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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files

OA/ID Number: 29187
Folder ID Number: 29187-008

Folder Title:
Darman (OMB) [1991]

Stack:	Row:	Section:	Shelf:	Position:
G	15	19	3	2

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	From Robert Grady to John Sununu Re: Potlach Land Exchange in Arkansas and Idaho (2 pp.)	12/9/91	P-5	
02. Letter	From Evan J. Kemp, Jr. to Richard Darman Re: U.S. Equal Employment Opportunity Commission's Funding and Staffing (3 pp.)	11/4/91	P-5	
03. Letter	From Ambassador D. H. Burney to Richard Darman Re: Market-Based Competition Between Canadian and U.S. Natural Gas (2 pp.)	7/11/91	(b)(1)	
04. Memo	From Tom Scully to John Sununu Re: California's Nursing Home Problems (1 pp.)	3/13/91	P-5	

Page 1 of 1

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
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WHORM Cat.:
File Location: Darman (OMB) [1991]

Pinksheet Number: KO0837
OA/ID Number: 29187-008
Date Closed: 12/30/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:



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

November 22, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

BOB GRADY *Bob Grady*

RE:

National Fish and Wildlife Foundation

I have seen part of the memo you received from Bea Pickens concerning funding for the National Fish and Wildlife Foundation for FY93.

You should know that our passback to Interior will include the full \$6 million requested by the Foundation for FY93. We are not requiring the Fish and Wildlife Service to "eat" the difference out of their base.

Withdrawal/Redaction Sheet

(George Bush Library)

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File Location: Darman (OMB) [1991]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29187-008
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



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

December 9, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR GOVERNOR SUNUNU
DIRECTOR DARMAN
SECRETARY SKINNER

FROM: Robert E. Grady 
SUBJECT: Potlatch Land Exchange in Arkansas and Idaho

Summary:

The Department of the Interior (DOI) has been asked to approve an equal-value land exchange in which internationally recognized wetlands in Arkansas owned by the Potlatch Corporation would be exchanged for BLM forest lands in Idaho. The exchange would occur at no cost to the taxpayers. The Department of the Interior has been holding up the exchange because it does not want to offend the BLM Idaho Regional Office and therefore would like to trade the forest lands for a patchwork assortment of privately-held lands around the state of Idaho that may have recreation potential. Former Senator McClure, who represents Potlatch and supports the exchange, has reviewed this issue with the President, who has asked for its status and a recommendation. The President has suggested the possibility of an event next year to announce the exchange.

Background:

The proposed exchange would be between the Potlatch Corporation, DOI's Fish and Wildlife Service (FWS) and Bureau of Land Management (BLM), and USDA's Forest Service (FS).

Implementation of the exchange requires legislation because DOI does not have the authority to enter into land exchanges that cross State boundaries. However, congressional delegations from both States support the exchange, as does the conservation community, the Forest Service, and the Fish and Wildlife Service.

Secretary Lujan opposes the exchange unless there is agreement to purchase additional land in Idaho as compensation for BLM lands "lost" to the Idaho BLM in the exchange. DOI proposes to allocate discretionary Land and Water Conservation Fund (LWCF) monies to purchase the necessary lands over several years. Ironically, DOI did not request any LWCF land acquisition monies in its FY 1993 Budget request to OMB.

Under Interior's scheme, pieces of the Potlatch wetlands property in Arkansas would be traded to the private holders of

the patchwork recreation lands in Idaho. BLM would then approve a series of land exchanges of the forest land in Idaho that Potlatch wants for the various pieces of Idaho recreation land which Potlatch would now own. The pace of the exchange would be dictated by the pace of Congressional appropriations to buy the Arkansas wetlands from the Idaho private parties who now would own them. Interior is willing to propose, however, that the whole transaction occur over a three-year period.

Potlatch would like to simply execute the land exchange now. According to the government land management agencies involved, benefits resulting from the simple exchange of the Arkansas wetlands for the BLM forest land are great.

On the other hand, the value of the Idaho private recreation land now being proposed for government acquisition as part of the Interior scheme is questionable. It would appear that the Interior proposal is simply an attempt by BLM to secure additional private property without going through the normal evaluation process. If the so called "replenishment" lands are of high enough value, they will score high on the merits and be in line for acquisition under the normal LWCF appropriations process. If not, I believe it is not appropriate to attach these lower value lands to an otherwise high-priority exchange. To do would set a very bad policy and budget precedent. It will also completely undermine the merit-based land acquisition system.

Decision:

Should DOI and USDA be directed to:

_____ Finalize the simple exchange with Potlatch of the Arkansas wetlands for the BLM forest lands and submit the necessary authorizing legislation to Congress with the FY 1993 Budget. The "additional" private Idaho recreation lands will be scored and ranked along with all other potential acquisitions.

OR

_____ Proceed with the scheme to conduct the exchange over three years and include the mandatory acquisition by BLM of Idaho recreation lands as part of the transaction.

**THE WHITE HOUSE
WASHINGTON**

DATE: October 7, 1991

TO: DICK DARMAN

FROM: GOVERNOR JOHN H. SUNUNU

Will you please take a look at
these two letters and give me
your thoughts?

Attachment: (1) Memo from Steve Symms
(2) Letter from Frank Murkowski

THE CHIEF of STAFF
has seen

M E M O R A N D U M

DATE: October 4, 1991

TO: John Sununu, Chief of Staff
FROM: Senator Steve Symms
RE: Proposed Regulations for the New Medicare Physician Fee Schedule

- In 1989, Congress adopted legislation to implement a new physician payment system for Medicare beginning January 1, 1992 -- the most sweeping changes in the Medicare program since its inception.
- The key issue in dispute is the Health Care Financing Administration's proposal to apply a "behavioral offset" and thereby reduce physician payments by 6.5 percent (which brings the total reduction in payments caused by implementation of the new fee schedule to 16 percent). This is a clear violation of legislative intent and the agreement reached between Congress, medicine, and the Administration in 1989. The behavioral offset provision had been dropped from the conference report in favor of a different volume mechanism (Medicare Volume Performance Standards).
- HCFA's intransigence is unresponsive to an overwhelming political reaction in support of medicine's position. HCFA has received a record 100,000 + comments on the proposed regulations.
- Over 80 percent of the Members of Congress have written HCFA, HHS, OMB, or the President in support of medicine's position, indicating the proposed rules violate Congressional intent.
- Medicine has traditionally been a large influential base of support for Republicans and I see it turning to the side of the Democrats over this single issue. The Republicans cannot afford to lose any votes in the upcoming elections.
- HCFA and OMB can remedy this situation by simply dropping plans for the 6.5 percent behavioral offset.

Gov
Thanks for looking at HCFA
this - FYI - Gail Wilensky a case
- Jim overstating the case
- Best wishes -
Steve -

CC

United States Senate

WASHINGTON, DC 20510

October 3, 1991

The Honorable George Bush
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The conference report on H.R. 2519, the VA-HUD Appropriations bill, was recently passed by Congress. The bill contains a strong statement from Congress that a new Environmental Protection Agency (EPA) Regional office in Alaska should be established. Congress purposely did not include language mandating the creation of the new Region out of concern over infringing upon Executive authority. **The purpose of this letter is to urge the creation of a new EPA Regional office in Alaska by Executive Order.**

Alaska has more need for specialized environmental management than any other State in the Union. Alaska is one-fifth the size of the continental United States, has 54,563 miles of shoreline, 170 million acres of wetlands (65 million acres more than all the wetlands in the lower 48 combined) and is the only state with both arctic and subarctic environments. Creation of Region 11 will benefit both my state and the Nation by insuring that the special needs of this unique land are understood and properly protected.

The Environmental Protection Agency is currently making decisions vital to my state's continued well-being from the Region 10 headquarters in Seattle; a city 2500 miles away from Anchorage. The flexibility for local diversity provided in our environmental laws and regulations is best in the hands of EPA decision-makers that have an intimate, day-to-day understanding of Alaska. Eleven other federal agencies have already responded to the need for a greater understanding of Alaska's environment by establishing fully staffed regional offices in Alaska, including the National Park Service, the Forest Service, the Fish and Wildlife Service and the Army Corps of Engineers.

I have enclosed for your review an analysis of the cost of establishing an EPA Regional office in Alaska. This analysis, prepared

The Honorable George Bush
Page Two
October 3, 1991

by the Alaska State Department of Environmental Conservation, shows that this office can be phased-in over a period of time not only within existing funds, but at a savings of approximately \$100,000.

Establishment of an EPA Regional office in Alaska is fully supported by the Congressional delegation, the Governor and the people of Alaska. I hope you will also see the merit in this important environmental initiative.

Best personal regards,

Sincerely,



Frank H. Murkowski
United States Senator

cc: ✓ The Honorable John Sununu
The Honorable Richard Darman
The Honorable William Reilly

and concur in the amendment of the Senate with an amendment as follows:

At the end of the matter proposed by said amendment, insert the following:

(d) The provisions of this section shall be effective until (1) enactment into law of legislation concerning the price of drugs and biologicals paid by the Department of Veterans Affairs or (2) June 30, 1992, whichever first occurs.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees have agreed to remove the prices paid for drugs paid by the Department of Veterans Affairs from the best price calculations used to determine Medicaid rebates, with a provision that the effect of the section shall terminate upon enactment into law of legislation dealing with this matter of June 30, 1992, whichever first occurs. The conferees have taken this temporary action so that the Department of Veterans Affairs will not be required to needlessly utilize medical care funds to pay higher costs for pharmaceutical products. It is anticipated that the authorizing committees will bring forth legislation to permanently address this matter.

Amendment Nos. 169, 170, and 171: Deletes language proposed by the Senate rescinding and appropriating fiscal year 1991 funds for the Commission on National and Community Service.

Amendment No. 172: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

SEC. 521. Notwithstanding any provision of this Act, none of the funds appropriated or otherwise made available by this Act or by any other Act may be used to move Federal Housing and Urban Development offices from downtown Jacksonville, Florida (as defined by the Downtown Development Authority of Jacksonville) or to finance the operation of such Federal Housing and Urban Development offices in any area of Florida other than the downtown area of Jacksonville, Florida (as defined by the Downtown Development Authority of Jacksonville).

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 173: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate requiring a General Accounting Office study of the Federal Housing Administration's Mutual Mortgage Insurance Fund.

Amendment No. 174: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 526. ESTABLISHMENT OF REGIONAL OFFICE.—The President may establish within the Environmental Protection Agency an elev-

enth region, which will be comprised solely of the State of Alaska, and a regional office located therein.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 175: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following:

SEC. 527. EXTENSION OF PERIOD APPLICABLE TO SINGLE FAMILY HOUSING.—(a) IN GENERAL.—Section 21A(c)(2)(B) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(c)(2)(B)) is amended by striking "3-month" each place it appears and inserting "3-month and one week".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to eligible single family properties acquired by the Resolution Trust Corporation on or after the date of enactment of this Act.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1992 recommended by the Committee of Conference, with comparisons to the fiscal year 1991 amount, the 1992 budget estimates, and the House and Senate bills for 1992 follow:

New budget (obligational) authority, fiscal year 1991	\$78,940,555,400
Budget estimates of new (obligational) authority, fiscal year 1992.....	82,230,434,000
House bill, fiscal year 1992	80,926,701,000
Senate bill, fiscal year 1992	80,976,874,000
Conference agreement, fiscal year 1992	80,941,044,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1991	+2,000,488,600
Budget estimates of new (obligational) authority, fiscal year 1992	-1,289,390,000
House bill, fiscal year 1992	+14,343,000
Senate bill, fiscal year 1992	-35,830,000

BOB TRAXLER,
LOUIS STOKES,
ALAN MOLLOHAN,
JIM CHAPMAN,
CHET ATKINS,
MARCY KAPTUR,
JAMIE L. WHITTEN,
BILL GREEN,
LAWRENCE COUGHLIN,
BILL LOWERY,
JOSEPH M. McDADE,

Managers on the Part of the House.

BARBARA A. MIKULSKI,
PAT LEAHY,
J. BENNETT JOHNSTON,
FRANK R. LAUTENBERG,

EPA REGION XI



...a commitment to protecting and improving America's most diverse environment, Region XI will be headquartered in and be responsible for environmental protection in the state of Alaska.

WILL A NEW REGION BE MORE EFFICIENT?

Region XI will be more efficient and thus result in a savings to EPA of approximately \$100,000. Decisions will be made by staff located in Alaska, who are familiar with Alaska's unique environment.

- ☐ Reduced number of appeals and adjudications
- ☐ Reduced travel between Seattle and Alaska
- ☐ Better service to the public
- ☐ Cadre of environmental professionals to interact with Alaskan decision-makers
- ☐ Laboratory analysis done in-state, rather than shipped to Seattle
- ☐ Transfer existing Region X funding and personnel working on Alaska's issues to the new Region XI
- ☐ Sharing of administrative and most legal needs between Region X and Region XI

WHY A REGION XI?

- ☐ Alaska is the only state with an arctic and subarctic environment.
- ☐ Alaska is currently a part of Region X headquartered in Seattle, so decisions affecting Alaska are being made thousands of miles away from the point of impact.
- ☐ Region X is the EPA's largest region geographically, but with the fewest employees to cover some of the most sensitive environment in the nation.
- ☐ The state of Alaska has over 586,000 square miles with more than 10,000 miles of coastline, yet only 24 EPA employees are located in Alaska.
- ☐ Most of the federal government's environmental protection for Alaska is done from Seattle, setting the stage for long delays, poor or inappropriate decisions, and limited field knowledge.
- ☐ Alaska has more Wetlands than any other state in the Union.

ISN'T A SINGLE-STATE OFFICE UNUSUAL?

Not for other federal agencies. These agencies all have fully staffed offices located in the state of Alaska specifically devoted to Alaskan issues.

- ☐ U.S. Forest Service
- ☐ Bureau of Land Management
- ☐ Minerals Management Survey
- ☐ Bureau of Mines
- ☐ U.S. Geological Survey
- ☐ U.S. Fish and Wildlife
- ☐ U.S. Coast Guard
- ☐ National Park Service
- ☐ Bureau of Indian Affairs
- ☐ Federal Aviation Administration

WHAT IS THE BENEFIT TO CREATING A REGION XI?

Environmental protection is becoming more and more complex. Based on scientific principals, it becomes more site-specific as well. Presupposed in the environmental legislation passed by Congress is the cooperation between the Environmental Protection Agency and the individual states. In these times of declining revenues, this cooperation is the key to environmental success. Thus, we all benefit by ensuring that the state of Alaska, a mineral rich state, has all the tools it needs to protect its unique environment.

EPA REGION XI

WHAT WILL IT COST?

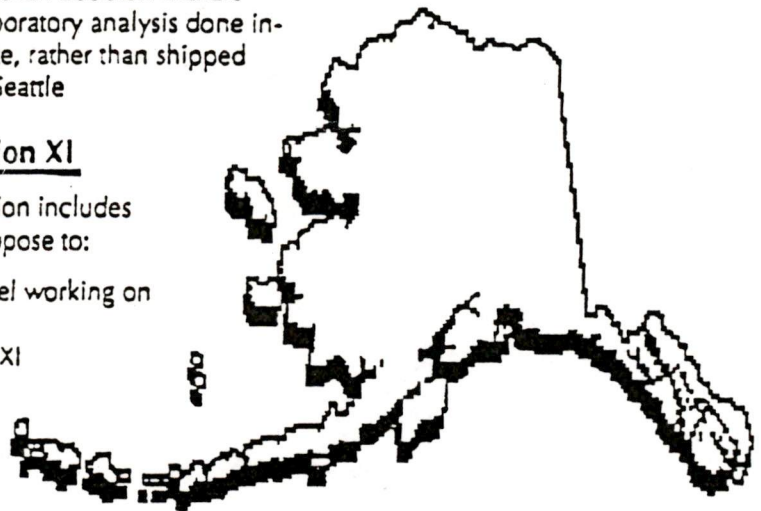
There will be a savings to EPA through the establishment of a Region XI of approximately \$100,000. Because decisions will be made by staff located in Alaska and thus familiar with Alaska's unique environment, there will be:

- ☐ Reduced numbers of appeals and adjudications
- ☐ Reduced travel between Seattle and Alaska
- ☐ Better service to the public
- ☐ Cadre of environmental professionals to interact with Alaskan decision-makers
- ☐ Laboratory analysis done in-state, rather than shipped to Seattle

New resources will not be required to establish Region XI

Region X's current funding level of approximately \$32 million includes support costs now provided for the State of Alaska. We propose to:

- ☐ Transfer existing Region X funding and personnel working on Alaska's issues to the new Region XI
- ☐ Designate some Region X new hires for Region XI
- ☐ Share administrative and most legal needs between Region X and Region XI



BEFORE REGION XI

	AK Operations, In-state	AK Operations, Seattle	Region X*
Personnel	\$1,224,747	1,058,083	\$26,000,000
FTE's	24	22	540.6
Travel	\$152,000	139,333	\$1,600,000
Support	(Included in Region X)		\$4,500,000
		Present Total Cost:	32,100,000

* These figures include the current Alaska Operations budget

AFTER REGION XI

	Region XI	Region X	Amt Transferred**	Total Both Regions
Personnel	\$2,450,000	\$23,550,000	\$1,224,747	\$26,000,000
FTE's	48	492.6	24	540.6
Travel	\$250,000	\$1,350,000	\$98,000	\$1,600,000
Support	\$400,000	\$4,100,000	\$300,000	\$4,400,000
		Projected Total Cost:		32,000,000

** These figures show the amounts over and above the current Alaska Operations budget which would come out of current Region X.

O M B Central Budget Management System

PAGE 1

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
 *** Savings in the 1989 Budget ***
 (outlays in millions)

CATEGORY: 2. With the 1989 Budget

Issue Number	Issue Title	1988	1989	1990	1991	1992	1993
-----	-----	----	----	----	----	----	----
ARMY 11	Institute a biennial budget system for proc of maj	.0	.0	.0	.0	.0	.0
ASSET 04B	Design a Government-wide accounts payable system	.0	.0	.0	.0	.0	.0
ASSET 11	Require fees for loan origination, servicing, and	.0	.0	.0	.0	.0	.0
ASSET 13	Encourage private lenders to expand level of parti	.0	.0	.0	.0	.0	.0
ASSET 34	Develop Gov-wide std financial and accounting mgmt	.0	.0	.0	.0	.0	.0
BANK 10	Privatize Railroad retirement system	.0	.0	.0	.0	.0	.0
BANK 12	Move the Social Security equivalent of railroad re	.0	.0	.0	.0	.0	.0
BANK 13	Increase tax rate and institute exper ratings for	.0	-13.7	50.1	108.0	111.0	111.0
BANK 16	Remove Medicare Adminstration from the RRB	.0	5.0	5.0	5.0	.0	.0
BANK 18	Cover rail workers under social security disabilit	.0	.0	.0	.0	.0	.0
CCE 03B	Have Office of Surface Mining handle Rural Abandon	.0	1.1	1.4	1.7	1.9	1.9
CCE 03D	Reduce excess payments to Samoa and Virgin Islands	.0	8.2	8.5	8.8	9.0	9.2
CCE 03E	Eliminate unneeded mining scholarships	.0	7.6	7.6	7.6	7.6	7.6
CCE 09	End Federal funding for Regional Information Shari	.0	11.7	11.7	11.7	11.7	11.7
CCE 12A	Sell excess silver from the National Strategic Sto	60.0	50.0	28.5	.0	.0	.0
FEMA 04	Improve strategic stockpile management	.0	.0	.0	.0	.0	.0
INS 14	Use loan guarantees instead of direct loans	.0	.0	.0	.0	.0	.0
INT 03	Coordinate Bureau of Land Mgmt and Forest Service	.0	-3.0	2.0	8.0	10.0	14.0
LABOR 07	Establish area wage scales	.0	.0	.0	.0	.0	.0
LABOR 14A	Raise dollar value of Service Contract and Davis B	.0	244.0	317.0	338.0	353.0	355.0
PRIVAT01G	Sell excess helium program assets	.0	53.0	19.0	19.0	19.0	19.0
PRIVAT01M	Sell the Naval Petroleum Reserves	.0	3,225.0	275.0	.0	.0	.0

2. With the 1989 Budget

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
 *** Savings in the 1989 Budget ***
 (outlays in millions)

