

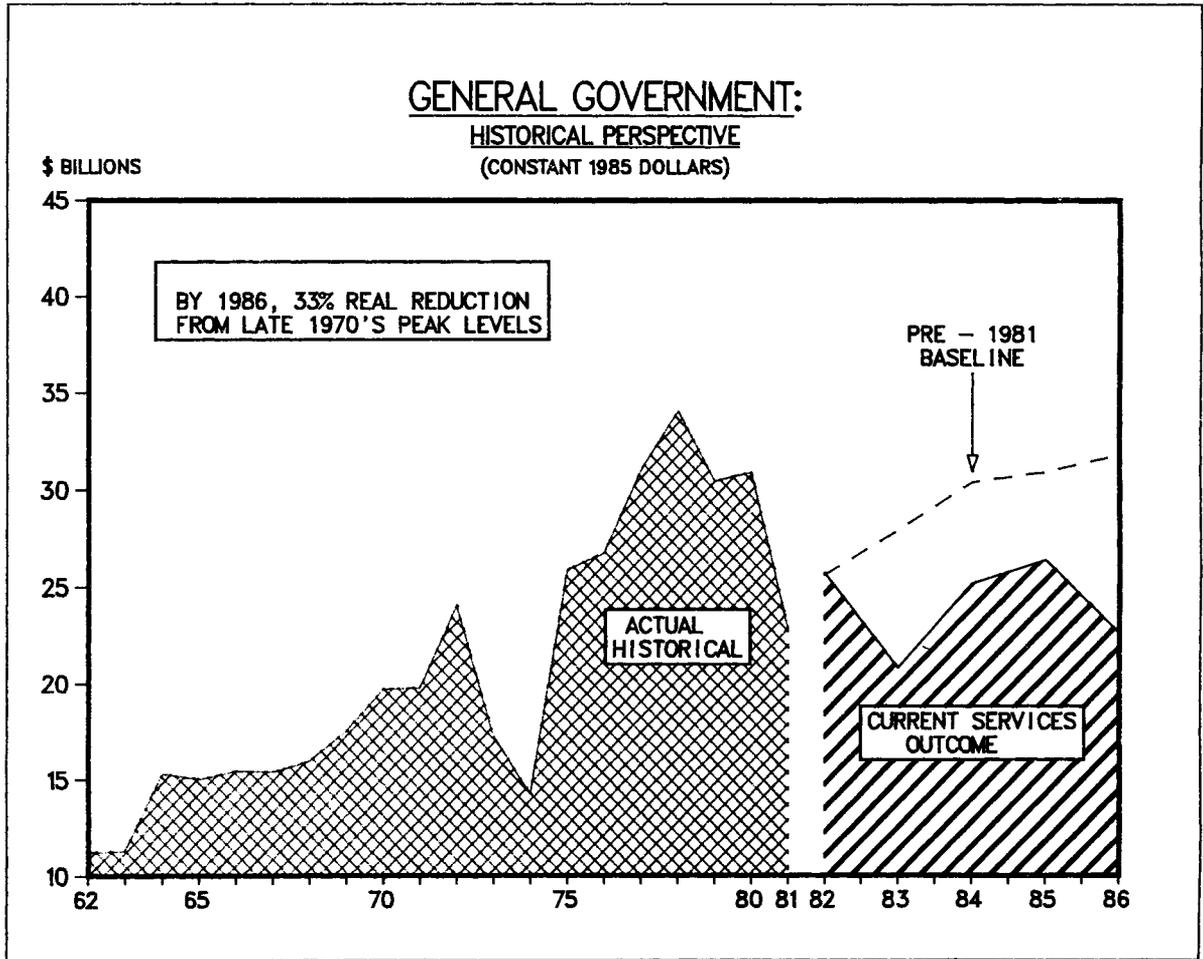
General Government Overview

This category includes all remaining components of the non-Department of Defense budget except for net interest and defense-related, space and international affairs programs classified as "national interest programs." While General Government is necessarily a catchall classification, there are nevertheless a half dozen clusters of programs and activities that accord with well established Federal responsibilities or the inherent overhead costs of operating a large central government. These clusters include: 1) regulation of commerce and health and safety; 2) Federal law enforcement, including border control activities; 3) Federally-supported scientific and medical research and cultural assistance; 4) management of the public domain and offsetting receipts from the sale of minerals and other natural resources; 5) central functions such as tax collection, the weather service, statistical agencies, and the patent office; and 6) the administrative costs of Federal entitlement programs and departmental salary and expenses and other overhead costs not allocated to specific, direct Federal activities.

