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CONTINUING APPROPRIATIONS, 1983

SEPTEMBER 16, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

[To accompany H.J. Res. 599]

The accompanying resolution provides interim financing at restrictive rates for the new fiscal year beginning October 1. It follows the same general format as previous years and covers virtually the entire government. The resolution becomes effective at midnight September 30 and with one major exception expires February 28, 1983. The provisions applicable to the individual appropriations bills automatically cease as those bills become law. Timely enactment of this joint resolution is absolutely necessary to provide for the orderly continuation of governmental activities.

The budget and appropriations process of the session has experienced repeated delays and uncertainties beyond the control of any particular committee of the Congress. While hearings on 11 of the 13 appropriations bills were completed in April and May, it was not possible to proceed immediately with their markup, reporting, and consideration by the House.

The budget submitted by the Administration in February for the second year in a row called for further sharp shifts in the direction of the federal government. After determined efforts to achieve a consensus on the budget resolution collapsed, the first budget resolution was reported May 17, over a month late and even after the deadline for final adoption of the conference report as specifically set out in the Budget Act.

The first attempt to pass a budget resolution failed. On the second attempt a substitute was agreed to and the final House-Senate conference version was adopted on June 22, two days before adjournment for the Congressional Fourth-of-July recess. The Committee on Appropriations had been unable to proceed with the fiscal year 1983 bills because of the great uncertainty as to the amounts that would be allocated to the Committee from the budget resolution for further division by the Committee to its 13 Subcommittees. This problem was magnified

by the appearance, disappearance, and reappearance of an ill-advised provision which, contrary to the letter and intent of the Budget Act, automatically converts the targets in the first budget resolution to second budget resolution ceilings without further Congressional action.

Immediately after the Congress reconvened on July 12, the Committee, concurrently with efforts to finalize the pending urgent supplementals for fiscal year 1982, began the difficult task of distributing the amounts received from the 1983 budget resolution. The allocation report required by the Budget Act was adopted July 22, thus opening the door for the Subcommittees to prepare for markup of the 1983 bills. By that time, only 20 legislative days remained before the scheduled August-Labor Day recess.

STATUS OF APPROPRIATIONS BILLS

Of the 13 regular annual appropriations bills, six have been reported by the Committee. Four were reported before the August recess and two have been reported since the Congress reconvened last week. Four others have been marked up and are ready to report, bringing the total to ten.

Despite the continued efforts of the Appropriations Committees of the House and the Senate, it is possible that not a single appropriations bill will be law by the beginning of the new fiscal year. What has happened since 1976 and 1978 when, under the same Budget Act it was not necessary to cover a single appropriations bill in the October continuing resolution, is certainly worthy of close Congressional scrutiny. The Committee is aware that others share its concern with the existing and apparently growing problems and is encouraged that the matter is being studied vigorously by a special task force of the Committee on Rules which has legislative jurisdiction over the Budget Act. Solutions must be found to enable the Congress to execute its responsibilities in a timely manner. Too much time and attention has been devoted to procedural matters—and the result is a Congress which has unnecessarily impaired its ability to do its work.

LEVELS OF FUNDING UNDER THE RESOLUTION

As indicated, the continuing resolution provides temporary financing for federal programs at restrictive rates until February 28, 1983. The resolution follows the same pattern as previous years and generally is based on the status of appropriations bills as of the last day of the current fiscal year. The rates which obtain under the continuing resolution automatically disengage when the regular appropriations bill become law.

Section 101(a) provides continuing authority for seven appropriations bills. Included in this section are: Agriculture; Commerce, Justice, State, and the Judiciary; District of Columbia; Energy and Water Development; Housing and Urban Development; Transportation; and Treasury, Postal Service, and General Government.

Under this section, when a bill has only been acted upon on the House side as of October 1, 1982, the rate of operation is the rate in the House bill or the current rate, whichever is lower. When there is a House bill and a Senate bill, the rate of operations is the lower of the provision made in the House bill or the Senate bill. If a program is provided for by a bill in only one body, the program is continued at the

lower of the current rates or the rate provided by the bill of the one body.

Section 101(b) provides continuing authority for programs under two appropriations bills: Interior; and Labor, Health and Human Services and Education. Language in the section refers to "a rate to maintain current operating levels". This terminology should not be interpreted to require reductions in ongoing program activity or staffing levels that the Congress has approved for the preceding fiscal year.

The Committee notes that where a program or activity was authorized to expand during the preceding fiscal year, it is likely that the cost of operating for a full year at the rate achieved at the end of the preceding fiscal year would exceed the total cost for the program in the preceding fiscal year. The "current operating level" of such a program or activity should be construed to maintain individual program and activity levels unless the Congress has expressed a specific contrary intent. Similarly, "current operating level" must be interpreted to accommodate increases in the cost of an activity resulting from changes required by statute.

