A COMMON CENT$ PLAN

For Cutting One Cent on the Dollar from Federal Spending over 5 Years

By the Penny/Kasich Bipartisan Task Force

October 27, 1993

Congress of the United States
Washington, DC 20515

October 28, 1993

Dear Colleague:

On Wednesday, October 27, we unveiled this bipartisan proposal to cut $100 billion from federal spending in the next five years. The plan, developed by a team of Democrats and Republicans representing a cross-section of their respective parties, will be offered as an amendment to the rescission package the President is expected to send to the Hill shortly.

The fundamental theme of our plan is that getting the deficit under control requires that we cut spending. Therefore, our package consists of more than 80 specific proposals that reduce spending by roughly $100 billion over five years. Included in these reductions are:

- $26 billion in discretionary savings.
- $50 billion in mandatory savings.
- $27 billion in personnel savings.

As a further demonstration of the bipartisan nature of this plan, the overwhelming majority of these proposals were contained in the Vice President's National Performance Review, the Republican Alternative Budget, and the Concord Coalition's *Zero Deficit Plan*. But this package is not a slash-and-burn proposal. The $100 billion in savings requires *cutting one cent from every dollar of federal spending over the next five years.*

This proposal is fair, wide-ranging, and honest. It is real deficit reduction. It provides the kind of real spending cuts that were promised when Congress passed the President's reconciliation bill in August.

We strongly encourage you to study this plan and support our effort when the plan comes to the floor. The American people want real deficit reduction. We cannot afford to miss this historic opportunity to start answering that demand.

If you have any questions, please contact Joe Theissen (5-2472) or the Republican staff of the House Budget Committee (6-7270).

Sincerely,

Tim

Tim Penny
Member of Congress

John

John Kasich
Member of Congress

IMPORTANT NOTICE

The savings projections in this document have not been officially scored by the Congressional Budget Office. Furthermore, rules applying to rescission legislation may preclude CBO from scoring any more than first-year savings in certain provisions (although this proposal does extend savings estimates to develop five-year projections). CBO's projections may therefore differ from the numbers indicated here.

The following other factors must also be acknowledged to correctly interpret these figures:

- First, these proposals do not account for all final appropriations actions for FY 1994; some appropriations bills may contain provisions overlapping with recommendations here.
- The President's rescission bill, expected soon, also may contain overlapping provisions.
- Several items recommended by the bipartisan group are virtually certain to be enacted through other pending legislative action. These items are shown in brackets [item] in the tables below, and the savings from these items are not counted in the grand total at the end of the document.
- Certain proposals may appear more than once in this document because they were recommended by more than one working group of the bipartisan task force that developed the package. The grand total of savings in this entire package, however, has been scrubbed to eliminate these double-counts.
- Finally, there is a fundamental overlap involving the general federal workforce reduction proposed here and various proposals calling for streamlining specific federal agencies. But because savings from the workforce reduction have been estimated conservatively, this overlap is not expected to cause a substantial discrepancy in the grand total. It is assumed that CBO will account for all double-counts and overlapping provisions in drafting the official scoring of this package.

Despite the caveats above, the estimates reflected here are based on the best information available at the time of publication. Assumptions used to develop these projections are generally conservative to avoid the potential for wide discrepancies in later analyses. The figures here should represent a fairly reliable guide to the magnitude of the savings involved, regarding both the specific provisions and the grand total.

SUMMARY
of the Penny-Kasich Deficit Reduction Plan

The Penny-Kasich proposal is a bipartisan, wide-ranging effort to reduce federal spending by about $103 billion over the next five years. These proposed cuts affect nearly every part of the federal budget and are required to be used to reduce the deficit. The plan includes over 80 specific proposals, broken down as follows:

Discretionary Savings:	***$26 billion***
Mandatory Savings:	***$50 billion***
Personnel Savings:	***$27 billion***
	103 billion

HIGHLIGHTS

> It is not a slash-and-burn plan: The savings amount to reducing spending by one cent on every dollar of federal outlays over the next five years.

> This plan includes changes to the Discretionary Spending Caps and PAYGO requirements, assuring that all savings go to deficit reduction -- not spending elsewhere.

> 28 percent of the spending reductions come from the elimination or privatization of programs and another 72 percent come from program reforms.

> The plan saves $34 billion through government personnel reductions and management reform.

> The plan reduces foreign aid by over $5 billion.

Ideas for the bipartisan rescission package came from the Republican Budget Alternative, the National Performance Review, the Clinton Administration Budget, and other members and groups.

SETTING AN EXAMPLE:

- Permanently reforming COLAs for Members of Congress, and modifying the Congressional Pension System
- Cutting the entire Legislative Branch by 7.5%
- Reducing Franking by 20%
- Cutting the White House by 5%

OTHER REDUCTIONS INCLUDE:

- Cutting the Federal Workforce by 252,000 (NPR).
- Means-testing Medicare Part A and B.
- Deferring Military retirees COLAs until age 62.
- Raising the federal Civilian Retirement age to 65, phased in over 20 years.
- Streamlining USDA & HUD field offices (NPR).
- Reducing the Arts and Humanities 10%.
- Reducing the Legal Services Corp. 5%.
- Reducing the TVA non-power programs 30%.
- Reforming Davis-Bacon (NPR).

National Security

Potential Savings for National Security.
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 1: Increase Burdensharing in Europe.			
Outlays	1,000	5,000	4
Proposal 2: Reduce Corps of Engineers Division Offices from 11 to 6.			
Outlays	15	105	2, 4
Proposal 3: Rescind Funds for Army Helicopter Improvement Program.			
Outlays	130	130	4
Proposal 4: Rescind Funds for MK-19 Grenade Launcher.			
Outlays	20	20	4
Proposal 5: Rescind Funds for C-26 Aircraft.			
Outlays	NA	NA	4
Proposal 6: Rescind Funds for Mobile Inshore Underwater Vans.			
Outlays	15	15	4
Proposal 7: Rescind Funds for P-3 Upgrades.			
Outlays	20	20	4
Proposal 8: Institute Short, Unaccompanied Tours for the Military in Europe			
Outlays	NA	NA	4
Proposal 9: Reduce P.L. 480 Titles I and III by 20 Percent.			
Outlays	100	500	3, 4
Proposal 10: Reduce World Bank to Senate Level.			
Outlays	3	27	3
Proposal 11: Reduce IDA to Senate Level.			
Outlays	10	65	3
Proposal 12: Reduce Foreign Military Aid to Senate Level.			
Outlays	25	125	1, 3
Proposal 13: Reduce Mission Operational Costs at State Department.			
Outlays	5	21	2, 3
Proposal 14: Change U.N. Administrative and Assessment Procedures.			
Outlays	6	36	2
SUBTOTAL: National Security	1,349	6,064	

"NA" indicates savings estimates were not available.
Key to Sources: 1 = Clinton Budget; 2 = National Performance Review; 3 = GOP FY 1994 budget proposal, *Cutting Spending First*; 4 = Other (other Members, Concord Coalition, etc.).

Proposal 1: Burdensharing Increase

The end of the Cold War requires a reassessment of host government contributions to the United States for maintaining its forces. This proposal would authorize the Administration to negotiate $1 billion a year in additional burdensharing savings through additional support from Europe and Asia. An analysis by the General Accounting Office of NATO, Japan, and Korea indicates there are further opportunities for host country contributions to the U.S. to offset the costs of stationing U.S. forces. In 1992, GAO reported, for example, that more than $500 million a year could be saved by higher contributions from Asia alone.

Proposal 2: Reduce Corps of Engineers Division Offices from 11 to 6

This recommendation is included in the National Performance Review. Specifically, NPR recommends "implementing a 1992 reorganization proposal that would reduce the number of division offices from 11 to six and would allow the Corps to work with OMB and other agencies to make maximum use of Corps' engineering and technical capabilities."

Proposal 3: Rescind Funds for the Army Helicopter Improvement Program (AHIP)

This appropriation provides for the construction, production, modification, and modernization of the OH-58D aircraft, including equipment, ground handling equipment, spare parts, and accessories. The OH-58D is a single-engine scout helicopter with a Mast Mounted Sighting System. It incorporates a low-light television, Thermal Imaging System (TIS), and laser rangefinder/designator.

DOD terminated production at 207 in FY 1989. Congress restored the program and added funding for additional procurements in FY 1990 (36 at $195 million), FY 1991 (36 at $200 million), FY 1992 (36 at $223 million), and again in FY 1993 (36 at $225 million). President Bush proposed rescinding funds for this program. According to the rescission justification: "Inventory objective was met with the FY 1990 procurement." It also stated that the "Army's ability to accomplish its mission successfully would not be affected by this rescission proposal." No funds were requested for this program for FY 1994 by the Clinton Administration. The House, however, appropriated $216 million for 36 additional helicopters; no funds were appropriated by the Senate. This issue must be resolved in the House-Senate Conference.

This proposal would rescind any funds that are ultimately provided for FY 1994.

Proposal 4: Rescind Funds for the MK-19 Grenade Launcher

This appropriation provides for the procurement of weapons mounted on track vehicles for the Army. The MK-19 Automatic Grenade Launcher is used in offensive and defensive operations against personnel and light-armored vehicles. It is used in the main battle area by infantry units and combat support and combat service support units to conduct rear area security. The MK-19 is mounted on M151 1/4-ton trucks, M113 Armored Personnel Carriers and High Mobility Multi-Purpose Wheeled Vehicles (HMMWV).

President Bush proposed rescinding funds for the program. The rescission justification stated that the "funding through FY 1991 provides sufficient quantities to meet the Army's inventory objective." It also stated that the "Army's ability to accomplish its mission successfully would not be affected by this rescission proposal." The Clinton Administration requested $20.677 million for this program for FY 1994. The House of Representatives appropriated this amount; the Senate increased the appropriation to $35.677 million. This issue must be resolved in the House-Senate Conference.

Proposal 5: Rescind Funds for the C-26 Aircraft

This appropriation provides for the procurement and modernization of cargo aircraft and equipment for the National Guard and the Reserves. President Bush proposed rescinding funds for this program. The rescission justification stated "the current inventory of C-26, C-9, C-12F, and C-130 aircraft is expected to meet Coast Guard airlift requirements of the reduced force structure." It also stated that the "Coast Guard's ability to accomplish its mission successfully would not be affected by this rescission proposal." The Clinton Administration has requested no funds for this program for FY 1994, and neither the House nor the Senate has appropriated any. This proposal would rescind any funds that might be restored by the House-Senate Conference Agreement.

Proposal 6: Rescind Funds for the Mobile Inshore Underwater Vans (MIUW)

This appropriation provides for the procurement and modernization of equipment for the National Guard and the Reserves. The van is a mobile underwater sonar and radar surveillance center. The entire force was transitioned to the Naval Reserve in 1977.