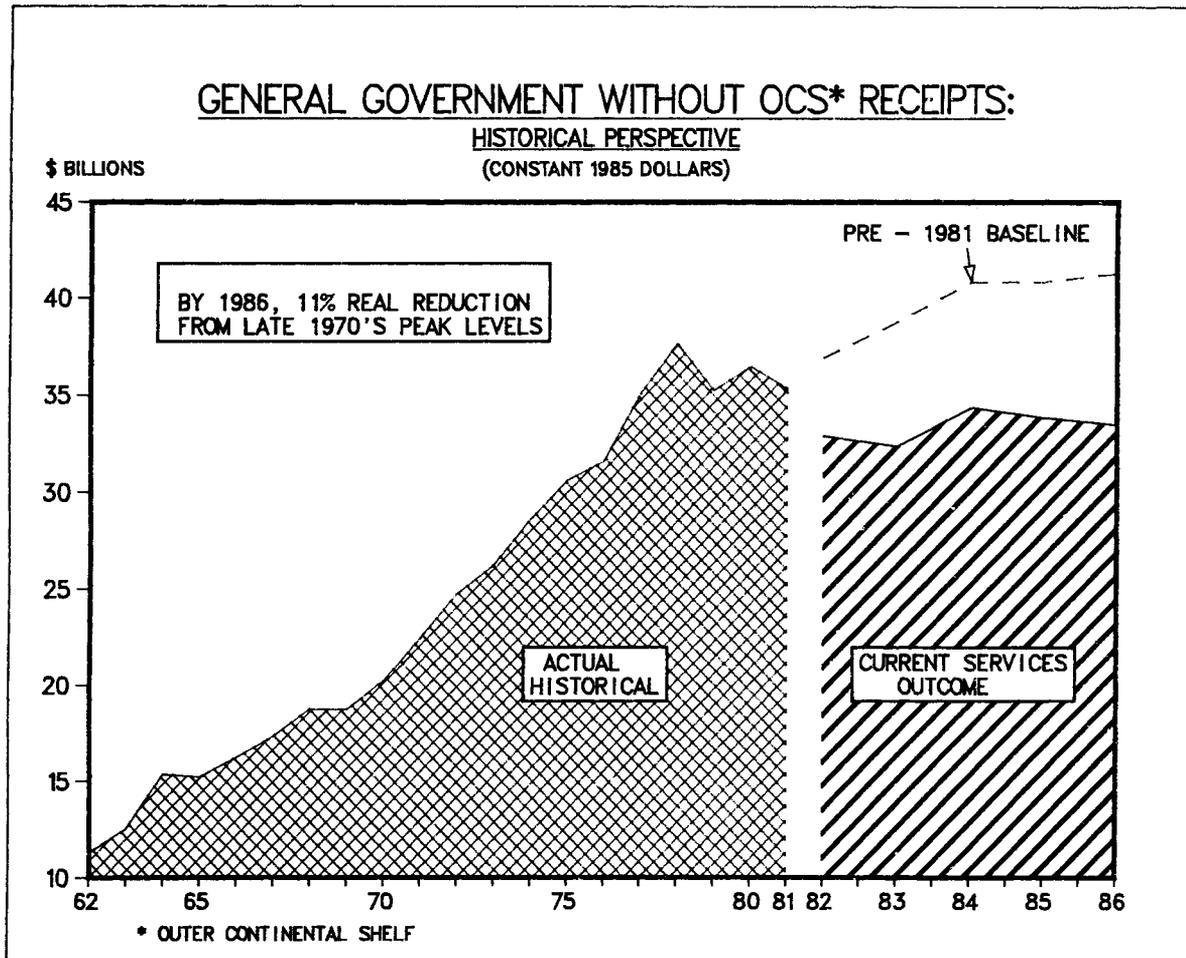
The 1985 budget proposes funding levels consistent with well-established Administration priorities. Funding for law enforcement and scientific research is increased above the current services level. In almost all other cases, continued firm fiscal restraint is proposed, with aggregate savings amounting to over \$10 billion during the 5-year budget period.

Historic Spending Increase Curtailed

As the first chart illustrates, the historical expenditure pattern for General Government fluctuates around a rising trend. The historical graph's fluctuations chiefly reflect large, volatile offsetting receipt accounts for Outer Continental Shelf (OCS) sales, on-shore mineral and resource proceeds and certain intragovernmental transactions. For example, OCS receipts range from a low of \$39 million in 1962 to a high of \$14.3 billion in 1974.



A more meaningful picture of this category is obtained by charting gross outlays, leaving out the volatile offsetting receipts from OCS sales.



With OCS receipts omitted, the remaining functions show a steady, continuous growth rate of 7% per year from 1962 to 1978 in real terms. General Government outlays (without OCS receipts) have been reduced by 25% from their 1978 peak to 1984 in constant 1985 dollars. Under current services, outlays in 1986 would be 33% below their peak.

Trends by Activity

Among the major programmatic or activity clusters, a number of clear trends are apparent which highlight the changes introduced since 1981 and define opportunities for future budget savings. A description of specific policy measures for each subfunction follows.

Regulatory Agencies

First, the explosive 1970's growth of regulatory agency budgets has been sharply curtailed. After having doubled in real terms between 1962 and 1969, and tripled between 1969 and 1980, constant dollar regulatory agency costs in the enacted 1984 budget will recede to their 1979 level (\$4.4 billion). The President's 1985 budget would stabilize real costs at about this level through 1989. Thus, the rapid growth of regulatory costs has been brought to a halt—with likely future real costs stabilizing in the \$4.5 billion annual range. Since this plateau reflects the diminution or termination of some long-standing economic regulatory activities (e.g., ICC and CAB), most of the remaining costs are attributable to more recently expanded health, safety and environmental protection agencies (i.e., OSHA, NRC, EPA and FDA, which will account for 52% of 1984 regulatory agency budget

costs). Prospects for additional future budget savings depend in considerable degree, then, on whether further progress in reducing the scope and burden of health and safety regulation is made in the years ahead.

Law Enforcement

Second, the steady constant dollar expansion of the, Federal law enforcement budget, under way since the early 1960s, has been reinforced by the high priority placed on it by the Reagan Administration. Special care has been taken to increase resources to meet the pervasive problems of drug trafficking, organized crime, terrorism and foreign intelligence threats, and the growing problem of tax protestors. Constant dollar law enforcement spending has risen from \$1.4 billion in 1962 to \$4.8 billion in 1981 and will reach \$5.7 billion in the 1984 enacted budget. The proposed 1985 budget will increase constant dollar funding levels to \$6.0 billion by 1989—a 33% increase over 1981 and a level 4 times greater than in 1962.

