the entire Grunseth family during the last presidential campaign, when they served on this state's steering committee. So it's an honor to be here today, to do all I can to support a great candidate.

[[You know, I was talking a few minutes ago with someone involved in planning this event. She told me that of all the details and decisions, what concerned her most was deciding on a speaker. I said I imagined she wanted someone influential. A world leader. A charismatic speaker. And she said, "No, Gorby's already been here."]]

President Gorbachev came to Minnesota to see some of the leading edge technology being produced by your private sector -- the kind of technology and aggressive economic enterprise Jon Grunseth understands, because he's made it happen himself.

Today, I've come here to affirm the kind of leadership that can **make sure Minnesota moves forward in the future**. I've come to endorse a candidate that represents fresh ideas, new leadership, and new hope for the future. But before I focus on change in Minnesota, I'd like to make note of a significant change in our relations with Moscow.

They say that change is everywhere and always with us -- and over the last year, what we've seen around the world has been truly astounding. But if anyone were to ask me what is the most meaningful and hopeful sign of change in the world, I'd point to the kind and quality of real cooperation now shared by the United

States and the Soviet Union, as we work to face down aggression in the Persian Gulf.

Our two nations haven't shared such unity of purpose for forty-five years. But now, in the heat of crisis in the Middle East, we forge reason for real hope. Hope for a more peaceful, more stable world order. **Through uncommon cooperation, we have made peace our common cause. That is reason for celebration. **

Still, while that kind of cooperation is new, there's one thing we've been able to rely on. That's the **commitment** of American servicemen and women to contain aggression -- and the American people's support of our men and women in uniform.

We've seen no greater proof of that commitment than right here, among the people of Minnesota. Minnesota radio and TV stations sending tapes of local news. Park Center High School students tracking down names of earlier graduates now in the Gulf, and writing to let them know how the football team's doing.

And among so many others, I heard about a group here in Minneapolis, newly established, called "S.O.C.M." ["sock 'em"] -- "Support our Country's Military." They're a volunteer group that believes, as I do, that our soldiers and their families deserve the best.

So they're providing financial and emotional support for people with family members in the military. Writing letters and sending board games to the troops -- even arranging for child care, to help the grandmother of two girls, who was worried her son and daughter-in-law might both be called up.

That kind of collective spirit, that kind of shared commitment, is important. It is those actions large and small -- celebrated or little-noticed, in communities of every kind across the country -- that make possible American leadership around the world.

But leadership abroad demands good leadership here at home. **Minnesotans are great people -- now, they deserve a great governor.**

You've got a lot to be proud of. Nestled in this fertile land of 10,000 lakes, of forests and rolling farmland, the Twin Cities are vibrant, prosperous examples of urban life the way it ought to be. Fast-paced but friendly.

You've got a diverse economy -- building the world's largest mainframe computers, and producing more turkeys than any other state. \\\ \[I hope your political opponents don't take that the wrong way.]\

But today, I'm here to give my whole-hearted support to a candidate for governor who understands the power of the people themselves -- a candidate for change, who wants to unleash the full potential of the great state of Minnesota: **Jon Gruneth.**\\\

Jon knows that a bright future for Minnesota -- industrial and agricultural -- won't be built by a burgeoning bureaucracy. It must be built by the people -- it is the birthright of people -- empowered and encouraged to make a difference for themselves and their communities.

That's why Jon's devoted himself to reform in education; protection of the environment; and control of state spending.

Minnesota has always had a strong, bipartisan tradition in education. In recent years education has captured the attention of more candidates and constituents, from all walks of life, than ever before -- and that's says something about America. Because the importance of a well-educated citizenry transcends partisanship and politics.

Real education reform demands that all of us work together to improve our schools. You've already got the nation's highest high-school graduation rate. But you also know that the best can always be made better.

And that's why this candidate, and we of this Party, aren't interested in who's taking credit for what program. We care about what works. And we believe that to improve schools, we should put our trust in parents, not bureaucracies -- we should put choice in their hands, not simply in the State Department of Education -- and we should measure success not by mandates made and money spent, but by results. Results are what we're after. And working together with Jon Grunseth, results are what we're going to get. \\\

But along with deeply-held convictions on the importance of education, Jon shares the environmental ethic so crucial to preserving the grandeur of the great North Woods.

He believes, as I do, that we can and must recapture the heritage of Teddy Roosevelt. And he understands the importance

of community involvement in preservation efforts, to carefully manage our wild lands and wildlife.

Your new Minnesota Valley National Wildlife Refuge, and the restoration of Big Stone Lake, are great success stories. But Minnesota's top-rated national rankings on air and drinking water quality, conservation, and recreation, aren't the result of pronouncements from on high. They reflect community efforts and a volunteer ethic that Jon Grunseth understands, and is committed to promoting and expanding.

It is true that nature serves man's interests. But even more true, that it is in mankind's interest to preserve nature. Jon Grunseth helped build a billion-dollar business, applying new technology and new ideas in environmental sanitation. **As governor, Jon Grunseth will be a leader for the environment. **

And he'll also be a leader in managing fiscal resources. He's proved his prowess in the private sector -- and he'll apply the same financial fortitude as governor. He's called for an "absolute cap on state spending, and real, honest property tax reform." He has said, as this Party believes, that the answer is not to spend as much as you can tax, but to "tax only as much as you need to spend." And he's right.

As you know, we've been trying to reach an agreement on the federal budget for months. Back in July, I offered up a budget plan that would save half a **trillion** dollars over five years. I extended a hand to the members of Congress, asking them to work together, in good faith. To seriously, realistically, and

finally address a fiscal problem of great national concern, with enormous consequences.

Right away, I was asked to make a sacrifice. I was told no deal was possible unless I put everything on the table, including taxes. So I did what had to be done, to get Congress to act.

They acted, all right. They acted like they had all the time in the world. To my surprise and dismay, 64 days have passed since we made our half trillion dollar proposal -- and Congress still has offered no serious plan to reduce the deficit.

Instead of considering realistic spending cuts, meaningful reform of the budget process, and a job-creating, revenue-enhancing cut in the capital gains tax, the Democrats in Congress have been waging class warfare through the tax code. And now incumbents who enjoy some of America's most secure jobs want to leave town to campaign for re-election, while abandoning their most fundamental responsibility.

In their wake, they've dropped the anchor of sequestration -- across-the-board cuts of all government functions. The law requires those cuts to begin in a few days.

What does that mean to you? I'll give you just three examples. It means many of Minnesota's spectacular parks, recreation, and wildlife management programs will be curtailed and in some cases, closed. It means our struggle to curb demand for illegal drugs through prevention and treatment would be cut by a third. It means the shut-down of meat and poultry processing plants, threatening Minnesota jobs.

Everything I read, everyone I talk to, tells me that the American people are fed up with federal law-makers' evasion of responsibility. We need fiscal discipline in every branch of government, and at all levels -- from the White House to the Minnesota Statehouse. And that's reason enough to be here this morning. Because I believe that here in Minnesota, Jon Grunseth will keep spending under control.

I believe Jon will make a great governor. It's been a genuine pleasure to join you today. But before I go, let me ask each one of you to make an effort to get out the vote this fall.

On the farms and fields, in the suburbs and cities, make sure that the people of Minnesota know what's at stake here.

In an era that celebrates the dawning of democratic freedoms around the world -- when so many who have struggled so long have at last found their voice -- no one who lives in freedom should rob themselves of the priceless power of the ballot.

Encourage people to exercise that power -- to confirm the kind of leadership they're after -- and to preserve the enduring glow of the North Star State.

By electing Jon Grunseth -- and by electing a Republican majority in the state legislature -- you can unleash new ideas, and bring about change for an even greater Minnesota.

Thank you all -- and God bless you all.

#

(Lange/Cawley)
September 24, 1990
6:45 p.m.
[MINNGOV.DOC]

PRESIDENTIAL REMARKS: GRUNSETH FOR GOVERNOR
MINNEAPOLIS HYATT
THURSDAY, SEPTEMBER 27, 1990
[7:30 A.M.]

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25
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CICCONI	☐	☒	ROGERS	☒	☐
DEMAREST	☒	☐	PINKERTON	☒	☐
FITZWATER	☐	☒	ANDERSON	☒	☐
GRAY	☐	☐	WINSTON	☐	☒
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HOLIDAY	☒	☐		☐	☐

REMARKS:

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Thanks.

RESPONSE:

No comment. Thanks.

Holly Williamson

9-25-90

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Lange/Cawley)
September 24, 1990
3:45 p.m.
[MINNGOV.DOC]

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You've got a lot to be proud of. Nestled in this fertile land of 10,000 lakes, of forests and rolling farmland, the Twin Cities are vibrant, prosperous examples of urban life the way it ought to be. Fast-paced but friendly.

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And that's why this candidate, and we of this Party, believe that to improve schools we should put our trust in **parents**, not bureaucracies -- we should put choice in **their** hands, not simply in the State Department of Education -- and we should measure success not by mandates made and money spent, but by **results**.

That's why, for 35 years, Minnesota taxpayers have been free to choose where to send their kids to school, through a state income tax deduction. That's why the University of Minnesota has entered a joint venture with two leading black colleges this month, in a far-reaching initiative to improve the research capabilities of black institutions of higher learning.

And that's why businesses in the Twin Cities have been sending their executives to work directly with students, parents, and teachers. And why other businesses are working in a public/private partnership for early education, creating company-based "satellite" schools that ease work-family conflicts, let public school teachers apply their talents, and get kids off to a good start, for a great education. **Results are what we're after.** **And working together with Jon Grunseth, results are what we're going to get.** \\\

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voice crying for the wilderness. And he understands the importance of community involvement in preservation efforts, to carefully manage our wild lands and wildlife.

Your new Minnesota Valley National Wildlife Refuge, and the restoration of Big Stone Lake, are great success stories. But Minnesota's top-rated national rankings on air and drinking water quality, conservation, and recreation, aren't the result of pronouncements from on high. They reflect community efforts and a volunteer ethic that Jon Grunseth understands, and is committed to promoting and expanding.

It is true that nature serves man's interests. But even more true, that it is in mankind's interest to preserve nature. Jon Grunseth helped build a billion-dollar business, applying new technology and new ideas in environmental sanitation. **As governor, Jon Grunseth will be a leader for the environment. **

And he'll also be a leader in managing fiscal resources. He's proved his prowess in the private sector -- and he'll apply the same financial fortitude as governor. He's called for an "absolute cap on state spending, and real, honest property tax reform." He has said, as this Party believes, that the answer is not to spend as much as you can tax, but to "tax only as much as you need to spend." And he's right.

As you know, we've been trying to reach an agreement on the federal budget for months. Back on June the xxth, I offered up a budget plan that would save half a **trillion** dollars ~~in savings~~ over five years. I extended a hand to the members of Congress,

asking them to work together, in good faith. To seriously, realistically, and finally address a fiscal problem of great national concern, with enormous consequences.

Right away, I was asked to make a sacrifice. I was told no deal was possible unless I put everything on the table, including taxes. So I did what had to be done, to get Congress to act.

They acted, all right. They acted like they had all the time in the world. To my surprise and dismay, xxx days have passed -- and Congress still has offered no comprehensive budget plan in return.

Instead of considering realistic spending cuts, meaningful reform of the budget process, and a job-creating, revenue-enhancing cut in the capital gains tax, the Democrats in Congress have been waging class warfare through the tax code. And now incumbents who enjoy some of America's most secure jobs want to leave town to campaign for re-election, while abandoning their most fundamental responsibility.

In their wake, they've dropped the anchor of sequestration -- across-the-board cuts of all government functions. The law requires those cuts to begin in a few days.

What does that mean to you? I'll give you just three examples. It means many of Minnesota's spectacular parks, recreation, and wildlife management programs will be curtailed and in some cases, closed. It means our struggle to curb demand for illegal drugs through prevention and treatment would be cut by a third. It means the shut-down of meat and poultry

5-8-82

processing plants, threatening Minnesota jobs.

Everything I read, everyone I talk to, ^{tells me} ~~suggests~~ that the American people are fed up with federal law-makers' evasion of responsibility. We need fiscal discipline in every branch of government, and at all levels -- from the White House to the Minnesota Statehouse. And that's reason enough to be here this morning. Because I **believe that here in Minnesota, Jon Grunseth will keep spending under control.**

I believe Jon will make a great governor. It's been a genuine pleasure to join you today. But before I go, let me ask each one of you to make an effort to get out the vote this fall.

On the farms and fields, in the suburbs and cities, make sure that the people of Minnesota know what's at stake here.

In an era that celebrates the dawning of democratic freedoms around the world -- when so many who have struggled so long have at last found their voice -- no one who lives in freedom should rob themselves of the priceless power of ^{the ballot.} ~~choice.~~

Encourage people to exercise that power -- to confirm the kind of leadership they're after -- and to preserve the enduring glow of the North Star State.