President Bush originally proposed rescinding funds for this program. The rescission justification stated "the current configuration of MIUW Vans meets the needs of the counter-narcotics mission. The thermal/visual systems and AN/ALR -60 ESM system upgrades are not required." It also stated that the ability of the "National Guard and the Reserves to accomplish their missions successfully would not be affected by this rescission proposal."

No funds were requested for this program for FY 1994 by the Clinton Administration. The House of Representatives, however, appropriated $21 million; no funds were appropriated by the Senate. This issue must ultimately be resolved in the House-Senate Conference. This proposal would rescind any funds that are ultimately provided for FY 1994.

Proposal 7: Rescind Funds for P-3 Upgrades

P-3 is an aircraft that patrols for submarines. This appropriation provides for the procurement and modernization of equipment for the National Guard and the Reserves. The P-3 Orion is a land-based, long-range anti-submarine warfare (ASW) patrol aircraft. Its mission is to detect, classify, localize, track, and destroy high performance submarines, and perform surface surveillance. A major effort is underway to upgrade the capabilities of the P-3 to provide vastly improved radar and electronic detection capabilities.

President Bush proposed rescinding funds for this program. The rescission justification stated "the current configuration of P-3B aircraft meets requirements against the submarine threat." It also stated that the ability of the "National Guard and the Reserves to accomplish their missions successfully would not be affected by this rescission proposal." No funds were requested for FY 1994, and the Senate appropriated none. The House of Representatives, however, appropriated $30 million. This issue must be resolved in the House-Senate Conference. This proposal would rescind any funds ultimately provided for FY 1994.

Proposal 8: Institute Short, Unaccompanied Tours for the Military in Europe

U.S. troops spend tours in Europe accompanied by their families, which requires schools, community services, shopping, dependent travel, and so on. All of these items add substantial cost. This proposal would involve rotating U.S.-based troops to "austere" bases for shorter, unaccompanied tours.

Proposal 9: Reduce Public Law 480 (Titles I and III) by 20 Percent

In 1954 Congress instituted the Food for Peace Program — better known as P.L. 480. On the East coast, the program was justified as a humanitarian gesture; in the midwest, its workings were more honestly discussed in terms of agricultural "overproduction." Recently, the General Accounting Office, commenting on Titles II and III stated: "AID (the Agency for International Development) has no strategy for assessing the impact of its programs on enhancing the food security of people in recipient countries, nor has it determined whether food aid is an efficient means for accomplishing this goal." Despite these drawbacks, P.L. 480 has its supporters, who argue that the programs are a flexible, fast means of providing assistance to friendly countries. They note that the programs reduce the likelihood that surplus commodities will depress prices within the United States. Nevertheless, this level of funding reduction would provide a strong incentive for program managers to improve the efficiency and effectiveness of the program.

Proposal 10: The World Bank — Rescind $27.9 Million for FY 1994

The report accompanying the Senate version of the Foreign Operations, Export Financing, and Related Programs Appropriations Bill contains the following critique of the World Bank:

> "An internal review of the World Bank's loan portfolio concluded that the number of projects judged unsatisfactory at completion increased from 15 percent in fiscal 1981 to 37.5 percent in fiscal 1991. It also determined that borrowers' compliance with loan conditions, particularly financial conditions, was only 25 percent. It found that the role of Bank staff has evolved from independent evaluators of country-proposed projects to advocates of projects to move money and gain promotions, with a resulting decline in project quality.
>
> "In its report 2 years ago, the Committee expressed concern about the overly generous salaries and benefits to World Bank employees. Since then, little has changed. In part, the substantial reduction in the Committee's recommendation for a U.S. contribution to the World Bank in fiscal 1994 is meant as a warning to the Bank that austerity dictated by the need to reduce the U.S. Federal deficit must apply to the Bank as well as to other recipients of U.S. foreign assistance.
>
> "The Committee is also disturbed by a report that the Bank underestimated the cost of its new headquarters building by over $100,000,000, and that the cost has risen from a planned $180,000,000 to an estimated $290,000,000. "

The Senate recommended an appropriation of $27.9 million for paid-in-capital and a limitation on callable capital of $902.4 million for the World Bank. The Administration recommended an appropriation of $70.1 million for paid-in-capital and a limitation on callable capital of $2.27 billion; the House recommended an appropriation of $55.8 million for paid-in-capital and a limitation on callable capital of $1.8 billion.

Proposal 11: International Development Association (IDA) — Rescind $67 Million for FY 1994

The IDA is the soft loan window of the World Bank. The Senate recommended an appropriation of $957.1 million for IDA. The Administration requested $1.25 billion and the House recommended $1.02 billion. According to the report that accompanied the Senate version of the Foreign Operations, Export Financing, and Related Programs Appropriations Bill:

"[T]he Committee made clear it could not support an increase in the U.S. contribution under IDA-10. Nevertheless, the administration agreed to an increase of nearly $225,000,000 in the U.S. annual commitment.

"[G]iven the intense budgetary pressures on the foreign aid program, concerns raised by the IDA's performance in the areas of the environment, population and poverty alleviation, the World Bank's inadequate policy on information disclosure and its failure to establish a public appeals panel, the Committee cannot support the requested increase."

This proposal would rescind $67 Million by accepting the Senate's funding recommendation for FY 1994.

Proposal 12: Foreign Military Financing — Rescind $26 Million by Accepting Senate's Funding Recommendation for FY 1994

Foreign Military Financing (FMF) consists of both loan subsidies and grants. Both the House and the Senate recommended an appropriation of $46.5 million for loan subsidies. The FY 1993 level is $120.2 million. The House recommended an appropriation of $3.175 billion for FMF grants. The Senate recommended an appropriation of $3.124 billion. The Conference Report contains $3.149 billion. The FY 1993 figure is $3.3 billion. Both the House and Senate Appropriations Committees recommended not less than $1.8 billion and $1.3 billion in grants for Israel and Egypt respectively.

Proposal 13: Reduce Mission Operating Costs at the State Department and USIA

Although the details are not offered, the NPR recommends "reducing U.S. costs to operate missions overseas, including eliminating certain facilities, reducing security costs and considering altogether new forms of overseas representation."

Proposal 14: Change U.N. Administrative and Assessment Procedures

Although the details are not offered, the NPR recommends "several changes in the U.S.'s fiscal relationship with the United Nations, including recommending an oversight office for the organization and tax law changes to reduce costs to the Federal Government."

Physical Capital/Natural Resources/Science

Potential Savings for Physical Capital.
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 1: Eliminate Funding for Space Lifter Program.			
Outlays	50	250	4
[**Proposal 2: Cancel Advanced Solid Rocket Motor.**]			
[Outlays	170	1,630]	3

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Potential Savings for Physical Capital (continued).
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 3: Consolidate Several Agencies into a Department of Science.			
Outlays	NA	500	4
Proposal 4: Cancel Superconducting Super Collider.			
Outlays	200	2,300	4
Proposal 5: Eliminate Funding for the Magnetic Levitation (MagLev) Prototype Development			
Outlays	20	700	4
Proposal 6: Reduce University R&D Overhead Costs			
Outlays	100	1,000	1, 2, 3
Proposal 7: Recoupment of DoE Coal R&D Grants.			
Outlays	NA	NA	4
Proposal 8: Put FFRDC's Under the Competition in Contracting Act.			
Outlays	NA	NA	4
Proposal 9: Eliminate Funds for Modular High Temperature Gas Reactor			
Outlays	6	65	4
Proposal 10: Establish DoE Laboratory Closure Commission.			
Outlays	NA	NA	4
Proposal 11: Reduce Fusion Energy R&D by 20 Percent.			
Outlays	75	375	3
Proposal 12: Reduce Coal and Other Fossil Fuel R&D.			
Outlays	30	500	3
Proposal 13: Sell Alaska Power Administration.			
Outlays	0	60	2, 4
Proposal 14: Allow Industry to Co-generate Power at DoE Labs.			
Outlays	20	112	2
Proposal 15: Terminate Clean Coal Technology Program.			
Outlays	5	205	3
Proposal 16: Halt Strategic Petroleum Reserve Acquisitions.			
Outlays	100	500	3
[Proposal 17: Restructure Rural Electrification Administration.]			
[Outlays	42	627]	1,3
Proposal 18: Eliminate Helium Subsidy.			
Outlays	138	692	4
Proposal 19: Reduce Low Priority Land and Water Projects (BLM and CoE).			
Outlays	102	432	1, 3
Proposal 20: Emphasize Land-Use and Containment in Superfund.			
Outlays	95	1,225	4

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Potential Savings for Physical Capital (continued).
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 21: Create Emergency Funds for Disaster Relief.			
Outlays	15	375	4
Proposal 22: Eliminate Weather Office Closure Certification Procedures.			
Outlays	20	100	4
Proposal 23: Privatize NOAA Research Fleet.			
Outlays	50	250	2, 4
Proposal 24: Create a Single Polar Satellite System.*			
Outlays	50	300	2
Proposal 25: Rescind Funding for NOAA Add-ons.			
Outlays	50	145	4
Proposal 26: Merge BLM and CoE Water Projects.			
Outlays	NA	NA	4
Proposal 27: Reduce Agricultural Research Buildings and Facilities to Requested Level			
Outlays	1	5	3, 4
Proposal 28: Terminate FAA Higher Education Grants.			
Outlays	3	14	2
Proposal 29: Eliminate FHwA National Recreational Trails Fund.			
Outlays	NA	NA	4
Proposal 30: Cut Economic Development Administration Funding by 20 Percent			
Outlays	150	750	4
Proposal 31: Eliminate Funding for Public Telecommunications Facilities.			
Outlays	20	100	4
Proposal 32: Impose a Moratorium on the Purchase of Federal Buildings.*			
Outlays	NA	2,000	2
SUBTOTAL: Physical Capital/Natural Resources/Science	1,512	15,212	

* Indicates a similar or identical proposal has been recommended by another working group.
"NA" indicates savings estimates were not available.
Items in brackets [item] are virtually certain to be enacted through other pending legislative action; their savings are not counted in the grand total at the end of this document.
Key to Sources: 1 = Clinton Budget; 2 = National Performance Review; 3 = GOP FY 1994 budget proposal, *Cutting Spending First*; 4 = Other (other Members, Concord Coalition, etc.).

Proposal 1: Eliminate Funding for Spacelifter Launch System

The Spacelifter is the next generation of launch systems to replace the current aging and unmanned launch capabilities (i.e. Space Shuttle and ELVs). Development for the Spacelifter launch system is estimated to cost DOD and NASA between $5 billion and $6 billion over the next 10 years. This recommendation includes the government's spinning this industry off into the private sector and commercializing the launch industry. Alternative commercial services will provide for future space missions.