Science, Medical Research and Culture

Third, constant dollar budget levels for scientific research, the National Institutes of Health (NIH) and cultural support programs will have been reduced by about 5% in real terms between the 1980 peak and the 1984 enacted budget. The proposed 1985 budget essentially stabilizes total funding at this level—with constant dollar outlays projected to average about \$7.9 billion over the 1984-89 period.

However, within this stable total a modest reordering of priorities would continue to occur. Outlays in 1984 for scientific research (National Science Foundation and the Department of Energy energy science programs) will be 6% above the 1980 constant dollar level—with proposed future increases resulting in a 19% increase by 1989. Additionally, certain small but significant increases have been proposed for 1985, including a 13% nominal dollar increase for the National Institute of Education. By contrast, cultural support programs have been reduced by 29% in real terms, and proposed further reductions in constant dollar funding—mainly in the National Endowments and Corporation for Public Broadcasting—would result in a 46% reduction by 1989. Real funding levels for NIH would remain slightly below the 1980 level for the remainder of the decade.

These trends make clear that this component of the budget has been stabilized and new priorities have been established. Reductions beyond those assumed in the 1985 budget would inevitably raise serious policy questions about the appropriate level of Federal support for medical and scientific research.

Management of Public Domain

Fourth, because of the initiation of wide scale leasing and production from the outer continental shelf, the net budget flow to the Treasury from the public domain now substantially exceeds the operational costs of all major agencies responsible for its management.

This shift toward a strong positive cash flow and, therefore, reduction in unified budget outlays is attributable to two factors. First, significant cost savings and economies in public domain management agency operations have been achieved by the Administration since 1980. Secondly, OCS and other receipts have been rising persistently because of the Administration's more flexible mineral leasing policies. Between 1980 and 1984, operating costs have been reduced 22% in real terms, while constant dollar receipts have risen by 36%.

The proposed 1985 budget would continue these trends with further cost reductions and a continued rise in planned receipts. Given both the minimum operating cost requirements of the major agencies—Forest Service, Bureau of Land Management, National Park Service and Fish and Wildlife Service—as well as environmental and economic constraints on leasing activities, it will be an increasingly difficult challenge to improve further the net budget position of public domain activities beyond the levels proposed in the President's 1985 budget.

Central Services and Functions

Fifth, the constant dollar cost of major central government functions—Internal Revenue Service (IRS), debt management, Bureau of Labor Statistics (BLS)-Census, National Oceanic and Atmospheric Administration (NOAA), patent office, General Services Administration (GSA) property supply and record management, international trade, and National Bureau of Standards (NBS)—has drifted steadily upward in real terms over many years, rising from \$3 billion in 1962 to \$6.3 billion in 1981. This trend has continued over the past 3 years, with the 1984 enacted budget for these functions up by 12% over 1981 to \$7 billion. Under the proposed 1985 budget, constant dollar expenditures would average about \$7 billion per year over 1985-89.

The growth in the cost of central government functions is primarily attributable to the rising real cost of the IRS. The IRS constant dollar budget has risen by 16% since 1981 and will be 24% higher by 1989. All other central function costs have risen by 8%, with a modest further rise proposed by 1989.

The increase in IRS is due to a combination of factors: the need to fund mandates imposed by three major pieces of tax legislation; the high priority placed by this Administration on improvement of tax compliance, and the replacement of the basic data processing equipment of the tax administration system. During this Administration, the level of support for tax enforcement activities will increase 40% between 1981 and 1985, and the incremental direct revenue from enforcement activities will increase 100% in nominal dollars.

Given the continuing commitment to enhance compliance and effective collection of tax delinquencies, the major dynamic component of this function, the IRS, will not be reduced appreciably in future years. However, increased receipt collections resulting from these funding augmentations—around \$30 billion annually in direct revenue—will contribute to overall deficit reduction.