Thank you all -- and God bless the great state of Minnesota.

#

Back to J. 6.

Staffed Copy 9/24/90
1:30pm

(Lange/Cawley)
September 24, 1990
6:45 p.m.
[MINNGOV.DOC]

PRESIDENTIAL REMARKS: GRUNSETH FOR GOVERNOR
MINNEAPOLIS HYATT
THURSDAY, SEPTEMBER 27, 1990
[7:30 A.M.]

[[Thank you, Jon. Vicki Grunseth, Senators Boschwitz and
Durenberger. [Congressman Weber.] Bob Weinholzer, Barb Sykora
[SEE-kora], Frank Graves, Evie Axdahl [EH-vee ax-DOLL]. Duane
Benson and Bill Schreiber. And to running-mate Sharon Clark, let
me pose the question of the hour: Isn't it about time we had a
hog farmer on the ticket? \\ Talk about rooting for a
candidate...]]

Well, it's an honor to be here, to root for Jon Grunseth.
A man born and raised in the magnificent Minnesota countryside,
who's no stranger to struggling. Time and again, he's been the
underdog who turned adversity to excellence. Whether as the
child stricken with severe polio, who became a nationally-ranked
swimmer -- or as the candidate who defied conventional wisdom,
won his Party's nomination, and won his primary by an
overwhelming margin -- Jon Grunseth is now Minnesota's best
choice and brightest hope for governor. ///

Jon's talents as a leader have been noted at the federal
level for several years now. One example: when Minnesota
experienced one of the worst pipeline explosions in history, it
was Jon who was called upon by his current opponent to chair the
Commission on Pipeline Safety. It was Jon who was appointed by
President Reagan to the National Board that pushed through the

toughest safety standards anywhere in the country. And I personally looked to the entire Grunseth family during the last presidential campaign, when they served on this state's steering committee. So it's an honor to be here today, to do all I can to support a great candidate.

[[You know, I was talking a few minutes ago with someone involved in planning this event. She told me that of all the details and decisions, what concerned her most was deciding on a speaker. I said I imagined she wanted someone influential. A world leader. A charismatic speaker. And she said, "No, Gorby's already been here."]]

President Gorbachev came to Minnesota to see some of the leading edge technology being produced by your private sector -- the kind of technology and aggressive economic enterprise Jon Grunseth understands, because he's made it happen himself.

Today, I've come here to affirm the kind of leadership that can **make sure Minnesota moves forward in the future**. I've come to endorse a candidate that represents fresh ideas, new leadership, and new hope for the future. But before I focus on change in Minnesota, I'd like to make note of a significant change in our relations with Moscow.

They say that change is everywhere and always with us -- and over the last year, what we've seen around the world has been truly astounding. But if anyone were to ask me what is the most meaningful and hopeful sign of change in the world, I'd point to the kind and quality of real cooperation now shared by the United

States and the Soviet Union, as we work to face down aggression in the Persian Gulf.

Our two nations haven't shared such unity of purpose for forty-five years. But now, in the heat of crisis in the Middle East, we forge reason for real hope. Hope for a more peaceful, more stable world order. **Through uncommon cooperation, we have made peace our common cause. That is reason for celebration. **

Still, while that kind of **cooperation** is new, there's one thing we've been able to rely on. That's the **commitment** of American servicemen and women to contain aggression -- and the American people's support of our men and women in uniform.

We've seen no greater proof of that commitment than right here, among the people of Minnesota. Minnesota radio and TV stations sending tapes of local news. Park Center High School students tracking down names of earlier graduates now in the Gulf, and writing to let them know how the football team's doing.

And among so many others, I heard about a group here in Minneapolis, newly established, called "S.O.C.M." ["sock 'em"] -- "Support our Country's Military." They're a volunteer group that believes, as I do, that our soldiers and their families deserve the best.

So they're providing financial and emotional support for people with family members in the military. Writing letters and sending board games to the troops -- even arranging for child care, to help the grandmother of two girls, who was worried her son and daughter-in-law might both be called up.

That kind of collective spirit, that kind of shared commitment, is important. It is those actions large and small -- celebrated or little-noticed, in communities of every kind across the country -- that make possible American leadership around the world.

But leadership abroad demands good leadership here at home. **Minnesotans are great people -- now, they deserve a great governor.**

You've got a lot to be proud of. Nestled in this fertile land of 10,000 lakes, of forests and rolling farmland, the Twin Cities are vibrant, prosperous examples of urban life the way it ought to be. Fast-paced but friendly.

You've got a diverse economy -- building the world's largest mainframe computers, and producing more turkeys than any other state. \\ \\ [[I hope your political opponents don't take that the wrong way.]]

But today, I'm here to give my whole-hearted support to a candidate for governor who understands the power of the people themselves -- a candidate for change, who wants to unleash the full potential of the great state of Minnesota: **Jon Grunseth.** \\ \\

Jon knows that a bright future for Minnesota -- industrial and agricultural -- won't be built by a burgeoning bureaucracy. It must be built by the people -- it is the birthright of people -- empowered and encouraged to make a difference for themselves and their communities.

That's why Jon's devoted himself to reform in education; protection of the environment; and control of state spending.

Minnesota has always had a strong, bipartisan tradition in education. In recent years education has captured the attention of more candidates and constituents, from all walks of life, than ever before -- and that's says something about America. Because the importance of a well-educated citizenry transcends partisanship and politics.

Real education reform demands that all of us work together to improve our schools. You've already got the nation's highest high-school graduation rate. But you also know that the best can always be made better.

And that's why this candidate, and we of this Party, aren't interested in who's taking credit for what program. We care about what works. And we believe that to improve schools, we should put our trust in **parents**, not bureaucracies -- we should put choice in **their** hands, not simply in the State Department of Education -- and we should measure success not by mandates made and money spent, but by **results**. Results are what we're after. **And working together with Jon Grunseth, results are what we're going to get. **

But along with deeply-held convictions on the importance of education, Jon shares the environmental ethic so crucial to preserving the grandeur of the great North Woods.

He believes, as I do, that we can and must recapture the heritage of Teddy Roosevelt. And he understands the importance

of community involvement in preservation efforts, to carefully manage our wild lands and wildlife.

Your new Minnesota Valley National Wildlife Refuge, and the restoration of Big Stone Lake, are great success stories. But Minnesota's top-rated national rankings on air and drinking water quality, conservation, and recreation, aren't the result of pronouncements from on high. They reflect community efforts and a volunteer ethic that Jon Grunseth understands, and is committed to promoting and expanding.

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And he'll also be a leader in managing fiscal resources. He's proved his prowess in the private sector -- and he'll apply the same financial fortitude as governor. He's called for an "absolute cap on state spending, and real, honest property tax reform." He has said, as this Party believes, that the answer is not to spend as much as you can tax, but to "tax only as much as you need to spend." And he's right.

As you know, we've been trying to reach an agreement on the federal budget for months. Back in July, I offered up a budget plan that would save half a **trillion** dollars over five years. I extended a hand to the members of Congress, asking them to work together, in good faith. To seriously, realistically, and

finally address a fiscal problem of great national concern, with enormous consequences.

Right away, I was asked to make a sacrifice. I was told no deal was possible unless I put everything on the table, including taxes. So I did what had to be done, to get Congress to act.

They acted, all right. They acted like they had all the time in the world. To my surprise and dismay, 64 days have passed since we made our half trillion dollar proposal -- and Congress still has offered no serious plan to reduce the deficit.

Instead of considering realistic spending cuts, meaningful reform of the budget process, and a job-creating, revenue-enhancing cut in the capital gains tax, the Democrats in Congress have been waging class warfare through the tax code. And now incumbents who enjoy some of America's most secure jobs want to leave town to campaign for re-election, while abandoning their most fundamental responsibility.

In their wake, they've dropped the anchor of sequestration -- across-the-board cuts of all government functions. The law requires those cuts to begin in a few days.

What does that mean to you? I'll give you just three examples. It means many of Minnesota's spectacular parks, recreation, and wildlife management programs will be curtailed and in some cases, closed. It means our struggle to curb demand for illegal drugs through prevention and treatment would be cut by a third. It means the shut-down of meat and poultry processing plants, threatening Minnesota jobs.

Everything I read, everyone I talk to, tells me that the American people are fed up with federal law-makers' evasion of responsibility. We need fiscal discipline in every branch of government, and at all levels -- from the White House to the Minnesota Statehouse. And that's reason enough to be here this morning. Because I believe that here in Minnesota, Jon Grunseth will keep spending under control.

I believe Jon will make a great governor. It's been a genuine pleasure to join you today. But before I go, let me ask each one of you to make an effort to get out the vote this fall.

On the farms and fields, in the suburbs and cities, make sure that the people of Minnesota know what's at stake here.

In an era that celebrates the dawning of democratic freedoms around the world -- when so many who have struggled so long have at last found their voice -- no one who lives in freedom should rob themselves of the priceless power of the ballot.

Encourage people to exercise that power -- to confirm the kind of leadership they're after -- and to preserve the enduring glow of the North Star State.

By electing Jon Grunseth -- and by electing a Republican majority in the state legislature -- you can unleash new ideas, and bring about change for an even greater Minnesota.

Thank you all -- and God bless you all.

#

GRUNSETH FOR GOVERNOR
MINNEAPOLIS HYATT
THURSDAY, SEPTEMBER 27, 1990
8:05 A.M.

THANK YOU, JON. VICKI GRUNSETH, SENATORS
BOSCHWITZ AND DURENBERGER. [CONGRESSMAN WEBER.] BOB
WEINHOLZER, BARB SYKORA [SEE-KORA], FRANK GRAVES, EVIE
AXDAHL [EH-VEE AX-DOLL]. DUANE BENSON AND BILL
SCHREIBER. AND TO RUNNING-MATE SHARON CLARK, LET ME
POSE THE QUESTION OF THE HOUR: ISN'T IT ABOUT TIME WE
HAD A HOG FARMER ON THE TICKET? \\ TALK ABOUT ROOTING
FOR A CANDIDATE... \\

WELL, IT'S AN HONOR TO BE HERE, TO ROOT FOR JON
GRUNSETH. HIS TALENTS AS A LEADER HAVE BEEN NOTED AT
THE FEDERAL LEVEL FOR SEVERAL YEARS NOW. ONE EXAMPLE:
AFTER MINNESOTA EXPERIENCED ONE OF THE WORST PIPELINE
EXPLOSIONS IN HISTORY, IT WAS JON WHO WAS CALLED UPON
BY HIS CURRENT OPPONENT TO CHAIR THE COMMISSION ON
PIPELINE SAFETY. AND I PERSONALLY LOOKED TO THE ENTIRE
GRUNSETH FAMILY DURING THE LAST PRESIDENTIAL CAMPAIGN,
WHEN THEY SERVED ON THIS STATE'S STEERING COMMITTEE.
SO I'M PROUD TO BE HERE TODAY, TO SUPPORT A GREAT
CANDIDATE.

[[YOU KNOW, I WAS TALKING A FEW MINUTES AGO WITH SOMEONE INVOLVED IN PLANNING THIS EVENT. SHE TOLD ME THAT OF ALL THE DETAILS AND DECISIONS, WHAT CONCERNED HER MOST WAS DECIDING ON A SPEAKER. I SAID I IMAGINED SHE WANTED SOMEONE INFLUENTIAL. A WORLD LEADER. A CHARISMATIC SPEAKER. AND SHE SAID, "NO, MR. GORBACHEV'S ALREADY BEEN HERE."]]

PRESIDENT GORBACHEV CAME TO MINNESOTA TO SEE SOME OF THE LEADING EDGE TECHNOLOGY BEING PRODUCED BY YOUR PRIVATE SECTOR --THE KIND OF TECHNOLOGY AND AGGRESSIVE ECONOMIC ENTERPRISE JON GRUNSETH UNDERSTANDS, BECAUSE HE'S MADE IT HAPPEN HIMSELF.

TODAY, I'VE COME HERE TO AFFIRM THE KIND OF LEADERSHIP THAT CAN MAKE SURE MINNESOTA MOVES FORWARD -- WITH FRESH IDEAS, NEW LEADERSHIP, AND NEW HOPE FOR THE FUTURE. BUT BEFORE I FOCUS ON CHANGE IN MINNESOTA, I'D LIKE TO MAKE NOTE OF A SIGNIFICANT CHANGE IN OUR RELATIONS WITH MOSCOW.

OVER THE LAST YEAR, IF ANYONE WERE TO ASK ME WHAT IS THE MOST MEANINGFUL AND HOPEFUL SIGN OF CHANGE IN THE WORLD, I'D POINT TO THE KIND AND QUALITY OF REAL COOPERATION NOW SHARED BY THE UNITED STATES AND THE SOVIET UNION, AS WE WORK TO FACE DOWN AGGRESSION IN THE PERSIAN GULF.

