

CONTINUING APPROPRIATIONS, 1968

OCTOBER 16, 1967.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.J. Res. 888]

The Committee on Appropriations, to which was referred the House Joint Resolution 888, making further continuing appropriations for the fiscal year 1968, and for other purposes, reports the same to the House without amendment and with the recommendation that the joint resolution be passed.

SECTION 1—CONTINUING APPROPRIATIONS

This is the fourth continuing resolution of the session. Section 1 extends the current resolution expiration date of October 23 by 30 days, to November 23 (Thanksgiving Day). Otherwise in this respect, it is identical in emphasis and scope to the current resolution (Public Law 90-38, as amended by Public Laws 90-75 and 90-102, the general terms and conditions of which are explained in House Reports 374, 596, 708, and 724).

While the outside date in this fourth resolution is November 23, it is just that—an outside date. Like continuing resolutions of the past, the terms of Section 1 cease to apply to an agency or activity concurrent with approval by the President of the applicable appropriation bill in which provision for such agency or activity is made. Thus, the scope of this section constricts as each regular bill is enacted; and it becomes wholly inoperative after the last approval.

Five of the 15 appropriation bills for the current fiscal year 1968 have been enacted and cleared to the President. They are: Interior, Treasury-Post Office, Defense, Legislative, and the Agriculture bill not yet signed by the President.

The conference report on the Transportation bill is filed and now pending on the House Calendar.

Five additional bills have passed both Houses and are pending in conference. They are Labor-H.E.W., Independent Offices-H.U.D., the space program (NASA), Public Works, and State-Justice-Commerce-Judiciary. Conferences have been held on several, and more are planned this week.

The District of Columbia bill is in committee of the other body.

Three bills are pending in the Committee on Appropriations where they have been awaiting legislative authorizations; two of them still depend on authorization bills. They are: Military construction, which is to be reported shortly; Foreign assistance; and the closing supplemental in which will be considered, as a principal example, the anti-poverty program. These three bills currently involve about \$9 billion of appropriation requests.

DELAYS IN APPROPRIATION BILLS

The Committee's original reporting plan, released on April 10, was to bring all of the regular annual bills for fiscal 1968 to the House during the period March 20-June 30. The last one, for the new Department of Transportation, was scheduled to be reported on June 30.

The first 9 bills for 1968 were reported on schedule, but all the others were, or still are, either wholly or in significant part delayed for lack of more timely enactment of a number of related annual authorization bills.

As Members know, the Committee on Appropriations cannot, within the rules, report appropriations for any purpose not previously authorized by separate law.

Following is a tabulation comparing the original committee reporting schedule with the status of the annual bills for 1968, three of which remain to be reported:

THE ANNUAL APPROPRIATION BILLS AS OF OCT. 16, 1967

Bill	Commit- tee re- porting schedule, Apr. 10, 1967	Reported to House	Passed House	Passed Senate	Final congres- sional action	Notes
Treasury-Post Office	Mar. 20	Mar. 20	Mar. 22	May 23	June 29	
District of Columbia	Apr. 14	Apr. 13	Apr. 18			
Interior	Apr. 21	Apr. 21	Apr. 27	May 18	June 12	Bill omitted provision for saline water program for lack of authorization bill (budget \$13,482,000).
Independent Offices—HUD	May 12	May 12	May 17	Sept. 21		Bill omitted NASA, budget \$5,100,000,000, plus a couple of small items due to authorization bill delay.
Labor-HEW	May 22	May 22	May 25	Aug. 2		Bill omitted anti-poverty program, budget \$2,060,000,000, and ten or a dozen other programs, budgets totaling some \$261,840,100, due to lack of authorization bills.
State, Justice, Commerce, and Judiciary	May 26	May 25	May 31	Oct. 11		Bill omitted Appalachia item, budget \$33,000,000 due to lack of authorization bill.
Legislative	May 26	May 25	June 1	July 10	July 24	
Agriculture	June 2	June 2	June 6	July 13	Oct. 10	Bill omitted an Appalachia item, budget \$3,000,000, due to lack of authorization bill.
Defense	June 9	June 9	June 13	Aug. 22	Sept. 13	Delay, awaiting AEC authorization bill, budget \$2,646,100,000, plus 4 small items, budgets \$15,385,000 not yet authorized.
Public Works	June 16	July 20	July 25	Oct. 10		Authorization bill for Coast Guard (budget \$107,014,000) was delayed slightly.
Transportation	June 30	July 13	July 18	Oct. 5	(1)	Not originally scheduled as a separate bill. Annual authorization bill cleared Congress Aug. 8.
NASA		Aug. 18	Aug. 22	Oct. 6		Awaiting authorization bill, budget \$2,937,000,000.
Military Construction	June 16					Awaiting authorization bill, budget \$3,818,736,000.
Foreign Assistance	June 23					Awaiting various authorizations and any last-minute supplements otherwise.
Supplemental	(2)					