Departmental Administration

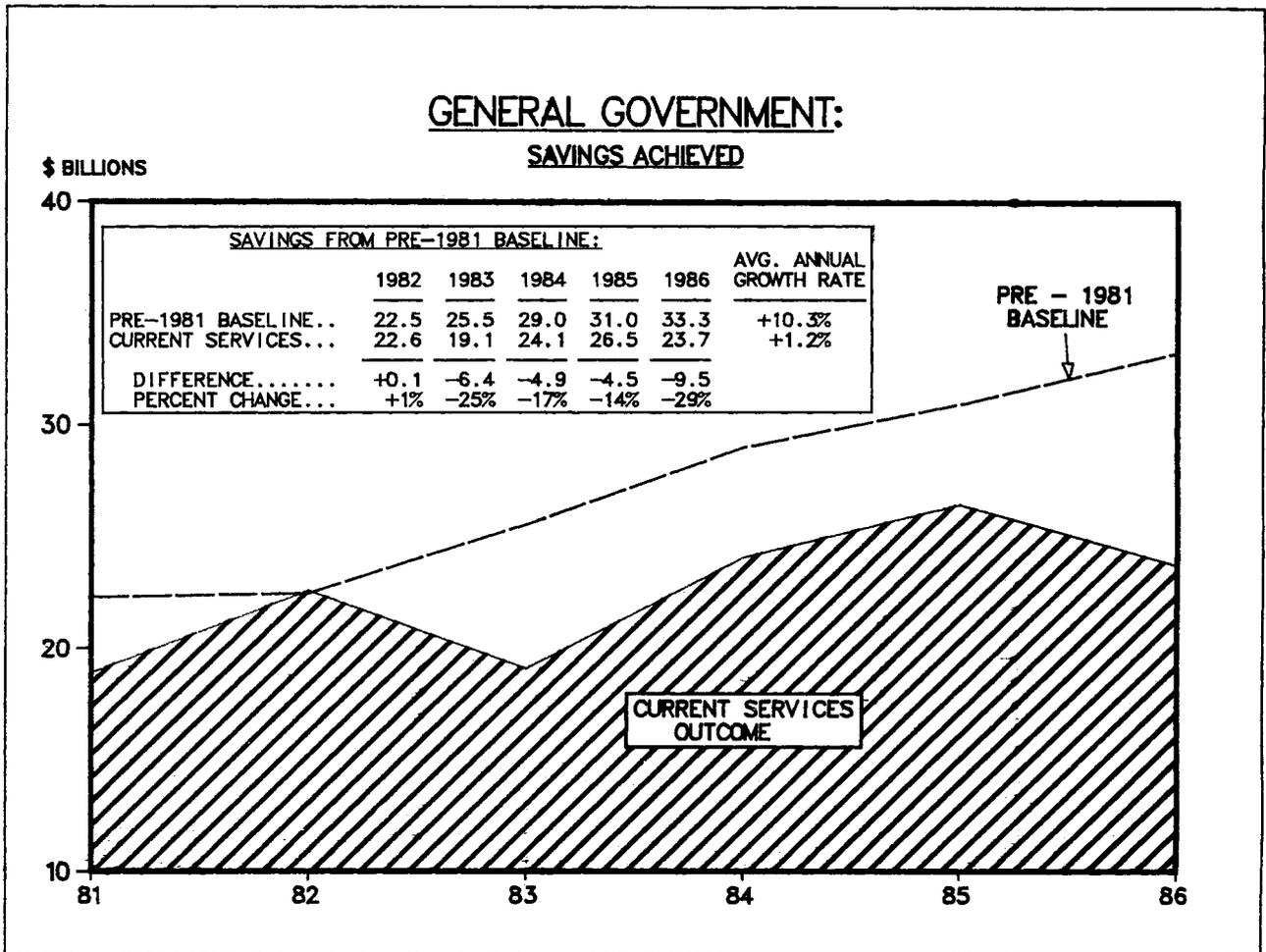
Sixth, as a result of the rapid expansion of Federal programs during the 1970's, the constant dollar cost of domestic departmental overhead not specifically allocable to direct Federal services grew rapidly—from \$6.9 billion in 1970 to \$13.8 billion by 1981. More than 80% of this growth was attributable to the administrative cost of major entitlement programs ranging from social security, medicare, and unemployment benefits to aid to families with dependent Children, supplemental security income, medicaid and the Federal nutrition programs, though administrative costs are small relative to the entitlement benefits themselves.

Since 1981, central overhead costs have been held constant in real terms; this stabilization is almost entirely the result of departmental and major agency salary and expense account reductions. The cost of entitlement benefit administration itself has continued to rise and is projected to stabilize at about \$10.6 billion per year over 1985-89. Under the proposed 1985 budget, all other Federal overhead costs would decline by about 16% in real terms by 1989.

Thus, because nearly two-thirds of unallocated overhead costs are now attributable to entitlement benefit administration, it is clear that significant future savings depend upon the development of more efficient administrative systems to serve the millions of Federal entitlement beneficiaries. Achieving this objective while simultaneously reducing entitlement program errors and abuse poses one of the most formidable management challenges faced by the Administration.

Savings Achieved and Proposed

The accompanying chart shows that very significant savings have been achieved between the pre-1981 baseline and the present current services track. The pre-1981 baseline reveals a planned growth of almost 50% from 1982 to 1986 while the current services level grows only 7% over that same period. In nominal dollar terms, savings from the baseline increase to \$10 billion by 1986.



The table below summarizes the further cost saving measures proposed in the 1985 budget. Over the five year period 1985-1989, the projected savings come to almost \$10 billion below the current services level. The largest components of this reduction are in the Departmental Administration area and in Management of the Public Domain, the latter partly reflecting proposals to increase offsetting receipts other than OCS receipts.

Further Savings Proposed

(Outlays in billions)

Major program area	1985-89		
	Current services	1985 request	Proposed savings
Regulatory Agencies.....	\$24	\$24	....
Law Enforcement.....	31	32	+\$1
Management of Public Domain.....	-43	-46	-3
Science, Medical Research and Culture.....	45	43	-2
Central Services and Functions.....	40	38	-2
Departmental Administration and Other Overhead.....	31	27	-4
Total, General Government.....	128	118	-10

The factsheets¹ in the General Government chapter provide additional details in each program area. Some items include: the Nuclear Regulatory Commission and Food and Drug Administration under Regulatory Agencies; the Federal Bureau of Investigation and U.S. Customs under Law Enforcement; the National Park Service and OCS receipts under the Public Domain; the National Science Foundation and the Endowments for the Arts under Science, Medical Research and Culture; NOAA and IRS under Central Services and Functions; Federal Employee Health Benefits and Legislative functions in the Departmental Administration and Other Overhead.

¹ Factsheets have not been written for Federal Financing Bank surplus income, Treasury claims and judgments, other overhead, civilian agency pay raises, increased agency payments for employee retirement, and other employee share—employee retirement. Thus, factsheet totals will not add to the category total.