Proposal 2: Cancel the NASA Development Program for the Advanced Solid Rocket Motor (ASRM)

NASA is developing the ASRM to replace the redesigned solid rocket motor currently used to launch the space shuttle. President Bush's budget request for 1993 proposed canceling the program. NASA's aerospace safety advisory panel notes that the [current] redesigned rocket booster is performing well, and that investments in other parts of the shuttle system would enhance safety more than the ASRM. A 1992 GAO report found that from January 1988 to July 1992, the cost of development increased by 95 percent. The rocket's first flight has slipped by more than 24 months. If the development is further delayed, it could not deploy the space station unless the schedule for that also slips.

Because the House has voted to terminate the program, this proposal may become moot.

Proposal 3: Consolidate Several Existing Agencies into a Department of Science

This provision calls for consolidating the Departments of Commerce, Energy and Environment, NASA, NSF, OSTP and EDA (in Commerce) into a single Department of Science. This proposal could result in $1 billion of reduced spending due to administrative consolidation and elimination of programmatic duplication. Cross-cutting research efforts (i.e., materials, information systems, biotechnology, etc.) would be singularly directed more efficiently, avoiding duplicative research and development. National labs would be focused and unjustified capacity would be sold off or closed.

Proposal 4: Cancel the Superconducting Super Collider (SSC)

The SSC, which would be the world's largest, and most powerful, high energy particle accelerator, is intended to expand scientific knowledge of subatomic particles. DOE has estimated that construction, equipment, and development costs will equal $8.2 billion, but other estimates are much higher. The State of Texas, where the collider is to be located, has offered to raise an additional $1 billion for state-level infrastructure improvements. But DOE has been largely unsuccessful in attracting commitments for substantial amounts of foreign funding. The SSC will drain funds from less exotic, and less costly, research projects with greater commercial potential. The SSC will be expensive to build and operate.

Although conferees on the FY 1994 Energy and Water Appropriation agreed to terminate the project, they provided the full requested amount for termination costs. DOE has estimated termination costs would be half what the committee provided.

Proposal 5: Eliminate Funding for the Magnetic Levitation (MagLev) Prototype Development

Section 1036 of the Intermodal Surface Transportation Efficiency Act of 1991 establishes a national magnetic levitation prototype program. But the Office of Technology Assessment has stated: "We do not believe that the technology is ready to jump to the full-scale operating demonstration that has been ~~p~~oposed in the Surface Transportation Act . . . We can't get to operational testing using a U.S. technology ~~a~~cceptable level or risk starting today. The technology is just not ready yet." Critics of the MagLev ~~a~~lso contend that the program could lead to even greater operating subsidies than the current ~~subsi~~dy ($908 million in FY 1994).

Proposal 6: Reduce the Overhead Rate on Federally Sponsored University Research and Development

Overhead costs allocated to federal research include research related administrative overhead, library and student services, building and equipment used in common and operations and maintenance. In 1990, 46 cents in indirect or overhead costs were paid for each dollar spent on direct research costs. The overhead payments for federally sponsored university research have increased faster than direct costs of research, which have themselves increased faster than the general rate of inflation in the economy. Under current policy, HHS projects that overhead costs will rise as a percentage of direct costs — further reducing the number of grants federal agencies can make.

This proposal involves imposing a 50 percent cap on the payment rate for overhead costs. Because only a few institutions contend for a large share of federal spending for university R&D, it may not be reasonable to assume that competition is enough to hold down overhead costs.

√ **Proposal 7: Recoupment of Department of Energy Coal R&D Grants**

The authorization is already in place in PL 102-486, the Energy Policy Act, for the Department of Energy to recoup coal research and development costs incurred by the government for technology used for profit in private industry.

Additionally, the House passed this requirement for the Advanced Technology Program in HR 820, the National Competitiveness Act.

Proposal 8: Put Federally Funded Research and Development Centers Under the Competition in Contracting Act

Federally Funded Research and Development Centers (FFRDCs) were first established during World War II to meet specific defense research and development needs that were not readily available in the private sector. Since their establishment, the U.S. has witnessed a tremendous growth in private sector firms that offer sophisticated R&D capabilities which often exceed or match government sponsored FFRDCs.

Between 1985 and 1991, when total funding for DOD research and development declined 8 percent in constant dollars, support for DOD's FFRDCs increased over 22 percent. FFRDC professional staff also jumped 30 percent during this time.

Some contend that the FFRDC funding growth can be attributed, in part, to the FFRDCs exemption from the 1984 Competition In Contracting Act (CICA). Congress passed CICA to enhance competition and reduce unnecessary sole-source contracting. Since the passage of CICA, the military services' contracting officials have been placing more sole source contracts with FFRDCs in order to bypass CICA and other procurement regulations.

√ **Proposal 9: Eliminate Funds for High Temperature Gas Reactor**

This program, which a National Academy of Sciences panel recommended not funding, was scheduled for termination by the President. The House funded it at $12 million for FY 1994. The Senate adopted an amendment to kill the program.

Proposal 10: Lab Closure Commission

This provision calls for the formation of an independent commission, patterned on the Base Closure Commission, to determine the most effective organization of the national defense and energy research labs.

Proposal 11: Reduce Fusion Energy Research and Development Activities by 20 Percent.

Commercial markets for fusion energy R&D may be years away, and large-scale demonstration projects may be premature. Proponents argue that energy markets are not perfect and thus federal intervention is justified. They argue that progress is being made, yet in some cases, technology is being pursued before the scientific phenomenon is completely understood. In other instances, the research is being conducted at expensive national laboratories. As such, this proposal reduces magnetic fusion R&D to 50 percent of its CBO baseline levels over the next five years.

Proposal 12: Reduce Coal and Other Fossil Fuel R&D

DOE's track record for developing new technologies is poor. It has done little to boost synthetic fuels, solar energy, or conservation, or to improve existing technologies. In such cases as synthetic fuels, DOE programs and grants have directed private firms to pursue costly research in unproductive areas. Given this lack of success, DOE could cut back on programs for near-term development of energy technologies.

In the area of fossil fuels, commercial firms already spend considerable funds to develop new technologies. The major new technologies for enhanced oil recovery, for example have come from private industry, not DOE. Proponents argue that energy markets are not perfect and hence federal intervention is justified. The utilities area, for example, contains federal and state regulations which distort incentives.

This proposal would reduce funding for fossil fuel R&D to 25 percent of its baseline level. The reductions would be phased in over the 1994-1998 period.

Proposal 13: Sell Alaska Power Administration

The APA was originally created to encourage economic development in Alaska by making low-cost hydropower available to industry and residential customers. The project can now be turned over to local ownership. Unlike other federally owned power marketing administrations, the APA is located in a single state and its sale is supported by Alaska's congressional delegation, DOE, and OMB.

Proposal 14: Allow Industry to Co-generate Power at Department of Energy Labs

Currently, only DOD has this authority. All federal agencies should be allowed to install cogeneration at sites where it is cost-effective.

Proposal 15: Terminate the Clean Coal Technology Program

The clean coal technology program (CCTP) was created in 1984 to assist private industry in developing commercial technologies that would use coal in environmentally sensitive ways. An initial goal of the CCTP was to reduce acid rain by supporting technologies that can lower the emissions of sulfur dioxide and nitrogen oxides that result from coal combustion. Another goal of the program has been to promote the use of coal to bolster the economies of coal-producing regions.

In the past, supporters of the CCTP viewed it as an alternative to legislation controlling acid rain. With the passage of the Clean Air Act Amendments of 1990, federal support for new clean coal technologies may no longer be necessary. This proposal would complete projects for which there are already bid solicitations, but rescind the funds for future proposals.

Proposal 16: Halt Acquisitions of Crude Oil for the SPR

The strategic petroleum reserve was authorized in 1975 to reduce the vulnerability of the United States to interruptions in oil supplies. It currently contains over 570 million barrels of oil. According to Mr. Clinton, "the U.S. today obtains less than one-quarter of its oil from OPEC countries, and the rate at which we continue to fill the reserve can be slowed." He has proposed reducing the fill rate from 20,000 barrels of oil per day to 13,000 barrels per day. Under this proposal, a five-year moratorium would be placed on new oil for the SPR.

Proposal 17: Restructure REA

In 1935, only one in ten farm households in the United States had electricity. Because of high construction and servicing costs, investor-owned electric utilities did not serve many sparsely populated areas of the country. The REA was established by executive order as an emergency relief measure to improve the living conditions in rural America and to alleviate the high unemployment the nation experienced during the Depression. Even though 99 percent of rural America now has access to electricity, the Rural Electrification Administration still receives taxpayer subsidies. Many REA loans are currently made to suburban areas. The Administration proposes to eliminate loan subsidies on most REA loans by increasing loan interest rates from 5 percent (and in some cases 2 percent) to Treasury rates (currently 6.8 percent). They note that the vast majority of REA borrowers can afford private financing without significant increases in rural subscriber rates.

Legislation similar to this proposal has been approved by Congress.

Proposal 18: Eliminate Helium Subsidy

This proposal calls for the closing of the National Helium Reserve and selling the Reserve to a joint venture that comprises current employees and other private investors.

Proposal 19: Reduce Low Priority Land and Water Projects

The Clinton Administration recommended reducing or stretching out construction funding for "low priority water projects." *A Vision of Change For America* states: "Funding for these projects is not [a] high priority because the projects are either: (1) not economically justified, (2) not a Federal responsibility, (3) exempted from standard non-Federal cost sharing, or (4) environmentally unacceptable."

Proposal 20: Emphasize Land-Use and Containment in Superfund

One method of reducing the huge costs of hazardous waste clean-up is to change the mix of methods used to protect health and the environment at Superfund sites. The present statutory preference for permanent treatment technologies could be dropped in favor of an emphasis on institutional controls (such as deed and access restrictions, monitoring, and provision of alternative water supplies) and containment methods (including caps, slurry walls, and surface water diversion). A University of Tennessee study estimated that a judicious shift toward these interim measures could reduce remediation costs by 40 percent, without sacrificing health or environmental protection. Proponents of this proposal argue that it is wasteful to spend more on Superfund cleanups than is necessary to protect health and the environment, and that use of more permanent remedies (such as incineration, bioremediation, and vitrification) can be deferred until land-use needs are clearer and treatment technologies are more developed.

Proposal 21: Create Emergency Funds for Disaster Relief

Each agency would be required to set aside 1 percent of its budget allocation toward a disaster relief fund, thereby reducing the need for deficit-increasing emergency expenditures when emergencies actually occur.

Proposal 22: Eliminate Weather Office Closure Certification Procedures

This proposal calls for a policy shift to rationalize the closing procedures for antiquated weather offices which are being replaced by fewer, more automated offices. The overly-protective, political regulations regarding weather office closure procedures requires the Secretary to *legally* guarantee the performance of the replacement weather office technology before the old, antiquated office system can be closed. This results in duplicative systems, with multiple offices serving the same area for up to two years despite the technical performance of the new system.