OUR TWO NATIONS HAVEN'T SHARED SUCH UNITY OF PURPOSE FOR FORTY-FIVE YEARS. BUT NOW, IN THE HEAT OF CRISIS IN THE MIDDLE EAST, WE FORGE REASON FOR REAL HOPE. HOPE FOR A MORE PEACEFUL, MORE STABLE WORLD ORDER. THROUGH UNCOMMON COOPERATION, WE HAVE MADE PEACE OUR COMMON CAUSE. THAT IS REASON FOR CELEBRATION. \\\

STILL, WHILE THAT KIND OF COOPERATION IS NEW, THERE'S ONE THING WE'VE BEEN ABLE TO RELY ON. THAT'S THE COMMITMENT OF AMERICAN SERVICEMEN AND WOMEN TO CONTAIN AGGRESSION -- AND THE AMERICAN PEOPLE'S SUPPORT OF OUR MEN AND WOMEN IN UNIFORM.

WE'VE SEEN NO GREATER PROOF OF THAT COMMITMENT THAN RIGHT HERE, AMONG THE PEOPLE OF MINNESOTA. MINNESOTA RADIO STATIONS SENDING TAPES OF LOCAL NEWS. PARK CENTER HIGH SCHOOL STUDENTS TRACKING DOWN NAMES OF EARLIER GRADUATES NOW IN THE GULF, AND WRITING TO LET THEM KNOW HOW THE FOOTBALL TEAM'S DOING. AND AMONG SO MANY OTHERS, I HEARD ABOUT A GROUP HERE IN MINNEAPOLIS, NEWLY ESTABLISHED, CALLED "S.O.C.M." ["SOCK 'EM"] -- "SUPPORT OUR COUNTRY'S MILITARY." THEY'RE A VOLUNTEER GROUP, PROVIDING FINANCIAL AND EMOTIONAL SUPPORT FOR PEOPLE WITH FAMILY MEMBERS IN THE MILITARY. WRITING LETTERS AND SENDING BOARD GAMES TO THE TROOPS -- EVEN ARRANGING FOR CHILD CARE, TO HELP THE GRANDMOTHER OF TWO GIRLS, WHO WAS WORRIED HER SON AND DAUGHTER-IN-LAW MIGHT BOTH BE CALLED UP.

THAT KIND OF COLLECTIVE SPIRIT, THAT KIND OF SHARED COMMITMENT, IS IMPORTANT. IT IS THOSE ACTIONS LARGE AND SMALL -- CELEBRATED OR LITTLE-NOTICED -- THAT MAKE POSSIBLE AMERICAN LEADERSHIP AROUND THE WORLD.

BUT LEADERSHIP ABROAD DEMANDS GOOD LEADERSHIP HERE AT HOME. MINNESOTANS ARE GREAT PEOPLE -- THEY DESERVE A GREAT GOVERNOR, AND THAT'S JUST WHAT JON GRUNSETH WILL BE.

YOU'VE GOT A LOT TO BE PROUD OF. NESTLED IN THIS FERTILE LAND OF 10,000 LAKES, OF FORESTS AND ROLLING FARMLAND, THE TWIN CITIES ARE VIBRANT, PROSPEROUS EXAMPLES OF URBAN LIFE THE WAY IT OUGHT TO BE. YOU'VE GOT A DIVERSE ECONOMY -- BUILDING THE WORLD'S LARGEST AND FASTEST COMPUTERS, AND PRODUCING MORE TURKEYS THAN ALMOST ANY OTHER STATE. \\\ [[I HOPE YOUR POLITICAL OPPONENTS DON'T TAKE THAT THE WRONG WAY.]] BUT MINNESOTA'S GREATEST STRENGTH HAS ALWAYS BEEN ITS PEOPLE.

SO TODAY, I'M HERE TO GIVE MY WHOLE-HEARTED SUPPORT TO A CANDIDATE FOR GOVERNOR WHO UNDERSTANDS THE POWER OF THE PEOPLE THEMSELVES -- A CANDIDATE FOR CHANGE, WHO WANTS TO UNLEASH THE FULL POTENTIAL OF THE GREAT STATE OF MINNESOTA: JON GRUNSETH.\\\

JON KNOWS THAT A BRIGHT FUTURE FOR MINNESOTA -- INDUSTRIAL AND AGRICULTURAL -- WON'T BE BUILT BY A BURGEONING BUREAUCRACY. IT WILL BE BUILT BY THE PEOPLE -- EMPOWERED AND ENCOURAGED TO MAKE A DIFFERENCE FOR THEMSELVES AND THEIR COMMUNITIES.

THAT'S WHY JON'S DEVOTED HIMSELF TO REFORMING EDUCATION; PROTECTING THE ENVIRONMENT; AND CONTROLLING STATE SPENDING.

MINNESOTA HAS ALWAYS HAD A STRONG, BIPARTISAN TRADITION IN EDUCATION. BUT NOW, EDUCATION HAS CAPTURED NATIONAL ATTENTION -- AND THAT SAYS SOMETHING ABOUT AMERICA. BECAUSE THE IMPORTANCE OF A WELL-EDUCATED CITIZENRY TRANSCENDS PARTISANSHIP AND POLITICS.

REAL EDUCATION REFORM DEMANDS THAT ALL OF US WORK TOGETHER TO IMPROVE OUR SCHOOLS. YOU'VE ALREADY GOT THE NATION'S HIGHEST HIGH-SCHOOL GRADUATION RATE. BUT YOU ALSO KNOW THAT THE BEST CAN ALWAYS BE MADE BETTER.

AND THAT'S WHY THIS CANDIDATE ISN'T INTERESTED IN WHO'S TAKING CREDIT FOR WHAT PROGRAM. HE CARES ABOUT WHAT WORKS. RESULTS. RESULTS ARE WHAT WE'RE ALL AFTER. AND WORKING TOGETHER WITH JON GRUNSETH, RESULTS ARE WHAT WE'RE GOING TO GET. \\\

BUT ALONG WITH DEEPLY-HELD CONVICTIONS ON THE IMPORTANCE OF EDUCATION, JON SHARES THE ENVIRONMENTAL ETHIC SO CRUCIAL TO PRESERVING THE GRANDEUR OF THE GREAT NORTH WOODS.

HE BELIEVES, AS I DO, THAT WE CAN AND MUST RECAPTURE THE HERITAGE OF TEDDY ROOSEVELT. AND HE UNDERSTANDS THE IMPORTANCE OF COMMUNITY INVOLVEMENT IN PRESERVATION EFFORTS, TO CAREFULLY MANAGE OUR WILD LANDS AND WILDLIFE. BUT MINNESOTA'S OUTSTANDING RECORD ON AIR AND DRINKING WATER QUALITY, CONSERVATION, AND RECREATION REFLECT COMMUNITY EFFORTS, AND A SPECIAL VOLUNTEER ETHIC THAT JON GRUNSETH UNDERSTANDS, AND IS COMMITTED TO PROMOTING AND EXPANDING.

AND HE KNOWS WHAT HE'S TALKING ABOUT. JON GRUNSETH HELPED BUILD A BILLION-DOLLAR BUSINESS, APPLYING NEW IDEAS AND NEW TECHNOLOGY IN ENVIRONMENTAL SANITATION. AS GOVERNOR, JON GRUNSETH WILL BE A LEADER FOR THE ENVIRONMENT. \\\

AND HE'LL ALSO BE A LEADER IN MANAGING FISCAL RESOURCES. HE'S PROVED HIS PROWESS IN THE PRIVATE SECTOR -- AND HE'LL APPLY THE SAME FINANCIAL FORTITUDE AS GOVERNOR. HE'S CALLED FOR AN "ABSOLUTE CAP ON STATE SPENDING, AND REAL, HONEST PROPERTY TAX REFORM." HE HAS SAID, AS THIS PARTY BELIEVES, THAT THE ANSWER IS NOT TO SPEND AS MUCH AS YOU CAN TAX, BUT TO "TAX ONLY AS MUCH AS YOU NEED TO SPEND." AND HE'S RIGHT.

AS YOU ALL KNOW, WE'VE BEEN TRYING TO REACH AN AGREEMENT ON THE FEDERAL BUDGET FOR MONTHS. FOUR DAYS FROM TODAY, AMERICA FACES SERIOUS, AUTOMATIC, INDISCRIMINATE, ACROSS-THE-BOARD CUTS IN SERVICES OF EVERY KIND.

THAT GROUP HAS GIVEN ITSELF THE AUTHORITY TO TAKE ITS OWN CUTS WHENEVER IT CHOOSES, HOWEVER IT CHOOSES, OVER THE ENTIRE FISCAL YEAR. //

SO COME OCTOBER 1ST, THERE MAY BE TEACHERS WHO CAN'T GO TO WORK IN HEADSTART PROGRAMS -- BUT IN CONGRESS, IT'LL BE BUSINESS AS USUAL. THERE MAY BE SENIOR CITIZENS WONDERING WHY THEIR SOCIAL SECURITY CHECKS ARE LATE -- BUT IN CONGRESS, IT'LL BE BUSINESS AS USUAL. THE AMERICAN PEOPLE DESERVE BETTER. I THINK THE AMERICAN PEOPLE HAVE HAD ENOUGH OF CONGRESSIONAL BUSINESS AS USUAL. ///

BACK IN FEBRUARY, I SENT A COMPLETE BUDGET UP TO THE HILL. IN APRIL, THE OTHER SIDE MISSED ITS DEADLINE TO RESPOND. IN MAY, I CONVENED A BUDGET SUMMIT TO GET THINGS MOVING. IN JUNE, THEY STILL WEREN'T MOVING. SO TO GET CONGRESS OFF DEAD CENTER, I PUT EVERYTHING ON THE TABLE, INCLUDING TAXES. IT WAS A TOUGH DECISION. BUT TO PUT OUR FISCAL HOUSE IN ORDER, I DID WHAT HAD TO BE DONE, TO GET CONGRESS TO ACT.

THEY ACTED, ALL RIGHT. THEY ACTED LIKE THEY HAD ALL THE TIME IN THE WORLD. //

SO IN JULY, I OFFERED UP ANOTHER BUDGET PLAN, THAT WOULD SAVE HALF A TRILLION DOLLARS OVER FIVE YEARS. AGAIN, I EXTENDED A HAND TO THE MEMBERS OF CONGRESS, ASKING THEM TO WORK TOGETHER, IN GOOD FAITH. AND AGAIN THEY DID NOTHING.

TWO MONTHS HAVE PASSED SINCE I MADE THAT LAST PROPOSAL -- AND THEY HAVE STILL OFFERED NO SERIOUS PLAN TO REDUCE THE DEFICIT. AND FOUR DAYS FROM NOW, SEQUESTRATION WILL BECOME A TRAGIC FACT OF LIFE.

THE ACROSS-THE-BOARD CUTS WILL BE TOUGH. BUT IF THAT'S WHAT IT TAKES TO BRING THIS DEFICIT DOWN, THE EXECUTIVE BRANCH WILL DEAL WITH IT. THE AMERICAN PEOPLE SHOULDN'T HAVE TO.

SO I CALL ON THE CONGRESS: DEAL WITH THIS DEFICIT THROUGH REAL, ENFORCEABLE SPENDING CUTS, AND MEANINGFUL BUDGET REFORM. \\\

YOU KNOW, EVERYTHING I READ, EVERYONE I TALK TO, TELLS ME THAT THE AMERICAN PEOPLE ARE FED UP WITH FEDERAL LAW-MAKERS' EVASION OF RESPONSIBILITY. WE NEED LEADERS WHO WILL FIGHT FOR FISCAL DISCIPLINE IN EVERY BRANCH OF GOVERNMENT, AND AT ALL LEVELS -- FROM THE WHITE HOUSE TO THE MINNESOTA STATEHOUSE. AND THAT'S REASON ENOUGH TO BE HERE THIS MORNING. BECAUSE I BELIEVE THAT HERE IN MINNESOTA, JON GRUNSETH WILL KEEP SPENDING UNDER CONTROL.

I BELIEVE JON WILL MAKE A GREAT GOVERNOR. IT'S BEEN A GENUINE PLEASURE TO JOIN YOU TODAY. BUT BEFORE I GO, THERE'S ONE MORE THING: LET ME ASK EACH ONE OF YOU TO MAKE AN EFFORT TO GET OUT THE VOTE THIS FALL.

ON THE FARMS AND FIELDS, IN THE SUBURBS AND CITIES, MAKE SURE THAT THE PEOPLE OF MINNESOTA KNOW WHAT'S AT STAKE HERE.

IN AN ERA THAT CELEBRATES THE DAWNING OF DEMOCRATIC FREEDOMS AROUND THE WORLD -- WHEN SO MANY WHO HAVE STRUGGLED SO LONG HAVE AT LAST FOUND THEIR VOICE -- THOSE WHO LIVE IN FREEDOM SHOULD NEVER ROB THEMSELVES OF THE PRICELESS POWER OF THE BALLOT.