Regulatory Agencies

Nuclear Regulatory Commission

Agency: Nuclear Regulatory
Commission

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	468	485	505	526	547	568	2,631
Outlays	450	485	505	526	547	568	2,630
1985 Budget Level:							
Budget Authority	468	470	472	481	491	501	2,415
Outlays	450	466	467	477	486	497	2,393
Change:							
Budget Authority .....	....	-15	-34	-45	-56	-67	-217
Outlays .....	....	-19	-38	-49	-60	-71	-237

Program Description

To assure public health and safety, the Nuclear Regulatory Commission (NRC) regulates the activities of the utilities that produce nuclear power and of the many industrial firms and medical facilities that handle nuclear materials. The NRC now employs a staff of 3,416 in activities that range from licensing the construction and operation of new nuclear power plants to the ongoing inspection of those plants. It also funds R&D at the national laboratories of the Department of Energy in support of its regulatory responsibilities.

Current Status

The NRC has maintained a near constant funding level over the past three years. With no new orders for nuclear power plants since 1978, the emphasis at the NRC has shifted from licensing to inspections. Also, NRC has reduced emphasis on the funding of large scale research facilities.

1985 Budget Proposal

For 1985, the programs at NRC would continue trends started in 1983 to strengthen inspection efforts and reduce spending on large R&D facilities.

- Funding for inspections would increase by 35% from \$68 million in 1983 to \$92 million in 1985. This would allow NRC to hire 120 more inspectors over a two year period for an enhanced role in ensuring the safety of nuclear power plants.
- Research would decline by 18% from \$207 million in 1983 to \$191 million in 1984 to \$168 million in 1985. This would result from the phase out of large expensive test facilities such as the Power Burst Facility (PBF) in Idaho.

Rationale

The Nuclear Regulatory Commission plans to phase out research in areas where work is nearly complete or no longer necessary. In particular, by 1985, NRC will have completed its test program at the Power Burst Facility, designed to study the properties of nuclear fuel during accident conditions. Shutting down this one facility would save \$21 million per year. Conversely, as utilities confront more and more safety problems in the construction and operation of plants, NRC needs to devote more attention to on-site inspections to assure the protection of the public's health and safety.

Office of Surface Mining and Reclamation

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	337	353	370	387	403	419	1,933
Outlays	208	250	299	345	380	394	1,667
1985 Budget Level:							
Budget Authority	342	362	379	383	388	392	1,905
Outlays	210	254	303	350	377	396	1,679
Change:							
Budget Authority	+5	+9	+9	-3	-15	-27	-28
Outlays	+2	+4	+4	+5	-3	+2	+12

Program Description

The Office of Surface Mining (OSM) monitors State regulation of coal surface mining and gives grants to States to reclaim lands damaged by past mining practices.

Current Status

OSM administers the Abandoned Mine Reclamation Fund, which was established in 1977 to reclaim lands which were mined for coal and inadequately reclaimed prior to that year. The fund is financed through fees paid on all coal mined in the U.S. and is used to stabilize land slides, extinguish fires in coal waste piles, and clean out streams which are clogged with mining refuse. The coal-mining States became eligible to receive grants from the fund once they assumed full responsibility for regulating coal mining within their borders. Most States didn't take over full responsibility until 1981-82. A portion of the fees which accumulated in the fund from 1977-82 was appropriated for State grants in 1984. The current unappropriated balance is \$433 million, most of which should be spent by the end of the decade.

1985 Budget Proposals

The 1985 budget would increase reclamation grants to States by \$15 million over current service levels to \$263 million. Excluding a one-time, special purpose grant of \$42 million to Pennsylvania in 1984, the increase is \$57 million. This increase would fund 100 additional reclamation projects.

Rationale

The increase is proposed because the coal-mining States are expected to have finished building staff levels necessary to fully utilize available reclamation funds, including a larger portion of the unappropriated balance of the fund than was utilized in 1984. The proposed funding level is projected to remain essentially constant through 1993.

Funding for the Federal rural abandoned mine reclamation program would decrease because States will perform the same work, financed by the expanded grant program.

Environmental Protection Agency Operations

Agency: Environmental Protection
Agency

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,088	1,143	1,198	1,255	1,311	1,366	6,273
Outlays.....	1,090	1,146	1,172	1,231	1,289	1,344	6,182
1985 Budget Level:							
Budget Authority.....	1,088	1,169	1,187	1,206	1,226	1,247	6,034
Outlays.....	1,090	1,165	1,178	1,205	1,226	1,247	6,021
Change:							
Budget Authority.....	....	+26	-12	-49	-85	-119	-239
Outlays.....	....	+18	+6	-26	-62	-97	-161

Program Description

Environmental Protection Agency (EPA) operations include funding for developing regulations, enforcement activities, most research and overhead. Funds pay for salaries, administrative expenses, contracts, and grants to States and universities to implement mandated responsibilities under eight environmental statutes. EPA's acid rain and other energy related research funding is included in "Supporting Energy Research."

Current Status

In 1984 the President requested major increases for EPA operations. The President's 1985 proposal continues to build on 1984 priorities to enhance Agency research and regulation of toxic pollutants and to expand the Agency's enforcement capabilities to ensure compliance with established regulations.

1985 Budget Proposal

An 8% (\$82 million) increase in budget authority and a 4% (400 workyear) increase in staff above 1984 levels is requested. The largest increase would be devoted to ensuring improved compliance by both the private sector and municipal governments.