CATEGORY: 2. With the 1989 Budget

Issue Number	Issue Title	1988	1989	1990	1991	1992	1993
-----	-----	----	----	----	----	----	----
PRIVAT01N	Dispose of surplus real property	125.0	125.0	125.0	150.0	150.0	150.0
PRIVAT02	Sell the Power Marketing Administrations	.0	100.0	1,362.0	-99.0	-125.0	-125.0
PROP 09	Revise "prospectus" requirements in advance of GSA	.0	.0	.0	.0	.0	.0
RAD 04	Improve management of resources in Federal research	.0	.0	.0	.0	.0	.0
RAD 05	Improve administration of research grants to universities	.0	.0	.0	.0	.0	.0
RAD 06	Expand research program reporting	.0	.0	.0	.0	.0	.0
SBA 05A	Cease disaster loans to businesses/individuals with	.0	15.8	31.5	31.5	31.5	31.5
TVA 07	Make the National Fertilizer Development Program self-	.0	12.0	14.0	17.0	19.0	23.0
✓USDA 04	Eliminate housing loans and adopt improved procedures	.0	986.0	1,100.1	1,747.3	1,848.2	1,871.3
USDA 26	Reduce P L 480 freight differential payments	.0	35.0	35.0	35.0	35.0	35.0
USER 01H	Increase SBA credit program fees	.0	17.5	17.5	17.5	17.5	17.5
USER 01I	Increase user fee for Census Bureau	.0	.0	8.0	8.0	8.0	8.0
USER 01N	Impose IRS rulings fees	.0	60.0	60.0	60.0	60.0	60.0
USER 01T	Charge for SBA assistance programs and publication	.0	5.2	5.2	5.2	5.2	5.2
USER 01W	Charge communications spectrum fee	.0	.0	250.0	250.0	250.0	250.0
USER 01Z	User fee for the International Trade Administration	.0	9.0	9.0	9.0	9.0	9.0
USER 02	Update recreation user fee of the ARMY Corps of Engineers	.0	.0	20.0	20.0	20.0	20.0
TOTAL: 2. With the 1989 Budget		185.0	4,954.4	3,763.1	2,759.3	2,851.6	2,884.9

O M B Central Budget Management System

PAGE 1

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Issue Detail ***

CATEGORY: 3. Rejected by the Congress, 1986/7/8 Budgets

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
ASSET 03C	Establish revolving accounts for import duty collections	1	316.0
ASSET 04C	Charge int/penalties to States for excessive/early drawdown of funds	1	870.9
ASSET 19	Establish GSL, PLUS, and SLS loan guarantee fees	1	1,572.2
BANK 06	Shift Ex-Im export credit activities to private sector	4	.0
BANK 19	Charge user fees for FHLBB borrowings	2	.0
BANK 23	Tax credit unions	1	379.0
BANK 32	FDIC, FHLBB, NCUA: charge risk-related premiums	1	.0
BANK 35	Neutralize FNMA, FHLMC agency status	3	.0
BANK 36	Competitive bids for GNMA service contracts	2	7.2
BANK 37	GNMA: annual review of security fees	1	.0
BANK 39	Neutralize FCS agency status	3	.0
BANK 40	Charge user fees: SLMA	3	724.2
CCE 02A	Close 15 unneeded Coast Guard stations	1	102.6
CCE 02B	Seek legis repealing mandate requiring operation of the Cardinal train	1	7.3
CCE 14	Repeal VA prior approval requirement for employee reorganization	1	.0
COMM 10	NOAA: stop converting raw LANDSAT data; sell "right" to price data	2	497.0
DOE 20B	Cease regulation of oil pipeline rates; reexamine NGPA; small hydro etc	3	10.0
DOT 10B	Develop broad-based RR system safety assessment with user fees	1	16.0
DOT 11	Consolidate Land Modal Administration safety functions	1	14.9
EX 02	Reduce amount of tax exempt bonds	1	5,174.0
EX 11	Travelers checks for military trainees (see ARMY 17)	1	.0

3. Rejected by the Congress, 1986/7/8 Budgets

O M B Central Budget Management System

PAGE 2

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Issue Detail ***

CATEGORY: 3. Rejected by the Congress, 1986/7/8 Budgets

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
FEMA 02	Increase ins policy bse, elim disaster assist grants for insurables	3	276.0
FEMA 03	FEMA: Eliminate the USFA	2	10.3
FMC 05	Deregulate domestic offshore shipping	1	.0
HCFA 04	Physician reimbursement; negotiated fee vs fee-for-service	2	3.1
HUD 10	Increase GNMA fees	1	21.6
ICC 03	Reduce tariff filing requirements	1	.0
ICC 04	Reduce number of commissioners and staff	1	.0
INS 13	Revise premium and fee rates charged by HUD	3	.0
INT 02B	Increase grazing fees to fair market value	1	28.0
LABOR 03	Reduce cost of medical payments for Black Lung and FECA beneficiaries	3	1.3
LISAB 01	Enact a revised Combined Welfare Administration proposal	1	929.0
LISAB 02	Enact a revised Energy and Emergency Assistance proposal	1	290.3
OSD 01	Procure DOD petroleum products by competitive bid	2	513.0
PERS 02A	Change Federal employee health benefit programs	11	932.7
PERS 03	Limit annual leave accumulation	3	3,784.0
PERS 04	Limit sick leave accumulation	2	3,690.0
PRIVAT01C	Sell Amtrak's northeastern corridor	0	.0
PRIVAT01E	Terminate health profession subsidies	0	.0
PRIVAT01I	Purchase maintenance for the national airspace system	0	.0
PRIVAT01O	Terminate crop insurance	0	.0
PROC 15	Streamline and contract out Federal Supply Service review	4	74.0

3. Rejected by the Congress, 1986/7/8 Budgets

O M B Central Budget Management System

PAGE 3

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Issue Detail ***

CATEGORY: 3. Rejected by the Congress, 1986/7/8 Budgets

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
SBA 03B	Discontinue farm loans and transfer farm loan portfolio to FmHA	1	.0
SBA 04	Discontinue disaster loans for insurable flood-related losses	1	65.9
SBA 12A	Combine regional offices; close selected branch offices	2	3.0
SBA 12B	Review efficiency of SBA geographic service area assignments	1	.0
TREAS 12	Collection of retail alcohol occupational tax	2	81.9
TREAS 17	BEP: Offset print back of \$1 notes	1	.0
USDA 03	Shift from direct FmHA lending to 75% private loan guarantee	2	448.0
USDA 05	Eliminate FmHA duplication with SBA	2	7.3
USDA 16	Reduce poultry slaughter inspection	3	307.8
USDA 20	User fees; Ag Coop Service	2	4.9
USDA 24	Phase out Foreign Agricultural Service cooperative funding	1	.0
USDA 46	Increase grazing fees	2	58.3
USDA 56	Phase out REA	5	.0
USDA 58	Reduce USDA headquarters staff and regulation	5	3.3
USER 01A	Governmental user charges	0	.0
USER 01D	Charge user fees for NOAA services	0	.0
USER 01E	Increase FAS loan origination fees	0	.0
USER 01F	Increase uranium enrichment fees	0	.0
USER 01K	Increase FFB interest surcharge	0	.0
USER 01L	Increase APHIS user fees	0	.0
USER 01O	Impose FDA new drug approval fees	0	.0

3. Rejected by the Congress, 1986/7/8 Budgets

Issue Number	Issue Title	No. of PPSSCC Unduplicated Savings
-----	-----	-----

USER 01P Increase FHA mortgage insurance premiums	0	.0
USER 01Q Impose fees for food safety and inspection service	0	.0
USER 01S Charge user fee for Coast Guard services	0	.0
USER 01U Impose FDA new device approval fees	0	.0
USER 01V Impose fee for industrial research associates	0	.0
USER 03 Update recreation user fee of the National Forest Service	3	371.6
USER 11 Update the fee schedule of the Agricultural Marketing Service	2	29.4
USER 13 Update the fee schedule for HUD housing inspections	2	1.3
USER 17 Recover the cost of responding to FOIA requests	2	231.7
TOTAL: 3. Rejected by the Congress, 1986/7/8 Budgets		<u>21,859.0</u>
	116	

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4a. Under study or pilot test

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
ARMY 02	Evaluate 18 month tour morale improvements vs increased PCS costs	1	253.6
ARMY 03	Explore options to make 2 yr uacomp/5 yr accomp more attractive alts	3	226.4
BANK 27	Reorganize banking regulatory agencies	1	57.6
BANK 28	Streamline Federal regulatory examination process	1	24.3
BANK 30	Dissolve the Federal Financial Institutions Examination Council	1	6.9
BANK 31	Merge ADP facilities for OCC and FDIC	3	3.3
CCE 06A	Close 63 unneeded and obsolete weather stations	1	12.6
CONST 05	Restrict mitigation outlays	1	993.0
DOT 04A	Consolidate regions; reduce UTMA and NHTSA staffs	3	27.0
DOT 04C	Reduce personnel and training staff	1	9.0
DOT 15	Consolidate FAA organization and staffing	2	445.4
EPA 03	Consolidate EPA categorical state grants	3	136.6
EX 06	Introduce competition in the Section 8(a) program	1	838.2
FEMA 04	Improve strategic stockpile management	3	.0
FMS 01	Executive Branch management and administration	6	.0
FMS 05	Planning and budgeting for capital expenditures and assets	2	.0
FSP 01	Federally Subsidized Programs	4	58,900.0
HOSP 01	Freeze construction for underused hospitals	6	752.1
HOSP 10	Improve DOD procedures for recovering cost of med care fm third parties	7	68.5
HOSP 12C	IHS rate change; IHS use of F.I.s	2	86.1
OSD 10	Centralize traffic managment functions in a single agency	2	84.2

4a. Under study or pilot test

O M B Central Budget Management System
CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Issue Detail ***

CATEGORY: 4a. Under study or pilot test

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
OSD 13	Integrate Cargo Data Interchange System into DOD program	1	5.0
OSD 15	Modernize weapons acquisition process	1	.0
PERS 18B	Private sector help in develop workforce plan policy; test in 2 agcys	3	.0
PROC 20	Increase centralization	1	312.0
PROP 09	Revise "prospectus" requirements in advance of GSA property action	4	66.2
SSA 07	Consolidate SSA offices	3	286.7
TREAS 19	Establish a satellite production facility	1	.0
USAF 06	Eliminate year-end ceilings	1	96.0
USDA 10	Thrifty food plan; economies of scale	1	835.1
USDA 43	Adopt lump-sum timber sales procedures	1	53.0
TOTAL: 4a. Under study or pilot test		71	64,578.8

4a. Under study or pilot test

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4b. Deferred for policy reasons

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
ADP 01	Federal ADP leadership and direction	2	.0
ADP 07	ADP personnel recruitment and management	4	.0
ASSET 03D	Use Federal Tax Deposit system; enhance collection of receipts	2	632.8
ASSET 05	Expedite disposal of CCC inventory with PL 480, food stamps	2	661.4
ASSET 06	Establish direct deposit/electronic funds transfer incentives	2	634.9
ASSET 08	Charge agencies for interest expenses	1	.0
ASSET 17	Establish termination dates for direct loan prog when legis is implemen	2	.0
BANK 20	Reorganize FHLBB district banks	1	20.0
BANK 29	Transfer FRS regulatory functions to OCC	1	7.2
BANK 38	Tax the farm credit system	1	648.1
CCE 05A	Close 20 underutilized Black Lung offices	1	.3
CCE 05B	Reduce personnel in Veterans Employment Service (DOL)	1	3.3
CCE 07	Eliminate unrequested Customs inspectors	1	16.6
CCE 11	Repeal of mandated personnel levels of EPA	1	114.2
CCE 16	Repeal min requirements on personnel ceilings in appropriate agencies	1	.0
COMM 12	NOAA: terminate Federal funding weather radio	1	11.0
CONST 09	Repeal section 4(f) of the Department of Transportation Act	1	25.2
CONST 10	Revise floodplain requirements	1	18.6
CONST 11	Amend Safe Drinking Water Act	1	1.6
CONST 13	Use innovative methods to mitigate highway noise	1	703.3
CONST 14	Change dredged material disposal policies	1	574.2

4b. Deferred for policy reasons

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4b. Deferred for policy reasons

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
CONST 15	Amend section 404 of the Clean Water Act	1	113.8
CONST 22	Encourage privatization of wastewater treatment facilities	1	.0
CPSC 01A	Eliminate overlapping administrator responsibility	1	2.3
CPSC 03B	Move ADP applications from Parklawn to an in-house system	1	.9
DOE 06	Improve grant funds management and close-outs	2	9.0
DOE 07B	Exempt SPR oil from requirements of Cargo Preference Act	1	213.4
DOE 18	Use Defense Industrial Security prog vs more expensive curr procedures	2	49.6
DOT 09B	Develop cost tracking and requirements management procedures	2	.0
DOT 22A	Tuition for USMMA students; spt only Mass and Cal state marine schools	2	19.4
ED 01	Loan program consolidation--merge NDSL and FISL into GSL	3	1,185.9
EPA 06	Close and merge eight regional laboratories	1	21.5
EPA 08	Close Ada, Ok research lab; close Grosse Isle, Michigan field station	2	6.9
EX 07	Improve foreign currency purchase program	1	438.1
EX 08	Eliminate cargo preference compliance program	1	391.6
FF 01	Establish uniform Federal feeding program	1	.0
FMFG 01	The true size of the Federal budget	1	.0
FRS 01B	Increase Federal military retirement age	1	4,525.0
FRS 03B	Combine military and civil service disability retirement programs	0	.0
FRS 04B	Revise military benefit formulas in line with private sector	3	15,000.0
FRS 06B	Integrate Military and Social Security retirement	1	200.0
FRS 08B	Improve investment policy of Military Retirement System	0	.0

4b. Deferred for policy reasons

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4b. Deferred for policy reasons

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
FRS 09B	Change MRS from defined benefits to defined contributions	0	.0
HCFA 07	Change mgmt of HCFA fm regulatory admin agcy to Hlth Care Financ Comm	4	.0
HOSP 08	Phase out medical supply depots and reduce DOD supply levels to \$100M	7	477.3
HOSP 12B	VA: Use fiscal intermediaries	1	942.4
HUD 06	Sell HUD-owned mortgages	2	.0
HUD 09	Implement cost-benefit analysis and monitor lump sum accounts	3	.0
ICC 01	Develop long term planning goals	1	.0
INT 01A	Land sales revenues in General Fund; implement asset mgmt program	2	697.0
INT 02A	Improve the management of the public rangelands	3	85.2
INT 05A	Improve concessioner competition	1	1.1
INT 08	Reduce regional admin cost in Fish and Wildlife Svc thru block grants	2	.0
JUST 04	Increase use of paralegals	3	13.4
LABOR 05	Combine six regional offices into three	4	28.8
LABOR 06B	Centralize ADP management and procurement	2	1.8
LABOR 11	Restructure procurement and contracting activities	4	.5
LAND 03	Establish retention period for Federal records	2	54.6
LISAB 07	Supplemental income security program	4	.0
NAVY 11A	Make type commanders responsible for aviation maintenance org	1	.0
NAVY 16	Improve career management by more efficient rotation	5	25.0
OSD 11	Procure ocean container transportation separately from inland services	1	24.8
OSD 16	Consolidate contract administration functions at the OSD level	1	297.9

4b. Deferred for policy reasons

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4b. Deferred for policy reasons

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
OSD 25	Integrate military retirement pay with Social Security benefits	1	273.9
OSD 27	Defer the commence of ret pay until all accum leave has been used	1	125.6
OSD 28	Restrict use of CHAMPUS by beneficiaries who reside in catchment areas	1	1,177.3
OSD 29	Consolidate mgmt of DOD health care resources under a Def Health Agcy	3	943.3
OSD 34	Restrict payments under the Selective Reenlistment Bonus program	3	625.6
OSD 35	Aviation career incentive pay initiatives	1	261.2
OSD 36	Establish a public audit committee	1	.0
OSHRC 02	Reduce Commission paper flow	4	1.0
OSHRC 03	Increase productivity of ALJ	2	.0
PERS 02B	Limit HMOs; limit enroll in emp assn plans; vary premiums by area	3	254.0
PERS 06B	Expand the General Schedule to more than 15 basic pay levels	1	688.0
PHS 05	Consolidate Federal toxicology testing programs	2	168.7
PHS 08A	Close NIH Rocky Mountain Laboratory	2	14.1
PRIVAT05	Survey DOD US commissaries to facilitate privatization/contracting out	1	2,447.2
PROC 14	GSA role	2	.0
PROC 16	Consolidate DOD contract administration	2	185.0
PROP 03B	Aid surplus real property sales	2	.0
PROP 05A	Revise A-76 guidelines	1	67.5
PROP 08B	Local fire standards for GSA leases	1	21.0
STATE 05B	Develop refugee loan collection tracking data base	1	-3.0
STATE 09	Eliminate cargo preference requirement for AID-sponsored shipments	1	118.5

4b. Deferred for policy reasons

O M B Central Budget Management System
CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Issue Detail ***

CATEGORY: 4b. Deferred for policy reasons

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
TREAS 08	Border management; Consolidate inspection functions	3	13.5
TREAS 09	BATF Reorg; transfer criminal enforcement respons and reduce staff	3	56.5
TREAS 20	MINT; Relocation; transfer selected functions to Philadelphia	1	12.8
TVA 02	Reduce costs of TVA's financing program	2	22.2
USAF 03	Consolidate program and budgeting reviews	2	7.9
USAF 07	Alter severance pay plan	1	17.5
USAF 12	Contract travel by Military Airlift Command	2	19.9
USDA 22	Eliminate donations to other agencies	2	1,204.8
USDA 51	Create National Board of Agriculture	2	251.5
USER 09	Recover publication costs of the Soil Conservation Service	3	27.4
USER 21	Establish mgmt info sys and maint current pricing in Fed Highway Admin	1	1,986.0
USPS 01	Allow USPS to increase agency debt	1	6.8
USPS 02	Allow purchase of Treasury obligations	1	168.8
USPS 17	Replace rural post offices with alternative services	2	272.0
USPS 18	Reduce to five the number of delivery days	3	.0
USPS 19	Establish central procurement authority	5	.0
USPS 20	Improve capital equipment procurement process	2	66.2
USPS 26	Allow OMB to review PRC budget	1	.0
USPS 27	Review rate setting procedures	4	.0
USPS 30	Eliminate submission of dual filing by grievants	2	61.0
USPS 32	Develop human resource forecasting model	2	.0

4b. Deferred for policy reasons

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4b. Deferred for policy reasons

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
USPS 37	Study employee absence practices	2	.0
USPS 38	Evaluate relationship to EEOC	1	.0
VA 04	Elim property acquisition at foreclosure sales on guaranteed loans	1	225.1
VA 06	Recover administrative costs of insurance prog fm premiums/dividends	1	84.8
TOTAL: 4b. Deferred for policy reasons		196	40,773.5

4b. Deferred for policy reasons

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4c. Deferred - politically unobtainable at this time

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
ADP 17B	IRS expedite tax processing redesign system	1	.0
ARMY 04	Reduce the number of PCS moves authorized for advanced officer training	2	64.5
ARMY 05	Consider opts for min. PCS moves in design of regimented manning system	1	132.4
ARMY 06	Undertake a study of opts for modifying "up or out" system	5	387.3
ARMY 09	Cancel the Learning Resource Center program	1	33.7
ASSET 22	Reduce Fed Hsng Admin role in mortgage ins to only the subsidized ones	1	.0
BANK 07	Review Ex-Im interest rate fluctuations	3	.0
BANK 15	Eliminate RRB field offices	1	26.2
BANK 17	Restructure RRB management organization	2	3.3
BANK 24	Dissolve liquidity facility	3	5.0
CCE 03A	Consolidate Office of the Bureau of Indian Affairs	1	53.0
CCE 08B	Close 27 offices of Food Safety Inspection Service and a trng center	1	8.2
CCE 13B	Bring wages of GPO employees in line with Fed Gov counterparts	1	62.9
COMM 01	Restructure ITA and reduce staff by 800	1	68.3
COMM 07	Patent and Trademark Office: hire fewer examiners/increase use of IEP	2	9.4
CONST 02	Revise CEQ regulations for EIS alternatives	1	33.1
CONST 06	Modify treatment of wetlands	1	24.9
CONST 08	Eliminate duplicative historic preservation regulations	1	132.4
CONST 16	Amend Wild and Scenic Rivers Act	1	2.0
DOT 08	Consolidate FHWA with UMTA	1	.0
DOT 10B	Develop broad-based RR system safety assessment with user fees	1	16.0

4c. Deferred - politically unobtainable at this time

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4c. Deferred - politically unobtainable at this time