ENCOURAGE PEOPLE TO EXERCISE THAT POWER -- TO
CONFIRM THE KIND OF LEADERSHIP THEY'RE AFTER -- AND TO
PRESERVE THE ENDURING GLOW OF THE NORTH STAR STATE.

BY ELECTING JON GRUNSETH -- AND BY ELECTING A
REPUBLICAN MAJORITY IN THE STATE LEGISLATURE -- YOU CAN
UNLEASH NEW IDEAS, AND BRING ABOUT CHANGE FOR AN EVEN
GREATER MINNESOTA.

THANK YOU ALL -- AND GOD BLESS YOU ALL.

#

VI. POTENTIAL EFFECTS OF \$100 BILLION SEQUESTER

If the Budget Summit negotiations do not produce a satisfactory deficit reduction program, a large sequester will ensue. With that possibility in view, this section discusses the sequester calculations and the potential effects of a 1991 sequester of \$100 billion.

For purposes of determining the sequester amount, it seems reasonable to assume the continuation of the food stamp program, and a return to normal operating levels for the Census Bureau. Spending from the Resolution Trust Corporation (RTC), however, including administrative expenses and interest payments to the Federal Financing Bank, is excluded from the baseline totals at this point—in part because current law limits total RTC spending and in part because many believe that RTC expenditures should be excluded from G-R-H sequester calculations. Under these assumptions, the adjusted baseline deficit would be \$168.8 billion in 1991, \$104.8 billion above the \$64 billion deficit target required by the G-R-H law. Thus if no additional policy actions were taken to reduce this adjusted baseline deficit before the initial sequester report is issued on August 25th, the President must issue an order to withhold roughly \$100 billion effective October 1st. If no policy actions were taken before the final sequester report is issued on October 15th, a sequester of roughly \$100 billion would be required. (If RTC were authorized to spend more, and if such expenditures were included in the sequester calculation, the likely sequester would exceed \$150 billion.)

Sequestration Calculations

Reductions associated with a \$100 billion sequester would be determined using the following steps, as shown in Table 11.

**Table 11. MID-SESSION REVIEW:
SEQUESTRATION CALCULATIONS FOR 1991**

(Outlays in billions of dollars)

	Outlays
Required deficit reduction (assumed as of July 15, 1990)..<	100.0
Defense (military personnel sequestered):¹	
Total required reductions	50.0
Estimated outlays associated with across-the-board sequesterable budgetary resources	198.8
Uniform reduction percentage	25.1%
Nondefense:	
Total required reductions	50.0
Estimated savings from automatic spending	0.1
Estimated savings from special rules	1.8
Amount remaining to be obtained from uniform percent- age reductions of budgetary resources	48.1
Estimated outlays associated with across-the-board sequesterable budgetary resources ²	125.3
Uniform reduction percentage	38.4%
MEMORANDUM	
Defense (military personnel exempt):¹	
Total required reductions	50.0
Estimated outlays associated with across-the-board sequesterable budgetary resources	121.1
Uniform reduction percentage	41.3%

¹ Function 050, excluding FEMA programs.

² Includes \$5.7 billion in estimated 1992 outlays for CCC.

First, one-half of the required deficit reduction, \$50 billion, would be assigned to defense programs (budget accounts in the national defense function, 050, excluding the Federal Emergency Management Agency) and the other half to nondefense programs.

Second, savings from eliminating automatic spending increases in three specific programs (the National Wool Act, the special milk program, and vocational rehabilitation) would be applied to the required reduction in outlays for nondefense programs. Savings from eliminating these adjustments would be \$58 million.

Third, the amount of outlay savings to be obtained by applying four special rules would be calculated. These special rules are for guaranteed student loans, foster care and adoption assistance, medicare and certain other health programs. The estimated savings from these special rules, \$1.8 billion for 1991, would be applied toward the required spending reductions in nondefense programs.

The reductions in defense programs and remaining reductions in nondefense programs would be taken on a uniform percentage basis, computed separately for each category. Under the adjusted baseline estimates, the uniform percentage reductions would be 38.4 percent for nondefense programs. For defense programs, the uniform percentage reduction would be 25.1 percent if military personnel accounts were sequestered and 41.3 percent if these accounts were exempted by the President from sequestration.

In the event that a sequester is required, not all programs will be subject to reductions. For defense and nondefense programs combined, about 67 percent of total outlays are associated with budgetary resources exempt from sequestration. The burden of sequester falls on programs that comprise the remaining 33 percent of budget outlays. Of these outlays, defense programs account for 47 percent, special rule nondefense programs for 25 percent, and other nondefense programs account for 28 percent.

Programmatic Impact of a \$100 Billion Sequester

In addition to the sequester effects described for individual programs that follow, most, if not all, Federal agencies would be forced to reduce staff costs through reductions-in-force, furloughs, and hiring freezes.

Reductions-in-force are required to be implemented in an orderly way, generally using the criteria, within Federal job classifications, of abolishing positions, thereby terminating the employment of the most junior and non-veteran employees first. Severe reductions-in-force (of the size necessary under this sequester) also can affect senior employees whose jobs are abolished. These employees may then "bump" more junior employees in other job classifications for which the senior employee is qualified.

Furloughs involve telling employees not to come to work for a certain length of time and then not paying them for that time period (e.g., involuntary leave without pay). By law, military personnel cannot be furloughed.

Hiring freezes result in the random loss of employees and frequently the loss of the most critical specialties and the creation of imbalances within an organization.

Legal requirements, the regulations of the Office of Personnel Management, and labor-management agreements must be followed in administering both reductions-in-force and furloughs. In order to yield any savings, the reduction-in-force process should begin at the time of the initial sequester report on August 25th or not later than the issuance of the final sequester report on October 15th. Termination expenses (payments for unused annual leave, return of retirement contributions, unemployment compensation payments, etc.) offset the savings made possible by discontinuing employment. Separating a person at the beginning of the year on average saves only \$11,500 or 35-40 percent of compensation and benefits during the first year after a reduction-in-force. In subsequent years, the former employees' full compensation and benefits would normally be saved. On this basis, the separation of 100,000 employees through a reduction-in-force would save only \$1.1 billion in 1991. Many thousands

of dependents, businesses, and creditors who depend upon the income and purchasing power of Federal employees would be hurt by these actions.

Agencies also would reduce travel, training, printing, contractual services, and supply and equipment purchases. Those employees who remained would be hampered in their efforts to enforce the law, carry out agency missions mandated by law, and supply previous levels of services not only because of the reduced number of personnel, but also because of organizational disruptions created by adverse personnel actions and by the lack of non-personnel resources.

While the description of the effect of the sequester by program that follows is extensive, it is not comprehensive and is *intended for illustrative purposes only*.

Department of Agriculture

Commodity Credit Corporation (CCC)

A sequester applies to CCC cash deficiency payments and commodity loan programs by crop year. Based on projected 1991 crop year cash deficiency payments of \$7.1 billion, a sequester would require a reduction of \$2.7 billion in deficiency payment outlays in fiscal years 1991 and 1992. The value of 1991 crop loans estimated in fiscal years 1991 and 1992 is \$6.0 billion. Checks written during harvest time to farmers who place crops under loan would be reduced by about \$2.3 billion in 1991 and 1992. Reductions in CCC outlays, net of loan repayments would be \$3.9 billion during fiscal years 1991 and 1992.

To illustrate the wide-spread impact of a sequester, note that approximately 300,000 commodity loans and 9,000,000 deficiency payments are currently issued through the CCC. For 1989 crop programs, the following number of farms received cash deficiency payments for crops:

Cotton	100,000
Feed grains.....	1,100,000
Wheat.....	435,000
Rice	18,500

In addition, an estimated 175,000 dairy producers would face large assessments on their milk marketings (the assessment of 10.4 cents per hundredweight of milk markets would reduce cash receipts of dairy farmers by approximately \$150 million), and 40,000 peanut farms and 424,000 tobacco farms would be affected through loan proceeds reductions.

The average deficiency payment for the 1989 feed grain crop was \$4,363, and the average for all commodity loans was \$13,771. A sequester would reduce the average deficiency payment by \$1,658 and the average commodity loan by \$5,233.

Conservation

The 1985 Food Security Act (FSA) established the Conservation Reserve Program. People who agree to retire highly erodible land for 10 years receive an annual rental payment and financial assistance in establishing a permanent cover on the land. Under a sequester, annual rental payments due under the nearly 334,000 conservation reserve program contracts with farmers could not be paid in full.

The FSA also established several new conservation initiatives that require Soil Conservation Service (SCS) technical assistance. Under the law, SCS is responsible for defining highly erodible lands (HEL) and wetlands and for helping farmers develop and install conservation plans that producers will need if they are to continue receiving program benefits from the Department of Agriculture. While conservation planning and HEL determinations have been completed, only about 30 percent of the measures have been installed. The law requires that producers install the approved conservation systems by December 31, 1994. The "swampbuster" provisions of the FSA require that SCS also conduct wetland determinations and inventories to help farmers recognize wetlands and prevent unintentional conversions. The target date for completing the wetland determinations is

December 31, 1991 with wetland inventories being scheduled for completion by the end of 1992. In addition to these efforts, SCS must provide technical assistance for the conservation reserve program, for any necessary revisions to FSA plans, and for compliance reviews to ensure that conservation plans are properly installed.

A sequester would require that SCS emphasize meeting the provisions and deadlines mandated by FSA at the expense of other conservation operations such as the water quality initiative, soil mapping, and plant center renovation, which are authorized but not subject to statutory deadlines. Even with best efforts to meet the highest priority needs, it is unlikely that many of the FSA conservation targets could be met. Continued assistance to the nearly 3,000 conservation districts would be jeopardized and service would be reduced at most SCS field offices. Watershed planning and construction would be delayed or terminated for many projects that address high priority national problem areas such as local flood control, emergency assistance, land treatment, and water quality. Cost sharing projects would be stopped or slowed down.

Cooperative State Research and Extension

Under a sequester (that must be applied uniformly), higher priority projects could not be preserved by applying larger reductions to (or canceling) lower priority projects. Across-the-board cuts would reduce USDA's National Research Initiative (designed to use competitive research grants to enhance production efficiency, food safety, and environmental quality). One important component of this initiative is an effort to map the genomes of plants to permit scientists to explore more fully the genetics of plants. Other research that would be cut could contribute to the design of more economical production practices and to dealing with pests and disease in ways that protect the environment. A large number of special interest research grants and construction projects would also be affected.

Farmers Home Administration (FmHA)

A sequester would impair efforts to service FmHA's portfolio of almost \$59 billion in outstanding debt. This would reduce borrowers' chances of success in meeting their loan obligations and increase losses to the Government. In particular, efforts to restructure about \$5 billion in delinquent farm loans would be delayed, causing borrowers undue hardship and reducing the recovery value of these loans.

Federal Crop Insurance Corporation

A sequester would reduce the funds available for commission payments on insurance policy sales made by private insurers, causing a suspension in sales when funds run out. The reduction in the amount of insurance sold would also reduce the premiums paid to the Government.

Federal Research (Including Buildings and Facilities)

Under a sequester (that must be applied uniformly), higher priority projects could not be preserved by applying larger reductions to (or canceling) lower priority projects. Such reductions would reduce USDA's Food Safety Initiative and the collection of food safety information. This information is expressly intended for further use in setting Federal food safety policies and regulations. Other research, such as water quality research projects included in the Water Quality Initiative and federally sponsored human nutrition studies, also would be constrained.

The layoff of Federal scientists and technicians would impede the delivery of new technologies to improve agricultural competitiveness and address environmental issues. Reductions in research programs at 59 agricultural experiment stations, as well as at other colleges and universities, would impair the ability of States to continue a full range of research to address local and regional concerns. Most adversely affected would be the historically black 1890 colleges and Tuskegee University that receive nearly 100 percent of their research funding from the Federal Government.

A sequester would compromise the execution of trade policy responsibilities, including those related to the Uruguay round during the most crucial stage of this multilateral trade negotiation. Reductions in our overseas presence, including attaches and counselors, would impair the collection and reporting of agricultural intelligence and the administration of export and market development programs. Some overseas cooperator offices would have to be closed and some smaller cooperator organizations would have to end participation in the program. Since agriculture is the one major "positive" in U.S. trade, these reductions would have a detrimental effect on the balance of trade.

Forest Service

A sequester would severely affect the ability of the Forest Service to maintain projected targets for recreation, wildlife and fish habitat management, and timber sales. Timber sales could decline to below eight million board feet. Timber preparation work would be greatly reduced, reducing 1991 and out year sales. Receipts to the Treasury and to States and counties would decline significantly. Economic effects, particularly in the West, would be substantial.