¹ Conference report filed.² Supplemental bill for 1968, for which no reporting date was set, is not listed, but it is scheduled to carry, in addition to any necessary last minute supplements, such major items as the antipoverty program.

SUMMARY OF THE APPROPRIATION BILLS

The House has considered, at this session, 14 general appropriation bills—2 supplemental bills for the fiscal year 1967 and 12 regular bills relating to fiscal 1968. It has reduced the budget requests for appropriations by \$3,989,000,000, of which \$3,816,000,000 relates to fiscal 1968 bills.

Some \$9,040,000,000 of specific budget requests are *presently* involved in the 3 bills still pending in the Committee on Appropriations of the House.

The committee will continue its efforts to recommend further reductions in the three remaining bills. Opportunities exist for further significant reductions that will very probably bring the total reductions in the House, in the 15 bills for fiscal 1968, to something approaching \$6,000,000,000, not all which of, however, will hold through the conference stages.

Expenditure impact.—Of course, not all of *such a \$6,000,000,000* of House reduction against fiscal 1968 budget *appropriation* requests would translate into an *equal* reduction from the budget estimate of *expenditures* (disbursements) *during* the same fiscal year 1968, for the simple reason that, like the normal pattern of events, it was not expected, and thus not estimated that anywhere near the full amounts requested for appropriation for fiscal 1968 would actually also be paid out within the same (fiscal 1968) year. Carryover unexpended balances for expenditure in subsequent years are a normal thing. But, generally speaking, a reduction in appropriation is nonetheless a reduction in proposed spending—in either the same year, the year following, or beyond.

A summary of the bill totals follows:

COMPARATIVE SUMMARY OF APPROPRIATION BILL TOTALS, 90TH CONG., 1ST SESS., AS OF OCTOBER 16, 1967

[Does not include any "back-door" type appropriations, or permanent appropriations¹ under previous legislation. Does include indefinite appropriations carried in annual appropriation bills]

All figures are rounded amounts			
	Bills for fiscal 1967	Bills for fiscal 1968	Bills for the session
A. House actions:			
1. Budget requests for "appropriations" considered.....	\$14,411,000,000	^{2,3} \$124,163,000,000	\$138,574,000,000
2. Amounts in 14 bills passed by House.....	14,238,000,000	^{2,3} 120,347,000,000	134,585,000,000
3. Change from corresponding budget requests.....	-173,000,000	-3,816,000,000	-3,989,000,000
B. Senate actions:			
1. Budget requests for "appropriations" considered.....	14,533,000,000	^{2,3} 124,234,000,000	138,767,000,000
2. Amounts in 13 bills passed by Senate.....	14,457,000,000	^{2,3} 123,374,000,000	137,831,000,000
3. Change from corresponding budget requests.....	-76,000,000	-860,000,000	-936,000,000
4. Compared with House amounts in these 13 bills.....	+219,000,000	+3,134,000,000	+3,353,000,000
C. Final actions:			
1. Budget requests for "appropriations" considered.....	14,533,000,000	³ 85,955,000,000	100,488,000,000
2. Amounts approved in 7 bills enacted.....	14,394,000,000	³ 84,094,000,000	98,488,000,000
3. Comparison— With corresponding budget requests.....	-139,000,000	-1,861,000,000	-2,000,000,000

¹ Permanent appropriations were tentatively estimated in January budget at about \$15,212,066,000 for fiscal year 1968.