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
DOT 14	Review the uniform tire quality grading system	1	3.3
EPA 04C	Discontinue NPDES grants to unqualified states after FY 1985	1	15.6
EX 09	Eliminate paying Fed employees full salary and reserve duty pay	1	331.0
INS 09	Limit growth of Federal mortgage insurance	4	.0
INS 10	Phase out Mutual mortgage fund -- FHA	3	22.7
JUST 07	Federal Prison Industries; collect excess profits	4	40.8
JUST 10	Establish a government-wide IG coordinator office	5	.0
LABOR 01B	Correlate length of disability; master employee disability file	2	63.0
LISAB 03	Merge Federal weatherization activities	1	.0
OSD 09	Realign or close military bases where significant savings opportunities	1	2,732.0
OSD 18	Elim cmplx regulatory req assoc with contractors recovery of IR/D exp	1	331.0
OSD 31	Discontinue operation of the USUHS	1	114.6
OSHRC 01	Consolidate OSHRC and MSHRC	4	.0
PERS 11B	Reduction in force: competitive levels, reassignment, etc	4	.0
PPAV 02	Enable agencies to set user fees for their publications	5	264.8
PRIVAT03	Expand NSTS legis to allow private sector investment in space shuttles	2	1,522.6
PROC 02A	Reduce burden of Socio-economic programs on procurement process	3	635.0
PROC 05	Program prioritization	4	.0
PROC 12	Physical inventory	2	.0
PROP 10	Moratorium on military housing construction in U S urban areas	5	209.4
SSA 10A	Simplify and streamline review procedures	1	16.9

4c. Deferred - politically unobtainable at this time

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
 *** Issue Detail ***

CATEGORY: 4c. Deferred - politically unobtainable at this time

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
SSA 10B	Implement streamlined appeals process	0	3,630.4
STATE 02	Modify criteria of Foreign Service disability and retirement	2	114.1
STATE 06C	Move to AID biennial budgeting	1	6.0
TREAS 03	Tax court backlog; Decentralize appellate board	1	3,955.6
TREAS 06	Enhance tax payer service	1	.0
TVA 04	Revise senior management pay plan	5	.0
USAF 01	Improve management reporting and control	4	1,158.5
USDA 01	Promote loan graduation for each new FmHA loan booked	3	767.9
USDA 09	Update family makeup for thrifty food plan	1	3,439.1
USDA 11	Eliminate \$10 minimum monthly benefit	1	138.3
USDA 14	Eliminate overlap; child nutrition benefit	1	536.2
USDA 18	Eliminate USDA/FDA/States triplication of dairy plant inspection	3	5.3
USDA 19	Prior approval of labels	2	4.0
USDA 31	Reduce use of US nationals as secretaries overseas	3	.0
USDA 32	Reorganize Foreign Agricultural Affairs Division	4	.0
USDA 39	Consolidate SCS admin staffs	4	15.6
USDA 53	Transfer human nutrition research programs to HHS	1	95.0
USDA 54	Eliminate funding for twenty programs	1	35.4
USER 10	Recover full cost for foreign military sales	2	331.0
USPS 05	Allow USPS to negotiate check processing costs	1	60.1
WSL 01A	Repeal Davis Bacon Act; amend Contract Work Hrs and Safety Stds Act	2	1,985.0

4c. Deferred - politically unobtainable at this time

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4c. Deferred - politically unobtainable at this time

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
WSL	03A Repeal the Service Contract Act	1	1,650.0
TOTAL: 4c. Deferred - politically unobtainable at this time		131	25,292.8

4c. Deferred - politically unobtainable at this time

O M B Central Budget Management System

CURRENT STATUS OF PPSSCC RECOMMENDATIONS

*** Issue Detail ***

CATEGORY: 4d. Deferred - other

Issue Number -----	Issue Title -----	No. of Recomm. -----	3-Year Unduplicated PPSSCC Savings -----
ADP 18	Adopt all other ADP/OA recommendendations identified by PPSSCC	1	.0
FF 06	Compendium of selected Federal feeding issues	1	.0
TOTAL: 4d. Deferred - other		2	.0

4d. Deferred - other

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 1

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

<u>Issue</u> <u>Number</u> -----	<u>Issue Title</u> -----	1989 Budget Base ----
ADP 02	Agency ADP management	.0
ADP 03	ADP acquisition and technical support	.0
ADP 04	Agencies should direct a full ADP system effectiveness audit	35.9
ADP 05A	Intensify reviews of telecommunications	.0
ADP 05B	Document/analyze significant telecom computer systems	6.0
ADP 06A	Agencies prepare annual office automation plan	.0
ADP 06B	Agencies identify opportunities to apply office automation	41.7
ADP 09	ADP at Census	3.5
ADP 15	Automation of claims and benefits delivery system	.0
ADP 17A	Improve IRS ADP management	.0
ARMY 01	Enlistees: eliminate wasted training capacity; assign to trained jobs	.0
ARMY 02	Evaluate 18 month tour morale improvements vs increased PCS costs	43.0
ARMY 03	Explore options to make 2 yr uacomp/5 yr accomp more attractive alts	1.7
ARMY 06	Undertake a study of opts for modifying "up or out" system	.0
ARMY 08	Involve line mgmt more in the administration of mandated programs	.0
ARMY 10	Organize for major weapon sys producibility, revise cost growth rpts	1,249.3
ARMY 12	Reduce cost for storage of industrial plant equipment	1.6
ARMY 13	Reduce war reserve stockpiles by contracting with vendor/eliminating	.0
ARMY 14	Provide single manager for conventional ammunition	.8
ARMY 15	Create a new major command for data processing	37.3
ARMY 16	Cost containment, capital productivity, and value engineering programs	331.2

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 2

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base -----
ARMY 17	Develop a modern payroll system with electronic funds technology	.0
ARMY 18	Revise excess real estate identification procedures	.0
ARMY 20	Improve mgmt info for Combat Reliability Centered Maint at depots	9.7
ARMY 21	Organize the Corps of Engineers in a more efficient/effective structure	.0
ASSET 01	Revise DOD progress payment rates	.0
ASSET 02A	Speed the collection and deposit of Government receipts (FICA savings)	.0
ASSET 02B	Speed the collection and deposit of Government receipts (IRS; lockbox)	.0
ASSET 03B	Collect excise taxes more efficiently; increase utilization of TFCS	106.6 ✓
ASSET 04A	Require a suspense date on each voucher with disbursement authority	.0
ASSET 07	Improve use of Gov banking funds/supervised accts to obtain int etc	.0
ASSET 09	Establish cash management goals	.0
ASSET 10	Make greater use of individual incentives to improve cash management	.0
ASSET 12	Improve processes; granting, servicing, and collecting direct loans	.0
ASSET 14	Reduce REA and Ex-Im BANK loans; let private sector handle	.0
ASSET 15	Raise loan interest rates to market level	4,240.0 ✕
ASSET 16	State acceptable maximum default levels in direct loan programs	.0
ASSET 18	Gradual phase-out; FmHA and SBA direct loans to guaranteed loans	.0
ASSET 20	Establish certified lender programs; save processing costs	.0
ASSET 21	Structure guarantee prog; encourage private sec to assume larger risk	10.0
ASSET 23	Improve budget info to show pres value of expected guarantees fut cost	.0
ASSET 24	Reduce interest rate subsidies in Federal credit programs	.0

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 3

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base -----
ASSET 25	Implement credit worthiness etc tests in all Federal guarantee prog	.0
ASSET 26	Improve debt collection efforts; speed collection	.0
ASSET 27	Offset debts to the Government against IRS tax refunds	.0
ASSET 28	Use collection agencies/credit bureaus to supplement Government efforts	.0
ASSET 29	Charge interest and penalties on delinquent debt	.0
ASSET 30	Dispose of repossessed property more quickly	.0
ASSET 31	Reflect the activity of the FFB in the unified budget total	.0
ASSET 32	Discontinue issuing securities in bearer and registered form	19.6
ASSET 33	Use electronic funds transfer to pay interest on Treasury securities	.0
ASSET 35	Provide agencies with improved financial asset mgmt training programs	.0
BANK 01	Increase single-employer insurance premium pension plan	449.0 ✓
BANK 02	Amend Title IV of the Employee Retirement Income Security Act	92.1
BANK 03	Accelerate PBGC premium collection	3.1
BANK 04	Use private insurers vs PBGC when possible	.0
BANK 05	Develop risk-related premiums	324.0 ✓
BANK 08	Reduction in Ex-Im space usage	.3
BANK 09	Establish Ex-Im formal management planning	.0
BANK 11	Increase taxes or reduce benefits for RR Retirement solvency	864.0 ✓
BANK 14	Collect RRB payments more frequently	19.7
BANK 22	Use FHLBB ADP more effectively	.0
BANK 25	Use NCUA ADP more effectively	.0

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 4

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base -----
BANK 33	FDIC, FHLBB, NCUA: increase insurance reserve funds	1,262.6 ✓
BANK 34	Tax Federal Home Loan Mortgage Corporation	.0
BANK 41	US Synfuels Corp; change project selection process	.0
CAB 01	Reduce staff to 350 by sunset date	4.2
CAB 02	Pass early sunset legislation	.0
CAB 03	Transfer fitness determinations responsibility to FAA	.0
CAB 04	Implement cost-sharing arrangements	40.0
CCE 03C	Close 25 fish hatcheries (FWS)	2.6
CCE 03F	User fees to pay for processing of right-of-way applications	1.7
CCE 06B	Reduce personnel levels in NOAA and NTIA	.0
CCE 08A	Consolidate offices and close laboratories of Forest Service	.0
CCE 10	Consolidate student loan collections activities	2.6
CCE 12B	Eliminate delays in obtaining approval for repairs on Fed office bldgs	.0
CCE 13C	Executive Branch to reduce unnecessary and expensive rpts to Congress	5.0
CCE 15	Repeal prohib agnst HHS holding State respons for misspent HStartfunds	.0
CFTC 01	Improve accounting and reporting practices	.0
CFTC 02	Charge user fees for futures trading	1.0
COMM 02	Census: revise procurement process used to upgrade computer related sys	5.3
COMM 03	Census: cancel plans for " map output devices" in 12 regional offices	.0
COMM 04	EDA: increase emphasis on termination of grants that violate terms	.0
COMM 06	PTO: reassess need for computer based workstations	.0

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 5

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base ----
COMM 09	NBS: increase technician to professional ratio	.0
COMM 11	NOAA: raise prices on maps and charts 25 percent per year	9.4
CONST 01	Integrate environmental reviews	53.0
CONST 03	Increase use of NEPA categorical exclusions	11.0
CONST 04	Restructure EIS review	8.0
CONST 07	Stop implementation of new fish and wildlife rules	.0
CONST 12	Combine endangered species consultation with NEPA review	.0
CONST 18	Increase use of performance specifications	440.0 ✓ Pres.
CONST 19	Increase the application of value engineering	245.2 ✓
CONST 20	Improve effectiveness of on-site mgmt presence in EPA Const Grants Prog	.0
CONST 21	Improve construction project and program management	1.8
CONST 23	Improve data bases and enforce life cycle costing requirements	.0
CPSC 01B	Reduce manager-professional staff ratio; performance evaluation review	.4
CPSC 02	Reduce staffing of Administration directorates	1.1
CPSC 03A	Increase automated data processing	.0
CPSC 04A	Consolidate headquarters offices	.1
CPSC 04B	Close the five regional offices	.0
DOE 01	Improve supervisory costs: reduce mgmt levels; increase span of cntrl	4.0
DOE 02	Improve job classification and management training	.0
DOE 03	Reduce DOE overmanagement of GOCO operations	75.0
DOE 05	Simplify procurement rules, regs, and proced; increase compet contract	.0

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 6

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base -----
DOE 07A	Improve operation and reduce unnecessary costs in SPR	.0
DOE 08	Centralize financial data and reporting	3.0
DOE 09	Improve ADP equipment use	6.0
DOE 10	Strengthen IG function and increase staff	13.0
DOE 11	Establish mission for multi-program National laboratories	.0
DOE 12	Eliminate DOE overmanagement of contract R and D	.0
DOE 14	Develop more DOE-industry interaction in R and D	.0
DOE 15	Priority fund to spec nuclear materials; proceed with new reactor	.0
DOE 16	Support expeditious completion of DOD waste processing facility	.0
DOE 17	Terminate 1 approach to Inertial Confinement Fusion and Rochester prog	4.0
DOE 20A	Modify procedures within FERC	.2
DOE 21	Improve NRC's safety focus and management capability	.0
DOT 03	Improve grant management and control in UMTA	21.6
DOT 04B	Reduce MarAd fiscal service staff	.3
DOT 05	Consolidate ADP functions	2.8
DOT 06	Streamline federal highway program categories	.0
DOT 07	Streamline federal highway regulatory requirements	.0
DOT 09A	Review and simplify UMTA grant requirements	.0
DOT 10A	Consolidate Federal RR Admin safety and R and D fcts; start user fees	5.1
DOT 12	Federal Highway Administration; grantee land acquisition	.0
DOT 13	Federal Highway Admin; consolidate Fed land road trans respons	.0

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 7

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base -----
DOT 16	Close/restructure operations of low volume control towers	2.0
DOT 17	Establish fees for Metropolitan Washington airports	.0
DOT 18	Flight service station consolidation	3.5
DOT 19	Coast Guard; shift costs of services	100.0
DOT 20A	Eliminate subsidy for noncompetitive preference cargo	20.0
DOT 20B	Develop fair and reasonable rates standards for noncompet pref cargo	.0
DOT 21	Reform the Ship Financing (Title XI) Program	13.0
DOT 22B	Reduce USMMA appointments by 30%; use capacity for paid continuing ed	1.0
ED 02	Improve management information systems and internal controls	.0
ED 03	Reduce student loan delinquencies and defaults	272.0
ED 04	Contracts and discretionary grants; design stringent procedures	.0
ED 06	Program simplification--phase out smaller prog and standardize otrs	.0
ED 07	Mgmt direction and incentives; initiate better planning and reward sys	.0
ED 08	Personnel and training -- improve delivery of services	.0
ED 09	ADP operations and systems development -- provide more effective admin	.0
EPA 01	Redirect construct grants prog to states; oversee state implementation	.0
EPA 02	Accelerate delegation program to states	.0
EPA 04A	Use more class permits for treatment and storage of hazardous wastes	.0
EPA 04B	Expand use of general permitting; amend Clean Water Act etc	.0
EPA 05	Simplify contract procurement process; improve contract management	4.8
EPA 07	Centralize research data base; elim duplicative literature searches etc	1.6

1. Prior Budgets

5/03/88
9.18.50
(psc83)

O M B Central Budget Management System

PAGE 8

CURRENT STATUS OF PPSSCC RECOMMENDATIONS
*** Savings in the 1986-1988 Budgets ***
(outlays in millions)

CATEGORY: 1. Prior Budgets

Issue Number -----	Issue Title -----	1989 Budget Base ----
EPA 09	Eliminate small org units and reduce office staffs	1.5
EPA 10	Redirect training and dev prog funds; amend IDP prog; enforce SOP	.0
EPA 11	Authorize implementation of EPA ADP report with modifications; etc	.0
EPA 12	Various budgeting, financial mgmt, and cost accounting changes	.0
EX 01	Improve implementation of A-76	20.1
EX 03	Use competitive bidding for spare parts	.0
EX 04	Cost containment (see ARMY 16)	.0
EX 05	Reduce unnecessary telephone equipment and auxillary service	.0
EX 10	Delay beginning of military leave accrual	1.9
FCC 01	Improve MBO program	.0
FCC 02	Improve use of data processing resources	.0
FCC 03	Impose user charges for FCC services	.0
FCC 04	Streamline adjudication functions	.0
FEMA 01	Make National Flood Insurance Program self sustaining	207.4
FF 02	Substitute commercially available products for Federal spec products	.0
FF 03	Use soy protein extender in ground beef	.0
FF 04	Food Service Contracts	.3
FF 05	Improve the efficiency of troop feeding services	.0
* FHCC 01	Reduce Fed expenditures/ improve efficiency of the health care system	11,214.0
FMC 01	Reduce staffing	.0
FMC 02	Automate tariff procedures	.0

1. Prior Budgets

O M B Central Budget Management System

PPSSCC IMPLEMENTED RECOMMENDATIONS

*** Report Summary ***
(outlays in millions)

	No. of Issues	No. of Recomm.	3-Year Unduplicated PPSSCC Savings	Budget Savings Base
	-----	-----	-----	-----
1. Recommendations in Place (1988 Budget).....	385	1,310	167,082.5	35,339.5
2. Recommendations Completed by 1992 (1988 Budget)...	83	239	61,158.8	3,596.9
	-----	-----	-----	-----
REPORT TOTAL	468	1,549	228,241.3	38,936.4

O M B Central Budget Management System

PAGE

1

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base ----
ADP 02	Agency ADP management	3	.0
ADP 03	ADP acquisition and technical support	5	.0
ADP 04	Agencies should direct a full ADP system effectiveness audit	3	35.9
ADP 05A	Intensify reviews of telecommunications	2	.0
ADP 05B	Document/analyze significant telecom computer systems	1	6.0
ADP 06A	Agencies prepare annual office automation plan	1	.0
ADP 06B	Agencies identify opportunities to apply office automation	6	41.7
ADP 09	ADP at Census	2	3.5
ADP 17A	Improve IRS ADP management	3	.0
ARMY 08	Involve line mgmt more in the administration of mandated programs	1	.0
ARMY 10	Organize for major weapon sys producibility, revise cost growth rpts	7	1,249.3
ARMY 12	Reduce cost for storage of industrial plant equipment	3	1.6
ARMY 13	Reduce war reserve stockpiles by contracting with vendor/eliminating	4	.0
ARMY 14	Provide single manager for conventional ammunition	4	.8
ARMY 15	Create a new major command for data processing	9	37.3
ARMY 16	Cost containment, capital productivity, and value engineering programs	7	331.2
ARMY 17	Develop a modern payroll system with electronic funds technology	3	.0
ARMY 18	Revise excess real estate identification procedures	4	.0
ARMY 20	Improve mgmt info for Combat Reliability Centered Maint at depots	2	9.7
ARMY 21	Organize the Corps of Engineers in a more efficient/effective structure	2	.0
ASSET 01	Revise DOD progress payment rates	3	.0
ASSET 02B	Speed the collection and deposit of Government receipts (IRS; lockbox)	2	.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base ----
ASSET 03B	Collect excise taxes more efficiently; increase utilization of TFCS	2	106.6
ASSET 04A	Require a suspense date on each voucher with disbursement authority	1	.0
ASSET 07	Improve use of Gov banking funds/supervised accts to obtain int etc	3	.0
ASSET 09	Establish cash management goals	1	.0
ASSET 10	Make greater use of individual incentives to improve cash management	3	.0
ASSET 12	Improve processes; granting, servicing, and collecting direct loans	10	.0
ASSET 15	Raise loan interest rates to market level	4	4,240.0
ASSET 16	State acceptable maximum default levels in direct loan programs	5	.0
ASSET 21	Structure guarantee prog; encourage private sec to assume larger risk	2	10.0
ASSET 23	Improve budget info to show pres value of expected guarantees fut cost	3	.0
ASSET 24	Reduce interest rate subsidies in Federal credit programs	2	.0
ASSET 25	Implement credit worthiness etc tests in all Federal guarantee prog	1	.0
ASSET 26	Improve debt collection efforts; speed collection	4	.0
ASSET 27	Offset debts to the Government against IRS tax refunds	1	.0
ASSET 28	Use collection agencies/credit bureaus to supplement Government efforts	2	.0
ASSET 29	Charge interest and penalties on delinquent debt	1	.0
ASSET 30	Dispose of repossessed property more quickly	3	.0
ASSET 31	Reflect the activity of the FFB in the unified budget total	1	.0
ASSET 32	Discontinue issuing securities in bearer and registered form	2	19.6
ASSET 33	Use electronic funds transfer to pay interest on Treasury securities	1	.0
ASSET 35	Provide agencies with improved financial asset mgmt training programs	1	.0
BANK 01	Increase single-employer insurance premium pension plan	2	449.0