Certain campgrounds and other recreational facilities would be closed. Services at remaining sites would be significantly curtailed. Efforts to protect and improve habitat to achieve recovery goals for endangered and threatened species would be substantially reduced.

No seasonal hiring would occur, further inhibiting quick response to fire fighting emergencies and significantly curtailing services (e.g., garbage pickup and rest room cleaning) at the recreational facilities that remain open. Road maintenance and most other field work would all but cease, resulting in the deterioration of roads and facilities and ultimately road closures for safety concerns.

Meat and Poultry Inspection

The Federal Meat Inspection Act (P.L. 90-201) and the Poultry Products Inspection Act (P.L. 90-449) require carcass-by-carcass inspection by Federal inspectors in establishments slaughtering food animals. All plants engaged in further processing of meat and poultry must also be inspected by Federal inspectors. Since meat packing plants cannot operate without these Federal inspectors, the meat and poultry slaughter and processing industry would be forced to limit or curtail production by the same extent that inspectors are not available. The meat and poultry industry is one of the largest in the country. It employs over 400,000 people at 7,800 meat and poultry plants and has an annual retail value of more than \$100 billion. Many thousands more people are employed in the breeding, raising, transportation, storage, and distribution of food animals. The economic loss from any shut down due to a sequester would result in the loss of billions of dollars to the American economy. In addition to the economic disruption, the limited inspection coverage would erode the high level of safety of the nation's meat and poultry products.

A sequester would result in the absence of inspection services (and the shutting down of meat and poultry slaughter and processing plants) for about 140 days.

Quarantine and Inspection Activities

A sequester would defeat recent progress by the Animal and Plant Health Inspection Service to eliminate pseudorabies, brucellosis, and the Russian wheat aphid. Emergency eradication of the Mediterranean fruit fly and grasshopper would be defeated. All 39 quarantine and inspection activities would be reduced. This would result in serious delays in import shipments of plants and animals as well as baggage inspection for international travel. Extensive delays or disruption of service could cause significant losses of plants and animals in quarantine or awaiting inspection. It would also drastically reduce the number of inspections and thus increase the risk of introducing serious animal and plant diseases and pests into the United States. Implementation of the pending regulations on animal welfare might not be possible.

The Federal Grain Inspection Service would totally eliminate contractual research including aflatoxin research outlined in the Administration's farm bill proposal. The Agricultural Cooperative

Service would not be able to conduct research studies in support of farmer cooperatives and the Office of Transportation would not be able to assist in solving transportation problems related to agriculture.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA)

A sequester would severely impair several high priority research programs, in particular, NOAA's contribution to the interagency U.S. Global Change Research program and the Coastal Ocean Science program. Several major system procurement actions supporting the modernization of the Weather Service would be canceled or deferred including such safety programs as the NEXRAD doppler radars (that detect severe weather patterns) and the next generation of geostationary weather satellites.

It would severely reduce fisheries stock assessments and research, thereby requiring an extremely conservative fisheries management regime including closure of certain grounds to commercial fishing. Operations of the NOAA research fleet and air wing would be reduced to the minimum required to support hurricane reconnaissance responsibilities. These actions would be required to ensure that NOAA would be able to provide weather warnings and, on a less frequent basis than normal, weather forecasts.

Department of Defense—Military

Military personnel exempted.—The President can exempt up to 100 percent of the military personnel accounts from sequester. If he chose to do this, force readiness would be severely degraded. Because a sizeable portion of operation and maintenance expenses are relatively fixed in the short term (e.g., hospitals and other required medical costs and bases that cannot be closed according to the G-R-H law), readiness related activities (training, flying, steaming, and maintenance) could be cut by more than 50 percent. Substantial cuts in operating rates would result. For example, the flying time for Air Force pilots would be reduced to less than 10 hours per month (compared to the current 19.5 hours per month that is considered the minimum necessary for adequate readiness). Navy steaming time for the deployed fleets could be reduced to less than 25 days per quarter from the normal rate of over 50 days per quarter and many ships would rarely leave their home ports. The operating rate reductions would require substantial adjustments in naval deployments and operations, reducing the President's flexibility to deploy forces where needed, including drug interdiction missions. It would also require reductions-in-force (RIFs) or furloughs of up to 80 percent of the requested level of 1.1 million civilian employees. Contractor personnel also would be reduced significantly. Roughly \$8 billion of equipment maintenance and \$3 billion of real property maintenance would have to be deferred.

Modernization programs would be delayed and quantities planned for purchase would be cut. For example, about 115 fighter aircraft could be cut from the 276 requested, six major combatant ships could be cut from the 15 requested, and about 250 Army fighting vehicles could be cut from the 600 requested. Similar cuts would be made in all other procurement programs. Unit production costs would increase. Research and development programs would be disrupted, resulting in delays in new weapon programs, including high priority strategic systems.

Military personnel not exempted.—Not exempting military personnel could result in a reduction of up to 1.0 million military, about one-half of the force. A sudden force cut of this magnitude would severely weaken our ability to react to any major crisis. Morale and force readiness would be severely degraded. Force structure cuts would include up to eight Army divisions (16 requested in 1991 versus 18 in 1990), the equivalent of one Marine Corps division and air wing (3 divisions and wings requested), twelve Air Force tactical air wings (24 requested), and seven aircraft carrier battle groups (14 requested).

Force readiness would be severely degraded. Because a sizeable portion of operation and maintenance expenses are relatively fixed in the short term (e.g., hospitals and other required medical costs and bases that cannot be closed according to the G-R-H law), readiness related activities (training, flying, steaming, and maintenance) could be cut by over 30 percent. Substantial cuts in operating rates would result. For example, the flying time for Air Force pilots would be reduced to less than 14 hours per month (compared to the current 19.5 hours per month that is considered the minimum

necessary for adequate readiness). Navy steaming time for the deployed fleets could be reduced to less than 35 days per quarter from the normal rate of over 50 days per quarter and many ships would rarely leave their home ports. The force reductions in conjunction with the operating rate reductions would require substantial adjustments in naval deployments and operations, reducing the President's flexibility to deploy forces where needed, including drug interdiction missions. It would also require RIFs and furloughs of up to one-half of civilian employees (requested level is 1.1 million). Contractor personnel also would be reduced significantly. Roughly \$6 billion of equipment maintenance and \$3 billion of real property maintenance would have to be deferred.

Modernization programs would be delayed and quantities planned for purchase would be cut. For example, about 70 fighter aircraft could be cut from the 276 requested, four major combatant ships could be cut from the 15 requested, and about 150 Army fighting vehicles could be cut from the 600 requested. Similar cuts would be made in all other procurement programs. Unit production costs would increase. Research and development programs would be disrupted, resulting in delays in new weapon programs, including high priority strategic systems.

Department of Defense—Civil

Army Corps of Engineers

The effect of a sequester on the civil works program would be twofold: substantial reductions in personnel in labor-intensive activities, and contract delays and cutbacks in the construction and operation and maintenance of water resources development projects.

A sequester would require reductions-in-force (RIF) affecting some 3,300 positions. A RIF of some 980 work-years is likely for the Regulatory program and General expenses accounts. Such cuts would require delays in some, if not all, non-cost-shared preconstruction engineering and design studies; and handicap new partnership arrangements with non-Federal cost-sharing project sponsors.

A RIF of 450 staff years would be required in the Corps labor intensive Regulatory program under which the Corps administers Section 404 permits for dredge-and-fill activities in wetlands and other waters, and for section 10 permits construction and other activities in navigable waterways. These RIFs would adversely affect support for the environmental initiative to improve permit enforcement and compliance.

Construction contracts on non-cost-shared projects, including seven Inland Waterways lock and dam projects, would be delayed and in some cases terminated. Work would be postponed for previously funded, cost-shared new starts for which a local cooperative agreement had not been executed. Some continuing contracts for cost-shared construction projects would be terminated.

The Operation and maintenance program would experience reductions in service delivery and increased backlogs. Specifically, the use of seasonal labor would be minimized, the recreation season shortened, recreational and other dredging deferred, and the number of shifts employed for the operation of the locks on the Inland Waterways System constrained. Moreover, there would be insufficient funds available to retain the number of employees needed to safeguard public safety and health and to assure the integrity of project operations and work placement. Recreational facilities would be closed and maintenance for flood control and navigation projects would be cut. Revetment (repair of embankments) of the navigation channels of the Mississippi River and its tributaries would be reduced by over 60 percent. Reductions would be imposed on the supervision and inspection of work placement and the engineering and design of follow-on construction contracts. Additionally, new programmed maintenance would be deferred, including channel and harbor dredging, lock and dam repairs, and hydropower maintenance.

Department of Education

Pell Grants

In the major discretionary student aid program, Pell grants, the 1991 request would provide an average award of \$1,443 to 3.4 million students. Under the Pell law, the reduction in the appropriation

is translated into award reductions in accord with a specified "linear reduction" schedule that protects awards to the poorest students. However, a sequester above 24 percent would reach the awards to the poorest Pell grant recipients (those with expected family contributions of \$200 or less).

If these students are not protected, then a sequester would eliminate grants to 1.2 million students, at an average grant of \$1,000, and reduce all remaining grants (2.2 million recipients) by \$320 each, or 22 percent of the average grant under the 1991 request.

Department of Energy (DOE)

Atomic Energy Defense Activities

A sequester would require a delay in cleanup activities, deferral of operational safety improvements, a decimation of the ability of DOE to support future nuclear weapons production, and a serious detriment to our nuclear deterrent. As an illustration only, the cut would require:

- A 12-month delay in cleanup activities at contaminated sites.
- DOE would not be able to meet the terms of agreements with States for obtaining compliance with environmental requirements.
- Deferring the operating safety and environmental measures that are now being instituted for assured safe operation of the tritium production reactors.
- Deferring work on safety improvements at weapons production facilities and suspending production of new nuclear weapons.
- Placing all plutonium processing facilities on standby at the very time we are returning weapons to be reprocessed due to successful START negotiations.
- Deferring indefinitely all design and construction activities for new facilities, which include improvements for environment, safety, and health deficiencies found by the DOE Tiger Teams.
- Substantially reducing nuclear weapons testing, and cutting research and development by about 25 percent, which will severely imperil initiatives to enhance nuclear weapons safety.

To effect the savings, contractor employees at the shut-down and deferred facilities would have to be laid off. Significant numbers of personnel would have to remain, however, to ensure safety and security of facilities. The maintenance of facilities in safe and secure conditions (even with no production) could be somewhat compromised. Rehiring of employees after such a major disruption would take years.

This would, in essence, force the Defense Weapons complex to proceed expeditiously to shut down all operations, and place them in as safe a standby position as possible.

Energy Conservation Grants

A sequester would reduce the number of low-income homes weatherized through the Weatherization Assistance program from approximately 125,000 to approximately 85,000 homes. This decrease would place increased burdens on State and local governments in the colder winter months and would create a hardship for many poorer American families. The number of grants to schools and hospitals for weatherization activities would be reduced by 250. Grants to States for energy conservation planning and extension activities would also be reduced. Because a sequester must be applied uniformly, higher priority research and development projects could not be preserved by applying larger reductions to (or canceling) lower priority projects.

General Science Program

A sequester would force the cancellation or delay of facility upgrades at several sites by at least a year. Start up of the Continuous Electron Beam Accelerator Facility in Virginia as well as construction of the Relativistic Heavy Ion Collider facility at Brookhaven National Laboratory would also be delayed. Operating levels of high energy facilities (Fermilab, Stanford Linear Accelerator Center, and

the Los Alamos Meson Physics Facility) would be reduced by 50 percent or more. The impact of layoffs of highly skilled staff would take years to reverse.

It would severely reduce research productivity at all the major national laboratories (e.g., Fermilab, Brookhaven, and the Stanford Linear Accelerator Laboratory) and at one or more of the smaller accelerator and research facilities. University research programs would experience large cuts in funding.

Superconducting Super Collider (SSC)

A sequester would severely affect the basic ongoing research programs as well as the construction of the Superconducting Super Collider.

Virtually all site work, research and development on detector designs, and purchase of capital equipment for detector systems would cease. Design activities would have to be scaled back significantly from 1990, causing personnel layoffs.

Implementation of the magnet industrialization plan would be impossible. The magnet contract award would be delayed at least one year. This action would increase the total cost of the magnets and significantly delay the project.

Cuts of this size would send a strong negative signal to potential international collaborators about the commitment of the United States to the project and would jeopardize their participation. The sequester would almost certainly result in no foreign contributions to SSC construction. In this event, the United States would have to assume the full costs after the Texas contribution.

Department of Health and Human Services

Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) Drug Abuse Programs

Activities that address the demand side of the war on drugs—research, prevention, and treatment—would be reduced by over one-third. All new research, including medications development, would be eliminated. Prevention programs for high risk youth and pregnant women would be unable to support new grants, and the number of continuing grants could be reduced by approximately 20 percent.

