

THE WHITE HOUSE
WASHINGTON

*file federal
budget*

DATE: Nov 13, 1993

TO: The Senior Staff

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

November 12, 1993

MEMORANDUM TO THE PRESIDENT

FROM: Leon E. Panetta 
SUBJECT: Investment Funding Contained in the Final FY 1994
Appropriations Bills

You have now signed into law the thirteen FY 1994 appropriations bills. This memorandum summarizes how Congress treated your requests for investment programs and looks ahead to how that action will affect your FY 1995 Budget.

The FY 1994 Budget requested \$16.7 billion in budget authority for investment programs (i.e for new programs or for those programs in which we requested significant increases). Congress approved \$11.5 billion or 69 percent of those requests.

This rate of success brought about a significant change in the use of discretionary resources. Defense spending was reduced by five percent below FY 1993 (in nominal terms) while maintaining our commitment to a strong national defense. At the same time, funding from defense and low-priority non-defense programs was redirected toward productive investment spending.

The success rate for investment programs would have been even higher were it not for two factors.

First, our FY 1994 Budget exceeded the outlay cap of \$541.7 billion by nearly \$6 billion. The need to stay within the outlay cap forced Congress, in many cases, to make reductions in budget authority below our request.

Second, Congress approved only \$4.5 billion, or 56 percent, of the \$8.1 billion that we proposed in reductions in low-priority non-defense discretionary programs.

As we prepare the FY 1995 Budget, we intend to stay within the caps, which provide for a modest increase in budget authority but a small reduction in outlays from FY 1994 enacted levels.

	<u>FY 1994 Enacted</u>	<u>FY 1995 Cap</u>	<u>Change</u>
Budget Authority	\$501 billion	\$518 billion	+\$17 B
Outlays	\$542 billion	\$541 billion	-\$ 1 B

In order to meet the FY 1995 caps while funding our investments, we will have to propose significant reductions in

low-priority discretionary spending and work closely with the Congress to enact them.

The following is a summary of the outcome of our key FY 1994 investment proposals. (A detailed table of investments, broken down by Appropriations subcommittee, is attached.) Investment numbers represent only the increases in programs from FY 1993 levels adjusted for inflation, not the total amount appropriated.

INFRASTRUCTURE

The Budget included a \$1.01 billion increase for mass transportation grants, other transportation programs, and Corps of Engineers water projects. Congress provided \$773 million, or 77 percent of the requested increase. However, no new funds were appropriated for a Maglev prototype or FAA systems modernization, and only \$4 million out of a \$100 million request was provided for high-speed rail development.

In addition, we requested an increase of \$2.6 billion in the obligation level for construction and repair of interstate highways and bridges under ISTEA. Congress provided \$1.8 billion, or 69 percent of that amount. This is an 11-percent increase over FY 1993.

HEALTH AND NUTRITION

We requested a \$2.442 billion increase for public health, nutrition, and food safety programs, with a particular focus on AIDS, women's health, veterans' health care, and the WIC program. Congress provided \$1.840 billion, or 75 percent of the requested increase.

This includes \$232 million of the \$310 million requested increase for the Ryan White Act and \$273 million of the \$350 million requested increase for the Women, Infants, and Children feeding program (WIC). The Ryan White funding represents an increase of 66 percent over the FY 1993 level. The WIC funding is a 12-percent increase from FY 1993.

HEAD START

The Budget included a \$1.3 billion increase for Head Start as the first step toward full funding of the program. Congress approved 36 percent of the proposed increase. While this is a relatively small percentage, it actually represents nearly a 20-percent increase over the FY 1993 enacted level.

EDUCATION AND NATIONAL SERVICE

We asked for a \$1.399 billion increase for education programs, including Goals 2000, national service, compensatory education, and several others. Congress appropriated \$659 million, or 47 percent of the requested increase. This includes funds for three new programs: (a) \$105 million for Goals 2000; (b) \$370 million for national service; and (c) \$50 million for the Education Department share of the school-to-work program.