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 3

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number	Issue Title	No. of Recomm.	Savings Base
BANK 02	Amend Title IV of the Employee Retirement Income Security Act	1	92.1
BANK 03	Accelerate PBGC premium collection	1	3.1
BANK 04	Use private insurers vs PBGC when possible	1	.0
BANK 08	Reduction in Ex-Im space usage	2	.3
BANK 09	Establish Ex-Im formal management planning	2	.0
BANK 11	Increase taxes or reduce benefits for RR Retirement solvency	2	864.0
BANK 14	Collect RRB payments more frequently	2	19.7
BANK 22	Use FHLBB ADP more effectively	5	.0
BANK 25	Use NCUA ADP more effectively	5	.0
BANK 33	FDIC, FHLBB, NCUA: increase insurance reserve funds	5	1,262.6
BANK 34	Tax Federal Home Loan Mortgage Corporation	1	.0
BANK 41	US Synfuels Corp; change project selection process	1	.0
CAB 01	Reduce staff to 350 by sunset date	1	4.2
CAB 02	Pass early sunset legislation	2	.0
CAB 03	Transfer fitness determinations responsibility to FAA	1	.0
CAB 04	Implement cost-sharing arrangements	2	40.0
CCE 03C	Close 25 fish hatcheries (FWS)	1	2.6
CCE 03F	User fees to pay for processing of right-of-way applications	1	1.7
CCE 06B	Reduce personnel levels in NOAA and NTIA	1	.0
CCE 08A	Consolidate offices and close laboratories of Forest Service	1	.0
CCE 10	Consolidate student loan collections activities	1	2.6
CCE 13C	Executive Branch to reduce unnecessary and expensive rpts to Congress	1	5.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
CCE 15	Repeal prohib agnst HHS holding State respons for misspent HStartfunds	1	.0
CFTC 01	Improve accounting and reporting practices	7	.0
CFTC 02	Charge user fees for futures trading	2	1.0
COMM 02	Census: revise procurement process used to upgrade computer related sys	2	5.3
COMM 03	Census: cancel plans for " map output devices" in 12 regional offices	1	.0
COMM 04	EDA: increase emphasis on termination of grants that violate terms	1	.0
COMM 06	PTO: reassess need for computer based workstations	1	.0
COMM 09	NBS: increase technician to professional ratio	3	.0
CONST 01	Integrate environmental reviews	1	53.0
CONST 03	Increase use of NEPA categorical exclusions	1	11.0
CONST 04	Restructure EIS review	1	8.0
CONST 07	Stop implementation of new fish and wildlife rules	1	.0
CONST 12	Combine endangered species consultation with NEPA review	1	.0
CONST 18	Increase use of performance specifications	1	440.0
CONST 19	Increase the application of value engineering	1	245.2
CONST 20	Improve effectiveness of on-site mgmt presence in EPA Const Grants Prog	1	.0
CPSC 01B	Reduce manager-professional staff ratio; performance evaluation review	2	.4
CPSC 02	Reduce staffing of Administration directorates	1	1.1
CPSC 03A	Increase automated data processing	2	.0
DOE 01	Improve supervisory costs: reduce mgmt levels; increase span of cntrl	5	4.0
DOE 02	Improve job classification and management training	5	.0
DOE 03	Reduce DOE overmanagement of GOCO operations	5	75.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
DOE 05	Simplify procurement rules, regs, and proced; increase compet contract	9	.0
DOE 07A	Improve operation and reduce unnecessary costs in SPR	4	.0
DOE 08	Centralize financial data and reporting	7	3.0
DOE 09	Improve ADP equipment use	6	6.0
DOE 10	Strengthen IG function and increase staff	3	13.0
DOE 11	Establish mission for multi-program National laboratories	2	.0
DOE 12	Eliminate DOE overmanagement of contract R and D	1	.0
DOE 14	Develop more DOE-industry interaction in R and D	1	.0
DOE 15	Priority fund to spec nuclear materials; proceed with new reactor	3	.0
DOE 17	Terminate 1 approach to Inertial Confinement Fusion and Rochester prog	2	4.0
DOE 20A	Modify procedures within FERC	6	.2
DOE 21	Improve NRC's safety focus and management capability	5	.0
DOT 03	Improve grant management and control in UMTA	3	21.6
DOT 04B	Reduce MarAd fiscal service staff	1	.3
DOT 05	Consolidate ADP functions	3	2.8
DOT 06	Streamline federal highway program categories	4	.0
DOT 07	Streamline federal highway regulatory requirements	4	.0
DOT 09A	Review and simplify UMTA grant requirements	2	.0
DOT 10A	Consolidate Federal RR Admin safety and R and D fcts; start user fees	4	5.1
DOT 12	Federal Highway Administration; grantee land acquisition	4	.0
DOT 13	Federal Highway Admin; consolidate Fed land road trans respons	2	.0
DOT 17	Establish fees for Metropolitan Washington airports	1	.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
DOT 19	Coast Guard; shift costs of services	5	100.0
DOT 20A	Eliminate subsidy for noncompetitive preference cargo	1	20.0
DOT 20B	Develop fair and reasonable rates standards for noncompet pref cargo	1	.0
DOT 21	Reform the Ship Financing (Title XI) Program	3	13.0
DOT 22B	Reduce USMMA appointments by 30%; use capacity for paid continuing ed	1	1.0
ED 04	Contracts and discretionary grants; design stringent procedures	10	.0
ED 06	Program simplification--phase out smaller prog and standardize otrs	6	.0
ED 07	Mgmt direction and incentives; initiate better planning and reward sys	9	.0
ED 08	Personnel and training -- improve delivery of services	5	.0
ED 09	ADP operations and systems development -- provide more effective admin	9	.0
EPA 01	Redirect construct grants prog to states; oversee state implementation	3	.0
EPA 02	Accelerate delegation program to states	1	.0
EPA 04A	Use more class permits for treatment and storage of hazardous wastes	1	.0
EPA 04B	Expand use of general permitting; amend Clean Water Act etc	2	.0
EPA 05	Simplify contract procurement process; improve contract management	2	4.8
EPA 07	Centralize research data base; elim duplicative literature searches etc	5	3.2
EPA 09	Eliminate small org units and reduce office staffs	4	1.5
EPA 10	Redirect training and dev prog funds; amend IDP prog; enforce SOP	3	.0
EPA 11	Authorize implementation of EPA ADP report with modifications; etc	3	.0
EPA 12	Various budgeting, financial mgmt, and cost accounting changes	5	.0
EX 01	Improve implementation of A-76	1	17.6
EX 03	Use competitive bidding for spare parts	1	.0

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 7

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
EX 04	Cost containment (see ARMY 16)	1	.0
EX 05	Reduce unnecessary telephone equipment and auxillary service	1	.0
EX 10	Delay beginning of military leave accrual	1	1.9
FCC 01	Improve MBO program	9	.0
FCC 02	Improve use of data processing resources	1	.0
FCC 03	Impose user charges for FCC services	2	.0
FCC 04	Streamline adjudication functions	9	.0
FF 02	Substitute commercially available products for Federal spec products	4	.0
FF 03	Use soy protein extender in ground beef	1	.0
FF 04	Food Service Contracts	4	.3
FHCC 01	Reduce Fed expenditures/ improve efficiency of the health care system	5	11,214.0
FMC 01	Reduce staffing	2	.0
FMC 03	Improve processing	2	.0
FMC 04	Transfer pollution function to Coast Guard	1	.0
FMFG 03	Cash management	2	.0
FMS 02	Government-wide Management Information Systems	4	.0
FMS 03	Government-wide financial management activities	7	.0
FMS 04	Internal audit functions and applied resources	4	.0
FMS 06	Long-term planning processes within Executive Branch	2	.0
FMS 07	Internal communications system within the Executive Branch	5	.0
FMS 08	Orientation of Executive-Level appointees	1	.0
FMS 09	Employee survey/feedback systems	1	.0

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 8

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base ----
FMS 10	Improvement of Federal evaluation	3	.0
FRS 02	Modify early retirement provisions	2	100.0
FRS 05B	Make Federal military pension sys. COLA consistent with private sector	1	525.5
FRS 07B	Improve Military Retirement System accounting practice	0	.0
FTC 02	Consolidate seven offices into two	4	-1.8
FTC 03	Improve coordination	4	.0
FTC 04	Establish staffing guidelines	10	.0
FTC 05	Close four regional offices	12	.0
FTC 06	Reduce average grade	5	.0
HCFA 01	Medicare contracts - competitive bids	2	141.0
HCFA 02	Medicare claims audit; improve and expand medical review system	4	1,639.0
HCFA 03	Hospital reimbursement; adopt fixed price reimb for medicare payments	1	3,650.0
HCFA 05A	Reduce hospital excess capacity	2	475.0
HCFA 06	Establish HCFA-based EDP system	3	.0
HHS 01	Reduce the ACTION staff by 40 percent	1	.0
HHS 02	Restructure HHS Dept mgmt to eliminate org layering and duplication	84	68.0
HHS 03	Streamline HHS mgmt correspondence control/clearance procedures	5	.0
HHS 04	Eliminate the policy research of HHS Department mgmt	2	8.7
HHS 05	Eliminate evaluation projects within the Office of the Secretary	2	2.5
HHS 06A	Reorganize HDS to improve effectiveness and reduce costs	16	7.2
HOSP 02A	Share health resources in Federal hospital system: new initiatives	3	.0
HOSP 05B	Improve construction planning; reorganize Office of Construction	2	10.8

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base ----
HOSP 06	Improve VA organization and decision-making	3	.0
HOSP 11	Recover medical care costs from insured inactive DOD beneficiaries	5	10.0
HOSP 13B	Use means test for VA medical care	1	.0
HUD 01	Chief financial officer and other administrative changes	9	.0
HUD 02	Improve organization, administration, and automation	7	3.4
HUD 04	Improve rehab and sale prog of snl family properties; etc	10	7.5
HUD 07	Improve management of multi-family housing	7	22.0
HUD 08	Improve management of PHAs	4	30.0
ICC 02	Reduce staffing of the Bureau of Accounts	1	.0
ICC 05	Reduce OCCA operations cost	1	1.8
ICC 06	Reduce Office of Proceedings staff	1	.0
INFO G01	Information needs assessment	3	.0
INFO G02	Information collection	2	.0
INFO G03	Information systems	3	.0
INFO G04	Information utilization -- computer matching	4	.0
INFO G05	A structure to facilitate the information management process	3	.0
INS 01	Curtail OPIC's purchase of reinsurance	3	3.8
INS 02	Increase reserves	5	.0
INS 03	FEMA: Flood insurance program; improve rate process	6	30.0
INS 04	FEMA: transfer Federal crime insurance to States	2	.0
INS 05	FEMA: Discontinue Federal riot insurance	1	1.2
INS 11	Automate processing of FHA Mutual mortgage insurance fund	9	4.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base ----
INS 12	Increase reserve requirements	3	.0
INT 01B	Reexamine land use planning and sales regulations	1	.0
INT 05B	Strengthen Off of Concessioner Mgmt; adopt Visitor Facility Fund Bill	2	-8.5
INT 06A	Coordinate and consolidate OCS permitting	1	.0
INT 06B	OCS: reduce Congressional reporting/approval; modify rate setting	3	.0
JUST 01	Reduce uncollected revenues	3	.0
JUST 02	Improve asset seizure and forfeiture	5	4.9
JUST 06	Implement development plan for automated legal support systems	5	.0
JUST 08	Reduce INS central and regional office staffing	2	6.4
JUST 09	Consolidate port-of-entry inspection services	4	.0
LABOR 02	Expand investigation of Federal workers disability program	3	.5
LABOR 06A	Improve management and control of ADP	5	.0
LABOR 09	Reduce unauthorized telephone use	2	.0
LABOR 10	Control career ladder promotions	2	.0
LABOR 14B	Revise service contract regulations and wage determinations	2	52.0
LAND 01	Offshore minerals management: use optimum royalty rate system	3	.0
LAND 02	Standardize and improve Federal vehicle fleet management	4	15.3
LISAB 06	Simplify eligibility requirements	1	.0
LISAB 09	Medicaid quality control	4	.0
NAVY 03	Implement dual-sourcing	3	.0
NAVY 04	Implement DOD industrial modernization incentive program	3	.0
NAVY 05	Introduce training program for weapons system acquisition (see PROC 6)	5	.0

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE

11

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
NAVY 06	Expand project manager role in acquisition strategies	1	.0
NAVY 07	Shift weapons responsibilities to support managers of the systems	3	.0
NAVY 09	Improve automated data processing	5	.0
NAVY 10	Change aircraft overhaul service patterns	4	63.2
NAVY 11B	Provide NAVAIR/OPNAV with performance data; involve fleet in design	2	29.3
NAVY 12	Reduce aircraft rework facility engineering staffing	1	.0
NAVY 13	Improve aircraft powerplant maintenance management	8	1.0
NAVY 14	Reduce foreign currency balances	3	.0
NAVY 15	Establish lock box system for direct deposit	1	.0
OSD 03	Transfer consumable inventory items to DLA	1	3.0
OSD 04	Consolidate depot-level maintenance facilities and mgmt functions	2	.0
OSD 05	Consolidate DOD wholesale depot operations	2	25.0
OSD 06	Contract out to private sector for demil of conventional ammunition	2	.0
OSD 08	Consolidate base support operations across service lines	4	31.1
OSD 12	Establish a cargo dispatch fct to min DOD container detention charges	1	.0
OSD 14	Introduce competition for moves to Alaska/Hawaii	2	.0
OSD 17	Simplify weapons system acquisition process	1	.0
OSD 19	Improve communications/coordination between DOD labs and the services	1	.0
OSD 20	Where feas, req use of common parts in weapons systems	10	.0
OSD 22	Establish more accurate weapons costing procedures	7	.0
OSD 26	Base military retirement pay on average highest 36 mos of base pay	1	.0
OSD 30	Require more effective military health care cost containment provisions	4	.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
OSD 33	Strictly limit the number of exceptions to exist policy on PCS moves	1	18.0
OSD 37	Establish a central audit group for all DOD procurement practices	1	.0
PERS 02C	Improve information for employees	1	.0
PERS 02D	Bring annuitant/survivor benefits in line with private sector	1	.0
PERS 07A	Redesign blue collar pay comparability based on local rates	4	.0
PERS 07B	Provide for a single method for computation of overtime	1	14.6
PERS 08B	Executive level and senior executive pay: implementation	1	.0
PERS 09	Redefine OPM role on job information for the public	3	.0
PERS 10	Expand OPM automated examining	1	.2
PERS 11A	Reduction in force: assignment rights, reemployment priority lists	3	.0
PERS 11C	Reduction in force: competitive level determination	1	.0
PERS 12	Expand use of contracted services	1	.0
PERS 13	Simplify procurement of instructional television	3	1.0
PERS 16A	Establish permanent OPM productivity group and reward good managers	4	.0
PERS 18A	OPM establish workforce planning policy	1	.0
PHS 03	IHS; institute cost control MBO program	7	.0
PHS 04	IHS; change eligibility criteria for coverage and benefits	1	.0
PHS 06	Eliminate inconsistencies in NIH grants process	2	26.3
PHS 07A	Student grant program: improve credit and collection procedures	10	20.7
PHS 07B	Increase revenues collected: National Health Service Corps	5	.0
PHS 08B	Close Phoenix office of CDC	1	.4
PHS 09	Eliminate/transfer staff; Office of Asst Secretary for Health	3	7.6

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
PHS 10	PHS; eliminate redundant functions and staff throughout	8	48.9
PPAV 01	Improve agencies' management of their publication programs	5	23.2
PPAV 03	Improve agencies' management of mailing lists used to distribute pubs	4	.0
PPAV 04	Improve efficiency of agcy hndlng of pubs for mailing and use of USPS	4	.0
PPAV 05	Improve agcy printing and production and increase contracting out	6	15.0
PPAV 07	Management of audiovisual activity	1	.0
PRIVAT07	Improve Federal motor vehicle fleet use	3	12.0
PRIVAT09	SSA: ADP	2	.0
PROC 01	The role of OFPP	3	.0
PROC 02B	Raise small purchase ceiling to \$25,000 for civilian agencies	1	33.0
PROC 03	Weapons acquisition, the Carlucci initiative	4	.0
PROC 04	Expand multi-year procurement	5	1,213.8
PROC 06	Comprehensive requisition plan and program management	1	2,755.7
PROC 07	Program contracting; streamline source selection process	1	.0
PROC 08	Strengthen cost estimating and scheduling in DOD	2	.0
PROC 09	Integrate program management in DOD	2	.0
PROC 19	Increase accountability; contract performance in making awards	2	.0
PROC 21	Minimize multiple awards	2	.0
PROC 22	Enhancing competition	1	.0
PROP 01	Improve management focus and planning	6	.0
PROP 02	Adopt office-space use goals for each agency	5	17.6
PROP 03A	Make surplus real property disposition goals more realistic	1	.0

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 14

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
PROP 05B	Improve agency productivity	1	.0
PROP 06	Make in-house maintenance more productive	5	.0
PROP 07A	Reduce building energy consumption	10	.0
PROP 07B	Place electric/gas meters in military housing units	1	.0
PROP 08A	Revise GSA's policies and procedures for leasing and acquisition	6	9.0
RAD 01	Develop improved strategic planning concept and procedures	3	.0
RAD 02A	Implement improvement to R and D management and the budget process	3	.0
RAD 02B	Reduce technical staff and positions in all R and D agencies	1	.0
RAD 03	Identify privatization opportunities	3	.0
RAD 07	Expand project management	1	.0
SBA 01B	Design banks to liquidate prob loans; encourage CLP; implement PLP	2	2.0
SBA 01C	Utilize private collection svcs; reduce max guaranty/limit interest	2	.0
SBA 02	Improve loan quality	7	.0
SBA 03A	Increase loan guaranty fee	1	.0
SBA 08	Reduce idle funds for SBIC's	1	.0
SBA 09	Charge user fee on SBIC borrowings	1	.8
SBA 10	Improve payment collection process	4	1.3
SBA 11	Improve existing systems and planned upgrade	3	.0
SSA 01	Improve effectiveness of systems modernization plan	15	.0
SSA 02	Implementation of systems modernization plan	17	.0
SSA 03	Status of data operations center	4	.0
SSA 04	Implement supervisory productivity system	3	165.1

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 15

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
SSA 05	Impose fiscal sanctions for large error rates	2	577.0
SSA 06	Adjust benefits based on earnings	5	873.0
SSA 08	Eliminate Federal fiscal liability payments	2	5.0
SSA 09	Simplify program operating manuals	4	.0
STATE 01A	Redistribute, rerank and increase management of State FS personnel	5	3.4
STATE 05A	Rectify refugee loan collection problem	2	2.0
STATE 06A	Improve AID project planning, approval and monitoring	3	.0
STATE 07	Increase rates of AID foreign loans	3	.0
STATE 08	Enforce Foreign Service rotation policy	1	.5
STATE 10	Establish USIA analytical resource capability	2	.0
TREAS 01A	Improve staffing; add clerical support; improve collection techniques	3	.0
TREAS 01B	Combine service and collection	1	.0
TREAS 02	IRS personnel additions; design and implement model	1	.0
TREAS 04A	Change org design; elmin manual verification; reduce mger overload	3	.0
TREAS 04B	Reduce key verification	1	.0
TREAS 07B	Reallocate funds to IRP	1	537.0
TREAS 07C	IRS legal changes, selection criteria, compliance, enforcement	4	.0
TREAS 11	Streamline Customs organization	6	3.5
TREAS 13	Upgrade BATF computer system	2	1.1
TREAS 14	Reduce number of operating divisions	2	.0
TREAS 15A	Improve ORS accountability	1	.0
TREAS 15B	Address the issues raised by the audit report of the Inspector	1	.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
TREAS 16A	Restructure Civil Rights Compliance Division operations	2	.0
TREAS 16B	Eliminate public participation requirements	1	.0
TREAS 18	Standardize Federal Reserve seal	1	.0
TREAS 21A	MINT: Keep strip operation closed	1	70.4
TREAS 21B	MINT: Purchase coinage blanks from private sector	1	.0
TREAS 22	Book entry securities; automate functions in Fed Res Syst	4	.0
TTM 01A	Create central travel negotiating unit	1	340.5
TTM 01B	Create travel service centers	1	.2
TTM 02B	GSA: introduce simplified expense, voucher, and reimbursement forms	1	54.0
TTM 03	Implement automated traffic data system	1	75.3
TTM 04	Improve freight rate audit audit recovery	3	10.0
TVA 01	Improve management of engineering design and construction	7	.0
TVA 03	Reduce personnel	6	.0
TVA 05	Improve management of the Office of Power	8	.0
TVA 06	Reduce the amount of coal procured	5	.0
TVA 08	Financial reporting system	2	.0
USAF 04	Provide annual statements on pay and benefits	1	.0
USAF 08	Consolidate Guard and Reserve activities	2	.0
USAF 10	Terminate bonus program for Guard/Reserves	1	.0
USAF 11	Military Airlift Command -- charge no shows	2	.0
USAF 20	Pursue dual-sourcing	4	.0
USAF 22	Improve management advisory services	4	2.1