The Alcohol, Drug Abuse, and Mental Health Block Grant would fall sharply, reducing the number of treatment slots far below Administration goals.

Centers for Disease Control

A sequester would cut the Preventive Health Care block grant, grants for sexually transmitted disease clinics, childhood immunization grants, research on occupational safety and health, health statistics, and HIV/AIDS grants.

A sequester would sharply reduce service to the public, including approximately 1,000,000 children who would not be vaccinated for polio, measles, mumps, rubella, haemophilus influenza b, diphtheria, tetanus, and pertussis. Other effects include: (1) decreased support for block grants could eliminate over 50 percent of States' prevention programs in tuberculosis, smoking, nutrition, and chronic diseases; (2) efforts to prevent the spread of sexually transmitted diseases would be hampered: 300,000 fewer persons would be examined for syphilis, 2,500,000 fewer persons would be tested for gonorrhea, and 1,000,000 fewer persons would be tested for chlamydia; (3) the number of births monitored for changes in the incidence of birth defects would decrease by 60,000; and (4) approximately 200 disease outbreaks would not be investigated.

Food and Drug Administration (FDA)

A sequester could (1) lengthen the drug review process, (2) suspend efforts to make experimental therapies available to patients with no therapeutic alternatives, and (3) reduce inspections of foods,

drugs, devices, and imports. The expedited review proposed for AIDS drugs would be slowed and field inspections and product-related research would be reduced. The number of new orphan drug grants awarded, laboratory equipment, and automobiles necessary for field inspections would be substantially reduced. A sequester also would eliminate proposed enhancements for seafood and generic drug inspections.

HIV/AIDS

A sequester would seriously cripple the Public Health Service's (PHS) efforts to prevent HIV transmission and conduct research into therapies and vaccines, reducing funding below 1989. Fewer promising therapies could be tested, fewer education and prevention programs could be supported, and fewer research initiatives to develop cures and therapies could be pursued. Specifically, about 400 fewer AIDS research grants could be supported, and instead of hiring the 300 additional PHS staff requested in 1991 for fighting AIDS, staff levels probably would be reduced.

Maternal and Child Health Block Grant—Health Resources and Services Administration

A sequester would reduce these block grants \$114 million below the 1986 level, and could require the States to reduce sharply perinatal health services for pregnant women and their infants. Perinatal services provided by the States and the ability of States to carry out new requirements contained in the Omnibus Budget Reconciliation Act of 1989 would be severely limited. Cutbacks in perinatal health care will have a direct effect on infant mortality and low birth weight, and will severely hamper State efforts to establish case-management and community-based services that are accessible to the most needy. The number of Special Projects of Regional and National Significance (SPRANS) could be cut by a minimum of 150 (from 445). SPRANS grants focus on improved services to high risk groups, promotion of early and continuous prenatal care, reduction in neonatal mortality, and reduced behavioral risk activities in pregnant women.

Research at the National Institutes of Health (NIH) and the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA)

A sequester would threaten the Federal Government's substantial commitment to pursuing new scientific opportunities and searching for new cures and therapies and seriously curtail efforts to invest in the nation's future health. A sequester could reduce by over 9,000 the number of Public Health Service-supported research grants (from a total of 28,000) and cut by over 4,200 the number of scientists receiving Federal research training assistance.

Social Security Administration (SSA)

A sequester in SSA's Limitation on Administration Expense account would force SSA to postpone new hiring and training, defer most work not directly related to paying and processing benefits (such as issuance of Personal Earnings and Benefit Statements to young workers and reconciling discrepant wage records of young workers), slow down contract payments and other deferrable payments, and postpone nearly all automation system upgrades. All of these steps would affect service over time, but not immediately.

After taking these initial cost savings steps, SSA would be forced to slow down or divert staff resources from non-payment related services. For instance, SSA might be forced to focus resources on taking initial applications for social security benefits and to close portions of the 800 number telephone service for a period during the year. SSA would also cut back significantly on monitoring of the benefit rolls (such as evaluations of continuing disability and eligibility for Supplemental Security Income—SSI) which would increase overpayment of benefits that may be difficult to collect.

Even with these cost savings steps, SSA would be forced to develop priorities for claims related work, perhaps trying to get benefits first to those most in need (SSI applicants) while deferring or slowing down claims by persons with other means (high income retirement applications).

Timely payment of Social Security and Supplemental Security Income benefits to some new applicants could be threatened. SSA would likely be able to continue to pay benefits to currently

entitled persons, although any post-entitlement changes, such as new addresses, would probably be deferred or significantly slowed. New applicants, however, might have to wait longer to get their first monthly checks.

In addition to reducing Federal staffing available to process work, a sequester of this size would force a significant reduction in the administrative budget available for State agencies determining disabilities for SSA. These agencies, which are budgeted to receive \$800 million in 1991, make all initial disability determinations. A reduction in their resources could slow their processing of disability decisions.

Social Services *Clennie Murphy, HHS-Asst Commissioner for HeadStart: If seque. occurs =>*
\$2 1/2 wt = - \$300 M = less teachers, 200,000 less kids

A sequester would result in: (1) a reduction of \$715 million from the budget for Head Start (this would fund the enrollment of 208,400 fewer poor four-year-old children from the planned 548,400); (2) a reduction of \$163 million from the budget in grants to support meals for the elderly (this would fund 106 million fewer meals from the planned 258,740,000); and (3) a reduction of \$1,065 million from the budget for the Social Services block grant that would require States to decide whether to make across-the-board cuts, redistribute reductions among all service areas, or eliminate certain service categories and maintain others at current funding.

Department of Housing and Urban Development (HUD)

A sequester would:

- Reduce funds available for the extension of expiring housing contracts to a level that might cause some low-income families to lose their housing assistance and possibly become homeless.
- Cut the number of new subsidized households assisted from 82,000 in the budget to 45,000 after the sequester.
- Force some public housing agencies (PHA's) to discontinue their efforts to eliminate drugs in public housing, defer regular maintenance on the housing stock, increase future modernization costs, and possibly threaten the health and safety of residents.
- Delay and hamper efforts to help end homelessness. Funding would be below 1990 and far below the levels authorized in the McKinney Act. Long term solutions to aid the homeless would be prevented.
- Delay efforts to assist tenants adversely affected by prepayment of HUD subsidized mortgages.
- Eliminate proposed improvements in the oversight and monitoring of HUD funds and jeopardize recent improvements. These improvements are aimed at reducing waste, fraud, and abuse in multi-billion dollar HUD programs.
- Impair management of HUD's programs because of a lack of staff—instead of focusing on improvements in monitoring and internal control systems, HUD officials would need to manage staff furloughs to stay within constrained funding. Such furloughs would increase further the risk of waste, fraud and abuse in these multi-billion dollar programs.
- Delay the approval of housing construction projects due to insufficient staff.

Department of the Interior

Bureau of Indian Affairs (BIA)

A sequester would reduce funds from the 1991 request for BIA elementary and secondary school operations by \$2,200 per Indian student. At least half (about 80) of BIA's schools would close and the school year would have to be shortened for the remaining schools.

One of BIA's two post-secondary schools would close entirely. The remaining school would have to operate with a shortened school year. All capital expenditures on facilities improvements would be deferred. Aid for post-secondary education would be unavailable for 6,100 Indian students (a 44

percent reduction from the 1991 request). Vocational education training would be denied to 1,300 Indian students.

Funding for the BIA general assistance (welfare) program would be reduced by \$20 million below the request. This would prevent the BIA from making assistance payments for almost five months during the year to an estimated 50,000 needy individual Indians.

Bureau of Land Management (BLM)

A sequester would curtail on-the-ground management of public lands, including inspection and enforcement of mining and mineral leasing operations, grazing, timber, recreation, wilderness, and wildlife programs. Reduced inspection of mineral leases would result in reduced revenues from Indian and Federal leases. A major automation initiative, the Automated Land and Mineral Records System (ALMRS) that is part of BLM's integrated Modernization effort, would be postponed, and hazardous materials management inventory and cleanup efforts would be drastically reduced on 270 million acres of public land managed by BLM in 28 States. Also, discretionary fire fighting pre-suppression activities would be cut back, possibly increasing the ultimate cost of emergency fire suppression operations.

The America the Beautiful initiatives for BLM, including Recreation 2000 and Wildlife 2000, would effectively be shut down. BLM's increased drug eradication and interdiction program could not be supported. Land acquisition, maintenance and construction projects would be cut in half. The ability to offer allowable cut timber volumes in western Oregon would be greatly reduced, thereby significantly reducing receipts and payments to Oregon and California counties.

Bureau of Reclamation

A sequester would result in no new contract awards to continue work on water projects currently under construction and no major rehabilitation or improvement work at existing projects. Further adjustments would be required, including the termination of contingent construction contracts (with payment of penalties) for existing projects. This would lead to delays in the completion of projects, the realization of project benefits, and, in some cases, the initiation of project repayment.

Routine preventive maintenance efforts at dams, pumping plants, canals, and other project features would be curtailed, as necessary, in order to continue the operation of project facilities. This might result in higher project maintenance and repair costs in future years. Operations at some existing projects might be curtailed due to a lack of funds for repairs or required maintenance to ensure safe operation of project facilities.

Fish and Wildlife Service (FWS)

A sequester would not permit nine new National Wildlife Refuges to open in 1991 as planned, 100 refuges would be placed in caretaker status, law enforcement activities associated with drug control on FWS lands would be severely curtailed, funding for FWS America the Beautiful land acquisition and resource protection initiatives would be drastically reduced, and the North American Waterfowl Management Plan (that provides the focal point for the restoration of North American waterfowl populations) would not be implemented.

Other examples would be: (1) planned acquisition of water rights to help restore the important Stillwater National Wildlife Refuge in Nevada would not be implemented; (2) FWS would not meet its planned target of restoring some 13,000 acres of high priority wetlands; (3) at least 15 national fish hatcheries would have reduced operations and curtailed production, and several hatcheries would be closed; (4) the environmental contaminants program would be adversely affected, resulting in reduced contaminant clean-up on FWS lands; and (5) substantial funding to States would be delayed for one year for the Wallop-Breaux and Pittman-Robertson fish and wildlife programs.

Geological Survey

A sequester would adversely affect operation of the Global Climate Change Research program; the National Water Quality Assessment program, designed to determine the status and trends of the Nation's ground and surface waters, and which would not become operational in 1991 as planned; and the Advanced Cartographic System (ACS), an effort to develop and implement a new, state-of-the-art cartographic data collection, analysis, and presentation system.

Ongoing programs adversely affected would be geologic and mineral resources investigations, including important studies in earthquake and volcano hazards and energy resources assessments. The collection and analysis of water resources data would be lessened, possibly resulting in voids in various databases or delays in research dependent on such information.

Operation of approximately 675 water quality streamflow stations would be discontinued in the Federal Data Collection and Analysis program. Approximately 3,000 water quality streamflow gauges and as many as 180 cooperative investigations would have to be discontinued in the Federal-State Cooperative Data Collection and Analysis program. The grant to each of the 54 State Water Resources Research Institutes would be significantly reduced.

Historic Preservation fund

A sequester would translate into smaller grants to State historic preservation offices and to the National Trust for Historic Preservation. Some grants might be eliminated. Fewer properties would be nominated to and placed on the National Register of Historic Preservation; efforts to ensure that State and local development planning and permitting recognize historic values would be reduced; and public visitation to National Trust properties might be curtailed. Efforts that now help to ensure that local planning and permitting recognize historic values would be eliminated.

Minerals Management Service

A sequester would cause major reductions to the auditing staff and reduce the accuracy of revenue collections of royalties from minerals production on Federal lands. Revenues would be reduced due to an inability to audit royalty collections effectively. In addition, there would be a reduction in inspection staff and helicopter support needed to enforce safe and environmentally sound operations of outer continental shelf oil and gas operations. Revenues would be reduced due to the cancellation of new off-shore oil and gas leasing. Environmental studies and lease preparation activities would be curtailed, leading to further delays in off-shore leasing.

National Park Service (NPS)

A sequester would severely and adversely affect NPS's ability to keep parks safe and open to the visiting public. Park operating funds would be reduced to levels available in the mid-1970's. There has been significant expansion of the park system since that time. Many of these newer and smaller units would be closed to permit the "Crown Jewels" (e.g., Yellowstone, Yosemite, and the Grand Canyon) to remain open to the public. Funding for regional repair and rehabilitation programs would be cut to focus only on emergencies. Resource protection efforts would be continued at a suitable level in some areas, while other areas would be essentially closed until greater resources became available.

Seasonal hiring would be eliminated and hundreds of park rangers and maintenance staff would be furloughed. All back country areas would be closed to hikers and campers because there would be no one to patrol the areas. Park Police efforts in urban parks, including drug law enforcement, would be substantially curtailed. Discretionary ecological research projects, such as the effects of acid rain and aircraft noise studies, would be suspended.