EMPLOYMENT AND TRAINING

We requested a \$2.859 billion increase for dislocated worker assistance, school-to-work, the Job Corps, summer youth employment, and other employment-related programs. Congress appropriated \$962 million, or 34 percent of the requested increase. This included a \$587 million increase for dislocated worker assistance, which was a 116-percent increase -- more than doubling -- for that program from FY 1993. Also, the Labor Department received \$50 million for its share of the school-to-work program.

SCIENCE, TECHNOLOGY, AND ENERGY

The Budget included \$1.3 billion in new funding for NOAA weather technology, National Institute of Standards and Technology (NIST) programs, information highways, energy research, NASA research and development, the National Science Foundation, FCCSET (Federal Coordinating Council on Science, Engineering, and Technology), and related programs. For all of these programs, Congress provided \$1.067 billion of the new funding, or 82 percent of the requested increase.

This included \$26 million for the new information highways program. Also, the increase for NIST, for such activities as high-performance computing, represented a 36-percent increase over the FY 1993 level.

CRIME

We asked for a \$390 million increase for the Justice Department for salaries and expenses for the FBI, INS, Federal prisons, and the Community Relations Service; prisoner support; and Federal/State partnerships. Congress appropriated \$164 million, or 42 percent of the requested increase. This includes \$25 million out of \$100 million requested to hire police through Federal/State partnerships.

HOUSING AND COMMUNITY DEVELOPMENT

We asked for a \$1.833 billion increase for a number of low-income and other housing programs, Community Development Block Grants, and Community Development Banks. Congress exceeded our request, appropriating \$2.149 billion in new funds for these programs. However, the Community Development Bank program was not funded because it has not yet been authorized.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT

The budget included a \$1.985 billion increase for the Forest Service, the Interior Department, the Energy Department and the Environmental Protection Agency for infrastructure projects to implement the Clean Water and Safe Drinking Water Acts; infrastructure improvements in national forests and parks; and energy conservation programs. Congress approved \$1.918 billion, or 97 percent of the requested increase.

RURAL DEVELOPMENT

We requested \$560 million in new funding for rural development, housing, and wastewater treatment (supporting \$1.6 billion in new loans and loan guarantees). Congress appropriated \$374 million (supporting \$1.2 billion in loans and loan guarantees), or 67 percent of the requested increase.

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

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Appropriations Bill	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference from FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Agriculture and Rural Development.....	1,083	515	751	368	-332	-147
Commerce, Justice, State and the Judiciary.....	987	488	673	320	-314	-168
Defense.....	331	170	540	280	209	110
District of Columbia.....	---	---	---	---	---	---
Energy and Water Development.....	361	207	320	193	-41	-14
Foreign Operations.....	---	---	---	---	---	---
Interior and Related Agencies.....	556	313	310	175	-246	-138
Labor, Health and Human Services, Education and Related Agencies.....	7,134	2,578	2,733	1,242	-4,401	-1,336
Legislative Branch.....	---	---	---	---	---	---
Military Construction.....	---	---	---	---	---	---
Transportation and Related Agencies.....	888	524	659	328	-229	-196
Treasury-Postal Service and General Government.....	105	66	82	48	-23	-18
Veterans Affairs, HUD, Independent Agencies...	5,303	1,082	5,455	1,139	152	57
Total, Investment.....	16,747 ¹	5,942 ¹	11,523	4,093	-5,224	-1,849
Percentage of President's Proposals funded.....			68.8%	68.9%		

Note: Detail may not add to total due to rounding.

¹ Figures shown included in the President's April Budget. Revised priority investment request not formally transmitted:
BA, \$13,745 million; outlays, \$4,275 million.

**AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1994**

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Agriculture:						
Agricultural Research Service:						
Federal Coordinating Council for Science, Engineering and Technology (research initiatives) (FCCSET).....	7	6	7	6	---	---
Cooperative State Research Service:						
Investment proposal will fund Cooperative forestry research and National research initiative competitive grants.....	39	9	14	3	-25	-6
Extension Service.....	1	1	1	1	-1	-1
Farm Service Agency: Initiatives directly assist rural communities to improve the quality of life and increase employment opportunities, update community infrastructure, etc.....	245	84	172	63	-73	-21
Rural housing direct loans.....	(330)	---	(217)	---	---	---
Rural housing guaranteed loans.....	(300)	---	(363)	---	---	---
Rural Development Administration (RDA):						
Rural wastewater (grants and loans).....	172	7	71	3	-101	-4
Other RDA.....	143	17	131	12	-12	-5
Rural development direct loans.....	(140)	---	(66)	---	---	---
Rural development insurance direct loans.....	(530)	---	(314)	---	---	---
Rural development insurance guaranteed loans.....	(275)	---	(274)	---	---	---
Rural Electrification Administration.....	3	*	---	---	-3	-*
Electrification and telephone loans.....	(50)	---	---	---	---	---
Food and Nutrition Service:						
Supplemental feeding programs.....	350	320	273	249	-77	-71
The emergency food assistance program.....	40	40	---	---	-40	-40
Food Safety and Inspection Service: Salaries and expenses.....	18	14	18	14	---	---
HHS:						
Food and Drug Administration: Salaries and expenses: Initiative provides funds for vaccine safety, implementation of the Safe Medical Device Act, and mammography quality (AIDS, women's health immunization, NIH research, other public health initiatives -- see additional funding for this priority under the Labor/HHS/Education bill) ¹	65	18	65	18	---	---
Total, Domestic Discretionary.....	1,083	515	751	368	-332	-147

¹ Includes \$40 million detailed in the House report and \$25 million assumed to be funded because the full request was funded.

* \$500 thousand or less.

COMMERCE, JUSTICE, STATE, & JUDICIARY APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS

(In millions of dollars)

Major Program	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Commerce:						
Economic Development Administration.....	33	3	80	8	47	5
National Oceanic and Atmospheric Administration:						
ORF: Weather satellite procurement and launch.....	76	44	7	4	-69	-40
ORF: Weather system modernization.....	127	73	120	70	-7	-3
Construction: Weather facilities.....	15	2	15	2	---	---
FCCSET: ORF.....	26	15	17	10	-9	-5
	-----	-----	-----	-----	-----	-----
TOTAL, NOAA.....	243	135	159	86	-84	-48
National Institute of Standards and Technology:						
Scientific & Tech. Research & Services, including high performance computing and FCCSET.....	37	29	29	22	-8	-7
Working Capital Fund account.....	9	4	---	---	-9	-4
Industrial Technology Services account.....	142	46	142	46	---	---
	-----	-----	-----	-----	-----	-----
TOTAL, NIST.....	188	79	171	68	-17	-11
Nat. Telecommunications & Information Admin.:						
Salaries and expenses.....	3	2	1	1	-2	-2
Information infrastructure grants (new program)/ Information highways (new program).....	51	1	26	1	-25	*
Justice:						
Federal/State partnerships (funded through OJP).....	100	19	25	6	-75	-14
Community Relations Service Salaries & expenses..	7	4	---	---	-7	-4
Support of U.S. prisoners.....	88	53	44	26	-44	-26
FBI Salaries and expenses.....	19	13	19	13	---	---
INS Salaries and expenses.....	26	20	11	9	-15	-12
Federal Prison System Salaries and expenses.....	151	105	65	55	-86	-49
	-----	-----	-----	-----	-----	-----
TOTAL, Justice.....	390	214	164	108	-226	-105
Small Business Administration.....	68	44	68	44	---	---
Equal Employment Opportunity Commission.....	11	10	5	4	-6	-6
	-----	-----	-----	-----	-----	-----
Total, Domestic Discretionary.....	987	488	673	320	-314	-168

* \$500 thousand or less

DEFENSE APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS (in millions of dollars)