² Includes advance funding for fiscal 1969 for urban renewal and mass transit grants (budget, \$980,000,000; House bill, \$925,000,000; Senate bill, \$955,000,000) and for grants-in-aid for airports (budget, \$75,000,000; House bill, \$65,000,000; Senate bill, \$75,000,000).

³ And participation sales authorizations as follows: Total authorizations requested in budget, \$4,300,000,000; total in House bills, \$1,946,000,000; total in Senate bills, \$4,085,000,000; total enacted, \$750,000,000.

SECTIONS 2 THROUGH 5 OF THE RESOLUTION

Sections 2 through 5 of the accompanying resolution present for the consideration of the House a number of selected economy proposals: a *temporary* general stop-order on new projects and activities and on deferrable procurement items; reductions in civilian personnel; absorption of increased civilian pay costs that would arise from the pay bill voted by the House last week; and reductions in research and development activities. These are submitted at this time especially in response to the desire manifested by a majority of the House when an earlier continuing resolution was debated and recommitted (without specific instructions) to the Committee on Appropriations on September 27, and the further debate had on October 3 when the substitute for the recommitted resolution was debated and adopted.

The committee report (No. 724, of September 28) on the substitute resolution stated:

* * * The committee will carefully review the appropriation actions of the session and determine whether or not it may, prior to adjournment, recommend rescissions of appropriations previously made, giving consideration to the latest revenue outlook and other economic factors at that time.

In the subsequent House floor debate of October 3, various possible approaches, in response to the expressed desire for budgetary reductions beyond the multi-billion dollar reductions made and in prospect in the 15 appropriation bills, were discussed. The possibility of the rescission of funds previously appropriated was discussed. Postponements, deferrals, and stretchouts were mentioned. Expenditure ceilings were debated. It was stated also that consideration would be given to a more generalized approach as against line item rescissions, deferrals, or stretchouts.

Some committee meetings have been held in respect to those appropriations which have been enacted into law with the object of exploring specific rescissions and absorption possibilities. But with only 5 of the 15 appropriation bills cleared to the President it is not feasible to deal with the matter of rescissions on a line item basis even if it were otherwise determined upon. The amounts to be appropriated in the other 10 bills are not yet known; many of the items are still subject to conference adjustment, and some of course are not yet out of committee. A piecemeal or partial approach on a line item basis does not seem either logical or practical.

In the circumstances, then, what the Committee has done is submit some economy proposals on a general across-the-boards basis, but limited and pinpointed as to the objects involved except that in respect to Section 4 dealing with absorption of the civilian pay raise, wide latitude would be allowed to the Executive branch to make room for the absorption. This would comport with the practice of the past in connection with supplemental requests in the latter part of a fiscal year in which a general pay raise has been enacted in the sense that heavy emphasis is always put on absorptions, and provisions permitting transfers between appropriations to enable substantial absorptions within existing funds are commonplace in supplemental pay raise appropriation bills.

APPROXIMATE SAVINGS

There will be, of course, great interest in a dollar total of savings to be made under the terms of this resolution. Only a very rough approximation can be made, primarily because so many of the regular annual appropriation bills are still awaiting final congressional action. Other contingencies and uncertainties are involved in any effort to arrive at precise numbers.

Briefly, the effect of section 2 is completely beyond reasonable estimation; section 3 should result in savings of roughly \$560 million under the assumptions and caveats noted below; on the basis of H.R. 7977, as passed the House, section 4 would save \$625 million; again with the assumptions and caveats noted below, section 5 would probably result in savings of \$325 million. Thus, a very rough total, recognizing the uncertainties, would be on the order of \$1,510 million after consideration of all other House action on appropriation bills to date, or \$2,850 million disregarding reductions made to date.