Proposal 23: Privatize NOAA Research Fleet

NOAA owns and operates a fleet of sea vessels for scientific research and other duties. These vessels carry out scientific experiments and maintain buoys and navigational beacons. GAO has recommended that the fleet be phased out and privatized over a five year period. GAO has criticized the government-operated fleet for being too expensive to maintain and operate. Says GAO: "...NOAA vessels' daily costs range from \$100 to \$22,000, compared to \$465 to \$4,955 for private-sector ships..." NOAA should purchase services from the private sector. This would be more cost effective while increasing the competitive forces in the private sector.

Proposal 24: Create a Single Polar Satellite Program

To reduce duplication and save \$1 billion, various current and proposed polar satellite programs should be consolidated under NOAA, according to the NPR:

"Collecting temperature, moisture, and other weather and environmental information from polar satellites is a vital task, both for weather forecasting and for global climate studies. But we have two different systems, one run by DOD and the other by the National Oceanic and Atmospheric Administration. On top of this, NASA is planning a third. Over the next ten years these three systems will cost taxpayers about \$6 billion. Congress could adopt legislation requiring these agencies to consolidate their efforts into a single system, saving as much as \$1.3 billion over the same period."

[Note: This proposal also appears in the Government Management working group.]

Proposal 25: Rescind NOAA Add-ons

The Commerce-State-Justice Appropriations Subcommittee has funded specific member NOAA projects that tend to benefit only a small, specific group within a local geographic area. These earmarks are not requested by the President and in most cases are not authorized, and include funding for various projects totaling approximately $145 million in budget authority for FY 1994.

Proposal 26: Merge BLM and Corps of Engineers Water Projects

This proposal would merge the water resource management responsibilities of the Bureau of Land Management and the Corps of Engineers, thereby streamlining government, reducing administrative overhead and saving taxpayer dollars. This proposal is based on the principle that administrative reorganization should place similar functions in the same agency.

Proposal 27: Return Agriculture Building and Facilities Account to $0 Request Level

The Administration requested zero funding for this account, which was established for USDA acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities. Nevertheless, House Appropriators have earmarked $38 million, and Senate Appropriators have earmarked $57 million.

Proposal 28: Terminate FAA Higher Education Grants

Success has rendered these subsidies obsolete. Many schools now offer high quality aviation training programs without support from the FAA.

Proposal 29: Eliminate Federal Highway Administration National Recreational Trails Fund

This program, while authorized in ISTEA, is not germane to the statutory roll of the FHWA. No funding has been appropriated for the recreational trails fund. But there is pressure to provide funding this year.

Proposal 30: 20-Percent Cut in Funding for Economic Development Administration

The EDA (Economic Development Administration) provides grants to state and local governments for public works, technical assistance, and job programs as well as loan guarantees to firms for business development. One criticism of EDA programs is that federal assistance should not be provided for activities whose benefits are primarily local and, therefore, whose responsibility should be that of state and local governments. In addition, EDA programs have been criticized for substituting federal credit for private credit and for facilitating the relocation of business from one distressed area to another through competition among communities for federal funds. The EDA has also been criticized for its broad eligibility criteria, which allow areas containing 80 percent of the U.S. population to compete for benefits, and for providing aid with little proved effect compared with other programs with similar goals. This level of funding reduction should provide program managers with an incentive to improve the efficiency and effectiveness of their programs.

Proposal 31: Eliminate Funding for Public Telecommunications Facilities Program

Approximately $0.5 billion dollars has been spent to date on Commerce Department grants to bring public radio and television to remote areas. More than 95 percent of Americans now receive public broadcasting, which fulfills the goal of this program created in the early 1960s. The program is now being used as an operating subsidy to upgrade existing station facilities and equipment, not the original mission.

Proposal 32: Impose a Moratorium on Federal Building Purchases

The National Performance Review report on Reinventing Government stated, "Over the next 5 years, the Federal Government is slated to spend more than $800 million a year acquiring new federal office space and courthouses. Under current conditions, however, those acquisitions don't make sense." The review recommended that the GSA administrator place a hold on GSA's acquisitions and begin aggressive negotiations for existing and new leases to further reduce costs.

[Note: A similar proposal is also recommended by the Government Management working group.]

Government Management

Potential Savings for Government Management.
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
[Proposal 1: Strengthen & Restructure NASA Management.] [Outlays	300	1,500]	2
Proposal 2: Consolidate Bureau of Indian Affairs. Outlays	NA	NA	4
Proposal 3: Create a Single Polar Satellite Program.* Outlays	50	300	2
Proposal 4: Streamline USDA Field Offices.* Outlays	109	1,600	1, 2, 4
Proposal 5: Streamline HUD Operations. Outlays	33	167	2
Proposal 6: Eliminate the Interstate Commerce Commission. Outlays	25	145	3
Proposal 7: Reduce TVA Non-Power Programs by One-Third. Outlays	15	150	3
Proposal 8: Freeze Appalachian Regional Commission at FY 1993 Level. Outlays	3	38	1, 3
Proposal 9: Improve Management of VA Hospitals. Outlays	86	1,426	3
Proposal 10: Reduce Legal Services Corporation by 5 Percent. Outlays	16	80	3
Proposal 11: Reform Prison Construction. Outlays	7	580	3
Proposal 12: Terminate State Justice Institute. Outlays	3	68	3

(continued on next page)

Potential Savings for Government Management (continued).
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 13: Improve Marshals Service.			
Outlays	7	36	2
Proposal 14: Reduce BATF by $2 Million as Requested by the President.			
Outlays	2	10	4
Proposal 15: Adjust Civil Penalties for Inflation.			
Outlays	20	150	2
Proposal 16: Reduce New Office/Court House Construction.[a]			
Outlays	NA	NA	4
Proposal 17: Limit Departing Members' Purchases of Office Equipment and Furnishings from District Offices.			
Outlays	1	5	4
Proposal 18: Reduce Executive Office of the President Appropriations by 5 Percent (including White House, OMB, OEB, USTR, and CEA).			
Outlays	15	75	3, 4
Proposal 19: Reduce Legislative Branch Appropriations by 7.5 Percent.			
Outlays	110	560	3, 4
Proposal 20: Reduce Franking Account by 20 Percent.			
Outlays	8	40	4
[Proposal 21: Freeze 1994 COLAs for Members of Congress and Reform Members' Future COLA Adjustments.]			
[Outlays	NA	NA	4
Proposal 22: Cap Senior Executive Service Leave Accrual at 30 Days.			
Outlays	5	48	4
Proposal 23: Cut Federal Workforce by 252,000.[b]			
Outlays	800	26,700	1, 2, 3
Proposal 24: Reduce Travel Accounts by 15 Percent for Specific Executive Branch Agencies and the Legislative Branch.			
Outlays	172	875	3
Proposal 25: Terminate Certain Boards and Commissions.			
Outlays	9	52	1, 2, 3
Proposal 26: Raise Davis-Bacon Threshold to $100,000.			
Outlays	20	245	2, 3
Proposal 27: Eliminate Reports For Projects Covered by Davis-Bacon.			
Outlays	20	390	2
Proposal 28: Raise Commodity Futures Trading Commission Fees.			
Outlays	55	301	3

(continued on next page)

Potential Savings for Government Management (continued).
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 29: Establish BATF Fee.			
Outlays	5	25	3
Proposal 30: Raise SEC Registration Fees.			
~~Outlays~~	44	240	1,3
Proposal 31: Impose Travel and Tourism Fee.			
~~Outlays~~	120	820	3
SUBTOTAL: Government Management	2,060	36,626	

[a] Indicates a similar or identical proposal is recommended by another working group.
[b] These workforce reductions will partly overlap with recommendations by other working groups to streamline various Executive Branch agencies.
"NA" indicates savings estimates were not available.
Key to Sources: 1 = Clinton Budget; 2 = National Performance Review; 3 = GOP FY 1994 budget proposal, *Cutting Spending First*; 4 = Other (other Members, Concord Coalition, etc.).

Proposal 1: Strengthen and Restructure NASA Management

This recommendation from the National Performance Review outlines a number of steps NASA should take, both in overall management and in the management of the space station program, to encourage more joint federal-private investment and to downsize the bureaucracy. Primary suggestions include increased contracting-out, relaxed regulations to encourage private investment, and reducing personnel.

Proposal 2: Consolidate Bureau of Indian Affairs

This proposal would consolidate the 12 area offices of the Bureau of Indian Affairs into five regional service centers and two special service offices, as proposed by the Department of Interior in the past.

Proposal 3: Create a Single Polar Satellite Program (NPR)

To reduce duplication and save $1 billion, various current and proposed polar satellite programs should be consolidated under NOAA, according to the NPR, which says the following:

"Collecting temperature, moisture, and other weather and environmental information from polar satellites is a vital task, both for weather forecasting and for global climate studies. But we have two different systems, one run by DOD and the other by the National Oceanic and Atmospheric Administration. On top of this, NASA is planning a third. Over the next ten years these three systems will cost taxpayers about $6 billion. These agencies could consolidate their efforts into a single system, saving as much as $1.3 billion over the same period."

[Note: This proposal is also recommended by the Physical Capital working group.]

Proposal 4: Streamline USDA Field Offices

The Department of Agriculture (USDA) operates more than 12,000 field offices across the country. But the department's focus has shifted since the 1930s, when its present structure evolved: 60 percent of its budget (about $17 billion a year) now deals with nutrition, and less than 30 percent with agriculture.

According to the National Performance Review, a USDA restructuring plan will concentrate the agency's activities on six key functions: commodity programs, rural development, nutrition, conservation, food quality, and research. This focus will allow it to consolidate from 42 to 30 agencies and from 14 to six support staffs, cutting administrative costs by more than $200 million over five years. As part of this process, USDA will streamline the Washington headquarters and consolidate or close about 1,200 field offices within the Agricultural Stabilization and Conservation Service, the Soil Conservation Service, the Farmers Home Administration, the cooperative Extension System, and the Federal Crop Insurance Corporation. Some of these offices now serve suburban counties, others have few rural customers left. Field office closings will be determined by a six-part scoring system developed to evaluate each office.

Once in place, this restructuring will save more than $1.6 billion over five years and eliminate the equivalent of 7,500 full time employees. Customers will be better served because operations will be combined in multipurpose USDA field service offices.

[Note: This proposal is also recommended by the Health and Agriculture working group.]

Proposal 5: Streamline HUD Operations

According to the NPR, the Department of Housing and Urban Development (HUD) has developed a strategy to close offices without cutting customer services. Roughly 10,000 of HUD's 13,500 employees work in field offices, but their workloads vary: the New York regional office monitors 238,000 federal public housing units, the Seattle office only 30,000 units. Management restructuring will streamline HUD's field operations. Under a five-year plan, HUD will streamline the Washington headquarters, eliminate all regional offices, pare down its 80-field office system, and cut its field staff by 1,500 people.