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 17

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
USDA 06	Invest proceeds of supervised bank accounts	1	.0
USDA 12	Reduce costs of printing food stamp coupons	4	2.5
USDA 15	Reduce commodity distribution and warehousing costs	2	.6
USDA 17	Use discretion in meat/poultry processing inspection	3	.0
USDA 23	Reduce anticipated export financing costs	2	.0
USDA 27	Transfer freight forwarding activities to private sector	2	.2
USDA 28	Disband FAS's Ocean Transportation Division	1	.0
USDA 29	Eliminate ERS/FAS duplication of effort	2	.0
USDA 30	Reorganize FAS European representatives	5	.0
USDA 33	Improve credit evaluation practices	3	.0
USDA 34	Use export promotion funds for interest free loans	2	.0
USDA 40	Streamline ASCS county committee elections	2	.0
USDA 41	Improve timber sales cash management	1	10.0
USDA 45	Increase firewood revenue	2	17.0
USDA 47	Reduce road program expenditure	1	50.0
USDA 49	Restructure research activities	3	5.7
USDA 52	Reorganize the ARS	12	2.3
USDA 55	Reduce/redirect Cooperative Extension Service Washington based staff	1	1.8
USER 15A	New FERC user fees, existing authority	2	13.8
USER 18	Increase user fees for Customs services	2	60.0
USER 19	Recover costs for engineers services in commercial harbors and channels	4	133.3
USER 20	Update the user fee schedule for the nation's inland waterways	2	.0

1. Recommendations in Place (1988 Budget)

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
USPS 03	Interest income vs interest expense	1	.0
USPS 04	Review current rate structure	3	.0
USPS 07	Reduce non delivery rate addressed mail	1	.0
USPS 08	Expand mechanization	1	.0
USPS 09	Expand presort programs	2	.0
USPS 10	Divert mail from air to surface carriers	4	.0
USPS 11	Ensure efficient airmail cost after CAB sunset	3	.0
USPS 12	Make use of management sciences modeling for transportation	4	.0
USPS 13	Centralize delivery program	6	.0
USPS 15	Strengthen program management	3	.0
USPS 16	Change for delivery of Government mail	1	.0
USPS 21	Accelerate sale or reuse of surplus equipment	1	.0
USPS 22	Accelerate disposal of excess real property	1	.0
USPS 23	Develop strong purchasing function	1	.0
USPS 24	Implement project evaluation	4	.0
USPS 25	Establish senior assistant Postmaster General	1	.0
USPS 28	Establish employee involvement initiatives	1	.0
USPS 29	Streamline grievance procedures	4	.0
USPS 31	Reduce overtime payments	3	.0
USPS 33	Evaluate wage increase policies	1	.0
USPS 34	Analyze transportation costs	3	.0
USPS 35	Study transportation contracting	5	.0

1. Recommendations in Place (1988 Budget)

O M B Central Budget Management System

PAGE 19

1. Recommendations in Place (1988 Budget)
(outlays in millions)

Number	Issue Title	No. of Recomm.	Savings Base
USPS 36	Study use of contract stations	*3	.0
USPS 39	Study use of official time in grievances procedures	2	.0
VA 01	Revise work measurement system for claims processing	3	20.9
VA 05	Schedule sales for all portfolio loans on a regular basis	2	.0
VA 07	Improve application planning, selection and development operations	6	.0
VA 08	Implement a work load mgmt system and clearly define roles and respons	3	.0
WSL 01B	Davis Bacon and Copeland Anti-Kickback Acts administrative changes	3	.0
WSL 02	Repeal provision of Walsh Healy Act	5	.0
WSL 03B	Amend the Service Contract Act	2	.0
TOTAL: 1. Recommendations in Place (1988 Budget)		1,310	35,339.5

1. Recommendations in Place (1988 Budget)

2. Recommendations Completed by 1992 (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
ADP 15	Automation of claims and benefits delivery system	2	.0
ARMY 01	Enlistees: eliminate wasted training capacity; assign to trained jobs	4	.0
ASSET 02A	Speed the collection and deposit of Government receipts (FICA savings)	1	.0
ASSET 14	Reduce REA and Ex-Im BANK loans; let private sector handle	4	.0
ASSET 18	Gradual phase-out; FmHA and SBA direct loans to guaranteed loans	3	.0
ASSET 20	Establish certified lender programs; save processing costs	4	.0
CCE 12B	Eliminate delays in obtaining approval for repairs on Fed office bldgs	1	.0
COMM 11	NOAA: raise prices on maps and charts 25 percent per year	3	4.4
CONST 23	Improve data bases and enforce life cycle costing requirements	1	.0
CPSC 04A	Consolidate headquarters offices	1	.1
CPSC 04B	Close the five regional offices	1	.0
DOE 16	Support expeditious completion of DOD waste processing facility	2	.0
DOT 16	Close/restructure operations of low volume control towers	5	2.0
DOT 18	Flight service station consolidation	2	3.5
ED 02	Improve management information systems and internal controls	5	.0
ED 03	Reduce student loan delinquencies and defaults	8	272.0
FEMA 01	Make National Flood Insurance Program self sustaining	3	170.0
FF 05	Improve the efficiency of troop feeding services	4	.0
FMC 02	Automate tariff procedures	2	.0
FMFG 02	Accounting systems	5	.0
FMFG 04	Debt collection	5	.0
FRS 01A	Increase Federal civilian retirement age	2	35.2

2. Recommendations Completed by 1992 (1988 Budget)

0 M B Central Budget Management System

2. Recommendations Completed by 1992 (1988 Budget)
(outlays in millions)

Number	Issue Title	No. of Recomm.	Savings Base
FRS 03A	Remove long-term disability retirement from Civil Service Ret System	2	.0
FRS 04A	Revise civilian benefit formulas in line with private sector	6	.0
FRS 05A	Make Federal civilian pension sys. COLA consistent with private sector	2	375.6
FRS 06A	Integrate Civil Service and Social Security retirement	2	.0
FRS 07A	Improve Civil Service Retirement System accounting practice	3	.0
FRS 08A	Improve investment policy of Civil Service Retirement System	1	.0
FRS 09A	Change CSRS from defined benefits to defined contributions	1	.0
HCFA 08	HCFA staff reduction; consolidate/centralize operating sites	3	7.0
HHS 07	Modify mgmt practices and org struct of HDS to improve social rsrch	4	15.8
HOSP 02B	Share health resources in Federal hospital system; current authority	1	.0
HOSP 04A	Allocate resources using DRGs; improve PTF	2	60.0
HOSP 04B	DRG-based bed need model	3	.0
HOSP 05A	Restructure VA nursing home construction programs	1	1.0
HOSP 07	Implement a management information system for VA hospital system	5	-38.8
HOSP 09	Reduce open market purchase of medical supplies	5	10.0
HOSP 12A	VA: New reimbursement rates	1	3.0
HOSP 13A	Third party reimbursement for VA medical care	2	10.4
INS 06	Use private reinsurance for FCIC program	1	.0
INS 07	Revise FCIC financial reporting system	1	.0
INS 08	Increase FCIC premiums	3	33.0
INS 15	Reduce FCIC staffing levels	1	.0
JUST 05	Pursue ADP modernization plan	4	.0

2. Recommendations Completed by 1992 (1988 Budget)

2. Recommendations Completed by 1992 (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
LABOR 01A	Develop system to reduce disability abuse	4	.0
LABOR 04	Improve productivity measurement	7	.0
LABOR 08	Reduce telephone equipment expenditures	3	.1
OSD 02	Upgrade existing inventory data systems	1	.0
OSD 38	Contract out the DOD freight bill audit function	1	.0
OSD 39	Improve controls over Government-furnished materials to contractors	1	.0
PERS 05A	OPM: reduce administrative costs	2	96.0
PERS 05B	Reduce overgrading; other position management efforts	6	296.0
PERS 14	Eliminate duplication of supervisory training	6	.0
PERS 15	Relocate executive seminar operations	5	.2
PERS 16B	Eliminate all disincentives to productive management	1	.0
PERS 17	Promote productivity efforts	5	11.0
PHS 01	Reduce NIH administrative costs	3	25.0
PHS 02	Indian Health Service (IHS); revise reimbursement procedures	5	.0
PPAV 06	Improve the management of copying and duplicating resources	4	.0
PRIVAT01L	Sell Conrail	0	1,900.0
PRIVAT06	Sell metropolitan Washington's two Federally owned airports	1	.0
PROP 04	Revise wage determinations under Service Contract Act	4	.0
SBA 01A	Eliminate direct business loans	1	2.6
SBA 05B	Permanently exclude farmers from the SBA disaster loan program	1	75.0
SBA 06	Surety Bond Guaranty Prog: reduce max guaranty, increase contractor fee	1	.0
SBA 07	Increase fees on surety bonds	1	.0

2. Recommendations Completed by 1992 (1988 Budget)

2. Recommendations Completed by 1992 (1988 Budget)
(outlays in millions)

Issue Number -----	Issue Title -----	No. of Recomm. -----	Savings Base -----
STATE 01B	Eliminate overcomplement Foreign Service employees	1	2.5
STATE 03	Reform Foreign Buildings Office operations	5	.0
TREAS 05	Use of ADP capabilities; reduce number of service centers	3	.0
TREAS 07A	Collect additional revenues with additional IRS staff years	1	.0
TREAS 23	Space consolidation; BGFO	2	2.0
TTM 02A	Improve expense accounting and reimbursement systems	4	53.3
USAF 13	Modernize ADP systems	2	.0
USDA 21	Reduce anticipated crop support payments	1	.0
USDA 35	Consolidate USDA county office structure	3	1.4
USDA 36	ASCS -- Accelerate county office automation study	3	.0
USDA 37	Reduce soil survey costs	1	.0
USDA 42	Improve timber appraisal methods	1	.5
USDA 48	Improve data processing planning process	4	27.7
USDA 50	Reduce FS staffing levels	9	109.4
USDA 57	Reduce Government financing of cooperatives	6	.0
USER 12	Recover the costs for inspection and weighing stations	1	.0
USER 15B	New FERC user fees, new authority	1	30.0
USPS 06	Implement ZIP + 4 automation	1	.0
USPS 14	Improve sorting procedures	2	.0
VA 02	Conduct study of errors in claims processing/devise prepayment reviews	3	.0
TOTAL: 2. Recommendations Completed by 1992 (1988 Budget)		239	3,596.9

2. Recommendations Completed by 1992 (1988 Budget)

GROWTH INITIATIVES CONTAINED IN THE INITIAL BUDGET SUMMIT AGREEMENT

Source: Budget Summit Agreement descriptive materials that were provided to the public on September 30, 1990.

II.C. TAX AND RECEIPT TABLES

#90-3 231
PRELIMINARY
30-Sep-90

- BUDGET SUMMIT AGREEMENT -

Fiscal Years 1991-1995

[Billions of Dollars]

Item	Effective	1991	1992	1993	1994	1995	1991-95
A. Budget Outlays							
State and local Social Security offset:							
a. Social Security package [target].....	--	-0.5	-0.3	-0.4	-0.4	-0.4	-2.0
b. Medicaid package [target].....	--	-0.5	-0.4	-0.4	-0.4	-0.4	-2.0
B. Revenue-Losing Provisions							
1. Enterprise zones [target].....	1/1/91	--	-0.1	-0.2	-0.3	-0.4	-1.0
2. Energy incentives [target].....	1/1/91	-0.4	-0.6	-0.9	-1.0	-1.1	-4.0
3. Extend certain expiring provisions through 12/31/91:							
a. R&E credit (1).....	--	-0.6	-0.4	-0.1	-0.1	(2)	-1.2
b. Low-income housing credit.....	--	-0.2	-0.3	-0.4	-0.4	-0.4	-1.7
4. Additional growth incentives for certain small businesses:							
a. Minimum basis.....	10/1/91	0.2	-0.1	-0.2	-0.3	-0.3	-0.7
b. Research and development credit of 30% (1 year).....	1/1/91	-0.1	-0.2	-0.1	(2)	(2)	-0.4
c. Deduction for stock purchases (25%)..... (3)	1/1/91	-0.4	-1.0	-1.4	-1.9	-2.6	-7.3
d. Indexing of common stock..... (4)	1/1/92	(2)	(2)	-0.1	-0.1	-0.2	-0.4
e. 2-year expansion of expensing.....	1/1/91	-2.8	-3.4	0.7	2.1	1.5	-1.9
f. Additional expensing for scientific equipment.....	1/1/91	-0.5	-0.6	0.1	0.4	0.3	-0.3
g. Reduce corporate phaseout rate from 5% to 2-1/2%.....	1/1/91	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
h. Additional growth incentives subject to mutual agreement [target].....	--	(2)	-0.1	-0.1	-0.2	-0.2	-0.6
5. Increase EITC (5) [target].....	1/1/91	-0.1	-1.1	-1.2	-1.3	-1.3	-5.0
Subtotals, Revenue-Losing Provisions.....		-5.0	-8.0	-4.0	-3.2	-4.8	-25.0

GROWTH INITIATIVES

GROWTH INITIATIVES

(Revenue-Losing Provisions in Billions of Dollars)

The Summit negotiators agreed to total savings in the amounts listed below (under OMB scoring) for the programs indicated. Except where specifically noted, the policies described are illustrative only. The committees of jurisdiction retain the right to achieve the savings required through alternative policies. However, the President and the Bipartisan Leadership have pledged their best efforts to deliver a legislative package that fully reflects the Summit Agreement, as is noted specifically in Part IV, "Agreement Concerning Enactment."

	<u>1991</u>	<u>1991-1995</u>
B.1. Enterprise Zones	0.0	-1.0

Provisions, designed to provide tax incentives to specially-designated areas in need of economic assistance, similar to those described in H.R. 4993 and H.R. 5190, as mutually agreed will be adopted with a total revenue cost over the five-year budget period of \$1.0 billion.

B.2. Energy Incentives	-0.4	-4.0
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Tax incentives would be provided to enhance energy security, including incentives for oil and gas exploration, production from marginal properties and enhanced oil recovery. In addition, section 29 will be made permanent and extended to tight sands gas. Incentives for ethanol will be modified and extended. The total of energy security incentives including the foregoing will not exceed \$4.0 billion over the five-year budget period.

B.3 Extension of Expiring Provisions

Under the agreement, the following provisions would be extended through December 31, 1991:

a. Research and experimentation credit. The 25% reduction enacted for 1990 will be restored.	-0.6	-1.2
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GROWTH INITIATIVES

(Revenue-Losing Provisions in Billions of Dollars)

	1991	1991-1995
b. Low-income housing credit. The low-income housing credit allocation limit would also be restored to \$1.25 per State resident for 1990 and would be continued at that limit in 1991.		-0.2 -1.7

B.4. Provisions relating to qualified small corporations

Definition of qualified small corporation -- Qualified small corporations are domestic subchapter C corporations with paid-in capital and retained earnings of less than \$50 million. Such corporations must be engaged in an active trade or business for at least 5 years (or, if shorter, the period of their existence), and substantially all of the corporation's assets must be used in active trades or businesses. Among the types of corporations that would be excluded are: banks, savings and loan associations, insurance companies, finance companies, securities holding and management corporations, real estate holding and management companies, personal service corporations, regulated investment companies, real estate investment trusts, and cooperatives.

B.4.a. Basis Adjustment for Qualified Small Corporations	0.2	-0.7
--	-----	------

An individual who sells common stock of a qualified small corporation acquired after September 30, 1990, and before December 31, 1995 and held for at least five years would be entitled to claim a tax basis in such stock equal to the greater of (i) his adjusted stock basis or (ii) 50% of the sales price. This rule would be available only if such corporation was a qualified small corporation at any time during the two years immediately preceding the date of the stock sale.

B.4.b. 30% research and experimentation credit for qualified small corporations	-0.1	-0.4
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Qualified small corporations would be entitled to an additional 10% credit for research and experimentation expenses (resulting in a total credit of 30%) during 1991.

GROWTH INITIATIVES

(Revenue-Losing Provisions in Billions of Dollars)

	<u>1991</u>	<u>1991-1995</u>
B.4.c. Deduction for investment in qualified small corporations	-0.4	-7.3

Individuals would be allowed to deduct 25 percent of the purchase price of "qualified small business stock" purchased after December 31, 1990. The amount of the deduction for each individual per year would be limited to \$50,000. The individual would reduce the basis of such stock by the amount of the deduction.

"Qualified small business stock" would be defined as common stock of a qualified small corporation originally issued to an individual (either directly or through an underwriter) for money or other property (including debt, but not including stock of the corporation). It would not include stock transferred in exchange for services or issued in redemption of (or otherwise in exchange for) stock or any other equity interest that was issued prior to the effective date.

The deduction would be recaptured as ordinary income in the same manner as depreciation recapture. In addition, any of four other events would trigger recapture of an individual's deduction: (i) the death of the individual within 2 years of purchasing the stock (to prevent deathbed transfers for stock that receives a step-up in basis at death); (ii) transfer by the individual to an IRA or other benefit plan; (iii) transfer to a charity (the recapture is accomplished by denying a charitable deduction for the amount of the deduction allowed for qualified business stock), or (iv) failure of the corporation to continue to meet the definition of "qualified small corporation" for reasons other than growth of the corporation or participation in a tax-free reorganization transaction.

Individuals would be allowed to claim deductions only for amounts that they are "at-risk" with respect to the investment. The deduction would not be allowed in computing

GROWTH INITIATIVES

(Revenue-Losing Provisions in Billions of Dollars)

1991 1991-1995

the alternative minimum tax. If the individual is subject to the alternative minimum tax, he would not have to reduce his basis in the stock by the amount of the deduction. The deduction would not be allowed to trusts, estates, or dependent children.

To prevent abuse, an excise tax would be imposed on corporations that during the 2 years after issuing the qualified business stock either (i) failed to satisfy the active trade or business requirement, or (ii) redeemed a substantial amount of stock without a good business purpose for the redemption. The amount of the tax would be equal to 5 percent of the fair market value of qualified business stock issued during the 2-year period.

B.4.d. Indexing investment in common stock --- -0.4

Individuals would increase the tax basis of common stock of a qualified small corporation, whether or not newly issued, acquired after September 30, 1990 and held for at least one year to reflect inflation occurring after December 31, 1991. The provision would expire December 31, 1995.

B.4.f. Expand election to expense certain depreciable
business property -0.5 -0.3

Corporations with total assets of not more than \$50 million would be allowed to elect to expense certain amounts in excess of current law limits set forth in section 179. Additional expensing may be provided for certain research and experimentation equipment. Revenue cost over the budget period will not exceed \$2.2 billion.

GROWTH INITIATIVES

(Revenue-Losing Provisions in Billions of Dollars)

1991 1991-1995

B.4.g. Reduce corporate tax rate phase-out of benefit
of lower tax brackets -0.1 -0.5

For corporations with taxable income in excess of \$100,000, the amount of tax would be increased by the lesser of 2.5 percent of such excess or \$11,750. Thus, a corporation would not be subject to the flat income tax rate of 34 percent until the corporation has taxable income of \$570,000 or more.

B.4.h. Additional incentives to promote growth --- -0.6

In addition to the foregoing, the Agreement includes additional growth incentives as may be mutually agreed with a revenue cost of \$600 million over the 5-year budget period.

~~B.5. Earned Income Tax Credit -0.1 -5.0~~

~~Under the agreement, the earned income tax credit would be increased at a revenue cost of \$5 billion during the period 1991-1995. (This amount is in addition to any increases in the earned income tax credit under child care legislation.)~~



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

THE CHIEF of STAFF
has seen

August 23, 1991

MEMORANDUM FOR KATY WINKELJOHN/
SPECIAL ASSISTANT TO THE CHIEF OF STAFF

ED GOLDSTEIN
SENIOR POLICY ANALYST
ECONOMIC AND DOMESTIC POLICY

FROM: Nelson A. Rockefeller *NAR*
Special Assistant to the Associate Director
for Natural Resources, Energy and Science

SUBJECT: Tongue River Dam, Montana

Bob Grady asked me to send to you for review the attached draft letter for Governor Stan Stephens of Montana. This draft is in response to Governor Stephens May 17th letter to Governor Sununu regarding proposed modifications to Tongue River Dam.

Please inform me of any suggested comment. With your approval, a final draft of this letter will be sent to Governor Stephens.

Thank you.

cc: Bob Grady

Attachment

*Governor -
is this letter
okay for
Grady to
send?
Katie*

DRAFT

Honorable Stan Stephens
Governor of Montana
Helena, Montana 59620

Dear Governor Stephens:

This follows up Governor Sununu's May 23, 1991, note to you concerning your proposed modifications to the State's Tongue River Dam as part of the Northern Cheyenne water rights settlement.

In evaluating the Federal contribution to individual settlements, we consider both the Federal legal obligation and trust responsibility for tribes. We also assess the proposed financial and in-kind contributions by the other parties to the settlement with respect to their legal liability and benefits received from a settlement as opposed to litigation.

We are concerned that providing a no-interest loan to the State would raise the Federal costs substantially beyond a level that the Administration could justify as a reasonable Federal taxpayer contribution, given its legal and trust responsibilities. Further, the United States anticipates negotiations on settlements involving a number of tribes with substantial claims in the coming years. We must, therefore, ensure that all parties contribute an equitable share to the settlement. We do not believe this would be the case under the State's proposal. The Federal Government would pay a total of about \$40 million related to the dam and another \$10 million for an economic development trust fund in addition to the no-interest loan of \$11.5 million. The State would pay \$5 million plus the water owed to the Tribe.