The object and general dimensions and import of Sections 2, 3, 4, and 5 are explained somewhat more fully in the paragraphs that follow.

SECTION 2—TEMPORARY SUSPENSIONS

Section 2 is in the nature of a temporary restraining order—during the 30-day period of the resolution—against making obligations for any *new* construction, research, demonstration, training, service or similar project or activity—with certain generally delineated areas of exception; against making any obligation for procurements that can be temporarily postponed without impairing the national defense or welfare; and against hiring any new civilian personnel—again, with certain stated areas of exception. The major thrust of Section 2 is a general foregoing—a general “stop-order”—on making contracts of various sorts until the appropriation bills and other fiscal actions, and the amounts thereof, are legislatively finalized and become applicable to the functions of Government.

To some extent, the provision dealing with *new* projects or activities is duplicative of a prohibition customarily carried in continuing resolutions—and carried in the one now in effect—that forbids initiation of new projects or activities until they are provided in a regular bill in due course. But Section 2 is more stringent with regard to the 10 bills still in Congress and it also has application to the 5 bills already enacted.

SECTION 3—CIVILIAN EMPLOYMENT

Estimated Federal executive branch civilian employment, projected as of the end of fiscal year 1968, is 2,881,500 as shown in the 1968 budget. Of this total, 2,615,000 are permanent full-time employees and 266,500 are other than permanent full-time employees. The total estimated pay and benefits for these Federal civilian employees, as reflected in the 1968 budget, is some \$23,350,000,000.

There is a widespread and long-held belief among many Members and others that some further reduction in civilian personnel positions would be a good thing—and of course effect some economies. An across-the-board reduction of 5 percent, required by section 3 of the accompanying resolution, applied to the total estimated cost of

personnel compensation and benefits would presumably save approximately \$1,170,000,000. Actual savings, however, will be some lesser amount because of the exemptions from this reduction of employment relating directly to the military effort in Southeast Asia and of employment required for the protection of life and property, the impact of which cannot be readily determined. The best rough estimate which can be provided under the circumstances is that the saving could approximate \$900,000,000 or perhaps slightly less. The reductions in numbers of employees, or more precisely, in number of positions, would probably be in the neighborhood of 110,000. Amounts withheld from obligation under this section are rescinded.

It must be noted that the reductions which the House has made in the 12 appropriation bills for fiscal 1968, passed thus far, directly related to civilian employment, amount to about \$340,000,000 involving some 42,000 positions—very roughly calculated. In instances where reductions made in the regular bills have already, or will result in a cut of 5 percent in budgeted civilian personnel compensation and benefits, the general reduction levied by Section 3 of this resolution would not require a further reduction. *

It should be possible to achieve a great deal of the reduction by failing to fill vacancies which occur in great numbers. The chairman of the Civil Service Commission told the Committee earlier this year that the turnover rate has increased sharply in the last couple of years. He said that the "new hires" rate for fiscal 1968 was figured at 21 percent, involving some 788,000 employees.

In distributing personnel reductions required by this section, it is the intent of the Committee to require first reductions in departmental administration. The fountain-heads of the ever-increasing bureaucracy should sustain the first blow. In this context, departmental administration means those elements of cabinet offices (or offices of agency heads) and other subordinate offices which have responsibility for policy, planning, and general management of departmental (or agency) functions, i.e., that force which is engaged in general supervisory and administrative direction and control of the various field forces. In turn, field forces are those engaged either directly or indirectly in locally executing law or other delegated or assigned functions. This definition is somewhat more broad than the former "seat of the government", or current reporting on the basis of location within the Washington, D.C., metropolitan area. Significant headquarters organizations exist far from Washington, D.C., particularly, of course, Defense activities.

In making reductions in civilian employment, the section specifically provides that contract employment shall not be resorted to in substitution. Further, it is the intent of the Committee that military personnel are not to be assigned in substitution in the case of the Departments of Defense and Transportation.