Rationale

- *Regulatory programs are being accelerated.*—Increased resources are devoted to safeguarding the public from unacceptable risks of exposure to toxic pollutants and chemicals. Concern over the emission of hazardous pollutants into land, water, and air would be addressed through a rapid acceleration in regulatory, permit issuance, and enforcement activities. In addition, evaluations of commercial uses of genetically engineered products would be initiated.
- *Enforcement personnel increase.*—Increased emphasis at both the Federal and State level will be directed toward compliance with PCB and asbestos-in-school regulations; eliminating the backlog of industrial permits; and a new initiative to bring municipal governments into compliance with Clean Water Acts requirements.
- *A new program to clean up the Chesapeake Bay.*—With the completion of a seven-year, federally funded study of the Chesapeake Bay, a 135% increase in funds to \$10 million is requested to provide technical and financial assistance to Bay area States to further the cleanup effort.

- *Research provides the basis for cost-effective regulations.*—Increased research funding would begin epidemiology studies that are necessary to establish appropriate risk levels from long-term exposure to pollutants. In addition, research into new, lower cost technologies will help industries achieve reduced pollutant emissions at reasonable costs.

Superfund

Agency: Environmental Protection
Agency

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	410	429	449	469	488	506	2,341
Outlays.....	325	426	428	455	472	494	2,275
Offsetting Receipts (Recoveries).....	-5	-45	-50	-70	-110	-145	-420
1985 Budget Level:							
Budget Authority.....	460	640	478	480	482	484	2,564
Outlays.....	340	535	543	500	487	484	2,549
Offsetting Receipts (Recoveries).....	-5	-45	-50	-80	-165	-155	-495
Change:							
Budget Authority.....	+50	+211	+29	+11	-6	-22	+223
Outlays.....	+15	+109	+115	+45	+15	-10	+274
Offsetting Receipts (Recoveries).....	....	....	....	-10	-55	-10	-75

Program Description

This trust fund enables the Federal Government to respond to hazardous chemical spills, clean up abandoned hazardous waste sites, and take enforcement action against those responsible for hazardous waste problems. It is financed primarily by a tax on the oil and chemical industries.

Current Status

Superfund is a relatively new program that has grown rapidly from \$75 million in 1981 to the \$410 million requested and enacted in 1984. Because the law will expire at the end of 1985, the President pledged in his State of the Union Address to request an extension of Superfund in order to provide the necessary time and funding for an adequate cleanup effort.

1985 Budget Proposal

The 1985 budget would increase budget authority to \$640 million in 1985 and also provide an additional \$50 million in 1984.

Rationale

The President's 1985 budget proposal would make available for use by the end of 1985 almost all of the \$1.6 billion in revenues expected under current law.

Continued increases in Environmental Protection Agency (EPA) personnel would also be provided in 1985 to manage the enlarged program.

The President's 1985 proposal would:

- Initiate planning efforts for site cleanup at 115 additional sites, bringing the number of sites where work has begun to 396 by the end of 1985;
- Initiate cleanup actions at 46 sites, almost a threefold increase over 1984; and

- Increase the enforcement program by 65% over the current level. These funds would enable EPA to:
 - expand its effort to recover from responsible parties money spent to clean up hazardous waste sites; and
 - increase its efforts to force responsible parties to clean up the sites without using the trust fund. To date, EPA has negotiated 72 privately financed cleanups costing \$221 million.

The budget authority levels for 1986-89 reflect the amount of money that would be available if the tax were extended at the current rate. Those levels do not reflect the Administration's determination of appropriate funding levels for that period. A policy on the appropriate future tax rate is being developed in conjunction with proposals for extending the law.

Highway Safety Operations

[In millions of dollars] Agency: Department of Transportation

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	99	104	109	116	120	125	574
Outlays.....	100	106	107	114	120	127	573
1985 Budget Level:							
Budget Authority.....	99	121	131	136	141	146	675
Outlays.....	100	112	126	133	139	144	655
Change:							
Budget Authority.....	....	+17	+21	+20	+21	+21	+101
Outlays.....	....	+6	+19	+19	+19	+18	+82

Program Description

Both the Bureau of Motor Carrier Safety (BMCS) and the National Highway Traffic Safety Administration (NHTSA) operate research, regulatory, and enforcement programs to increase the safety of highway travel for trucks and autos.

Current Status

This Administration places safety among its highest priorities for transportation programs.

1985 Budget Proposal

Funding for the BMCS and NHTSA, in both operations and grant programs, would be increased to bolster efforts to make highway travel safer.

The 1985 budget proposes a 100% increase in motor carrier safety grants. This should provide States with adequate resources to conduct federally required truck inspection programs.

The 1985 budget proposes a 15% increase in NHTSA safety operations, enforcement, and regulatory programs. This increase would be used to expand efforts to:

- disseminate safety information and technology to States and communities;
- work with other public and private organizations for a more comprehensive approach to auto safety; and
- increase resources devoted to understanding and analyzing how accidents can be prevented.

Rationale

Since 1981, traffic fatalities have decreased by 11%. Even more encouraging, in 1983 the fatality rate per 100 million miles traveled dropped to an all-time low of 2.6. The increases in this budget would support those programs that have effectively contributed to this trend.

At this time, States, with the support of Federal safety grant programs and community organizations, are reexamining their highway safety laws. Both the BMCS and NHTSA programs support this trend by working with States and local organizations to encourage increased and more effective traffic safety efforts.

In particular, Federal highway safety operations target the drunk driver problem. NHTSA drunk driving programs include demonstration projects, technical guidance, and information dissemination to States and localities.