Proposal 6: Eliminate ICC

Since about 1980, most of the Interstate Commerce Commission's duties have been eliminated, and even a current ICC Commissioner concedes the agency's duties are duplicative. The 106-year-old agency, with only 640 employees and $45-million-a-year budget, could be completely folded into the DOT. An appropriations amendment to that effect was narrowly defeated in the House this year.

Proposal 7: Reduce TVA Non-Power Programs by One-Third

The annual appropriation for the TVA provides federal support for the TVA's stewardship of its lands, facilities, and natural resources, and provides recreational programs, promotes public use of its land and water resources and operates the National Fertilizer and Environmental Research Center. Many of these activities are beyond the scope of the TVA. These activities could be underwritten by state or local governments, or by fee-for-service. Most activities of the National Fertilizer Research Center benefit the private sector and could be supported by private funds.

Proposal 8: Freeze Appalachian Regional Commission

The ARC has spent almost $6 billion and built roughly 2,500 miles of new roads, yet high poverty rates still persist in Appalachia. Some programs supported by the ARC duplicate activities funded by other federal agencies, such as the Department of Transportation and the Department of Housing and Urban Development. Also, although the ARC allocates resources to poor rural communities, those areas are no worse off than many others outside the Appalachian region.

[Note: A similar proposal is also recommended by the Physical Capital working group.]

Proposal 9: Improve Management of VA Hospitals

This proposal involves employing a Prospective Payment System (PPS) at VA hospitals similar to that now employed in Medicare. Under such a system, each patient would be classified in a Diagnosis-Related Group (DRG) that would entitle the hospital to a fixed payment designed to reflect the average cost of efficient care for such a patient.

The VA spends about $16 billion a year on medical care. The Congressional Budget Office has projected potential outlay savings from this strategy at $2.225 billion over five years, compared with the Administration's more modest $1 billion reduction. But it may be prudent to accept the more cautious savings projection. It must be noted that prospective payment systems are complex, as is the problem of defining patient categories, especially regarding psychiatric care, which is prevalent in veterans hospitals.

Proposal 10: Reduce Legal Services Corporation by 5 Percent

The Legal Services Corporation is an independent, non-profit organization created to furnish free legal aid to the poor in civil matters. LSC lawyers have been accused of focusing on social causes, and the Reagan Administration repeatedly tried and failed to abolish the LSC. The agency has an annual federal budget of about $350 million.

In addition to federal money, LSC is funded through private sources and interest on certain escrow accounts. LSC received $357 million in FY 1993, though the Administration recommended $432 million and LSC requested $525 million.) The House version of FY 1994 Commerce-Justice-State Appropriations recommends $400 million for LSC, an increase of $43 million over FY 1993. The entire $400 million was struck from the bill on the House floor on a point of order because it has not been authorized since FY 1980. The Senate has appropriated $349 million for LSC in its bill.

Proposal 11: Reform Prison Construction

Requiring prison construction to spend previously appropriated funds before appropriating new amounts will not slow construction but will reduce spending by $181 million in 1997 and $331 million cumulatively over four years.

Proposal 12: Terminate State Justice Institute

The Concord Coalition proposal says the following: "The State Justice Institute aims to improve the efficiency of state courts by funding research and demonstration projects and distributing information about effective ways to administer justice. The State Justice Institute has no clear federal purpose."

Proposal 13: Improve Marshals Service, Eliminate Positions

To improve the professionalism of the U.S. Marshals Service, U.S. Marshals should be selected based on merit by the Director of the U.S. Marshals Service, according to the NPR. In addition, some positions should be eliminated, the report says. The service has an annual budget of about $380 million.

Proposal 14: Reduce BATF by $2 Million as Requested by the President

The House adopted by a vote of 353-62 an amendment to the Treasury-Postal appropriation to reduce BATF funding by $2.1 million, equal to the Administration request. The President's budget included $364 million for BATF, but the House Appropriations Committee recommended $366 million. This amendment would reduce BATF staff by 60 positions (41 from Law Enforcement and 19 from Compliance). The money was restored in conference.

Proposal 15: Adjust Civil Penalties for Inflation

Civil Monetary penalties have not been adjusted to keep up with inflation. Under this recommendation, a "catch-up" adjustment would be made and the need for additional inflation adjustments would be automatically reassessed every four years.

Proposal 16: Reduce New Office/Court House Construction

The House adopted an amendment to the Treasury-Postal appropriation reducing by 2 percent the amount for construction of new courthouses and federal office buildings. NPR has requested that GSA place an immediate hold on GSA's acquisition through construction, purchase or lease of net new office space.

[Note: A similar proposal is also recommended by the Physical Capital working group.]

Proposal 17: Limit Departing Members' Purchases of Office Equipment and Furnishings from District Offices

This proposal would repeal the first section of Public Law 93-462 to limit departing Members' purchases of office equipment and office furnishings from their district offices.

Proposal 18: Reduce Executive Office of the President Appropriations by 5 Percent

The Executive Office of the President includes OMB, USTR, the Council of Economic Advisers, the Economic Policy Council, and various other offices.

√ **Proposal 19: Reduce Legislative Branch Appropriations by 7.5 Percent**

From FY 1974 to FY 1993 the Legislative Branch Appropriation increased by 303 percent while the CPI increased 193 percent. For FY 1994, the Legislative Branch appropriation is 1.4 percent below FY 1993, but in the House most of this savings was from the abolishment of the Select Committees and in the Senate the decrease was a departure from increases in their funding in 1993.

7.

This proposal calls for realistic reductions in the Legislative Branch appropriation of 7.5 percent.

Proposal 20: Reduce Franking Account by 20 Percent

Although the House appropriated $48 million for mail in 1993, the Finance Office estimates that members will only spend from $30 million to $35 million. The appropriation for franking in FY 1994 is $40 million — a $5 million to $10 million increase from actual 1993 spending levels. This proposal would cut the franking appropriation by 20 percent or reduce it to $32 million.

Proposal 21: Freeze 1994 COLAs for Members of Congress and Reform Members' Future COLA Adjustments

This proposal freezes FY 1994 salaries for Members of Congress at the 1993 level and permanently ties future COLAs for Members to no more than the COLAs provided to all other Federal Government employees. The effect would be to freeze Members at the current level of $133,600 for FY 1994. In addition, it calls for permanently adjusting the formula for computing Members' COLAs so that Members' COLAs can never exceed those of other federal employees.

Proposal 22: Cap Accrued Leave of Senior Executive Service

Most federal employees may accumulate and hold unused up to 240 hours (30 days) of vacation leave. But the 8,000 people in the Senior Executive Service may accumulate unlimited leave. This proposal would equate SES with other federal employees by limiting them to 30 days of unused leave that can be carried over. The provision would not affect overtime accrued by those involved in criminal investigation.

Proposal 23: Cut Federal Workforce by 252,000

This proposal would set in motion the workforce reduction recommended by the Administration in the National Performance Review. The 252,000-position reduction *includes* the cut of approximately 100,000 proposed by the President earlier in the year.

The specifics of the Administration's plan have yet to be released. Nevertheless, it is possible to estimate conservatively the amount of savings that would result from a workforce reduction of this magnitude. The savings estimates indicated here also take into account the Administration's proposed $25,000 "buyout" for early retirees.

In the absence of details from the Administration, this proposal assumes the 252,000-position reduction over five years, spread out roughly evenly over the period. It was scored by assuming an average salary for federal workers of $32,000 to $34,500, and by also assuming that everyone of the 252,000 departing employees took a $25,000 buyout.

It should be noted that these workforce reductions overlap with other proposals in this document to streamline federal Executive Branch agencies. The conservative nature of the savings estimate, however, should compensate for any discrepancy in the grand total.

Proposal 24: Reduce Travel Accounts by 15 Percent for Specific Executive Branch Agencies and the Legislative Branch

This proposal would cut the travel budgets for certain Executive Branch agencies and the Legislative Branch by 15 percent. The proposal exempts selected agencies because of special requirements of their functions that necessitate the use of their full travel budget allowances. For example, the Department of Veterans Affairs uses most of its travel budget to transport patients. The Department of Defense needs flexibility in its travel account to move military personnel in the case of conflict.

The agencies expressly exempted from the travel budget reduction are the Department of Defense, the Department of Veterans Affairs, the Department of the Treasury (which includes the FBI) and the Department of Justice.

Proposal 25: Terminate Certain Boards and Commissions

n. The President's *A Vision of Change for America* pledges "an executive order requiring the elimination of more than 200 non-statutory Federal advisory committees that currently operate throughout the Government." Although the Administration has not identified these boards, and although the savings from such a step would be modest, this proposal endorses the plan as an appropriate streamlining measure.

Proposal 26: Raise Davis-Bacon Threshold to $100,000

Since 1935, the Davis-Bacon Act has required that "prevailing wages" be paid on all federally funded projects of $2,000 or more. Current law also restricts the use of lower-wage, less-skilled workers known as "helpers," usually requiring they be paid at journeymen's rates. Raising the threshold to $100,000 and allowing unrestricted use of helpers would exclude about 7 percent of the value of all contracts. This proposal also is contained in the National Performance Review.

Proposal 27: Eliminate Reports For Projects Covered by Davis-Bacon

Under the Copeland Act of 1934, employers on contracts covered by Davis-Bacon are required to submit complete, certified payroll records to the Department of Labor (DOL) or the contracting agency every week. This requirement places a significant administrative burden on DOL, the contracting agencies, and contractors. Approximately 11 million payroll reports are submitted annually to contracting agencies, at an estimated cost of 5.5 million hours of industry employee time. This proposal would eliminate the requirement for weekly payroll reports for construction projects covered by the Davis-Bacon Act and, instead, require contractors to simply certify that they have complied with the law. Contractors would be required to keep records to prove their compliance for three years in case a complaint is filed.

n. **Proposal 28: CFTC Processing Fees**

Currently, traders, brokers, hedgers, speculators, exchanges and others who benefit from federal regulation of US futures exchanges do not pay for its cost. This proposal, also recommended by the Bush and Clinton Administrations, would institute a fee on all U.S. futures exchange transactions. The revenue from this fee would cover the cost of the Commodity Futures Trading Commission. To the extent this fee may adversely affect the competitiveness of U.S. futures exchanges, the CFTC would be given the discretion to correct any adverse competitive effects that might arise.

Proposal 29: Establish BATF Fee

This fee would partly cover the cost of approving all alcoholic beverage labels and the cost of performing various laboratory analysis to determine whether the beverage content is in compliance with federal law.

Proposal 30: SEC Registration Fees

This proposal, also recommended by the Administration, would raise the charge to corporations to cover the SEC's costs for registration fees for securities sold to the public.