Of the three elements of the proposed settlement, we are most concerned about the no-interest loan to repair a high-hazard non-Federal dam. This would set a precedent and initiate a new program of Federal subsidy to repair non-Federal dams. There are thousands of non-Federal dams throughout the Nation. Beginning such a program could lead to billions in demand for similar treatment by other States. Moreover, the Department of the Interior alone is responsible for the evaluation and modification, if warranted, of almost 400 high-hazard Federal dams. These dams are expected to cost several hundred million dollars to modify or repair. There is neither sufficient Federal funding nor rationale for repair of non-Federal dams such as Tongue River at Federal expense.

Official - W. B. -

We look forward to working with you to achieve an agreement, and I am convinced that further discussions will yield a settlement acceptable to all parties in the near future. Again, thank you for your letter.

Sincerely,

Robert E. Grady
Associate Director
for Natural Resources,
Energy and Science

OMB Sequestration Update Report to the President and Congress



August 20, 1991

DRAFT

July 23, 1991

DRAFT

The Honorable Mike Sullivan
Governor
State of Wyoming
Cheyenne, WY 82002

THE CHIEF of STAFF
has seen - no
action taken
9-6-91

Dear Governor Sullivan:

Thank you for your recent letter expressing opposition to the concept of net receipt sharing. I appreciate the time you have taken to contact me about this important matter.

A net receipt sharing proposal was passed in the FY 1991 Department of the Interior and Related Agencies appropriations bill, included in the President's FY 1992 Budget, and is now being considered by the Senate in FY 1992 appropriations legislation. The Administration had proposed net receipt sharing at 75%; the Senate bill includes 100% receipt sharing. In that sense, the Administration's proposal is at least preferable to that before the Senate.

I understand your concern about this proposal. However, the Administration firmly believes that some receipt sharing is an equitable way to distribute the costs of administering leases and distributing receipts from mineral production on Federal lands to the individual States. The net receipt sharing proposal allows the cost of administering and operating on-shore leasing and receipt distribution to be deducted from both the States' and the Federal Treasury's share of the receipts before the receipts are distributed.

I have checked into the situation, and you are correct in your comment that the Minerals Management Service's (MMS) mineral leasing program costs are not the only costs being shared between the States and the Federal Treasury in the net receipt sharing proposal. The mineral leasing program costs of the Bureau of Land Management (BLM) in the Department of the Interior and the Forest Service (USFS) in the Department of Agriculture are also being shared. As I understand it, MMS, BLM and USFS calculate these expenses according to their estimated percentage of resources devoted to the on-shore leasing program. Each bureau has detailed records of funds expended in the previous year. I am certain that the Departments of the Interior and Agriculture will provide you with any additional information you desire regarding these calculations. Enclosed is a detailed summary on how the cost recovery calculations were derived. I hope these prove helpful to you.

DRAFT

As a former Governor, I understand your frustration in attempting to assume program responsibilities mandated by the Federal Government while trying at the same time to balance your State's budget. However, in this time of large Federal deficits, the Federal government can no longer maintain its past role of assistance to States at zero cost to the recipients. Perhaps a compromise proposal along the lines we have suggested -- but certainly some portion below 100% -- is possible.

Again, thanks for writing. Please feel free to contact me if I can be of further assistance to you.

Sincerely,

Governor John Sununu

Enclosure

**Derivation of
Onshore Mineral Leasing Program Costs
(\$ 000s)**

DEPARTMENT OF THE INTERIOR**Budget
Estimate *****Bureau of Land Management**

Program	Estimate
Oil and Gas	43,044
Coal	9,903
Geothermal	1,664
Non-energy Minerals	4,023
	58,634

General Administration	
Program subtotal X normal overhead of 19%	11,140

BLM, Subtotal **69,774**

Minerals Management Service

Program	
Royalty Management Program	
Budget estimate X 74%	45,524
(74% represents estimate of RMP workload directed to onshore Federal lands)	

General Administration (pro rata)	
$\frac{\text{RMP FTE}}{(\text{Total MMS FTE} - \text{G Admin FTE})} \times (\text{G Admin budget estimate}) \times 74\% =$	
	9,400

MMS, Subtotal **54,924**

DEPARTMENT OF AGRICULTURE**Forest Service**

Program (includes general administration)	
Leasable Minerals	11,700
USDA-FS, Subtotal	11,700

TOTAL GOVERNMENT MINERAL LEASING PROGRAM COSTS **136,398**

* Costs based on budget authority estimates available at time of House request. (March 1991)

THE WHITE HOUSE
WASHINGTON

DATE: July 22, 1991

TO: BOB GRADY

FROM: GOVERNOR JOHN H. SUNUNU

Please draft a response for Sullivan
to go out from me.

cc: Deb Anderson



STATE OF WYOMING
OFFICE OF THE GOVERNOR
CHEYENNE 82002
July 18, 1991

MIKE SULLIVAN
GOVERNOR

7 A x 20
AC/ Det Anderson

THE CHIEF of STAFF
has seen

Chief of Staff John H. Sununu
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear John,

It has come to my attention that a proposal is being considered, as a component of Senate appropriations legislation for the Department of Interior and related agencies, that would deduct administrative and operating costs from federal mineral receipts prior to the distribution of states' shares of those receipts. The implied motive behind this initiative has been to recoup a portion of the costs borne by the Mineral Management Service for the administration of their royalties program and the rationale given has been that those entities receiving benefits from this program should share in the program costs. As you may recall, I have discussed this proposal, which appears to emanate from OMB, with you on a couple of occasions.

Western states have historically been opposed to this proposal and that opposition continues. This fact has been communicated to the Department of Interior many times in the past.

Today I learned, much to my dismay, that MMS royalty administration costs are not the only costs being charged against the states' portion of the shared receipts. I have been informed that, of the \$136 million claimed by the federal government to be the costs of this program, less than \$55 million of this amount represents MMS royalty management. The balance appears to be the costs borne by both the U.S. Forest Service and the Bureau of Land Management in their mineral leasing activities, including I assume, costs associated with compliance with the National Environmental Policy Act and numerous other mandates imposed upon these agencies by Congress. It takes an enormous leap of faith to conclude that these activities have any relation to the collection and distribution of shared receipts or that western states are direct beneficiaries of these mandates. Western states are caught in a double bind when the federal government, with one hand, imposes mandates upon states to assume responsibilities for programs that

John H. Sununu
July 18, 1991
Page 2

federal agencies can no longer afford to administer and, with the other hand, constricts the sources of funding available for state administration of those programs. Deduction of administrative costs prior to distribution of shared receipts is only one manifestation of this situation.

My purpose in writing to you is to express my profound indignation and outrage at the federal government's callous attempt to budget for these activities using dollars that would otherwise fund worthy state programs. It has been exceedingly difficult to obtain credible information from the Administration regarding the necessity for and disposition of funds sequestered from the states' portion of the shared receipts. Inquiries along these lines have been met with bureaucratic obfuscation and stonewalling by masters of the game. The reason for that is now amply clear - there was something to conceal.

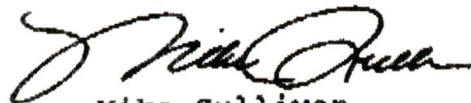
Congress should, under no circumstances, authorize further deductions from states' shared receipts until a full and satisfactory accounting is provided that will clearly indicate how the money is being spent. Zeal to reduce the federal deficit should not be allowed to override the obligation to be forthright and to act in good faith.

I am convinced that a thorough investigation of the costs to administer the royalty program will reveal that those costs are grossly out of line. Wyoming administers a similar program at the state level for about one half of one percent of collections. At the \$55 million dollar level, MMS spends 4.8 percent of its collections in administration. Until adequate justification is provided for this disparity, the federal program will continue to be viewed with skepticism. Clearly, the solution to this situation does not lie in increased deductions from shared receipts.

I predict that this situation will be the topic of a lively discussion at the upcoming Western Governors' Association meeting and that further communication from western states will be forthcoming.

With best regards, I am

Very truly yours,


Mike Sullivan

MS/rmt

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Letter	From Evan J. Kemp, Jr. to Richard Darman Re: U.S. Equal Employment Opportunity Commission's Funding and Staffing (3 pp.)	11/4/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Darman (OMB) [1991]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29187-008
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
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P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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(b)(1) National security classified information [(b)(1) of the FOIA]
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(b)(9) Release would disclose geological or geophysical information



CE
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
WASHINGTON, D.C. 20507

NOV 4 1991

OFFICE OF
THE CHAIRMAN

Honorable Richard G. Darman
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Darman:

I am compelled to apprise you of relatively recent events which further exacerbate the U.S. Equal Employment Opportunity Commission's (EEOC) funding and staffing shortfalls. Four somewhat unanticipated forces have, and are, adversely impacting our capability as an effective law enforcement agency.

First, the recent Thomas hearings created a new level of public awareness regarding sexual harassment. In the past, sexual harassment charges comprised approximately five (5) percent of all our charges; these charges have traditionally necessitated priority treatment over other charges. Preliminary reports from field offices indicate a 23 percent increase in sexual harassment charges filed since October 6, 1991. Specific inquiries concerning this issue have also increased--by almost 150 percent and inquiries in general have increased by over 130 percent. This will probably result in a substantially greater increase in charge filings in the near future. During this same period, publicity has also increased. Offices report their contacts from the media have increased by almost 160 percent.

Secondly, we are experiencing an increasing trend in the number of Age Discrimination in Employment Act (ADEA) charges entering our workload. For FY 1991, charge receipts overall were up by 5.6 percent; yet, ADEA receipts were up by 20 percent. Even putting political reasons aside, because of the two-year statute of limitations for ADEA charges, these too, must also take priority and cannot be allowed to age in the inventory. As the job market becomes tighter and the population becomes older, we expect even more ADEA charges. Note that the recent Civil Rights Act compromise will remove the two year statute of limitations under the ADEA. This will help but it does not solve the resource problems we are facing.

Thirdly, despite our significant investigator productivity successes over the past few years, our workload is being adversely affected by decreasing state budgets. For example, we started FY 1991 with a pending enforcement workload of 42,522 charges. At the end of FY 1991, our workload grew to 45,717--an increase of over 3,000 charges. Due to decreasing state budgets, the Federal Employment Practice Agencies (FEPA) waived almost 3,700 charges

back to EEOC in FY 1990, and over 4,700 charges in FY 1991. As they too face shrinking staff resources, FEPAs make the only choice they can make--to shift more of the workload to EEOC.

Lastly, but perhaps most significant, is the likely enactment of the Civil Rights Act of 1991 in the very near future. This legislation has real and immediate impact on our Agency. For example, in order to implement the various provisions of this Act, EEOC staff (especially investigative and legal) will need immediate training and guidance. Furthermore, we anticipate that there will be an increase in charges filed due to the increased remedies afforded by the Act. The Act also provides for additional responsibilities to be assumed by EEOC, including establishing a technical assistance training institute and providing education and outreach activities.

In my October 7, 1991 letter to you, I identified several significant political considerations which needed to be taken into account during the Office of Management and Budget's (OMB) determination of proposed FY 1993 funding levels for federal agencies (e.g., the fact that 1992 is an election year; civil rights is an agenda item on everyone's plate; and strong law enforcement is an agenda item everyone can and will support). I implored your assistance in reviewing the funding for similar type civil rights agencies (e.g., Education/Office for Civil Rights (DOE/OCR); Health and Human Services/Office for Civil Rights (HHS/OCR); Housing and Urban Development/Office of Investigations (HUD/OI); and the Department of Labor/Office of Federal Contract and Compliance Programs (DOL/OFCCP)). As I noted in my letter, however, unlike these agencies which are operational within major departments, EEOC is "alone" as a relatively small independent agency; all EEOC does is enforce civil rights laws.

I ask your assistance in carefully assessing the forces affecting EEOC and ensuring that adequate resources are provided to us.

Sincerely,



Evan J. Kemp, Jr.
Chairman

cc: Mr. John H. Sununu
Chief of Staff to the President

Mr. C. Boyden Gray, Esq.
Counsel to the President

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
WASHINGTON, D.C. 20507

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Mr. John H. Sununu
Chief of Staff to the President
The White House
Washington, DC 20500





With the compliments of
D.H. Burney
Ambassador of Canada
Washington, D. C.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Letter	From Ambassador D. H. Burney to Richard Darman Re: Market-Based Competition Between Canadian and U.S. Natural Gas SENT FOR AGENCY REFERRAL (2 pp.)	7/11/91	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
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AR Case #:	98-0004-F/2	MR Case #:	
AR Disposition:	Denied in Full	MR Disposition:	
AR Disposition Date:	12/18/1998	MR Disposition Date:	

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THE DIRECTOR

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

*The following is the text of the
letter transmitting the
Mid-Session Review of the Budget*

July 15, 1991

Honorable Thomas S. Foley
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Section 1106 of Title 31, United States Code, requires that the President transmit to the Congress a supplemental summary of the Budget that was transmitted to the Congress earlier in the year. This supplemental summary of the Budget, commonly known as the Mid-Session Review, contains revised estimates of the budget receipts, outlays, and budget authority for fiscal years 1991-1996 and other summary information required by statute.

The Review tends to show the following:

(1) The Administration's economic forecast used in developing the President's *Budget* has been highly accurate to date—and is modified only slightly herein.

(2) There has been a marked improvement in the deficit outlook for 1991—but, as is generally recognized, it has been caused principally by changes in deposit insurance and Desert Storm funding, which have offsetting adverse effects on the 1992 deficit.

(3) The budget reforms enacted in 1990 have been working—and the major changes in estimates have been in areas that are exempt from the new budgetary discipline (deposit insurance, Desert Storm, and technical reestimates).

(4) The structural deficit trend under current law remains favorable for the medium term—with the deficit falling to 1 percent of GNP in the mid-1990s.

At the President's direction, I have the honor to transmit the required Mid-Session Review of the Budget.

Respectfully yours,

Richard Darman
Director

Enclosure

FAX TO:

FITZWATER
BRADY
SUNUNU

from

DARMAN

7/15

LONDON

IDENTICAL LETTER SENT TO THE HONORABLE DAN QUAYLE

I. DEFICIT OUTLOOK

In February, the President submitted a Budget consistent with the budget agreement reached last year with the Congress. The Budget stated that neither the full costs of Operation Desert Shield/Desert Storm nor the foreign contributions could be reliably estimated. It also noted, as the previous Budget had, that there were significant deficit forecasting problems caused by major uncertainties regarding estimated outlays for thrift and bank insurance and associated working capital requirements.

Putting Desert Storm and deposit insurance aside, the estimates in the President's Budget have proven to be quite accurate on the whole. Since February, the estimates of outlays for all government activities except Operation Desert Shield/Desert Storm and deposit insurance have changed by not more than 2 percent for any of the forecast years. However, because of more complete information on the incremental costs of Operation Desert Shield/Desert Storm and offsetting foreign contributions, the size and timing of the outlays and receipts that result from deposit insurance obligations, and a fall-off in tax collections to date, the deficit estimates have changed considerably. The estimated deficit for 1991 has improved markedly. It has decreased by \$35.9 billion from \$318.1 billion to \$282.2 billion. But, as is generally recognized, this improvement in 1991 has an adverse carry-over effect upon the 1992 deficit. The timing effects of Desert Storm and deposit insurance flows have been the principal cause of an upward adjustment of the 1992 deficit, now forecast at \$348.3 billion. As shown in Table 1, the deficit estimates for each year from 1993 through 1996 have also changed. However, the pattern of basic structural improvement in the deficit remains clear. Assuming the Administration's growth-oriented policies are enacted, along with necessary financial service sector reform, and assuming the Administration's economic forecast remains valid, then the deficit is projected to fall to 1% of GNP by the mid-1990's.

Table 1: MID-SESSION REVIEW: CHANGE IN POLICY DEFICITS

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
February estimates	-318.1	-280.9	-201.5	-61.8	-2.9	19.9
Changes due to:						
Operation Desert Shield/Desert Storm.....	33.4	-12.0	-2.9	-1.3	-0.7	-0.3
Deposit insurance ¹	28.0	-29.9	-4.8	-12.7	2.8	7.5
Receipts	-22.8	-19.5	-19.4	-31.0	-40.2	-43.7
Debt service	0.3	0.5	-2.7	-5.3	-8.5	-11.2
All other changes ²	-3.1	-6.5	-14.3	-20.0	-24.1	-27.6
Current estimates.....	-282.2	-348.3	-245.7	-132.1	-73.6	-55.5
Current estimates excluding Desert Shield/Desert Storm	-306.2	-331.5	-241.9	-130.4	-72.9	-55.2
Current estimates excluding deposit insurance.....	-198.7	-230.3	-196.7	-157.5	-118.8	-92.8
Current estimates excluding Deposit insurance and Desert Storm/Desert Shield	-222.7	-213.5	-192.9	-155.8	-118.1	-92.6
MEMORANDUM						
As a percent of GNP:						
Deficit	5.0	5.8	3.8	1.9	1.0	0.7
Deficit excluding Desert Shield/Desert Storm.....	5.5	5.6	3.8	1.9	1.0	0.7
Deficit excluding deposit insurance.....	3.5	3.9	3.1	2.3	1.6	1.2
Deficit excluding deposit insurance and Desert Storm/ Desert Shield	4.0	3.6	3.0	2.3	1.6	1.2

¹ See discussion of deposit insurance change on page 6.

² Includes debt service on all other.

II. ECONOMIC ASSUMPTIONS

Economic developments so far this year have been consistent with those anticipated in the February budget. The recession was predicted to be short and shallow with a cumulative real GNP decline of 1.2 percent in the fourth quarter of 1990 and the first quarter of 1991. This was almost identical to the actual 1.1 percent real GNP decline during that period. In fact, the budget projection for the real GNP level in the first quarter of 1991 was within \$4 billion (0.1 percent) of the actual outcome.

The economic assumptions used in the Mid-Session Review have been revised slightly from those of the budget to reflect new information. The projection of real GNP growth during the second half of 1991 has been raised somewhat, while that of the GNP implicit price deflator has been lowered. The level of nominal GNP by the fourth quarter of 1991 is the same as in the budget. For the Consumer Price Index, unemployment rate and interest rates, the recent slight differences between actual data and those assumed in the February budget are phased out smoothly. As a result the changes in economic assumptions since the budget have only very small effects on outlays, receipts, and the deficit. (See tables 4 and 8.)

Table 2. ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	Actual 1990	Estimates					
		1991	1992	1993	1994	1995	1996
Major economic indicators:							
Gross national product (percent change, fourth quarter over fourth quarter):							
Current dollars ("nominal GNP")	4.5	5.0	7.5	7.3	6.8	6.6	6.4
Constant (1982) dollars ("real GNP")	0.5	0.8	3.6	3.4	3.2	3.0	3.0
GNP deflator (percent change, fourth quarter over fourth quarter)	4.0	4.2	3.8	3.7	3.5	3.4	3.3
Consumer Price Index (percent change, fourth quarter over fourth quarter) ¹	6.2	3.4	3.9	3.7	3.5	3.4	3.3
Unemployment rate (percent, fourth quarter) ² ..	5.8	6.7	6.3	6.2	5.8	5.4	5.2
Annual economic assumptions:							
Gross national product:							
Current dollars ("nominal GNP"):							
Amount	5,465	5,674	6,076	6,521	6,976	7,442	7,923
Percent change, year over year	5.1	3.8	7.1	7.3	7.0	6.7	6.5
Constant (1982) dollars ("real GNP"):							
Amount	4,157	4,149	4,281	4,430	4,577	4,719	4,861
Percent change, year over year	1.0	-0.2	3.2	3.5	3.3	3.1	3.0
Incomes:							
Personal income	4,646	4,853	5,187	5,533	5,910	6,291	6,676
Wages and salaries	2,705	2,801	3,007	3,236	3,455	3,688	3,931
Corporate profits before tax	305	301	343	388	434	463	490
Price level:							
GNP deflator:							
Level (1982=100), annual average	131.5	136.7	141.9	147.2	152.4	157.7	163.0
Percent change, year over year	4.1	4.0	3.8	3.7	3.5	3.5	3.4
Consumer Price Index: ¹							
Level (1982=100), annual average	129.0	134.7	139.9	145.1	150.3	155.4	160.6
Percent change, year over year	5.3	4.4	3.8	3.8	3.6	3.4	3.3
Total unemployment rate, annual average ²	5.4	6.6	6.4	6.3	5.9	5.5	5.2
Federal pay raise, January (percent)	3.6	4.1	4.2	4.7	4.3	4.1	4.0
Interest rates (percent):							
91-day Treasury bills ³	7.5	5.7	5.9	5.8	5.6	5.4	5.3
10-year Treasury notes	8.5	8.0	7.8	7.0	6.6	6.4	6.3

¹ CPI for urban wage earners and clerical workers. Two versions of the CPI are published. The index shown here is that currently used, as required by law, to calculate automatic cost-of-living increases for indexed Federal programs.