Food Inspection Services

[In millions of dollars]

Agency: Department of Agriculture

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	338	360	380	403	425	449	2,017
Outlays.....	338	360	380	402	425	448	2,014
1985 Budget Level:							
Budget Authority.....	338	360	377	389	403	418	1,947
Outlays.....	338	359	376	388	402	418	1,944
Change:							
Budget Authority.....	....	....	-4	-14	-22	-30	-70
Outlays.....	....	....	-4	-14	-22	-30	-70

Program Description

This Department of Agriculture program inspects meat and poultry products in domestic and foreign commerce. Inspections are conducted at slaughterhouses and in processing plants to assure that only unadulterated, uncontaminated meat that is labeled and packaged according to Federal law enters U.S. commerce.

Current Status

Current dollar appropriations for these activities have increased by \$27 million or 9% since 1981 to a total of \$338 million for 1984.

1985 Budget Proposal

The 1985 budget proposal includes a further increase of \$22 million to provide enhanced inspection services. Specifically, it would provide:

- more inspection of imported meats at ports of entry;
- increased laboratory tests to detect chemical contamination;
- more inspectors at slaughterhouses; and
- more funds to the States for their inspection programs.

Domestic inspection efforts would also be enhanced by targeting inspections on those 5% of plants that have continuing difficulty in complying with standards and regulations.

Rationale

Although the United States' inspection program is generally effective, improvements will help to prevent any mislabeled, contaminated, or unwholesome meat from entering the U.S. food supply.

The targeting approach for domestic inspections should result in increased protection for the consumer while minimizing cost increases.

Food and Drug Administration

Agency: Department of Health and
Human Services

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	394	408	430	452	475	499	2,264
Outlays.....	396	422	439	459	475	498	2,292
1985 Budget Level:							
Budget Authority.....	394	397	420	438	457	477	2,189
Outlays.....	396	407	429	445	457	476	2,213
Change:							
Budget Authority.....	....	-11	-10	-14	-18	-22	-76
Outlays.....	....	-15	-10	-14	-18	-22	-80

Program Description

The Food and Drug Administration (FDA) conducts regulatory activities to ensure the safety of foods, pharmaceutical products, and medical devices sold in the U.S. marketplace. The agency also reviews the efficacy of drugs and medical devices before they can be sold to the public.

Current Status

In the decade prior to 1972, constant dollar outlays for the FDA doubled. In the next decade, constant dollar outlays increased another 44%. Since the 1979 peak funding year of \$437 million, real funding levels have stabilized, dropping less than 10% to \$396 million in 1984.

Since 1981, the FDA has established four priorities: shorter regulatory review time for new drug applications, as an incentive to innovation in the industry; support of orphan drugs, where unsubsidized development by industry is not profitable; greater use of voluntary compliance; and improvement in FDA's science base, to keep it abreast of current therapeutic, diagnostic, and production technologies.

1985 Budget Proposal

The 1985 request would maintain the FDA at the current services level. The budget also proposes to offset a small portion of FDA's operating costs—\$5 million—through user charges on certain industry-related activities. Fees would be imposed primarily on new drug applications and would cover only a part of the cost of reviewing those applications.

Rationale

Modest increases in FDA funding over the 1985-89 period will allow FDA to continue its current level of effort.

Occupational Safety and Health

[In millions of dollars]

Agency: DOL/OSHRC

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	219	228	239	251	262	274	1,254
Outlays.....	223	228	238	250	261	272	1,249
1985 Budget Level:							
Budget Authority.....	217	225	233	243	254	265	1,219
Outlays.....	221	224	232	242	253	264	1,215
Change:							
Budget Authority.....	-2	-4	-7	-7	-8	-9	-35
Outlays.....	-1	-4	-6	-7	-8	-9	-34

Program Description

The Occupational Safety and Health Administration (OSHA), in the Department of Labor, issues and enforces regulations governing workplace safety and health, underwrites half the costs of approved State-run safety and health programs, and encourages the voluntary cooperation of employers and employees on health and safety matters. The Occupational Safety and Health Review Commission (OSHRC), an independent agency, adjudicates OSHA enforcement actions that are contested by employers.

Current Status

The rapid growth of OSHA and OSHRC budgets, which peaked in real terms in 1980, has been contained. In constant dollar terms, the 1984 enacted budget for these agencies will return them roughly to the 1977 level. Agency resources are better targeted on significant problems and priorities; cooperation among employers, employees, States, and the Federal Government has been encouraged; regulations have been reviewed to ensure that they are no more burdensome than necessary to protect workers; and the number of enforcement actions employers contest before OSHRC has been significantly reduced.

1985 Budget Proposals

The President's 1985 budget would stabilize real costs at roughly the 1984 level through 1989. Some additional savings would be achieved through proposed management and administrative efficiencies, which would enable both agencies to maintain at least the same level of program activities using fewer resources. The budget also contains an increase that would allow OSHA to implement a new computerized management information system to track and improve the deployment of OSHA's resources as well as to monitor States with approved programs.

Rationale

Enactment of the 1985 budget proposals would enable OSHA and OSHRC to provide necessary workplace safety and health protection while minimizing costs borne by the taxpayers and by private industry. The number of inspections would reach the highest level since 1976, with vast improvements in targeting on worksites most likely to have serious safety and health hazards.

Major regulations would be reviewed and issued, to ensure that workers receive protection in a cost-effective manner. The rate that enforcement actions are appealed to OSHRC is expected to remain at its reduced level, decreasing the time inspectors must spend on litigation activities. The number of follow-up inspections, usually unproductive, has been greatly reduced. These efficiencies enable the inspection force to perform additional worker protection activities that otherwise would require 98 more inspectors.