	FY 1994 Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Defense Discretionary:						
Operations and maintenance:						
Office of Economic Adjustment.....	12	9	22	17	10	8
O & M: Energy efficiency in Federal buildings.....	59	28	59	28	---	---
Research, development, test, and evaluation ¹						
Investment proposal will fund numerous dual-use programs aimed at developing technologies that have both military and civilian applications...	260	133	459	235	199	102
	-----	-----	-----	-----	-----	-----
Total, Defense Discretionary	331	170	540	280	209	110

¹ Although an amendment increasing the request was not transmitted to the Congress, the Administration strongly supported a funding level of \$575 million for this investment proposal.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS

(in millions of dollars)

Major Program	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Energy:						
General science and research programs: Linear Accelerator "B-Factory"	36	27	36	27	---	---
Energy supply, Research and development activities:						
Five investment proposals, including \$49 million for energy efficiency in buildings.....	80	37	65	35	-15	-2
Environmental restoration & waste management..	16	8	16	8	---	---
Advanced neutron source (new program).....	26	12	---	---	-26	-12
FCCSET.....	78	35	78	35	---	---
Solar and renewable energy programs.....	29	11	29	11	---	---
Corps of Engineers: Operations and maintenance.	96	77	96	77	---	---
	-----	-----	-----	-----	-----	-----
Total, Domestic Discretionary.....	361	207	320	193	-41	-13

INTERIOR APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS

(in millions of dollars)

	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>	<u>BA</u>	<u>OL</u>
Domestic Discretionary:						
Agriculture Department:						
Forest Service:						
National forest system.....	47	40	38	32	-9	-8
Construction.....	32	16	12	6	-20	-10
Forest research.....	10	8	8	6	-3	-2
State and private forestry.....	25	20	3	3	-22	-17
International forestry.....	30	24	---	---	-30	-24
Interior Department:						
Bureau of Land Management:						
Mangement of lands and resources ²	23	20	22	19	-1	-1
Oregon and California grant lands.....	5	4	3	2	-3	-2
Geological Survey.....	13	8	4	2	-9	-5
Fish and Wildlife Service.....	43	34	27	21	-16	-13
National Park Service.....	89	67	56	42	-33	-24
Bureau of Indian Affairs: Construction.....	18	4	18	4	---	---
Energy Department:						
Fossil energy research and development.....	14	6	11	4	-3	-1
Energy conservation.....	182	54	86	26	-96	-29
Energy information administration.....	4	3	1	1	-3	-2
Health and Human Services:						
Indian Health Services.....	22	6	22	6	---	---
Total, Domestic Discretionary.....	556	313	310	175	-246	-138

LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

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Major Programs	PRESIDENT'S INVESTMENT PROPOSALS (in millions of dollars)					
	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Department of Education:						
Education reform and initiatives:						
Investment proposals for Goals 2000: Educate America Act,						
School-to-work transition, Urban-rural initiative,						
Teacher professional development (new program).....	585	167	155	43	-430	-124
Compensatory education for the disadvantaged						
account (three activities).....	227	27	45	5	-182	-22
School improvement program: Safe schools initiative						
(new program).....	75	9	20	2	-55	-7
Bilingual and immigrant education account (one activity).....	1	•	1	•	•	•
Special education.....	37	4	34	4	-3	-0
Student financial assistance (new program -- State						
Postsecondary review).....	25	3	21	2	-4	-1
Higher education: New programs for Historically Black						
Colleges and Universities (new program).....	25	3	5	1	-20	-2
Education, research, statistics, and improvement						
(three activities).....	30	8	8	2	-22	-6
Total, Department of Education.....	1,005	221	289	59	-716	-162
Department of Health and Human Services:						
Ryan White (non-add estimate).....	(310)	(N/A)	(232)	(N/A)	(-78)	(N/A)
AIDS, Women's Health, and Other Public Health Initiatives						
(non-add estimate).....	(1,272)	(N/A)	(955) ²	(N/A) ²	(-317) ²	(N/A) ²
Health Resources and Services Administration (HRSA):						
Investment funds for AIDS, women's health, and other						
public health initiatives.....	542	175	244	79	-298	-96
Centers for Disease Control and Prevention:						
Investment funds for AIDS, women's health, and other						
public health initiatives.....	500	136	388	106	-112	-30
National Institutes of Health (NIH):						
Investment funds for AIDS, women's health, and other						
public health initiatives; FCCSET.....	190	80	190 ¹	80 ¹	• ¹	• ¹
High performance computing.....	24	10	9 ¹	4 ¹	-15 ¹	-6 ¹
Substance Abuse and Mental Health Administration:						
Investment proposal for targeted substance abuse						
treatment and prevention services.....	115	59	40 ²	21 ²	-75	-38
Health Care Policy and Research: Research into quality,						
cost, and effectiveness of health care.....	30	8	26	7	-4	-1
Public Health Service Management.....	26	7	10	3	-16	-4

LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS

(in millions of dollars)

Major Programs	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Department of Health and Human Services (cont'd):						
Health Care Financing Administration (HCFA): Program management: Assistance to States with heavy influx of migrants (new program).....	400	400	---	---	-400	-400
Administration for Children and Families (ACF):						
Payments to States for child care assistance account: Child care block grant: Provides additional funding to help low-income families pay for child care and related services.....	40	30	---	---	-40	-30
ACF: Children and families services programs/Head Start.....	1,299	814	474	228	-825	-586
Total, Department of Health and Human Services.....	3,165	1,719	1,381	528	-1,784	-1,191
Department of Labor:						
Employment and Training Administration (ETA):						
Dislocated Worker Assistance Act (EDWAA discr).....	1,390	70	587	29	-803	-41
Youth apprenticeship program.....	135	16	50	6	-85	-10
Job Corps: Adopt "50-50" plan/Reduce repairs backlog.....	163	6	50	2	-113	-4
JTPA: Summer youth employment and training.....	1,000	248	206	136	-794	-112
Community services employment for older Americans account.....	21	4	10	2	-11	-2
State unemployment insurance and employment services account (SUIESO) (One-stop career shopping).....	150	30	50	10	-100	-20
Unemployment Trust Fund: Worker profiling.....	(9)	(9)	9	9	9	9
Total, Department of Labor.....	2,859	373	962	194	-1,897	-179
Social Security:						
Social Security: Limitation on Administrative Expenses (LAE):						
Initiative provides \$1.2 billion to invest in creation of state-of-the-art computing network for SSA and the State Disability Determination Service (ob limit).....	(1,080)	100	(285)	100	(-795)	---
Social Security: Limitation on Administrative Expenses (LAE):						
Disability processing (ob limit).....	(60)	60	(260)	260	(200)	200
Social Security Administration: Supplemental security income account: Portion of LAE for automation.....	45	45	41	41	-4	-4
Social Security Administration: Supplemental security income account: Portion of LAE for disability processing.....	60	60	60	60	---	---
Total, Social Security.....	105	265	101	461	-4	196
Total, Domestic Discretionary.....	7,134	2,578	2,733	1,242	-4,401	-1,336

* Less than \$500 thousand.

¹ Rough estimates; the Conference did not appropriate by investment category, so actual amounts could be higher or lower.

² Includes amounts transferred from Treasury's Special Forfeiture Fund.

TRANSPORTATION AND RELATED APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS

(in millions of dollars)