The America the Beautiful initiative for NPS covering land acquisition, resource protection, and recreation enhancement would be severely curtailed.

Office of Surface Mining Reclamation and Enforcement (OSM)

A sequester would lead to reduced inspections for surface mine land reclamation activities and oversight of State inspection activities. Reductions in State regulatory grants would endanger the primacy of State oversight programs. OSM's ability to respond to emergency reclamation needs through its emergency reclamation program would be limited. This could lead to increased risks to the health and safety of miners and communities experiencing emergency reclamation requirements.

Payments to States by the Minerals Management Service

A sequester would delay a portion of the payments due to 27 States (primarily in the West) until 1992 and disrupt planned activities. States might not have adequate funding for schools, roads, and emergencies.

The impact on the six largest payments would be:

(In millions of dollars)			
	1991 Budget	Reduction	Post Sequester
Wyoming.....	\$202	-\$77	\$125
New Mexico.....	101	-38	63
Utah.....	61	-23	38
Colorado	37	-14	23
California	28	-11	17
Montana	23	-9	14
21 Other States	31	-12	19
Total	483	-184	299

Department of Justice

Drug Enforcement Administration (DEA)

A sequester would eliminate 1991 program enhancements, thereby crippling this element of the President's drug strategy. Across-the-board reductions to domestic marijuana eradication programs, State and local task forces, foreign cooperative investigations, domestic enforcement programs, and intelligence activities would also be required. Training for State and local police officers and implementation of the Chemical Control and Trafficking Act would also be curtailed. Further, planned purchases of investigative and automated data processing equipment and some major computer contracts would be canceled.

In some cities and rural areas, DEA would simply have no presence. Foreign support would be spread so thin that cooperative efforts with foreign governments would be hindered and the security of our agents would be at great risk. All State and local programs such as task forces, training, and laboratory support would be eliminated. The result might be increased drug trafficking because drug dealers are quick to notice the level of effort expended by the Federal Government on law enforcement.

Federal Bureau of Investigation (FBI)

A sequester would leave all 1991 program enhancements unfunded. Funding for the President's Financial Fraud and Crime Initiative packages implemented in 1990 would be reduced. Prosecution of those who have perpetrated savings and loan institutions fraud would be slowed. New investigative programs such as white collar crime investigations aimed at procurement fraud, and investigations of Asian organized crime would be severely impaired. The foreign counterintelligence and drug programs would be diminished substantially. Specifically, the anticipated completion of white collar crime investigations would likely drop by 25 percent (1,000-plus fewer convictions) from planned 1991 levels. The FBI's efforts directed at Asian groups would not advance in 1991 while current investigative efforts would be cut in half. Investigations into La Cosa Nostra and other major organized crime

groups would be cut by 20 percent from planned 1991 levels. Major equipment purchases affecting the fingerprint automation and field office management system programs would be canceled. Training for State and local officers would also be curtailed.

Priority investigative programs and those in which the FBI has sole law enforcement jurisdiction would be affected. As all equipment purchases would be foregone, agents would be inadequately equipped to use the sophisticated investigative techniques required for complex cases. Continued use of obsolete protective equipment would expose agents to possibly dangerous situations. The FBI would be unable to provide adequate support for automated data processing and telecommunications operations integral to information collection and analysis in support of investigative operations. All State and local programs, such as the Uniform Crime Report publications, laboratory analysis of evidence, and fingerprint identification work, would be halted. It is also likely that crime and foreign intelligence activities would increase during this period as the deterrence factor decreases.

Federal Prison System (FPS)

A sequester would prevent newly constructed prisons with 3,315 beds from becoming operational, and force FPS to move 6,595 prisoners out of non-Federal contract facilities and into its already overcrowded facilities, increasing overcrowding to well over 89 percent from the current level of about 70 percent. It would eliminate the staff increases (2,000 work years) necessary to address inadequate staff levels, and require furloughing 5,600 employees. This would eliminate staff training, greatly reduce FPS's administrative efforts, and reduce the quality and amount of food and medical services, inmate security, and inmate supervision.

Virtually every program available to inmates within the prisons (e.g., rehabilitative and educational) would be eliminated, thereby causing FPS to "lock down" all institutions and inviting inmate idleness, violence, and court intervention.

Immigration and Naturalization Service (INS)

A sequester would prevent INS from hiring 200 new Border Patrol staff and building new traffic checkpoints to intercept drug and alien smugglers that are important elements of the President's drug strategy. Such a funding level would hamper INS's border enforcement activities, processing of travelers across our land borders, and efforts to deter illegal immigration through detention of aliens and enforcement of employer sanctions. Such massive cutbacks would be likely to lead to major influxes of illegal aliens that were common prior to the enactment of the Immigration Reform and Control Act in 1986.

Even basic operations would be seriously impacted. Reductions in enforcement activities would immobilize operations and seriously jeopardize the ability of the INS to stem the flow of illegal aliens and the ever-increasing flow of illegal drugs. The ability of INS to detain and process criminal aliens apprehended by the Border Patrol would be constrained because of a lack of detention officers and funding to operate detention facilities. Investigations of major alien smuggling operations would be seriously reduced. Major backups would be experienced at ports-of-entry. Backlogs in processing of refugee and asylum applications as well as adjudication requests would be inevitable.

U.S. Attorneys' Office

Reduced staff resulting from a sequester would prevent litigation of any cases that would have been litigated as a result of increased resources provided for the crime and financial institution fraud initiatives in 1990. Specific areas that would be affected are prosecutions of narcotics cases, bankruptcy and procurement fraud cases, and other criminal fraud prosecutions.

U.S. Attorneys would be forced to abandon almost 25 percent of all ongoing litigation designed to obtain criminal convictions against violators of substance abuse, immigration and civil rights laws, organized criminal groups, and tax evaders. Attorneys would slow down efforts to recover monies from failed institutions resulting from saving and loan and bank fraud violations. All ongoing activities for collecting monies owed to the Government would be limited. Litigation designed to defend the Government from substantial monetary losses as a result of other types of fraud would be reduced.

Department of Labor

A sequester would have the following effects on Department of Labor (DOL) programs, compared with the 1991 request:

- Some 8,000 work years would be lost across all DOL agencies, requiring reductions-in-force in all enforcement programs. Among other effects, some 29,100 fewer work places would be inspected by the Occupational Safety and Health Administration, 27,400 fewer mine inspections would be initiated, increases for improving pension oversight as well as some base funding would be eliminated, and DOL's ability to maintain its core national labor force statistical series would be in jeopardy.
- In the DOL State grant programs area, States would close 250 or more of the 1,900 local offices that process walk-in unemployment insurance claims and provide employment services. Staff at remaining offices and operating hours would be reduced. Claims delays would be universal—taking up to five days in some areas; States would divert any remaining resources from program integrity efforts and devote them to processing claims. The quality control program would be abandoned.
- For the Job Corps, the sequester would mean reducing the program by up to 15,600 slots. This could require closing about 39 of the existing 107 Job Corps centers, reducing the number of centers to 68. Work on acquiring and operating the six new centers mandated by Congress would have to cease if current centers have to be closed. As a result, no funds would be available to operate the two new centers scheduled to open in 1991, while plans to open two new centers in 1992 and 1993 would be postponed or curtailed. The Job Corps anti-drug initiative would be canceled.
- Some 141,000 fewer participants would be served in the President's Job Training Partnership Act (JTPA) training program for severely disadvantaged adults and 260,000 fewer low-income young adults would be enrolled in the new initiatives targeted on this at-risk group. Participation in each program would drop by about 38 percent. Implementation of the President's new JTPA initiative would be curtailed. About 91,000 fewer displaced workers would receive readjustment assistance in JTPA's dislocated worker program.
- Approximately 21,500 fewer subsidized job slots for low income persons age 55 and older would be financed in the Older Americans Employment program, representing a 38 percent cut in program participation.

Department of State

Under a sequester in operations accounts, large infrastructure related projects, such as construction of the new Foreign Service training facility would stop, and procurement and maintenance would be eliminated. Maintenance at over 2,200 Government-owned and long-term leased properties overseas would fall below minimum levels, and the Department would be forced to defer the foreign affairs community's high priority telecommunications enhancement (DOSTN) as well as important consular, procurement, accounting and finance computer upgrades. In addition, nine embassy construction projects at high threat posts planned to begin in 1991 would be put on hold because of a lack of construction security funds, and plans for new construction projects would be eliminated. Major rehabilitations of four high priority posts would also be deferred.

The Department of State would be required to either close, or significantly reduce staffing in, the majority of its over 240 overseas missions. Except in a few critical instances, most diplomatic reporting and representational activities would stop. Public oriented activities such as consular and visa services and trade promotion programs would either cease or be limited to only emergency situations. Services to the public from Washington and other domestic offices in areas such as passport issuances, munitions licensing, Freedom of Information requests, and export promotion would either cease or be reduced to unacceptable levels.

The security of the Department's personnel, property, and classified information would be threatened by reductions in physical and technical security programs. The multi-billion dollar inventory in overseas properties, anti-terrorism equipment, and information management systems would be left

vulnerable to both technical and security failures because of the lack of funds for required maintenance and repair. Overseas inspections, including those of the newly-established Office of Security Oversight, would be eliminated.

The State Department would be unable to meet U.S. treaty obligations for our assessed share of the budgets of international organizations, thereby increasing total U.S. arrearages to over \$1 billion. This would likely result in the loss of our vote in some of the UN-affiliated and other international organizations. In addition, U.S. effectiveness would be hurt in shaping the agendas of multilateral organizations that manage programs such as nuclear energy safety, AIDS research, and the peaceful resolution of armed conflicts in important regions of the world such as Central America and Middle East. It would also reduce the U.S. ability to participate in the critical Conference on Security and Cooperation in Europe (CSCE), "Open Skies", and other conferences that are aimed at influencing the fundamental changes occurring in East-West relations.

Anti-narcotics efforts associated with the National Drug Control Policy in the Andean nations of South America, overseas humanitarian assistance, and funded refugee admissions into the United States, particularly from the Soviet Union, would be reduced. Efforts to improve anti-terrorism programs designed to prevent the reoccurrence of disasters like that of Pan Am 103 would be hindered.

Department of Transportation

Federal Aviation Administration (FAA)

Under a sequester, the hours of operation at virtually all airport control towers and, therefore, the number of flights between cities, would be reduced. The air traffic control system would turn into chaos. Reductions of this magnitude would unquestionably require the airlines to cancel numerous scheduled flights with negative financial consequences for the airline industry. Major cutbacks in the air traffic controller work force would produce service interruptions far more extensive than those experienced after the 1981 strike. Delays to air travelers would increase by 400-600 percent. Even worse, a major FAA cutback and disruption in 1991 would affect air travelers for at least three years due to recovery problems.

There would be extensive closure of facilities, including all contract towers. Over 100 control towers would have to be taken out of service or the hours of operation drastically reduced. Implementation activity and training for modernization of the airspace system would be curtailed. Training and hiring for the future air traffic control computer system would fall three years behind schedule.

Delays in repairing navigational aids would cause time-consuming rerouting of aircraft and intermittent closure of some airports. Reductions in safety inspector and security staff, including Federal air marshals, would result in fewer scheduled inspections of aircraft and airports.

Many major computer and radar contracts that are approaching the peak year of their delivery schedules would be canceled or renegotiated. This would add several years to the schedule for modernization the air traffic control system. Contract penalties due to stop-restart requirements of the sequester would exceed \$500 million. Critical technical skills would be lost for several years.

FAA also would have to postpone: (1) the replacement of various facilities, such as airport control towers planned for San Diego, Chicago Midway, Kansas City, and Los Angeles and stall construction already underway at Chicago O'Hare, St. Louis, and Newark; (2) upgrading computer software and hardware used by controllers to separate aircraft, which could exacerbate the problem at some facilities of information disappearing from controller radar screens; (3) joint development of long range radar replacements used to ensure safe operation and separation of aircraft; (4) establishment of a voice communications system required for the sector suite system; and (5) maintenance of many FAA buildings and facilities, which would delay FAA work to strengthen buildings in earthquake risk areas and to extend the service life of buildings built in the 1940's that house electronic systems. Cuts of this size would also postpone installation of equipment needed at the new Denver airport and continued expansion at Dallas/Fort Worth.

Installation of approximately 400 items of national airspace system equipment procured in prior years would be delayed. This would jeopardize the safety of the air transportation system and result in further delaying modernization of the system. Such delays would include the upgrade of radar, communications, weather information, automated data processing, and tower and en route center equipment.

Critically needed airport improvement and capacity enhancement programs related to providing new capabilities directly aimed at reducing congestion in the national air system would be deferred. This would include a slowdown in the interim plan to support the airspace system until modernization is completed.