² Percent of total labor force, including armed forces residing in the U.S. This implies an average unemployment rate of 6.4% for the second half of calendar year 1992.

³ Average rate on new issues within period, on a bank discount basis.

III. RECEIPTS

The current estimates of receipts for 1991 and 1992 are lower than the February estimates by \$22.8 billion and \$19.5 billion, respectively. Most of these differences are the result of technical reestimates, which account for \$21.2 billion and \$17.8 billion of the 1991 and 1992 differences, respectively.

Technical reestimates for individual income tax receipts account for approximately one-half of the total technical change for 1991 and 1992. The reestimates reflect adjustments in the light of lower than anticipated tax collections relating to final payments of calendar year 1990 individual income tax liability. Negative technical adjustments have also been made to employment taxes, excise taxes, and Federal Reserve earnings.

Table 4: MID-SESSION REVIEW: CHANGE IN POLICY RECEIPTS

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
February estimate	1,091.4	1,165.0	1,252.7	1,365.3	1,467.3	1,560.7
Changes due to:						
Technical reestimates.....	-21.2	-17.8	-16.5	-24.7	-33.7	-36.0
Economic assumptions.....	-1.3	-1.7	-2.9	-6.3	-6.5	-7.7
Policy	-0.3	-*	*	—	—	—
Total, changes.....	-22.8	-19.5	-19.4	-31.0	-40.2	-43.7
Mid-Session estimate	1,068.7	1,145.5	1,233.3	1,334.3	1,427.1	1,517.0

Source: Department of the Treasury, Office of Tax Analysis.

**Table 3: FEBRUARY BUDGET GNP FORECAST
AND ACTUAL DATA**

(Dollar amounts in billions)

	GNP, Annual Rate		Error in Level (%)
	Forecast	Actual	
Nominal GNP:			
Q4, 1990.....	5,527	5,527	—
Q1, 1991.....	5,574	5,558	-0.3
Real GNP (1982 dollars):			
Q4, 1990.....	4,134	4,153	0.5
Q1, 1991.....	4,121	4,124	0.1

IV. SPENDING

Outlays

The current estimate for outlays for 1991 is \$1,305.9 billion, \$58.7 billion lower than the February estimate. This reduction is largely due to reestimates of the size and timing of outlays and receipts that result from deposit insurance obligations, and different spending patterns and contributions for Operation Desert Shield/Desert Storm than assumed in the "placeholder" estimates in February. The current estimate for outlays in 1992 is \$1,493.8 billion, \$47.9 billion higher than the February estimate.

Operation Desert Shield/Desert Storm

Estimates in the February budget included a "placeholder" for Desert Shield/Desert Storm costs because it was too early in the operation to project costs accurately. The Budget assumed 1991 funding of \$30.0 billion, of which \$15.0 billion would be offset by foreign contributions, and 1991 net outlays of \$9.4 billion. (See table 5.)

Table 5: DESERT SHIELD/DESERT STORM APPROPRIATIONS AND CONTRIBUTIONS

(In billions of dollars)

	Budget Authority 1991	Outlays		
		1991	1992	1993 and Beyond
February 1991 Request:				
Appropriations:				
1990 Supplemental (P.L. 101-403).....	—	0.4	0.1	0.1
1991 DOD Appropriations Act.....	1.0	0.8	0.2	—
Placeholder Allowance.....	29.0	23.2	4.6	1.2
Total Appropriations.....	¹ 30.0	24.4	4.8	1.2
Offsetting Receipts.....	-15.0	-15.0	—	—
Net Funding.....	15.0	9.4	4.8	1.2
Mid-Session Update:				
Appropriations:				
1990 Supplemental.....	—	0.4	0.1	0.1
1991 Appropriations Act.....	1.0	0.8	0.2	—
Desert Storm Supplemental (P.L. 102-28).....	42.6	27.8	10.9	3.4
Dire Emergency Supplemental (P.L. 102-27).....	² 0.7	0.4	0.2	0.2
Dire Emergency Supplemental (P.L. 102-55).....	³ 0.3	0.1	0.1	*
Proposed Supplemental.....	2.9	-5.3	5.4	2.7
Total Appropriations.....	¹ 47.5	24.2	16.8	6.2
Offsetting Receipts.....	-48.2	-48.2	—	—
Net Funding.....	-0.7	-24.0	16.8	6.2
Difference: Mid-session vs. February 1991 Request:				
Net Outlays.....		-33.4	12.0	5.0

¹ This does not reflect the 1990 supplemental appropriation of \$2.0 billion.

² This includes \$0.4 billion for DOD and \$0.3 billion for the Departments of Education and Veterans Affairs. The non-defense funding includes advance appropriations for 1992 through 1995.

³ This includes funding of \$235 million for the Department of State and \$16 million for the Department of Defense.

The Department of Defense has estimated that the full incremental costs of Desert Shield/Desert Storm could total \$61.1 billion. The portion that requires appropriations in 1991 and is exempt from statutory budget ceilings is \$47.5 billion. This excludes those costs covered by in-kind assistance from allies, long-term veterans benefits, 1990 costs, and costs for expended and destroyed equipment that the Department does not currently plan to replace.

Outlays currently are estimated to be about \$33.4 billion less in 1991 and \$12.0 billion more in 1992 than assumed in the February budget "placeholder" estimates. Current estimates assume that in addition to cash contributions of \$39.0 billion that have been received through July 12th, additional pledged contributions of \$9.2 billion will be received in 1991, for a total of \$48.2 billion. Contributions exceed U.S. disbursements in 1991 because disbursements—especially those involving contracts and budget authority that involve low outlay spend-out rates—will occur over an extended period. Under the Persian Gulf Conflict Supplemental Authorization Act and Personnel Benefits Act of 1991 (Public Law 102-25), OMB is obliged on the 15th of each month to report to the Congress on the status of Desert Shield expenditures and associated foreign contributions. The July 15th report is included as an Appendix to this report.

Economic changes

Changes in economic conditions have reduced outlay estimates by \$1.9 billion in 1991 and \$4.5 billion in 1992 from the levels in the February budget. This largely reflects the more modest rise in the consumer price index resulting in smaller cost-of-living increases for social security and other retirement programs than previously assumed. It also reflects the pattern of interest rate changes where short-term interest rates have been lower than projected in the budget, while long-term rates have been somewhat higher. These interest rate changes have the effect of reducing outlay estimates in 1991 and 1992, while increasing them in subsequent years.

Technical changes

Technical changes result from factors such as revised crop forecasts affecting farm price support costs, changes in estimated caseloads for entitlement programs, and other non-economic, non-policy conditions different from those previously assumed. The largest technical reestimates are for deposit insurance, where the magnitude and timing of outlays and receipts are inherently difficult to estimate. Only the major technical reestimates are reflected in this document.

Commodity Credit Corporation (CCC)—CCC net expenditures rise during 1991 through 1995 from \$49.3 billion in the February budget to \$55.2 billion. Of this \$6 billion increase, about half (\$2.6 billion) results from new supply and demand equations for cereals. Specifically, the Department of Agriculture projects greater wheat consumption, which decreases budget outlays by \$1.1 billion, and lower corn exports, which increases budget outlays by \$3.7 billion. Most of these changes occur in the outyears, but are simply derived by extrapolating from current market conditions, such as disappointing Soviet purchases of corn this year.

The remaining increase in CCC net expenditures is for the Export Enhancement Program (EEP). Bonuses paid to subsidize the export of U.S. crops have been in the form of generic certificates backed by commodity stocks held by CCC. With CCC stocks nearly depleted, the Department of Agriculture will make bonus payments in cash for the first time in 1992. Direct cash outlays, unlike CCC corn stocks acquired as part of the price support program, are reported as an EEP expenditure. The outlays associated with use of certificates were recorded much earlier when farmers defaulted on loans to CCC and the Government took title to the grain pledged as collateral. As has been the case in the past, EEP benefits, in the form of lower CCC subsidy payments, are already reflected in the estimates. The EEP has been, and still is, scored as budget neutral.

Deposit insurance—Net outlays for three deposit insurance accounts—the Resolution Trust Corporation (RTC), the Bank Insurance Fund (BIF), and the FSLIC Resolution Fund (FRF)—are expected to be \$28.0 billion lower in 1991 and \$29.9 billion higher in 1992 than the February budget estimates. Deposit insurance net outlays for 1993 and beyond are also estimated to differ from the February estimates—up \$4.8 billion in 1993 and \$12.7 billion in 1994, but down \$2.8 billion in 1995 and down \$7.5 billion in 1996. The volatility of these estimates, especially for the RTC and BIF, reflect the substantial uncertainty about key parameters affecting deposit insurance expenditures. These key parameters include:

- availability of sufficient funding to assure timely resolution of failed institutions;
- the financial condition and structure of asset portfolios of failed depository institutions;
- the administrative ability of the Federal banking agencies to process effectively the number and size of depository institutions projected to fail;

- the rate of Federal acquisition and sale of associated assets; and
- the projected general economic and specific regional real estate market conditions that affect both the probability of an institution failing and the ability of the Federal banking agencies to dispose of the acquired assets from failed institutions efficiently and quickly.

There is, in addition, uncertainty as to the timing and content of financial sector reform legislation. Table 6 indicates OMB's current estimates of the potential range of outlays that could occur for the deposit insurance accounts during the 1991 through 1996 period.

Table 6: POTENTIAL RANGE OF ESTIMATES OF FEDERAL DEPOSIT INSURANCE OUTLAYS

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
Resolution Trust Corporation:						
Mid-Session Review Estimate.....	62.2	97.6	19.3	-39.7	-38.9	-26.0
Potential Range of Estimate.....	45 to 62	84 to 119	-14 to 51	-41 to -40	-39 to -38	-27 to -24
FSLIC Resolution Fund:						
Mid-Session Review Estimate.....	9.2	7.0	6.0	*	*	0.3
Potential Range of Estimate.....	—	4 to 12	0 to 6	0 to 2	0 to 2	0 to 2
Bank Insurance Fund:						
Mid-Session Review Estimate.....	12.1	14.4	24.5	13.8	-6.0	-11.7
Potential Range of Estimate.....	11 to 16	10 to 38	7 to 37	-6 to 14	-17 to -2	-17 to -1
Total, Federal Deposit Insurance:¹						
Mid-Session Review Estimate.....	83.5	118.0	49.0	-25.4	-45.2	-37.4

¹ Includes outlays for other deposit insurance of -\$1.0, -\$0.8, \$0.4, -\$0.3 billion in 1992-1995, respectively. Amounts for 1991 and 1996 are less than \$50 million.

NOTE: Estimates range widely due to differing assumptions about the rate of case resolution, the losses associated with marking to market, the rates of asset acquisition and sale, and perhaps, most significantly, the associated variations in requirements for working capital.

The reduction in 1991 deposit insurance net outlays reflects fewer case resolutions than originally forecast. The delay in obtaining additional RTC loss funding for 1991 contributed to this lower level of resolution activity in 1991. The 1992 net outlay increase is predicated upon the assumption that the Congress provides the RTC loss funding and BIF recapitalization requested by the Administration fully and promptly to avoid any delays in 1992 and 1993.

Outlays in any one year may swing widely from this projection, depending upon the timing and size of specific closure actions dealing with failed banks. The Administration's 1992 budget showed the net worth of the BIF declining to negative \$2.2 billion in 1992 and negative \$22.2 billion by 1996. At the time this was a more pessimistic forecast than those of the banking agencies and the Congressional Budget Office. Now, the forecasts of some Federal agencies are beginning to show the same negative trend. In particular, FDIC Chairman Seidman has revised his earlier estimates. He has indicated (on June 27th) that BIF net worth would decline to at least negative \$3 billion, and very possibly as high as negative \$11 billion, for the end of calendar year 1992. The complete data available to FDIC is not yet available to OMB. OMB has, therefore, made only a preliminary revision of the BIF estimate. Analysis of banking data from the first quarter of 1991, not yet available to OMB, as well as reviews of the updated forecasts of the FDIC and others, may lead to a further upward revision in the Administration's estimates.

Working capital needs—the funding required to purchase temporarily assets intended for future sale—is one of the most volatile components of deposit insurance outlays. This is especially true for the current revisions for BIF outlays. As shown in Table 7, the vast majority of these BIF outlay changes in 1992 through 1996 is the result of changes in estimates of needs for working capital.

**Table 7: BANK INSURANCE FUND/RESOLUTION TRUST CORPORATION OUTLAYS
AND WORKING CAPITAL**

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
Bank Insurance Fund:						
Outlays:						
February estimate.....	15.9	9.7	8.0	6.8	0.9	0.6
Mid-Session estimate.....	12.1	14.4	24.5	13.8	-6.0	-11.7
Difference.....	-3.8	4.6	16.5	7.0	-6.9	-12.3
Working capital:						
February estimate.....	7.0	3.6	1.1	0.1	-3.5	-2.3
Mid-Session estimate.....	7.5	7.3	14.2	7.2	-6.1	-9.1
Difference.....	0.4	3.7	13.0	7.1	-2.6	-6.9
Percentage change in outlays due to change in working capital.....	-11.4	80.0	79.2	100.9	37.7	55.7
Resolution Trust Corporation:						
Outlays:						
February estimate.....	84.6	76.1	34.3	-47.6	-45.7	-32.0
Mid-Session estimate.....	62.2	97.6	19.3	-39.7	-38.9	-26.0
Difference.....	-22.3	21.6	-14.9	7.9	6.8	6.0
Working capital:						
February estimate.....	55.4	44.5	12.9	-47.8	-45.9	-32.2
Mid-Session estimate.....	38.4	55.0	0.3	-39.9	-39.1	-26.2
Difference.....	-17.0	10.5	-12.6	7.9	6.8	6.0
Percentage change in outlays due to change in working capital.....	76.3	48.6	84.1	100.0	100.0	100.0

Food stamps—Estimated outlays for food stamps are \$0.7 billion and \$1.8 billion above the February estimates for 1991 and 1992, respectively, for technical reasons. Both the number of participants in the program and the average monthly benefit per person are expected to be higher than assumed in February. Pursuant to the Dire Emergency Supplemental Appropriations for Consequences of Operation Desert Shield/Desert Storm, Food Stamps, Unemployment Compensation Administration, Veterans Compensation and Pensions, and Other Urgent Needs Act of 1991 (Public Law 102-27), the Administration is requesting the additional \$1.3 billion in budget authority for food stamps for 1991 included in that Act.

Medicaid—Technical reestimates for the Medicaid program; \$2.2 billion in 1991 and \$5.7 billion in 1992, reflect an increase in state-estimated Medicaid expenditures. The increase in state-estimated Federal Medicaid expenditures appears to be due to:

- substantial increases in inpatient hospital payments, particularly state add-ons to specific hospitals, in part funded through provider taxes and refundable donations;
- increased numbers of beneficiaries; and
- a generally unpredicted upturn in acute health care costs.

These estimates do not reflect the level of outlays associated with regulations under development to deal with the improper use of refundable donations and taxes.

The use of provider tax and donation schemes—and other causes of rising Medicaid estimates—are described in more detail in "Improving Medicaid Estimates: Report of the HHS-OMB Task Force," July 10, 1991. (This is included at Appendix A.)

Medicare—Total outlays for 1991 to 1996 for Medicare change less than 0.2 percent as a result of technical reestimates. Revised outlay estimates for the hospital insurance trust fund are 0.7 percent above the February budget estimates for 1991 through 1996 due to higher beneficiary participation rates. About half of that increase occurs in 1995 (\$0.8 billion) and 1996 (\$1.0 billion). Other significant factors are higher utilization of skilled nursing facilities and home health agencies.

Revised outlay estimates for the supplementary medical insurance trust fund are 0.9 percent lower for 1991 through 1996. These technical decreases reflect lower independent laboratory

projections due to recent actual data, and reduced spending for physician services due to lower residual payments and implementation of the conversion factor adjustment in the proposed physician fee schedule. Outlays for 1991 and 1992 increase by 1.2 percent and 1.4 percent, respectively, due to increased beneficiary participation in the program.

Social Security—Estimated outlays for Social Security are lower than projected in February for 1991 and 1992 but are above the February projections in the outyears. The increases are due to higher average program awards for the Old Age and Survivors Insurance program and an increase in the incidence of disability among workers covered under the Disability Insurance program. In the near term, these increases are more than offset by a reduction in the number of retired workers on the rolls relative to the February assumptions.

Unemployment insurance—Estimated outlays for unemployment compensation benefits are higher than the February projections for all years. For 1991, benefits outlays are expected to increase only slightly (\$20 million), with a larger increase in 1992 (\$1.0 billion). The increases are due to an upward reestimate in the insured unemployment rate (IUR). This technical reestimate is based largely on experience in the most recent calendar quarter, the only quarter of the fiscal year in which the actual IUR has been higher than projected in February. These estimates will be monitored closely to determine whether experience in subsequent quarters is consistent with experience in the most recently completed quarter.

Veterans programs—Estimated outlays for veterans compensation, pensions, and readjustment benefits are above the February estimate by \$0.2 billion in both 1991 and 1992 because of a higher-than-anticipated number of beneficiaries and higher average benefits. These increases have been reflected in action on the 1991 supplemental appropriations bills.

Table 8: MID-SESSION REVIEW: CHANGE IN POLICY OUTLAYS

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
February estimate	1,409.6	1,445.9	1,454.2	1,427.1	1,470.3	1,540.8
Changes due to:						
Desert Shield/Desert Storm	-33.4	12.0	2.9	1.3	0.7	0.3
Technical reestimates:						
Commodity Credit Corporation	-0.3	0.8	2.2	1.8	1.4	1.1
Deposit insurance	-28.0	29.9	4.8	12.7	-2.8	-7.5
Food stamps	0.7	1.8	1.8	1.5	1.4	1.3
Medicaid	2.2	5.7	8.6	12.5	15.9	19.1
Medicare	0.5	0.9	0.4	-0.3	-1.0	-2.1
Social Security	-0.4	-0.1	0.4	1.0	1.5	2.0
Unemployment insurance	*	1.0	0.7	0.8	0.5	0.2
Veterans programs	0.2	0.2	0.2	—	—	—
Net interest ¹	*	0.1	3.5	7.4	12.0	16.2
Subtotal, technicals	-25.0	40.2	22.7	37.5	29.0	30.3
Economic assumptions:						
Social Security and other retirement	*	-2.6	-3.8	-3.9	-3.5	-3.2
Other	-0.1	-0.9	-1.0	0.5	0.6	0.7
Net interest:						
Interest rate effect	-1.8	-0.9	3.8	3.8	2.9	2.4
Debt service	-*	-0.1	-0.2	0.1	0.6	1.0
Subtotal, economic	-1.9	-4.5	-1.1	0.5	0.6	0.9
Policy:						
Discretionary programs	1.6	0.1	0.1	-0.1	-*	*
Pay-as-you-go legislation	-*	-*	—	—	—	—
Debt service	*	0.1	0.2	0.2	0.2	0.2
Total, policy	1.6	0.2	0.3	*	0.2	0.2
Total, changes	-58.7	47.9	24.7	39.4	30.5	31.7
Mid-Session estimate	1,350.9	1,493.8	1,478.9	1,466.4	1,500.7	1,572.5

¹ Includes debt service impact of Operation Desert Shield/Desert Storm.

Policy changes

Since the budget was submitted, the Congress has completed action on three supplemental appropriations bills and ten bills with pay-as-you-go implications. The Administration has also submitted several budget amendments. In total, enacted Congressional and Administration policy changes have increased outlays by \$1.6 billion in 1991 and by \$0.2 billion in 1992.

Budget Authority

Total discretionary budget authority for 1991 is \$18.8 billion above the February budget estimate. Nearly all of this increase is the result of appropriations for Operation Desert Shield/Desert Storm above the levels assumed in the Budget placeholder. Discretionary budget authority for 1992 is nearly the same as in the February budget.

Table 9: MID-SESSION REVIEW: CHANGE IN POLICY DISCRETIONARY BUDGET AUTHORITY

(In billions of dollars)

	1991	1992	1993	1994	1995	1996
February estimate ¹	523.4	522.7	515.6	517.3	523.6	535.0
Changes due to:						
Desert Shield/Desert Storm	17.2	0.1	0.1	*	*	—
Policy:						
Defense	0.3	-0.1	-*	-*	-*	-*
International.....	0.9	—	—	—	—	—
Domestic.....	0.4	-0.1	*	*	—	—
Total, policy	1.5	-0.1	*	—	-*	-*
Total, changes	18.8	*	0.1	*	*	-*
Mid-Session estimate	542.2	522.8	515.7	517.3	523.6	535.0

¹ Includes Desert Shield/Desert Storm placeholder.