	FY 1994 Budget Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference from FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Transportation:						
Federal Railroad Administration (FRA):						
High speed ground transportation development and MAGLEV activity.....	35	-73	---	---	-35	73
FRA: Trust fund share of high speed ground transportation (ob limit).....	(100)	100	(4)	1	(-96)	-99
Federal Transit Administration: Formula grants account: Investment would upgrade rail and bus facilities and equipment, and replace rolling stock (general fund portion).....	699	35	659	33	-40	-2
Federal Aviation Administration (FAA): Facilities and equipment account.....	107	21	---	---	-107	-21
FAA: Research, engineering, and development account.....	13	8	---	---	-13	-8
FAA: Grants-in-aid for airports account (ob limit)...	(30)	5	---	---	(-30)	-5
Coast Guard capital.....	35	6	---	---	-35	-6
Federal Highway Administration (FHWA):						
Federal-aid highways obligation limitation: Investment proposes to fund the program fully at the level authorized in ISTEA.....	(2,621)	410	(1,849)	289	(-808)	-121
FHWA: Public land highways and Indian reservation roads.....	(36)	6	---	---	(-30)	-6
FHWA: Smart cars/Smart highways (included in FHWA ob limit; outlays included above).....	(70)	N/A	(56)	N/A	(-14)	---
National Highway Safety Transportation Administration: Highway traffic safety grants account (ob limit).....	(32)	6	(29)	5	(-3)	-1
Total, Domestic Discretionary.....	888	524	659	328	-229	-196

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1994

PRESIDENT'S INVESTMENT PROPOSALS
(in millions of dollars)

	FY 1994 Investment Proposals		FY 1994 Enacted		FY 1994 Enacted Difference From FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary						
Department of the Treasury:						
Internal Revenue Service: Continued implementation of tax system modernization.....	98	59	82	48	-16	-11
General Services Administration:						
Federal buildings fund: Promote energy efficiency in Federal buildings.....	7	7	---	---	-7	-7
	-----	-----	-----	-----	-----	-----
Total, Domestic Discretionary.....	105	66	82	48	-23	-18

VA, HUD, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, FY 1994
PRESIDENT'S INVESTMENT PROPOSALS
(In millions of dollars)

	FY 1994 Investment Proposal		FY 1994 Enacted		FY 1994 Enacted Difference from FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL
Domestic Discretionary:						
Housing and Urban Development:						
Subsidized housing programs (vouchers, certificates, preservation and restoration):						
Low -Income Housing Preservation.....	320	17	170	9	-150	-8
Multifamily Property Disposition.....	160	4	460	6	300	2
Other (additional vouchers).....	166	3	111	2	-55	-1
Flexible subsidy fund.....	66	16	41	10	-25	-6
Community partnership against crime (COMPAC) (new program).....	90	6	---	---	-90	-6
Drug Elimination Grants.....	---	---	265	175 ¹	265	175
Severely distressed public housing.....	175	---	470	---	295	---
Community development grants.....	90	4	266	11	176	7
Supportive housing program.....	166	---	180	---	14	---
Home Block Grant.....	511	10	186	4	-325	-7
Youthbuild program.....	29	---	---	---	-29	---
Treasury:						
Community development banks (new program).....	60	45	---	---	-60	-45
Veterans Affairs:						
Medical care.....	584	534	564	516	-20	-18
Construction, minor projects (energy efficiency).....	5	2	5	2	---	---
Environmental Protection Agency:						
Water infrastructure financing account:						
Clean water state revolving funds.....	1,198	54	1,240	56	42	2
Watershed resources restoration.....	30	15	30	15	---	---
Other.....	100	5	---	---	-100	-5
Research and development account.....	31	11	27	9	-4	-2
Abatement, control, and compliance account:						
"Green Programs".....	15	4	10	3	-5	-1
Other.....	12	4	12	4	---	---
Drinking water capitalization grants account.....	599	24	599	24	---	---
National Aeronautics and Space Administration:						
Research and development (civil aviation, short-haul aircraft research).....	62	39	52	33	-10	-6
High performance computing.....	12	7	12	7	---	---
National Science Foundation:						
FCCSET.....	256	100	230	90 ²	-26	-10 ²
High performance computing.....	36	17	32	15 ²	-4	-2 ²
Other.....	135	58	122	52 ²	-13	-6 ²
National Service Initiative (new program).....	394	103	370	96	-24	-7
Total Domestic Discretionary.....	5,303	1,082	5,455	1,139	152	56

¹ Funds for Community Partnership Against Crime (COMPAC) appropriated to Drug Elimination Grants, as COMPAC is not yet authorized.

² These are not line items and were not specifically addressed in report language. Calculations are based on proportion of account funded.