The FAA would be unable to follow-through with current efforts to expand its overseas security presence and full implementation of the recommendations of the President's Commission on Aviation Security and Terrorism would be slowed. Also, FAA would delay implementation of anti-drug activities required by the Drug Control Act of 1988.

Select research and development contracts would be canceled or delayed. Progress on numerous FAA research and development programs that are directly tied to safety and capacity improvements for air traffic control computers would be delayed by more than a year. Progress on new explosive detection technology research would continue but at a much slower rate. The President's Commission on Airline Security and Terrorism recently urged acceleration of this research.

Federal Railroad Administration

A sequester would result in a 40 percent reduction in scheduled safety inspections of railroad track, bridges, equipment, and operations. In addition, DOT's automated track inspection vehicle would have to reduce planned operations from a planned 28,500 miles to 20,500 miles on passenger, hazardous materials, and other priority routes. Federal oversight of the railroad industry's actions to eliminate drug and alcohol usage among railroad workers would be interrupted.

Department of the Treasury

Internal Revenue Service (IRS)

A sequester would primarily affect revenue-generating enforcement activities with an estimated revenue loss of \$8.5 billion. The indirect effects on voluntary compliance produced by the perception of a faltering IRS enforcement presence would be even greater. Taxpayer service would fall precipitously and taxpayers would find it more difficult to complete their returns; 15 million fewer taxpayers would receive assistance and busy signals for those seeking assistance by telephone would increase exponentially.

All computer investments, including the critical Tax System Modernization project, would be deferred, increasing the chance of a returns processing breakdown in the future. Returns processing work would demand top resource priority but there would be delays in refund checks. If it takes IRS longer than 45 days to process a refund, interest must be paid to the taxpayer. The impact of the sequester would greatly increase these interest payments. Tax processing errors would increase as fewer employees, struggling to meet workload, would not be able to exercise proper care and attention to their work.

The projected loss of 9,000 workers in returns processing would prevent a closure of filing season work (e.g., returns processing for one year would not be completed before returns for the next year arrived). Inventories of unprocessed returns would grow into subsequent years. There would be no IRS participation in the war on drugs in order to preserve a focus on essential criminal tax fraud issues.

United States Customs Service

A sequester would eliminate all 1991 initiatives, including staffing for the southwest border, canine enforcement teams, money laundering investigations, and financial integrity. Additionally,

staffing cuts of roughly 50 percent would be required, with commensurate declines in enforcement and commercial program effectiveness.

In practical terms, a sequester would mean fewer cargo container inspections (36 percent less than 1990), a 120 percent increase in delays in releasing cargo, lost tariff revenues, and fewer drug seizures. The protection afforded domestic industry by Customs enforcement efforts would erode. Investments in the labor saving Automated Commercial Systems (ACS) program would be postponed. Longer passenger processing delays would occur at border crossings and airports. Many of the smaller ports along the northern border and other locations could be closed or face curtailed service hours.

An estimated \$1 billion in revenue would be lost due to lack of adequate processing controls. Contraband entries would expand and the war against drug imports would be severely hampered.

Department of Veterans Affairs

A sequester, compared with the 1991 request, would:

- Require significant reductions in purchases of medical and other supplies and equipment, prevent the opening of new facilities, cancel 1991 initiatives (e.g., increases for drug abuse treatment, quality assurance, physician and nurses pay), reduce medical care staff years by 15,600 or eight percent, and reduce the number of incidents of care (e.g., hospital stays and outpatient visits) provided to veterans by 2.0 million;
- Reduce operating staff associated with the Veterans Benefits Administration, the National Cemetery System, and administrative activities, forgo scheduled computer upgrades and acquisitions, and delay interments in many of the smaller national cemeteries. Staff reductions in regional offices would be inevitable and would reduce the timeliness and quality of benefits claims processing and the servicing of delinquent guaranteed loans below 1990 levels;
- Reduce bed levels (by 350) and clinical services in all proposed construction and renovation projects (medical centers, regional offices, and cemeteries). Project redesigns caused by reductions in the size and scope of these projects would delay planning and construction by at least a year and nine months and hamper the provision of quality health care to eligible veterans; and
- Disproportionately reduce the contributory Montgomery bill program (because over half of the educational programs for disabled veterans' dependents and vocational rehabilitation are exempt) affecting annual benefit payments ranging from \$1,300 to \$2,200 to nearly 125,000 veterans and service persons.

Other Agencies

Commodity Futures Trading Commission (CFTC)

A sequester would have a devastating impact on enforcement actions, especially in light of the recent trading abuses in the Chicago futures markets. This would permit only 79 enforcement actions to be completed compared to 124 in 1989, a reduction of 64 percent. Market surveillance would be reduced by 25 percent at a time when additional surveillance is needed to protect hedging and pricing functions of these markets. There could be increased commodities fraud as no new enforcement actions would be undertaken. The result would be a less competitive market environment with less protection for market participants. For example, family farmers who forward price their products with county grain elevators would be exposed to greater market risks. CFTC's overall program output would be reduced by one-half, reversing actions to increase and strengthen CFTC's regulatory capacity.

Environmental Protection Agency (EPA)

The major impacts of a sequester would be:

- Severe reductions in State environmental programs, which typically receive half their funding from EPA grants;
- Cancellation of EPA's wetlands initiatives;

- A decreased level of corrective actions undertaken at operating hazardous waste facilities at a time when EPA will be responsible for an expanded universe of regulated facilities and hazardous substances;
- Delays in the development of regulations and inability to meet court-ordered deadlines for various regulations;
- Reduced information made available to the public because of reductions in automated data processing funding;
- Severe limitations on EPA's ability to implement the new Clean Air Act amendments. EPA probably could not meet the first year deadlines in the Clean Air Act amendments and technical and financial assistance to States to implement the amendments would be severely restricted;
- Halting all new Superfund cleanups, undermining the public's confidence in Federal clean-up efforts; and the Government's leverage to make the polluters pay. Decreased enforcement and fewer cleanups funded by responsible parties, and more fund-financed cleanups. Lower cost recoveries would prevent the fund from being replenished;
- Severe slippage in numerous Clean Water Act requirements, including monitoring of water quality, issuance of National Pollutant Discharge Elimination System (NPDES) permits, and development of water quality criteria;
- Serious delays in the cleanups of specific bodies such as the Great Lakes, the Chesapeake Bay, and the 17 estuaries in the national estuary program;
- Reduction of 50 percent in air pollution enforcement activities such as stationary source inspections, notices of violation, administrative orders, and civil and criminal litigation; and
- Curtailed analysis of Toxic Release Inventory (TRI) reports, delay availability of the TRI data base to the public, reduce resources available for data quality assurance, and eliminate enforcement actions against non-reporters.

Judicial Branch

A sequester would have the following effects:

- 30 percent of Federal defenders' cases and 100 percent of panel attorney cases would be dismissed for failure to provide counsel, or counsel would be appointed without compensation;
- 3 percent of the estimated payments committed to pay panel attorneys for prior year case assignments could not be paid;
- Inmates filing new death penalty *habeas corpus* petitions would not have their cases reviewed by a Federal court, or counsel would have to be appointed without compensation;
- Funds would not be available for fees of jurors for civil trials, denying the public their right to a civil jury trial;
- Funds would not be available for fees of jurors for approximately two months of the year for criminal trials;
- The community supervision programs of the probation system would suffer the burden of personnel shortages; 52 percent of the offenders in these programs would not have their supervision enforced;
- Testing and treatment of 19 percent of drug offenders would be terminated; and
- Expansion of home detention (electronic monitoring) of offenders could not be accomplished resulting in increased jail costs.

National Aeronautics and Space Administration (NASA)

A sequester would cause a major restructuring of all NASA activities. The Space Station would be canceled (with a termination liability of about \$600 million). In space science, technology and aeronautics, the Moon/Mars Initiative and Mission to Planet Earth would be deferred and two to

three major science projects under development would have to be canceled (e.g., Comet Rendezvous/Asteroid Flyby, Advanced X-Ray Astrophysics Facility). In addition, reductions would have to be made in the operations support for spacecraft (e.g., Magellan mission to Venus). With the exception of critical safety-related items, all facility construction and renovation would be stopped.

The 10 planned Shuttle flights during 1991 would be postponed or canceled. The eleven missions planned for 1992 would also have to be postponed or canceled, effectively suspending Shuttle operations until 1993. (Recovery from this suspension would entail a re-hiring and recertification of the contractor work force.) The purchase of critical spare parts, the development of the Advanced Solid Rocket Motor, and the procurement of expendable launch vehicles would be terminated. All planned safety improvements to the Shuttle would be deferred. Additional terminations or postponements would include all shuttle engine ground testing, all orbiter modifications, all planned Shuttle equipment upgrades, and all procurement of upper stage rockets and payload operations. Engineering laboratories and on-line Shuttle facilities would be placed on a "caretaker" status.

National Science Foundation (NSF)

A sequester would terminate support to roughly 28,000 individuals, including senior investigators, graduate and undergraduate students, pre-college teachers, and high school students. In addition, it would defer or terminate all new initiatives and many existing programs, including Science and Technology Centers, Engineering Research Centers, precollege education programs, graduate fellowships, and global change research. It would shut down the U.S. Antarctic program for 1991 operations and defer or terminate any remaining activities in the economic competitiveness and human resources areas.

Office of Personnel Management (OPM)

A sequester of OPM's civilian retirement obligation limitation would: (1) increase existing backlogs in death claims, refunds, and initial annuity payout processing (currently, the initial annuity payment can take as long as six to nine months and lump-sum refunds about 3 months to process) and would likely extend by three to six months the processing of initial annuity and lump-sum payments; (2) stall design and development of the automated Federal Employees' Retirement System (FERS) project that is meant to automate FERS retirement processing and definitely push into 1992 or beyond the major start-up activities for the FERS automated record keeping system. This would result in the continuing build-up of paper records for the FERS system similar to what exists for the Civil Service Retirement System.; and (3) force cutbacks in essential processing staff training and quality assurance activities.

OPM would eliminate all 1991 initiatives including funding for the Public Policy Scholarship, training for front-line workers, and the Commission on the Public Service. The Presidential Management Intern Program would not be permitted to double in size as was authorized by Executive Order. It would eliminate OPM's ability to implement pay reform, would cut current staffing levels, and require the consolidation of area offices and the deferral of the acquisition of new computer equipment. The backlog of National Agency Checks and Investigations would increase by about 32,000 cases as OPM would not be able to provide timely investigations for agencies.

OPM would lose oversight and evaluation capacity and staffing research and development.

OPM's retirement and insurance functions would probably not possess the level of resources for account maintenance activities, to carry out its fiduciary responsibilities, or to provide a minimally acceptable level of services to its beneficiaries.

Civilian retirement claims processing reductions would put in jeopardy the timely payment of monthly annuities to 2.2 million Federal civilian retirees. The typical annuitant receives a monthly annuity of approximately \$1,450 (\$17,400 per annum) and may have no other source of retirement income. Delays in the payment of annuities could prevent annuitants from being able to finance their basic necessities.

Retirement and insurance processing times for interim payments, annuity cases, death cases and refund claims would double and triple. Workload balances for annuity, death, refund and deposit claims, annuity roll maintenance, and health benefits disputed claims would increase three- to ten-fold.

Congress and senior citizen advocates would strongly object to delayed processing of monthly annuity checks. The lengthy delay in processing initial annuity payments would directly conflict with an Administration goal and a President's Commission on Management Initiatives commitment to expedite new retiree initial annuity payments.

Reductions in the Government Payments for Annuitants would prevent payment of the Government's share of health premiums. A cut in enrollee payments might occur.

Front-line training initiatives would be eliminated. The time needed to fill agency job requests would double or triple, and the Presidential Management Intern Program and other entry-level programs designed to bring new talent into the Federal Government would be eliminated.

The time needed to process special rate requests would more than double and compliance activity and work on classification standards would be cut by half. This would result in less qualified staff Government-wide, thus severely degrading the quality of products and services.

OPM could not pay the Federal Employee Health Benefit carriers the Government share of employee health insurance premiums. The result would be a cut in enrollee benefits. Reductions in the Government Payment for Annuitants would result in the Government being negligent in meeting its statutorily required payment on behalf of annuitants.

Railroad Retirement Board

A sequester would reduce railroad retirement supplemental annuities by \$34 million. Supplemental annuities are paid to roughly 200,000 rail retirees who have 25 or more years of railroad service. Railroad unemployment and sickness insurance benefits would be reduced by \$40 million from the estimated \$105 million. The reduction would affect the welfare of 60,000 railroad workers dependent on unemployment and sickness benefits.

Small Business Administration

A sequester would force as many as 40 field offices to close. Small Business Assistance and Advocacy programs, including programs for the promotion of minorities, women and international trade assistance, would be sharply curtailed. Lending and surety bond program levels would be reduced by more than \$2.1 billion.