V. STATUS OF PAY-AS-YOU-GO LEGISLATION AND DISCRETIONARY SPENDING

This chapter also presents the current status of enacted and pending legislation subject to the pay-as-you-go provisions of the Omnibus Budget Reconciliation Act of 1990 (OBRA), and the current status of 1992 appropriations bills and the discretionary limits established in OBRA. According to OBRA, the changes in economic assumptions and technical estimates that are discussed in this report may not be taken into account when OMB prices legislation subject to the pay-as-you-go provisions or the discretionary limits.

Pay-as-you-go Legislation

The Omnibus Budget Reconciliation Act of 1990 (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it must trigger a sequester if not fully offset.

To date, 10 bills that have pay-as-you-go implications have been enacted. In total, they decrease the deficit by \$31 million for the two years 1991 and 1992. An additional 10 bills have passed the House or Senate but have not yet been enacted. Based on preliminary scoring, if all these bills were enacted into law, a small across-the-board reduction could be required.

Discretionary Spending

Status of discretionary spending limits

OBRA also specified limits on discretionary spending. Separate limits were established for defense, international affairs, and domestic programs for each year 1991 to 1993. If either budget authority or outlays exceed the limits in any year, there will be an automatic reduction in the category in which the breach occurred.

Since the February budget, the Congress has enacted three appropriations bills. As required under the law, the discretionary spending limits have been adjusted for the emergency appropriations provided in these bills, for the incremental costs of Operation Desert Shield/Desert Storm, and for other purposes. For defense and international discretionary programs, the enacted changes were consistent with the requirements of OBRA. For domestic discretionary programs, the enacted bills increased budget authority above the cap for 1991 by \$2.4 million. An across-the-board reduction of .0013 percent was ordered. Table 11 shows the current status of the discretionary spending limits.

Status of 1992 appropriations bills

As this document goes to press (July 13, 1991), the House has passed 12 of the 13 appropriations bills. The Senate has not yet passed any appropriations bills. House action on defense and international appropriations bills is below the discretionary limits. Although the House has not completed action on all of the domestic bills, it appears that the House action, when completed, could exceed the domestic limits by as much as \$1.5 billion in outlays, using OMB scoring. Detailed descriptions of OMB scoring of appropriations bills have been provided to the Appropriations Committees as the bills have been considered by the House and the Senate.

TABLE 10: PAY-AS-YOU-GO LEGISLATION

(In millions of dollars)

	Change in the baseline deficit					
	1991	1992	1993	1994	1995	1991-1995
Legislation enacted through July 7th: ¹						
OMB estimate	-*	-31	*	*	*	-30
CBO estimate	6	-44	10	148	171	292

Discussion of differences:

Differences in pay-as-you-go estimates of legislation enacted in this session are primarily due to the scoring of increased Veterans' educational benefits in Public Law 102-25. The increases are not scored as direct spending for 1991 through 1993 because the funds are only available through an appropriations act. For 1994 and 1995, OMB assumes that the Secretary will return to the benefit rates paid in 1991. CBO assumes the Secretary will continue the new rates into 1994 and 1995 and index them for inflation.

Estimates for pending legislation:						
House Passed:						
Money Laundering Enforcement Amendments (H.R. 26):						
OMB estimate	0	0	0	0	0	0
CBO estimate	—	—	—	—	—	—
Transfer of Pershing Hall to the Department of Veterans Affairs (H.R. 154):						
OMB estimate	1	0	0	0	0	1
CBO estimate	0	0	0	0	0	0
Reclamation Projects Authorization (H.R. 429):						
OMB estimate	0 to 3	1 to 51	2 to 12	2 to 12	2 to 12	7 to 90
CBO estimate	0	-7	-9	-8	-8	-32
Veterans' Compensation Programs Improvement Act (H.R. 1047):						
OMB estimate	* to 1	2 to 5	2 to 5	2 to 5	2 to 5	8 to 21
CBO estimate	*	5	5	5	5	20
National Flood Insurance (H.R. 1236):						
OMB estimate	0	0	-3	-7	-1	-11
CBO estimate	0	0	-3	-7	-1	-11
National Defense Authorization Act (H.R. 2100):						
OMB estimate	revised estimate under development					
CBO estimate	0	-10	-20	-20	-20	-70
Senate Passed:						
Telecommunications Research and Manufacturing Competition Act (S. 173):						
OMB estimate	0	0	0	0	0	0
CBO estimate	—	—	—	—	—	—
Export Administration Authorization Act (S. 320):						
OMB estimate	—	-6	-6	-6	-6	-24
CBO estimate	—	—	—	—	—	—
Passed both the House and the Senate:						
Futures Trading Practices Act (H.R. 707):						
House: OMB estimate	—	—	—	—	—	—
CBO estimate	—	—	—	—	—	—
Senate: OMB estimate	0	-3	-6	-11	-16	-36
CBO estimate	0	-3	-6	-10	-14	-33
Intelligence Authorization (H.R. 1455):						
OMB estimate	*	*	*	*	*	1
CBO estimate	*	*	*	*	*	1
Total, preliminary estimates for pending legislation as of July 7:						
OMB estimate	1 to 5	-6 to 47	-11 to 2	-20 to -7	-19 to -6	-54 to 42
CBO estimate	*	-5	-13	-20	-18	-55
OMB estimate less CBO estimate ²	1 to 5	-1 to 52	2 to 15	0 to 13	-1 to 12	1 to 97

¹ No legislation was enacted between June 14th, the date of the last pay-as-you-go monthly report to the Congress and July 7th.

² Reflects Senate version of H.R. 707, and excludes H.R. 2100.

*\$500,000 or less.

TABLE 11: CURRENT STATUS OF DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

	1991 Budget		1992 Budget	
	Authority	Outlays	Authority	Outlays
Domestic Programs:				
Limits set in Omnibus Budget Reconciliation Act of 1990	182,700	198,100	191,300	210,100
Adjustments made in the preview report ¹	191	1,763	7,100	970
Preview report limits	182,891	199,863	198,400	211,070
Adjustments for Congressional action to date:				
Dire emergency appropriations	39	187	—	3
Incremental costs of Operation Desert Shield/Desert Storm	5	4	126	125
Additional outlay allowance used	—	416	—	—
Adjustments in expectation of enactment of President's proposals:				
IRS funding	—	—	172	169
Special allowance	—	—	1,579	837
Revised limits	182,935	200,470	200,277	212,204
International Programs:				
Limits set in Omnibus Budget Reconciliation Act of 1990	20,100	18,600	20,500	19,100
Adjustments made in the preview report ¹	0	612	417	77
Preview report limits	20,100	19,212	20,917	19,177
Adjustments for Congressional action to date:				
Dire emergency appropriations	909	899	—	8
Incremental costs of Operation Desert Shield/Desert Storm	238	133	—	72
Additional outlay allowance used	—	53	—	—
Adjustments in expectation of enactment of President's proposals:				
IMF funding	—	—	12,158	—
Special allowance	—	—	1,248	574
Revised limits	21,245	20,298	34,323	19,830
Defense Programs:				
Limits set in Omnibus Budget Reconciliation Act of 1990	288,918	297,660	291,643	295,744
Adjustments made in the preview report ¹	1,000	1,165	-282	46
Preview report limits	289,918	298,825	291,361	295,790
Adjustments for Congressional action to date:				
Incremental costs of Operation Desert Shield/Desert Storm	43,000	31,977	—	6,705
Adjustments in expectation of enactment of President's proposals:				
Incremental costs of Operation Desert Shield/Desert Storm	2,949	-5,291	—	5,442
Revised limits	335,867	325,511	291,361	307,937

¹ See Fiscal Year 1992 Budget, Part 5, Chapter XIV for a discussion of these adjustments.

IV. APPENDICES

**APPENDIX A: IMPROVING MEDICAID ESTIMATES: REPORT OF HHS-OMB TASK
FORCE, JULY 10, 1991**

**APPENDIX B: UNITED STATES COSTS IN THE PERSIAN GULF CONFLICT AND
FOREIGN CONTRIBUTIONS TO OFFSET SUCH COSTS; REPORT #5: JULY 15, 1991**

APPENDIX C: SUMMARY TABLES

List of tables:

- Mid-Session Review: Outlays for Mandatory and Related Programs Under Current Law
- Mid-Session Review: Estimated Spending From End of 1992 Balances of Budget Authority:
Nonmandatory Programs
- Mid-Session Review: Receipts by Major Source
- Mid-Session Review: Outlays by Category
- Mid-Session Review: Outlays by Function
- Mid-Session Review: Federal Government Financing and Debt

**THE WHITE HOUSE
WASHINGTON**

DATE: May 13, 1991

TO: DICK DARMAN

FROM: GOVERNOR JOHN H. SUNUNU

FYI.

Senator Thurmond gave this to
me on the way to South Carolina
last week.

BACKGROUND FOR SENATOR STROM THURMOND
(R-SC) CONCERNING DISASTER ASSISTANCE
FOR AGRICULTURE

SOUTH CAROLINA BACKGROUND

- Freezes in March 1990
- Hail Damage in May and June 1990
- All areas of the State affected
Ridge, Piedmont, and Sandhills

PEACH PRODUCTION

- 270 million lbs for 1989
\$47 million value
- 90 million lbs for 1990
\$16.4 million value
- \$40-\$50 million value for normal
year
- 1990 production 67% less than 1989
- lowest production since 1964

CROP LOSS ESTIMATES

- Corn and Soybeans, \$49 M
- Peaches, \$33 M
- Tobacco, \$21 M
- Cotton, \$5 M
- Other Crops \$18 M
- Total for state \$129 M

EMERGENCY CROP LOSS ASSISTANCE

- Authorized by PL 101-624, the Food,
Agriculture, Conservation, and
Trade Act
- Needs Administration Support for
funding, possibly in Supplemental
Appropriations Bill

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Tom Scully to John Sununu Re: California's Nursing Home Problems (1 pp.)	3/13/91	P 5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Darman (OMB) [1991]

Open on Expiration of PRA
 (Document Follows)

By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29187-008
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



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

ASSOCIATE DIRECTOR
FOR HUMAN RESOURCES,
VETERANS AND LABOR

March 13, 1991



MEMORANDUM FOR: GOVERNOR SUNUNU

FROM: TOM SCULLY *TS*

SUBJECT: California's Nursing Home Problems

THE CHIEF of STAFF
has seen

The conflict between HHS (Health Care Financing Administration) and California seems to have been resolved. Governor Wilson called last Thursday, and I spoke to him at some length about their problems with HHS. As I expected, both California and HHS had credible arguments about the nursing home guidelines, but the core of the problem seemed to be a bitter year-long personal grudge between federal and state bureaucrats. Once HCFA understood that there was not much White House support for their stubborn position, they realized they might get "rolled" and quickly worked out an agreement.

The core of the agreement is as follows:

- o HCFA included a preface in the guidelines which states that HCFA's guidance did not require the states to incur any additional costs (per your suggestion);
- o HCFA's compliance hearing -- which could have resulted in the loss of up to \$2 billion in federal matching funds to CA -- will be postponed for at least 30 days; and
- o HCFA and CA will work to iron out the details of the guidelines (with our active oversight) to ensure that CA is not saddled with unintended costs.

I am pretty sure that this is the last you will hear of this issue. Gov. Wilson is happy with the outcome, and I will make sure that HCFA lives up to their end of the deal.

Gail Wilensky, the Director of HCFA, and I were scheduled to meet with you tomorrow on this issue. Jackie tentatively has cancelled that meeting due to these positive developments.

Attached are copies of the HCFA-California agreement and today's New York Times article on this subject.

Attachments

cc: Andy Card

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

PETE WILSON, Governor

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320
(916) 445-1248



March 11, 1991

Gail R. Wilensky, Ph.D., Administrator
Health Care Financing Administration
Hubert Humphrey Building, Room 314C
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Dr. Wilensky:

The purpose of this letter is to follow up on the recent discussions between representatives of the State of California and the Health Care Financing Administration (HCFA). It will memorialize the agreements that have been reached verbally.

We are forwarding to you two signed originals of this letter. To indicate your agreement to the provisions set forth, please sign both and return one to us. The other is for your records.

1. California and HCFA have agreed on the terms of the attached "Revised Introduction to Nursing Facility Survey Protocol." HCFA will immediately inform all states by letter of the Revised Introduction and will include a copy of the Revised Introduction in that letter.

2. HCFA will review and revise the interpretive guidelines to ensure that the language they contain is consistent with the "Revised Introduction to Nursing Facility Survey Protocol." California will provide suggestions to HCFA concerning changes which California believes need to be made. Prior to reaching a final decision on the changes, HCFA will advise California of changes it is prepared to make and will provide an opportunity for a response. It is expected that this will be done in 30 days. As soon as possible thereafter, HCFA will issue the revised guidelines and the Revised Introduction as a State Operations Manual Transmittal, which will be effective immediately upon issuance.

3. As soon as possible, California will begin surveying facilities in accord with federal statute and regulations, and utilizing the guidelines as explained by the Revised Introduction. Once the revised guidelines have been issued, California will survey utilizing the revised guidelines. Any necessary training will begin as soon as possible. HCFA will assist California in surveyor training if California so desires. California agrees to inform HCFA when it is prepared to begin conducting surveys as discussed above.

Gail R. Wilensky, Ph.D.
Page 2
March 11, 1991

4. HCFA will work with and assist California in developing, within 30 days from the execution of this agreement, an approvable state plan amendment for payments to nursing facilities. HCFA agrees to review California's proposed state plan amendment on an expedited basis and to apply to California the same standards and requirements that have been applied to all other states.

5. California and HCFA agree that, immediately upon execution of this agreement, the compliance hearing presently scheduled for March 12, 1991 will be postponed for 30 days. California and HCFA agree that if final agreement cannot be reached on any of the above issues, the compliance proceeding currently scheduled for March 12, 1991, may be reconvened, to begin no earlier than April 11, 1991.

6. HCFA agrees to provide California with each form HCFA 2567 (Statement of Deficiencies) prepared as a consequence of a survey of a California nursing facility no later than 24 hours prior to release of any such document to the facility surveyed. This provision will remain in effect only until item 3 above has been implemented.

7. During the 30-day period described in this agreement, California will take no action and HCFA will not be required to take any action in the Kizer v. Sullivan lawsuit. In the event that the parties reach final agreement on paragraphs 2, 3 and 4 of this letter, California and HCFA will execute and file in Kizer v. Sullivan a stipulation that removes the issue of the validity, enforceability and applicability of the revised interpretive guidelines.

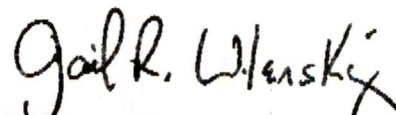
My signature below indicates agreement to the provisions set forth above.

Sincerely,



Kenneth W. Kizer, M.D., M.P.H.

I agree to the provisions set forth above.



Gail R. Wilensky, Ph.D.
Administrator, Health Care
Financing Administration

REVISED INTRODUCTION TO NURSING FACILITY SURVEY PROTOCOL

This protocol is established pursuant to Sections 1819(g)(2)(C) and 1919(g)(2)(C) of the Social Security Act to provide guidance to surveyors conducting surveys of nursing facilities participating in the Medicare and Medicaid programs. The purpose of this protocol is to provide guidelines, suggestions, interpretations, check lists, and other tools for surveyors to use when they are preparing for surveys and when they are on site conducting surveys.

The guidelines provided in this protocol do not establish requirements that must be met by nursing facilities participating in Medicare and Medicaid, nor do they require any particular course of action on the part of facilities or any other health care provider. Thus, they do not impose on nursing facilities any additional costs that the facility would not otherwise incur. All mandatory requirements for facilities are set forth in relevant provisions of the Social Security Act and in regulations in 42 CFR Part 483.

The guidelines provided in this protocol are intended to assist surveyors to apply the requirements of the Social Security Act and regulations for survey of facilities in a nationally consistent manner. They do not require that surveyors make any particular finding or issue a deficiency; nor do they require that any particular enforcement action result from their findings. In conducting surveys in accordance with this protocol, surveyors will need to look to the substantive requirements in the regulations to determine whether the facility is complying with applicable statutory and regulatory requirements. In conducting surveys, the surveyor will need to exercise his or her judgment to determine whether the facility is in compliance with a particular law or regulation.

U.S. and California End Nursing Home Battle

By JANE GROSS

Special to The New York Times

SAN FRANCISCO, March 12 — The State of California and the Federal Government reached a preliminary agreement today on the implementation of a new nursing home law that had pitted Gov. Pete Wilson against the Bush Administration.

The showdown had led in recent weeks to a state lawsuit against the Federal Health Care Financing Administration and then to that agency's sending more than 100 inspectors to the state to enforce a measure that California officials refused to carry out.

As a result of today's agreement,

California inspectors will take over enforcement of the law as quickly as possible and any action on the lawsuit will be postponed for 30 days. In that period, California officials and their counterparts from the Health Care Financing Administration will review and revise the interpretive guidelines that this state and others found onerous.

'Tools' Not 'Requirements'

Those guidelines, which the state said added hundreds of millions of dollars to the cost of compliance, were drawn up by the agency to amplify the original law and the regulations for enforcing it. Under the new agreement,

the guidelines, more than 200 pages in all, will be considered "tools" for inspectors rather than "requirements," and some may be rewritten.

"A lot of it will be as simple as changing a 'must' to a 'shall consider,'" said Elisabeth C. Brandt, the chief counsel to the State Health Department.

Governor Wilson claimed victory today, but in Washington, the head of the Health Care Financing Administration, Gail R. Wilensky, said her agency had never meant for the guidelines to be more than suggestions for inspectors. "They were not the last word, not a cookbook," she said.

By way of example, Dr. Wilensky pointed to a guideline concerning furniture, which called for a chest of drawers, a chair and a nightstand in each nursing home room. California officials last week complained that it was pointless to spend money on such precise furnishings for a comatose patient. Dr. Wilensky agreed today, saying that an inspector using good judgment in that situation would decide that the furniture guideline was "not relevant."

'Very Nervous About All This'

But the prospect of individual inspectors' exercising such judgment alarmed advocates for nursing home patients. Pat McGinnis, the executive director of California Advocates for Nursing Home Reform, noted that it was the interpretive guidelines, not the law itself, that spelled out the exact

conditions under which chemical physical restraints could be used, allowing inspectors to use their judgment could lead to the kind of abuse the law was intended to prevent, McGinnis said.

"I'm very nervous about all this," Ms. McGinnis said. Her organization helped to prepare a lawsuit on behalf of nursing home patients. In ruling that suit last month, a Federal judge ordered California to comply with new law.

Ms. McGinnis added, "I'm also nervous about the state and Federal Government cutting a deal without input from the people involved in patient care."

Don't miss Sunday's Times Magazine

THE CHIEF of STAFF
has seen

INSERT FOR DARMAN LETTER TO HOUSE APPROPRIATIONS

We are aware of the possibility of an amendment being offered to provide assistance to the State of Israel. We have not seen such an amendment, but understand one may relate to the Israeli request for compensation for the incremental military costs of the Gulf War. Although we are, of course, deeply appreciative of the Israeli role and responsibility in the conduct of the War, such an amendment would present two serious problems:

- o First, we could not justify the expenditure if it were at the level estimated by the Israeli government in its recent presentation to us -- \$910 million. Applying the same definition of "incremental costs" as used in the development of the U.S. defense request, we could justify only a substantially smaller amount. Even so, this category of cost would not seem to qualify for the "Desert Shield exemption," which applies only to accounts appropriated for U.S. defense (function 050).
- o Second, for whatever amount might be justified, we would have to fit it appropriately within the framework of the 1990 Budget Enforcement Act. This would mean either fitting it within the existing budgetary caps, or offsetting it, or determining that it were legitimately subject to the "emergency" exemption -- and doing so in a way that neither set an adverse precedent, nor modified the enforcement system of the Budget Enforcement act.

\$68 already
If these tests were not met, the President's senior advisors would have to recommend that he veto the bill. The basis for so doing would not rest solely on the excessive amount of the Israeli request. It would rest, also -- and fundamentally -- on the need to honor the Budget Agreement; keep U.S. spending under control; maintain the confidence of financial markets; and help, thereby, to assure that the U.S. economy returns promptly to job-producing economic growth.

The U.S. has been generous in its support of Israel, and will continue to be so. But at the same time, it must attend to the domestic need for fiscal responsibility by supporting the Budget Enforcement Act.