* \$500 thousand or less.

free
Fed'l Budget
Deficit
reduction

Hobart Rowen

Budget Bind

Would you believe that the government spent a larger part of its resources on domestic programs such as transportation, job training and energy conservation under Republican George Bush than it will under Democrat Bill Clinton?

Better believe it, because it's true. The facts about discretionary spending were brought to light by the House Democratic Study Group in a report published Nov. 3. It was titled "All Too Real," with this subhead: "Large and Painful Spending Cuts Are the Undiscovered Story in the Recently Enacted Deficit Reduction Plan."

Under Bush, "discretionary" domestic spending, so named to distinguish it from mandatory or "entitlement" programs like Medicare, grew from 3.3 percent of gross domestic product to 3.8 percent from 1990 to 1993, reversing a long-term decline under Reagan.

But under the \$500 billion deficit reduction program signed by Clinton earlier this year, such discretionary spending will decline from 3.8 percent in 1993 to 3.5 percent by 1998.

It's hard to find a domestic program—apart from the entitlements—that isn't already underfunded. The federal government now pays a smaller portion of education costs than it did in the 1960s and 1970s, a key factor contributing to the discouraging rise in racial segregation in the nation's schools reported on Dec. 13 by the National School Boards Association.

In contrast to the usual budget-reduction exercise that merely slows growth in domestic programs, Congress also exacted from Clinton a commitment for real cuts. Over the five-year period ending in fiscal 1998, spending on discretionary programs will drop by \$68 billion in real dollar terms, according to the study group.

At 3.5 percent of GDP, the nation in 1998 would be spending less on discretionary programs than it did in fiscal 1964, before Lyndon Johnson's Great Society programs of fiscal 1965. As the report on school segregation said, we seem to be going backward.

The president acknowledged the budget bind at a press conference at Blair House last week. "If we want to spend new money on things like retraining the work force, we're going to have to cut things elsewhere," he said.

The situation is so desperate that Labor Secretary Robert Reich is toying with a probable non-starter, a payroll tax increase to pay for \$3 billion in new programs he seeks to ease the

plight of "dislocated workers"—those unlikely ever to get their old jobs back.

Except for the explosion in health care costs—Medicare and Medicaid are projected to go up \$103 billion over five years—the new budget is tighter than most of official Washington, including the Congress that passed it, understood. And the crunch hits all of the nation's most sensitive current needs—law enforcement agencies, the Immigration and Naturalization Service, the Veterans Administration and the National Institutes of Health.

Other deficiencies the study group noted include bridge repairs, airport improvement, air traffic control modernization and highways. The widely admired Head Start program for disadvantaged kids is getting \$3.3 billion this fiscal year, compared with the \$4.2 billion Clinton requested.

This is hardly the scenario touted by Clinton during the campaign, when he spoke passionately of the need for government "investment" in crime control, boosting environmental cleanup, energy efficiency, job training and scientific research as a way to cut unemployment and boost American productivity. But feeling the heat from Ross Perot, Clinton also promised to slash the budget deficit, and so far, budget-cutting has won out.

Clinton is clearly ambivalent on the conflict between deficit reduction and the cost of people programs. In his talk with reporters, he said: "You don't want to make so much a fetish of the deficit reduction that you promote a recession." He also suggested that "if there is a great clear public consensus that we have to do something, we will find the money to do it." That may be true on crime, because the public is fed up with gun violence.

But on the larger question, Clinton is whistling in the dark. Congress is willing to allow the budget to shrink for everything, in real dollar terms, except for Medicare and Medicaid.

The most valuable contribution of the "All Too Real" report is that it shows how limited are Bill Clinton's options. He is locked into a pattern of rigid budget cuts that would require a congressional upheaval to change. Many Democrats, having lost out in the Penny-Kasich effort to cut spending, will be trying again in the next Congress.

"The unpleasant truth," said the report, "is that government is simultaneously becoming more expensive while providing fewer benefits and services. The root cause of this problem is remarkably simple: the explosion in health care costs."

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