SECTION 4—COST OF INCREASED PAY

Section 4 of the accompanying resolution simply provides for the absorption, by the Executive branch, of the added cost of such civilian pay increase as may be enacted. The bill pending before Congress (H.R. 7977), as voted by the House last week, is estimated to cost \$625,000,000 in the fiscal year 1968. That bill carried an amend-

ment requiring absorption of the cost of the pay bill in fiscal 1968 to the extent that it exceeded the President's cost estimate—an excess of some \$78 million. Section 4 of the accompanying resolution merely extends the absorption feature to the whole cost. Thus it is the intent of this section that the absorption be within aggregate amounts of appropriations and spending authority otherwise available during fiscal year 1968.

SECTION 5—RESEARCH AND DEVELOPMENT

In recent years the Federal Government has poured billions of dollars into public and private institutions and organizations, including colleges and universities, to finance research of one kind or another. In 1940, the Government spent only \$74 million for research and development. During World War II the research, development, and production cost of the atomic bomb was about two billion dollars over a period of about three years. We are now spending more than eight times that much in a given year. Since World War II, federal appropriations for research and development have gone up from about \$800 million annually to about \$17.5 billion.

The purpose of Section 5 of the resolution, the research and development provision, is to save some money and manpower at a time of fiscal crisis, force a reevaluation of research projects, the resetting of priorities, the deferral of projects not essential at this time, and the elimination of marginal projects. It provides a limitation on research and development activities of ninety percent of the budget estimates (as shown in Special Analysis I). Funds withheld from obligation under this section are rescinded.

The limitation is applied to budget estimates so as not to further reduce funds where appropriations have already been or will be reduced by ten percent or more. Reductions in specific programs and projects, made in the regular annual bills, are not to be restored in whole or in part in the reevaluation and resetting of priorities stemming from application of this section.

The impact of Section 5 on the Department of Defense is calculated to effect a total reduction of roughly \$340 million, including the \$164 million reduction already made by the Congress. The intention of the clause, excluding items "directly relating to the current military effort in Southeast Asia or directly relating to the development, test, and evaluation of specific weapons systems" is to exclude funds under "Operational Systems Development", "Engineering Development" and "Advanced Development". The phrase "Funds available to" means "Total obligational authority".

Specific savings to result from the application of this provision are dependent upon a number of factors including Congressional action yet to be completed on several appropriation bills. It can be assumed, with reasonable assurance, that as a result of the operation of this section additional obligational authority will be withheld to the extent of about \$325,000,000. House or Congressional action to date on the appropriation bills reflect reductions of just over \$1,000,000,000 in obligational authority in R. and D. areas. Thus, if House actions can be sustained, and this section is applied, total reductions in research and development will approximate \$1,325,000,000.

SECTION 6—OFFICE OF ECONOMIC OPPORTUNITY

Section 6 provides that obligations incurred by the Office of Economic Opportunity under the authority of the continuing resolution may not exceed the rate that would be provided by an appropriation of \$1,400 million for fiscal year 1968. Without this special limitation the rate could be as high as that provided for by an appropriation of \$1,687,500,000, the sum appropriated for fiscal year 1967. The limitation related to \$1,400 million will provide for a continuation of the program at a funding rate approximately the same as that which has actually prevailed for the first 3 months of this fiscal year.

SEPARATE VIEWS OF CHARLES S. JOELSON

I am of the opinion that this resolution, although commendable in its goal of achieving economies, has been insufficiently considered. It completely evades and ignores the urgent need to establish a system of priorities, and instead wields a meat-ax indiscriminately.

It could impede essential civilian activities in South Vietnam and also damage the effectiveness of vitally important programs at home. We simply have not considered in depth or detail the consequences of our action.

The preferable approach would be for each subcommittee of the Appropriations Committee to meet in emergency sessions, and to recommend reductions or recissions of those individual appropriations which can reasonably be sacrificed.

Despite the attractiveness of this type of fiscal "gimmickry" from a political point of view, a sense of responsibility impels me to oppose the resolution.

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