Proposal 31: Impose U.S. Travel and Tourism Fee

The U.S. Travel and Tourism Administration promotes the United States as a tourist destination for foreign travelers. The International Trade Administration provides services to U.S. industries such as export promotion, marketing services, and development of remedies for long-range trade and investment problems. Beneficiaries in these industries would be charged for the promotion of U.S. products and destinations at their full cost.

Human Resources

Potential Savings for Human Resources.
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 1: Phase In 10-Percent Reduction for the Arts and Humanities (including CPB).			
Outlays	15	103	3
Proposal 2: Eliminate Four Education Programs That Have Largely Achieved Their Purpose.			
Outlays	5	170	4
Proposal 3: Eliminate Operating Subsidies for Vacant Public Housing.			
Outlays	26	261	3
Proposal 4: Substitute Vouchers for New Construction of Public Housing.			
Outlays	2	612	3
Proposal 6: Restrict Matching Contributions to Thrift Savings.			
Outlays	370	2,520	3
Proposal 7: Raise the Age of Civilian Retirement to 65.*			
Outlays	0	190	3
Proposal 8: Consolidate Social Service Programs and Reduce Their Budgets by 4-Percent to Account for Administrative Savings.			
Outlays	160	800	4
Proposal 9: Reform HUD Multifamily Disposition Program.			
Budget Authority	0	1,500	3
SUBTOTAL: Human Resources	578	6,156	

* Indicates a similar or identical proposal also is recommended by another working group.
"NA" indicates savings estimates were not available.
Key to Sources: 1 = Clinton Budget; 2 = National Performance Review; 3 = GOP FY 1994 budget proposal, *Cutting Spending First*; 4 = Other (other Members, Concord Coalition, etc.).

Proposal 1: Phase In 10-Percent Reduction for the Arts and Humanities

Federal funding for the National Endowment for the Arts, the National Endowment for the Humanities, the Smithsonian Institution, the National Gallery of Art, and the Corporation for Public Broadcasting should be reduced by 2 percent each from FY 1994 through FY 1998.

Because many arts and humanities programs benefit higher-income people, much of the loss in federal funds could be made up through admission fees of private contributions. Public television and radio receive the bulk of their funding from private contributions and cable television access has greatly expanded.

Proposal 2: Eliminate Education Programs that have Largely Achieved Their Purpose

Four programs administered by the Department of Education have largely achieved their purpose. They are: Public Library Construction (access to public libraries is now virtually universal); Follow Through (this program is duplicated by the much larger Chapter 1 Basic Grant Program); Law-Related Education (goal of training elementary and high-school teachers in law-related education has been achieved); Law School Clinical Experience (most law schools now offer clinical education and would continue to do so in the absence of federal support).

Proposal 3: Eliminate Operating Subsidies for Vacant Public Housing

HUD provides operating subsidies to Public Housing Agencies (PHAs) to make up the difference between rental income and operating costs. Even though HUD has tried to stop payments for vacant public housing, Congress has insisted on continued funding for these units. Some PHAs argue that the current operating subsidy formula does not provide adequate subsidies to cover costs. Therefore, they say, eliminating subsidies for vacant units will take away necessary funds. But because of massive increases for public housing modernization, operating subsidies, and drug elimination grants, all PHAs are receiving record funding amounts.

Proposal 4: Substitute Vouchers for New Construction of Public Housing

HUD provides capital grants to PHAs to build housing for families with incomes below 80 percent of area median income (approximately $28,000 nationally). After construction, HUD provides annual operating subsidies and modernization funds to keep the projects solvent and well-maintained. Public housing new construction is roughly twice as expensive as tenant-based assistance such as vouchers. It represents vestige of the old power structure of housing: treating housing as a jobs program, instead of providing housing assistance to the poor at the lowest cost.

Proposal 5: Restrict Matching Contributions to Thrift Savings

Federal agencies contribute 1 percent of individual earnings into FERS' Thrift Savings Plan. In addition, the government matches dollar-for-dollar employee deposits up to the first 3 percent of earnings and 50 cents for each dollar thereafter up to 5 percent of earnings. This proposal would discard the two-tiered contribution framework and limit the government's matching contribution to the TSP to a uniform 50 cents for each a dollar up to 5 percent of earnings. Note that this proposal would only affect civil service retirement plans, not military retirement (MRS does not offer an agency matching plan). The private sector typically matches an individual's voluntary thrift deposits up to 6 percent of pay at a 50-percent rate. With this proposal, the government still would offer superior benefits because of the automatic 1-percent contribution. Only one-third of all FERS participants contribute 5 percent of salary to TSP.

Proposal 6: Raise the Age of Civilian Retirement to 65

Under current law, the minimum retirement age for Federal civilian workers in the CSRS and FERS retirement systems is 55 for employees with 30 years of service, 60 for employees with 20 years of service, and 62 for employees with five years of service. In addition, the minimum retirement age is being phased to 57 for those born after 1969. Retirement benefits are based on the average of an employees highest three years of pay.

This proposal would gradually raise the minimum retirement age for federal workers from 55 to 65 over 20 years. Beginning two years after enactment, the minimum age would be increased by one year, every two years. When the minimum age reaches 60, the service requirement would increase from 20 to 30 years of service. At age 61, the years of service would be 30. When the minimum retirement age reaches 65, the service requirement would drop to five years. By gradually increasing the minimum age in this fashion, the plan would not affect any employee who is currently eligible to retire.

Special provisions in current law dealing with age and length of service requirements for Members of Congress would be repealed two years after enactment. The provisions are the following:

- Age 60 with 10 years service.
- Any age with 25 years service.
- Age 50 with 20 years service (or having served in nine Congresses).

[Note: This proposal is also recommended by the Social Services working group.]

Proposal 7: Consolidate Social Service Programs and Reduce Their Budgets by 4 Percent to Account for Administrative Savings

This proposal would consolidate: the Social Services Block Grant, the Community Services Block Grant, Title IV-A "At Risk" Child Care, the Child Care and Development Block Grant, two activities of the Administration for Children and Families (specifically, Title III services and meals for the aging, and Dependent Care Planning and Development Grants). Social Services are provided to many individuals and families through an array of programs, each with its own rules and regulations. By consolidating these programs into a single block grant, services could be provided more efficiently, duplicate services would be eliminated, and administrative costs would decline due to a reduction in administrative personnel.

Proposal 8: Reform HUD Multifamily Disposition Program

HUD currently owns approximately 69,000 units of multifamily housing. HUD was never meant to function as a landlord, but the agency has not been able to sell the units because of restrictions in Section 203 of the Housing and Community Development Amendments of 1978 requiring that each unit must be sold with 15-year project-based Section 8 assistance. Over the past several years, funding for Section 8 has been significantly reduced. This proposal would loosen the restrictions in Section 203, allowing HUD to dispose of the multifamily units more easily. The proposal was offered by the Administration and is expected to save $1.5 billion in budget authority over five years.

Social Services and Retirement

Potential Savings for Social Services.
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
Proposal 1: Raise the Age of Civilian Retirement to 65.*			
Outlays	0	190	3
Proposal 2: Defer the COLA Adjustment for Military Retirees Until Age 62.			
Outlays	300	5,500	3
SUBTOTAL: Social Services	300	5,690	

* Indicates a similar or identical proposal also is recommended by another working group.
"NA" indicates savings estimates were not available.
Key to Sources: 1 = Clinton Budget; 2 = National Performance Review; 3 = GOP FY 1994 budget proposal, *Cutting Spending First*; 4 = Other (other Members, Concord Coalition, etc.).

Proposal 1: Raise the Age of Civilian Retirement to 65

Under current law, the minimum retirement age for Federal civilian workers in the CSRS and FERS retirement systems is 55 for employees with 30 years of service, 60 for employees with 20 years of service, and 62 for employees with five years of service. In addition, the minimum retirement age is being phased to 57 for those born after 1969. Retirement benefits are based on the average of an employees highest three years of pay.

This proposal would gradually raise the minimum retirement age for federal workers from 55 to 65 over 20 years. Beginning two years after enactment, the minimum age would be increased by one year, every two years. When the minimum age reaches 60, the service requirement would increase from 20 to 30 years of service. At age 61, the years of service would be 30. When the minimum retirement age reaches 65, the service requirement would drop to five years. By gradually increasing the minimum age in this fashion, the plan would not affect any employee who is currently eligible to retire.

Special provisions in current law dealing with age and length of service requirements for Members of Congress would be repealed two years after enactment. These provisions are the following:

- Age 60 with 10 years service.
- Any age with 25 years service.
- Age 50 with 20 years service (or having served in nine Congresses).

[Note: This proposal is also recommended by the Human Resources working group.]

Proposal 2: Defer the COLA Adjustment for Military Retirees Until Age 62

Current law requires that, for individuals who entered the military before 1986, a full COLA is to be paid to retirees who are younger than age 62. Because the length of service required for retirement is 20 years, this gives many service members the opportunity to retire in their early forties. For military personnel under the age of 62 who entered the service after August 1, 1986, COLAs will be held to one percentage point below the actual inflation rate. At age 62, a one-time recomputation of annuity occurs to make up for the lost purchasing power. This proposal would defer both COLA payments for non-disabled retirees until they reach age 62, and at that time provide a one-time catch-up recalculation of annuities.

Agriculture and Health Care

Potential Savings for Agriculture and Health Care.
(Savings from Baseline, in Millions of Dollars)

	1994	5-year savings	Source of Proposal
[Proposal 1: Phase Out Wool and Mohair Subsidies.]			
[Outlays	145	290]	1, 2, 3, 4
Proposal 2: Reorganize the Department of Agriculture.			
Outlays	109	1,600	1, 2
Proposal 3: Modify Triple Base Program.			
Outlays	0	596	1, 3, 4
Proposal 4: Collect 20-Percent Coinsurance on Clinical Lab Services Under Medicare			
Outlays	700	7,100	3
Proposal 5: Collect 20-Percent Coinsurance On All Home Health Services Under Medicare Except for Those with Incomes at or Below 150 Percent of Poverty			
Outlays	2,000	18,500	3
Proposal 6: Correlate the Premium for Physicians Services Under Medicare to Enrollees' Income.			
Outlays	500	9,900	3
Proposal 7: Means Test Medicare Hospital Insurance Deductible at $75,000 AGI			
Outlays	200	1,500	3
SUBTOTAL: Agriculture/Health	3,654	39,486	

* Indicates a similar or identical proposal also is recommended by another working group. "NA" indicates savings estimates were not available. Items in brackets [item] are virtually certain to be enacted through other pending legislative action; their savings are not counted in the grand total at the end of this document.
Key to Sources: 1 = Clinton Budget; 2 = National Performance Review; 3 = GOP FY 1994 budget proposal, *Cutting Spending First*; 4 = Other (other Members, Concord Coalition, etc.).