DEFENSE

In view of the anticipated increase in Defense appropriations in the forthcoming fiscal year, section 101(c) provides that defense programs operate at the current rate of operations until such time as the regular appropriations bill is reported. The rates would then be adjusted to reflect the House reported bill and subsequent House action. In taking this action, the Committee notes that the Department of Defense estimates that as of September 30, 1982, it will have unobligated balances of \$33.8 billion and unexpended balances of \$142.0 billion available.

The Committee has included a provision that prohibits the Department of Defense from funding new projects or activities which were not funded in fiscal year 1982. This provision would become inoperative when the regular Defense Appropriations Bill for fiscal year 1983 is reported in or subsequently passed by the House of Representatives. Under this provision, it is the Committee's intent that no funds should be made available for new projects, new activities, new budget activities, new program elements, new subprojects within the program elements, new production of items not funded for production in fiscal year 1982, or for the increase in production rates above those sustained with fiscal year 1982 funds. Congress should not be put in a position of being forced to fund programs on which it has not yet had an opportunity to express its will and therefore impinge on its flexibility in arriving at these final funding decisions.

Regular military compensation is comprised of basic pay, basic allowance for subsistence, and basic allowance for quarters. Each of the components of regular military compensation is affected by cost-of-living pay raise adjustments. Accordingly, this year the determination to limit the pay raise to become effective October 1, 1982 to four percent means that each of the components would be reduced by four percent from the budgeted eight percent pay raise. For those service members receiving basic allowance for quarters, however, the variable housing allowance entitlement program automatically makes up that four per-

cent reduction for the basic allowance for quarters component of regular military compensation. The effect of this situation is to unfairly spread the burden of the pay cap policy since only about one-third of the military population now receives variable housing allowance payments. Further, the variable housing allowance offsetting payments would amount to about \$137,000,000 and would therefore reduce anticipated savings from the pay cap policy by that amount. The limitation in this joint resolution merely assures that those variable housing allowance payments that would otherwise offset the basic allowance for quarters reduction due to the pay cap are not made.

The Committee report accompanying the Defense Appropriations Act for 1982 directed the Department of Defense to let each reserve component be free to determine the appropriate mix of full time military and military technicians. It has come to the Committee's attention that this language has been interpreted to mean that cost should not be a principal factor in the determination of the appropriate mix. The Committee wishes to reaffirm that cost is clearly intended to remain a principal factor in this determination. In no way is the Committee's 1982 report language intended to circumvent Public Law 93-365 (DOD Appropriation Authorization Act of 1975), which directed DOD to "use the least costly form of manpower that is consistent with military requirements and other needs of the Department of Defense". This is particularly the case since (1) the quality of cost comparisons previously presented to the Committee has been called into question; and (2) Congress has approved significant pay increases for the military since the last comprehensive comparative cost assessment of conversions. Furthermore, the Committee understands that a significant portion of the conversions planned for fiscal year 1983 are principally responsive to the requirement to reduce the number of civilian personnel to achieve personnel ceiling objectives, rather than consideration of relative cost and relative effect on readiness. Finally, the Committee understands that in some components the active Guard Reserve personnel involved in these conversions are not deployable assets, which is also in contradiction to Committee directives in its report.

The language in the joint resolution is intended to put a stop to conversion of military technicians. This language is intended to cover the 43 military technician Senior Staff Administrative Assistant positions in the Army Reserve now scheduled to be eliminated on October 1, 1982.

It is noted that the Defense paragraph provides that funds made available may not be expended initially at a rate in excess of that incurred during the prior fiscal year. With respect to the military personnel appropriations of the Department of Defense the Committee intends that this limitation also apply individually to the rates for all pay, allowances (including travel allowances), bonuses, or comparable monetary payments (other than basic pay, and allowances for subsistence and quarters) in effect for such payments on September 30, 1982 unless an increase in such rates is required by law, the only exception being overseas cost-of-living allowance payments at the rates that would normally take effect on October 1, 1982. As part of the normal fiscal year 1983 appropriations process, the Committee would consider retroactive payment of the remaining allowances and bonuses to the extent that the Department of Defense can demonstrate that substantial inequities have arisen.

The Committee wishes to make it clear to the Department of Defense that it should structure its fiscal year 1983 funding allocations to provide for at least a 25 percent absorption rate for the pay raise to become effective on October 1, 1982. Management and administrative practices and policies should be implemented from the beginning of the fiscal year to ensure achievement of absorption levels of at least 25 percent.

FOREIGN AID

Section 101(d) provides continuing authority for programs contained in the 1982 Foreign Assistance Appropriations Act (P. L. 97-121) at the rate under that Act or the rate of the budget estimate, whichever is lower with one exception. That exception is language which provides funds for Israel at the regular fiscal year 1982 rate and under the same terms and conditions which were applicable in fiscal year 1982. Supplemental and additional appropriations such as those contained in the Supplemental Appropriation Act, 1982 are not included in the 1982 base. The Committee is concerned that the Agency for International Development may be funding projects or programs for which comparable American private enterprise funding is available. It directs that this practice cease.

LEGISLATIVE BRANCH

As was done last year, the resolution (in section 101(e)) provides continuing authority for the Legislative Branch for the entire 1983 fiscal year as provided for in the House reported bill (H. R. 7073). The language of this section places a cap on existing executive salary levels including the salaries of Members of Congress.

MILITARY CONSTRUCTION

Section 101(f) provides continuing authority for programs under the Military Construction bill at the rate of operations as provided for in that bill as passed the House on August 19, 1982.

AGRICULTURE

This resolution provides sufficient funds for the Secretary of Agriculture to increase exports and prices to the farmer for agricultural products, at such levels as to reflect cost of production plus a reasonable return, as authorized by law.

SMALL BUSINESS ADMINISTRATION

The Committee is concerned that direct and immediate participation loans have not been used in a more innovative fashion. Small business has a proven ability to create jobs which this nation desperately needs. At the same time, these small businesses must have access to loan funds at less than generally available commercial cost of 1½ to 3 percent over the prime rate. Small businesses located in areas of high and persistent unemployment especially require access to lower-cost funds while their communities desperately need their job-creating

abilities. The Committee expects the SBA to utilize direct loan program funds to strengthen small businesses in labor surplus areas as defined in H.R. 6086 as it passed the House of Representatives so that our national economy may benefit from their growth. These funds that are now seriously underutilized could, if put to work, help thousands of small businesses and hundreds of thousands of unemployed workers.

POSTAL SERVICE

The funding provided in this continuing resolution for payment into the Postal Service Fund is for the revenue foregone subsidy for the purpose of holding the line on postal rates for preferred rate mailers at the level in effect on July 28, 1982 (step 13). If the subsidy is reduced, the Postal Service would be required by law to increase rates to make up the difference between rates charged and the amount required to handle such mail. Since the budgets of so many domestic programs such as the American Cancer Society, the American Lung Association, and the March of Dimes are being severely cut and the charitable institutions of this country are being asked to increase their contributions, the Committee feels that the imposition of substantial increases in postal rates for these mailers would not be advisable at this time. The continuing resolution also directs the continuation at the 1982 level of six-day delivery and rural delivery of mail, and directs that the Postal Service continue to provide free mail for overseas voting, and free mail for the blind in fiscal year 1983.

OTHER PROVISIONS OF THE RESOLUTION

Continuing appropriations provided in the accompanying resolution expire automatically with the enactment of the individual appropriations bills or on February 28, 1983, whichever comes first. This provision appears in section 102 of the resolution.

The resolution provides for the continuation of the existing provisions of law regarding the prohibition of federally funded abortions, and the prohibition against preventing the implementation of programs of voluntary prayer and meditation in the public schools. These provisions would remain effective during the period of the continuing resolution.

COMPLIANCE WITH THE RESOLUTION

The Committee continues to feel that it is essential that officials responsible for administering programs during the period covered by the resolution take only the limited action necessary for orderly continuation of projects and activities, preserving to the maximum extent possible the flexibility of Congress in arriving at final decisions. This is necessary in order to preserve congressional prerogatives in the course of the regular authorization and appropriation process. The Committee expects that departments and agencies will carefully avoid the obligation of funds, for specific budget line items or program allocations on which Congressional committees may have expressed strong criticism, at rates which would impinge upon discretionary decisions otherwise available to the Congress.

INFLATIONARY IMPACT STATEMENT

Clause 2(1) (4) of rule XI of the House of Representatives requires that each Committee report on a bill or resolution shall contain a statement as to whether enactment of such bill or resolution may have an inflationary impact on prices and costs in the operation of the national economy.

The accompanying resolution simply extends the availability of funds and authorities for ongoing programs of the Federal Government for which fiscal year 1983 appropriations will not be enacted by October 1. The philosophy of the continuing resolution is to provide funding for the orderly continuation of existing programs for the interim period until regular appropriation bills are enacted. By definition, such programs have previously been authorized and funded by the Congress and signed into law. In view of the fact that this resolution merely represents a temporary extension of existing and previously approved programs, and considering the restrictive levels of funding which obtain under the mechanics of the resolution, it is the judgment of the Committee that its enactment will not have an inflationary impact on prices and costs in the operation of the national economy.

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