Proposal 1: Phase Out Wool and Mohair Subsidies

This proposal provides for a two-year phase-out and termination of the wool and mohair payment program. Specifically, it reduces incentive payments by 25 percent for the 1994 crops of wool and mohair, and by an additional 25 percent for the 1995 crops. The program would be terminated and its underlying authority (known as the Wool Act) would be repealed effective December 31, 1995.

Such a proposal already has been approved by Congress.

Proposal 2: Reorganize the Department of Agriculture

According to the National Performance Review, USDA should streamline its field operations to eliminate unnecessary offices, reduce costs and better serve farmers. Although USDA's mission has changed dramatically since the 1930s, its organizational structure and management practices have remained largely unchanged. Then, agriculture was dominated by small, widely-dispersed, family-owned farms that sold their products domestically. Communication and transportation systems were limited by geography. These conditions justified a county-based decentralized field office system. Today, agriculture is dominated by large operations, and the farm population has declined sharply. Only 16 percent of the nation's counties were designated as farm counties in 1986, down from 63 percent in 1950. Telephones, computers, and highways have increased farmers' access to various information and assistance programs.

[Note: A similar proposal is recommended by the Government Management working group.]

Proposal 3: Modify Triple Base Program

This proposal would increase producers' normal flexible acres from the current level of 15 percent of the base to 17 percent. This would give farmers greater flexibility to shift from one crop to another, while reducing U.S. obligations to make deficiency payments. Currently, wheat, feed grains, cotton, and rice producers who participate in commodity programs receive a deficiency payment. The size of the deficiency payment is generally equal to the difference between the target price for the commodity and its market price times the program yield assigned to the farm, times the "payment acres." Payment acres equal 85 percent of the farm's crop acreage base, less land idled to comply with the acreage reduction program that is in effect for the crop during the crop year. This proposal would expand the changes made in the OBRA 1990 by decreasing the amount of land eligible to receive deficiency payments from 85 percent to 83 percent of base acreage. Producers would be permitted to plant any program crop or oilseed on this additional unpaid acreage without losing eligibility for future program benefits.

Proposal 4: Collect 20-Percent Coinsurance on Clinical Lab Services Under Medicare

Medicare currently pays the full cost of clinical laboratory services. In the past, however, coinsurance was required. This proposal would reinstate a 20-percent coinsurance.

Proposal 5: Collect 20-Percent Coinsurance On All Home Health Services Under Medicare Except for Those with Incomes at or Below 150 Percent of Poverty

Home Health Services (in-home therapists and like services) are paid in total by Medicare. Costs for this program are rising rapidly. This proposal would require a 20-percent payment by the beneficiary, costing on average $7 to $10 per visit. For those with incomes of 150 percent of the federal poverty level or less, the QMB program would pay the coinsurance.

Proposal 6: Relate The Premium for Physicians Service Under Medicare to Enrollees' Income

Medicare Part B premiums are subsidized 75 percent from general tax revenues regardless of income. This proposal would phase out the subsidy beginning with beneficiaries with Adjusted Gross Income of $75,000 (couples $100,000). Beneficiaries with incomes above $100,000 (couples $125,000) would pay the full monthly premium of $146.

Proposal 7: Means Test Medicare Hospital Insurance Deductible at AGI $75,000

Medicare Hospital Insurance (Part A) beneficiaries currently pay the first $676 of a hospitalization regardless of income. After that amount all hospital costs are paid by Medicare for the first 60 days of a hospital stay. This proposal would require enrollees with retirement adjusted gross income of $75,000 and above to pay the first $2,000 of a hospitalization.

Grand Totals

Potential Savings for All Working Groups.
(Savings from Baseline, in Billions of Dollars)

	1994	5-year savings
	8.637	103.097

Note: These totals eliminate all double-counts and overlaps except those involving federal workforce reductions that overlap with streamlining specific agencies. Also excluded are savings from items indicated in brackets [item] in the tables, which are virtually certain to be enacted through other pending legislative action. Consequently the working group subtotals will be greater than the grand totals indicated here.

Enforcement: Dedication of Savings to Deficit Reduction

This provision guarantees that the savings achieved by the Penny-Kasich substitute are used to reduce the federal budget deficit rather than finance new spending initiatives. It applies to savings from changes in both authorization law, for entitlements, and rescissions of budget authority, for discretionary programs.

The amendment specifically provides that any reduction in direct spending resulting from the Kasich-Penny substitute shall not be scored under Pay-As-You-Go (PAYGO). Under PAYGO, tax and entitlement legislation may not increase the deficit in any year; any increase in the deficit due to entitlement or tax legislation must be offset by legislation cutting entitlements or raising taxes. Conversely, savings from tax or entitlement legislation may be used to pay for other entitlement expansions. In the absence of this enforcement provision, subsequent entitlement or tax legislation could be enacted that *increases* the deficit by an amount equivalent to the reduction in entitlement spending provided by the Penny-Kasich plan.

Similarly, the amendment provides that the rescission of budget authority in the Kasich-Penny substitute shall not be scored under the cap on discretionary spending. The Omnibus Reconciliation Act of 1993 extended the cap on total discretionary spending for 1994 through 1998. In the absence of this amendment, Congress could increase discretionary spending in FY 1994 by the amount of budgetary authority rescinded in the Penny-Kasich substitute.

May 15, 1995

NOTE FOR: THE DIRECTOR (Blickstein)
Jack Lew
Shelley Fidler (CEQ)
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FROM: T.J. Glauthier Ron Cogswell for TJ 5/15

SUBJECT: Implications of the Domenici/Kasich Marks

Attached, for your information, is NRD's updated list of the Environment, Natural Resources, Agriculture, and other programs affected by the Domenici/Kasich resolution marks. (Please discard the earlier version of this report.)

Attachment

IMPLICATIONS OF THE DOMENICI/KASICH MARKS

NATURAL RESOURCES AND THE ENVIRONMENT (Function 300)

REVISED: May 15, 1995

DOMENICI: Overall, by FY 2002 the mark would cut Natural Resources and the Environment (Function 300) by 30 percent in discretionary BA (20 percent in outlays) relative to the FY 1995 enacted level. In addition, the mark would eliminate $1.1 billion in increases for environment and natural resource programs proposed by the President for FY 1996. Included among the increases that would be eliminated are EPA's Operating Program (+$400M over FY 1995); Clean Water State Revolving Funds (+$365M); enhanced natural resource protection (+$160M); clean car program (+$100M); and climate change programs (+$200M).

KASICH: The mark would reduce Function 300 by 15 percent in BA and 11 percent in outlays relative to the FY 1995 enacted level. As with the Domenici mark, the Kasich mark would eliminate the President's proposed FY 1996 increases.

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
Discretionary Reductions -- Function 300				
• **Wastewater and Drinking Water Grants** - Domenici phases out all EPA's wastewater and drinking water construction grant programs over three years. Kasich cuts the wastewater program $650 million per year as proposed by House Appropriations.	15,400	79%	4,550	23%
• **Place a Moratorium on Interior/USDA Land Acquisition** - All land management agencies (NPS, FS, FWS, BLM) would cease land acquisition until 2002.	--	--	1,652	100%
• **Apply a Cost-Benefit Test to Superfund Projects** - 10 percent reduction in Superfund hazardous waste site cleanup costs due to greater use of containment and other low-cost cleanup technologies.	--	--	1,050	10%

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **EPA's Environmental Technology Initiative (ETI) -** Eliminates all funding for this Presidential investment item after 1995.	--	--	455	100%
• **EPA Abatement & Control and R&D -** Freezes EPA's Research and Development and Abatement, Control, and Compliance accounts through 2002 at $20 million less than the 1995 enacted level.	--	--	140	1%
• **Water Projects (Domenici) -** Accepts most of the FY 1996 Budget cuts for the Army Corps of Engineers and Interior's Bureau of Reclamation (BuRec), but makes no explicit policy changes.				
Total, Corps and BuRec	1,820	6%	--	--
• **Army Corps of Engineers Water Projects (Kasich) -** Accepts most of the Budget cuts for the Corps of Engineers (but makes no explicit policy changes).				
General Investigations	--	--	(239)	19%
Construction General	--	--	(637)	10%
Total, Corps of Engineers	--	--	876	4%
• **Bureau of Reclamation (BuRec) Water Projects (Kasich)**				
Reform BuRec (including Central Utah Project (CUP) Funding)	--	--	(490)	8%
Reduce Central Arizona Project (CAP) Funding			(389)	39%
Total, BuRec	--	--	879	15%
• **National Park Service -** Reduce and freeze operations at National Parks by 10 percent through 2002.	784	10%	784	10%

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **Other Land Management Agency Operations -** 10 percent reduction and freeze in the operating budgets of the other land management agencies, including BLM, FWS, and USFS. Kasich does not include FWS, but takes 20% from BLM.	1,722	10%	1,682	13%
• **Reduce Construction for All Land Management Agencies -** New construction is reduced 50 percent and Forest Service trail construction is reduced by 14 percent.	--	--	1,372	27%
• **Reduce Bureau of Mines (DOI) -** Eliminates over half of the Bureau by 2002, including most environmental remediation and pollution control work.	--	--	456	43%
• **Reduce Office of Surface Mining (DOI).**	--	--	392	59%
• **Reduce US Geological Survey (DOI).**	--	--	798	20%
• **Reduce Forest Service Research and Eliminate FS Ecosystem Research.**	--	--	311	22%
• **Eliminate Bureaucracy at Department of the Interior -** Significant streamlining in the Office of the Secretary and Construction Management is proposed.	--	--	217	37%
• **Dissolve the National Biological Service (DOI) -** Kasich mark would likely eliminate research inventories and multi-year species monitoring programs.	203	17%	518	44%
• **Fisheries and Species Protection (NOAA) -** Reduce funding by 5 percent.	NA	NA	--	--
• **NOAA -** Reduce funding for operations, research, and facilities (includes funding for fisheries and species protection).	--	--	2,084	18%

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **Eliminate lower priority and duplicative programs:**				
-- Eliminate the Urban Park and Recreation Fund (DOI)	49	100%	49	100%
-- Eliminate the Advisory Council on Historic Preservation	21	100%	--	--
-- Eliminate the International Forestry Program (USDA/FS)	49	100%	49	100%
• **Terminate USDA Conservation Programs** - Kasich terminates Resource Conservation and Development, Forestry Incentives Program, River Basin Surveys and Investigations, Great Plains Conservation Program, and Colorado River Basin Salinity Control Program. (Domenici eliminates only the Forestry Incentives Program.)	46	100%	350	97%
• **Fund USDA's Agriculture Conservation Program at FY 1996 Budget Request Level.**	374	53%	374	53%
• **Reduce USDA Conservation Operations and Watershed and Flood Prevention Operations by 10 Percent.**	--	--	447	10%
<u>Discretionary Reductions -- Non-Function 300</u>				
• **Solar and Renewable Energy R&D (DOE)** -- Included in reduction of near-term commercialization efforts. If cuts are focused on the nearest-term activities, would eliminate virtually all Climate Change Action Plan funding.	720	26%	--	--
• **Energy Supply Research and Development (DOE)** - (includes funding for solar and renewable energy research and development	--	--	7,079	31%
• **Energy Conservation R&D (DOE)** - Included in reduction of near-term commercialization efforts. If cuts are focused on the nearest-term activities, would eliminate virtually all Climate Change Action Plan funding.	952	26%	2,690	75%

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **Energy Conservation Grants (DOE)** - Cuts of this size would prevent DOE from implementing the new formula for distributing these grants to States, unless the baseline used in the rule is changed.	517	26%	--	--
• **DOE Environmental Cleanup** - The Domenici mark appears to support the FY 1996 Budget for the DOE Environmental Management program. The mark fully supports the President's Defense Budget, which provides approximately 90% of DOE cleanup funds. The allocation of DOE non-defense cuts is not clear enough to determine the potential impact on the cleanup program. The Kasich proposal appears to slightly reduce the FY 1996 Budget for the DOE Environmental Management program. The mark reduces the President's Defense Budget only in the area of DOD's acquisition work force. Therefore, over 90% of this program's resources provided through the Defense Budget appears to be unaffected. The allocation of most DOE non-defense cuts is not clear enough to determine the direct impact on the cleanup program. However, the Uranium Enrichment Decontamination and Decommissioning Fund is reduced by 2% or $31 million over seven years.	NA	NA	NA	NA
• **Rural Water and Waste Disposal Grants and Loans (USDA).** Reduces funding for construction, repair, and improvement of rural water and wastewater disposal systems. These loans and grants are awarded to low-income, rural communities with populations of less than 10,000.	--	--	425	7%
Mandatory Reductions -- Function 300				
• **Conservation Reserve Program (CRP)** - Not reduced in either Chairman's mark relative to the CBO baseline. However, due to technical estimating differences, the CBO baseline is 37 percent lower than the Administration's (21M acres v. 33M acres).	--	--	--	--

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **Arctic National Wildlife Refuge (AK)** - Lease the Arctic National Wildlife Refuge; previously recommended in FY 1989-92 budgets and reported out by the Senate Energy Committee (Johnston, D-LA) in the 102nd Congress (died on the Senate floor 11/91). Kasich estimate explicitly net of 50-50 receipt sharing with the State of Alaska.	1,400	NA	1,251	NA
• **Federal Helium Program** - Privatize the Helium Program centered in Amarillo (TX) as proposed by President Clinton.	27	NA	50	NA
• **Privatize the Presidio (CA).**	375	NA	--	--
• **Reform Hardrock Mining.** Kasich mark assumes enactment of the Calvert/Orton bill.	--	--	0	NA
• **Increased National Parks Fees** - Kasich mark assumes increased park fees with the receipts available to the parks without further appropriation to fund park activities.	--	--	NA	NA

Key

-- indicates not included

NA indicates numbers are not available

IMPLICATIONS OF THE DOMENICI/KASICH MARKS

AGRICULTURE (Function 350) -- MANDATORY PROGRAMS

REVISED: May 15, 1995

DOMENICI:

- The mark would reduce mandatory outlays in Function 350 by $12 billion over seven years, versus the CBO baseline (-20 percent), and $8 billion (-18 percent) over five years. (Mandatory programs in Function 350 include the CCC farm programs, crop insurance, and the farm loan program's liquidating account; the Conservation Reserve Program (CRP) and Wetlands Reserve Program (WRP) are mandatory programs in function 300.) The FY 1996 Budget assumed unspecified CCC cuts of $1.5 billion over five years, FY 1996-2000 (-3 percent).

- No specific, programmatic recommendations given on how to achieve the mandatory reductions. Rather, the mark states "the spending reductions could be accommodated under the 1995 farm bill when reauthorized".

- Since the CBO baseline for commodity programs is higher than the OMB baseline (due mainly to CBO's lower CRP assumption), program reductions to reach the Chairman's mark would probably result in somewhat lower savings under OMB scoring. (Some proposals, like elimination of certain land idling programs, could save vastly more under the CBO/Chairman's baseline than under the Administration's baseline, because CBO assumes greater acreage enrolled in acreage set-aside programs such as "Pay 85".)

- Reconciliation instructions to the Senate Agriculture Committee include savings of $28 billion in outlays over five years, and $46 billion over seven years, versus the CBO baseline. The difference between these Committee targets and the function 350 mandatory targets would come from other mandatory programs in the Ag Committee's jurisdiction (Food Stamps).

KASICH:

- The mark claims mandatory outlay reductions of $18 billion over seven years against a freeze baseline of $60 billion ($9 billion over five years). When scored against CBO's lower, current law baseline, the savings amount to $16 billion over seven years (-28 percent), and $7 billion over five years (-17 percent). No specifics on where the cuts would be made.

- Reconciliation instructions to the House Agriculture Committee include savings of $32 billion in outlays over five years from the House Budget Committee adjusted baseline, and $58 billion over seven years. This implies $25 billion in savings from food programs over five years (similar to Food Stamp program savings in the House Welfare Reform legislation) and $42 billion over seven years.

IMPLICATIONS OF THE DOMENICI/KASICH MARKS

AGRICULTURE (Function 350) -- DISCRETIONARY PROGRAMS

May 15, 1995

DOMENICI and KASICH: Overall, both marks by FY 2002 would cut Function 350 by 11 percent in discretionary BA. Relative to the FY 1996 Budget, the Domenici mark would reduce discretionary spending in Function 350 by 11 percent; Kasich by 10 percent.

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **Cut Agricultural Research Service (ARS) and Cooperative State Research, Education, and Extension Service by 10 percent** (assumes some proposals in FY 1996 Budget). No cut in assistance to the 4-H program.	1,183	10%	See below	
• **Reduce Foreign Agriculture Service** by eliminating Foreign Market Development. (Cooperator) Program and Cochran fellowship Program (Domenici). Reform Foreign Agricultural Service (Kasich)	150	20%	91	12%
• Eliminate **Unnecessary Bureaucracy in USDA** (reduces funding for several administrative programs, e.g. General Counsel, Public Affairs, CFO).	--	--	108	23%
• Eliminate funds for **USDA strategic office space plan.**	--	--	107	85%
• Reduce funding for **ARS research.**	--	--	483	9%
• Reduce funding for **ARS building and facilities.**	--	--	146	47%
• Reduce funding for the **Extension Service.**	--	--	518	16%
• Reduce funding for the **Cooperative State Research Service (CSRS) res.**	--	--	546	18%
• Reduce funding for **CSRS Building and Facilities.**	--	--	438	99%
• Reduce funding for the **Economic Research Service.**	--	--	182	48%

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• Reduce funding for the **National Agriculture Statistics Service**	--	--	108	19%
• Reform **Farmers Home Administration** -- convert all direct loans to loan guarantees.			399	36%
• Terminate **low-priority USDA programs** (State mediation, outreach to minority farmers)	--	--	42	100%
USDA Discretionary Programs in Other Functions (Excluding Function 300 - see Env./Nat. Resources write-up)				
• No reductions in **REA electric and telephone loan program** (270).	--	--	--	--
• **Centralize servicing of rural housing loan program**, either through centralizing within USDA (NPR II proposal) or contracting out to private sector (370). No savings estimate available.		NA	--	--
• Reduce **Rural Housing Rental Assistance** (370).	--	--	364	10%
• **Rural Housing Insurance Fund** -- Terminate rural multi-family housing (370).	--	--	809	100%
• Create a **Rural Development Program Block Grant** (450).	1,775	32%	--	--
• Reduce **Rural Water and Waste Disposal Grants and Loans** (450).	--	--	425	7%
• Reduce **Rural Business Enterprise Grants** (450).	--	--	175	52%
• Reduce **Rural Development Loan Fund** (450).	--	--	168	51%

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• Reduce **Rural Business and Industry Loans** -- Includes cuts in salaries and expenses (450).	--	--	70	66%
• Terminate **Local Technical Assistance** for rural small businesses. (450).	--	--	14	100%

IMPLICATIONS OF THE DOMENICI/KASICH MARKS AFFECTING INTERIOR AND NRD SMALL AGENCIES

MISCELLANEOUS DISCRETIONARY PROGRAMS (VARIOUS BUDGET FUNCTIONS)

REVISED: May 15, 1995

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **BIA and Construction** -- Streamline BIA administrative functions, eliminate direct loan program, technical assistance for economic development, and reduce both the guaranteed loan program (-10%) and construction (-20%). (450)	--	--	1,498	21%
• **Eliminate All Territorial Assistance** -- Eliminates discretionary grants to territories, Office of Territorial and International Affairs, and technical assistance (Domenici proposal retains brown tree snake technical assistance funding). (800)	357	98%	356	98%
• **Compact of Free Association** (800):				
-- Eliminate funding for the Trust Territory of the Pacific Islands.	--	--	140	100%
-- Accept miscellaneous FY 1996 discretionary budget proposals (eliminates funding for Federated States of Micronesia and Republic of the Marshall Islands construction and other compensation previously funded by Congress, but not requested; and the Rongelap Resettlement Trust Fund).	--	--	73	48%
• **Eliminate Indian Gaming Salaries and Expenses** -- Reduction to be offset by increased fees on the mandatory side that will be used for salaries and expenses; total net effect is zero. (800)	--	--	0	NA
• **Payment in Lieu of Taxes (PILT)** - Increase DOI's annual PILT payments to counties; $11 million over Administration's FY 96 request of $114 million. (800)	--	--	(+147)	(+20%)
• **Terminate Pennsylvania Avenue Development Corporation.** (450)	--	--	41	100%
• DOMENICI: **Terminate Commission of Fine Arts (-56), National Capital Planning Commission (-42), and the Pennsylvania Avenue Development Corporation (-49).** KASICH: **Terminate the CFA's National Capital Arts and Cultural Affairs program (-53).** (450/500)	147	100%	53	100%

IMPLICATIONS OF THE DOMENICI/KASICH MARKS AFFECTING INTERIOR AND NRD SMALL AGENCIES

MISCELLANEOUS MANDATORY PROGRAMS (VARIOUS BUDGET FUNCTIONS)

May 15, 1995

	Total 7-Year BA/Percent Reductions Relative to FY 1995 Enacted Freeze Level ($ in millions)			
	Domenici		Kasich	
	$	%	$	%
• **Increase Funding for American Samoa** -- Provides new mandatory funding, partially offset by discretionary reductions under Territorial Assistance to American Samoa totaling $29 million. (800)	--	--	(+238)	NA
• **Reduce Grants for the Northern Mariana Islands** (consistent with Administration's FY 96 request). (800)	--	--	194	100%