Miscellaneous Regulatory Agencies

[In millions of dollars]

Agency: Various

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,039	1,114	1,162	1,224	1,286	1,351	6,137
Outlays.....	1,039	1,120	1,168	1,225	1,288	1,348	6,149
1985 Budget Level:							
Budget Authority.....	1,042	1,056	1,108	1,160	1,215	1,270	5,809
Outlays.....	1,042	1,074	1,120	1,164	1,219	1,263	5,841
Change:							
Budget Authority.....	+3	-58	-54	-64	-70	-81	-328
Outlays.....	+4	-46	-48	-61	-69	-84	-308

Program Description

Agencies included in this category regulate energy activities, exchanges of securities and commodity futures, communications, trade, transportation, labor relations, product and mine safety, as well as control offshore and port oil pollution and coastal zone management.

Current Status

Funding for these activities remained high throughout the latter half of the 1970's, peaking, in constant dollar terms, in 1980 at \$1.5 billion.

Current constant dollar funding levels reflect achievement of a significant reduction from the constant dollar peak.

1985 Budget Proposal

The 1985 budget level for this category is not significantly different from previous levels proposed by the Administration. The 1985 budget proposal of \$1.1 billion in outlays would continue to constrain the constant dollar growth of regulatory costs for these activities.

The modest 1985 outlay savings are attributable to the Administration's proposal to reduce the scope of transportation and other regulatory activities and terminate grants to States for coastal zone management. Throughout most of these activities, savings would be achieved by personnel reductions and implementation of space management initiatives, both resulting from reduced regulation and/or increased efficiencies.

Slight increases are proposed for the Securities and Exchange Commission (SEC), the Federal Communications Commission (FCC) and the Commodity Futures Trading Commission (CFTC). The SEC would implement a pilot paperless filing system; the FCC would continue its program to deregulate the telecommunications industry; and the CFTC would enhance its enforcement efforts aimed at curbing violations of commodities laws.

Rationale

Implementation of the President's budget proposal would continue the progress made in eliminating unnecessary economic regulatory activity; reducing or redirecting regulation that places greater burden on the public than necessary to accomplish essential objectives; decreasing paperwork; and introducing efficiencies where regulation is necessary.

Law Enforcement

Law Enforcement

[In millions of dollars]

Agency: Department of Justice

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	1,445	1,433	1,503	1,575	1,650	1,726	7,887
Outlays	1,432	1,462	1,467	1,539	1,613	1,688	7,769
1985 Budget Level:							
Budget Authority	1,445	1,504	1,602	1,680	1,761	1,826	8,373
Outlays	1,432	1,544	1,571	1,651	1,723	1,794	8,283
Change:							
Budget Authority .....	....	+71	+99	+105	+111	+100	+486
Outlays .....	....	+82	+104	+112	+110	+106	+514

Program Description

The primary law enforcement agencies in the Justice Department are the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA). Besides enforcing Federal criminal statutes, the FBI and DEA also perform other activities such as regulating the manufacture of controlled substances and maintaining a national repository for fingerprint identification.

Current Status

The Administration considers improvements to Federal law enforcement to be one of its top domestic priorities. In the past year, additional staff and equipment were provided for organized crime drug enforcement task forces and for foreign counterintelligence and anti-terrorism. Major investments have also been made in the FBI to improve management, investigative, and fingerprint processing capabilities. The 1985 budget continues resource growth for DEA and FBI: to underscore the Administration's commitment to eliminate organized crime from drug trafficking; to intensify the Nation's foreign counterintelligence efforts; and to modernize Federal law enforcement practices.

1985 Budget Proposal

The FBI and DEA represent 40% of the Department of Justice's budget request. If their budget requests are adapted, the FBI and DEA agent complement will have grown by the end of 1985 to 11,147, up 1,500 from the 1981 level of 9,647.

An additional Organized Crime Drug Enforcement Task Force would be established to cover investigations in parts of Florida, the Virgin Islands, and Puerto Rico.

The FBI's organized crime program would be increased by 315 positions and \$12 million for investigations of traditional and non-traditional organized crime enterprises and for drug trafficking investigations separate from the organized crime drug enforcement task forces.

The request would also provide a second successive infusion of staff and funds for the FBI's foreign counterintelligence program.

Rationale

The recent increases in law enforcement resources have begun to produce results. For example, since the FBI was given concurrent jurisdiction with DEA over drug investigations in 1982, the

number of cases being pursued jointly has increased from 12 to 737. By 1985, the number of drug-related arrests is predicted to increase by 41%, from 7,420 to 10,450.

The problems with drug trafficking, other organized crime, terrorism, and foreign intelligence activities within the United States are pervasive and continuing. More resources are vital to the Administration's efforts to reduce these criminal activities.

Bureau of Alcohol, Tobacco and Firearms

[In millions of dollars] Agency: Department of the Treasury

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	160	167	175	184	193	202	922
Outlays	156	164	172	181	189	198	904
1985 Budget Level:							
Budget Authority	160	163	173	181	190	200	907
Outlays	156	160	169	178	187	196	889
Change:							
Budget Authority .....	....	-4	-3	-3	-3	-2	-15
Outlays .....	....	-4	-3	-3	-3	-2	-14

Program Description

The Bureau of Alcohol, Tobacco and Firearms (BATF) protects the public safety by reducing the criminal misuse of firearms and explosives and the unsafe storage of firearms; regulates the sale of alcoholic beverages, firearms and explosives; and ensures collection of excise taxes on alcohol and tobacco products.

1985 Budget Proposal

Reductions of \$4.1 million and 108 workyears are proposed in the regulatory programs. BATF projects that because of greater use of selective processing and inspection, revenue collections and application processing would be maintained at the proposed funding level. By targetting inspections and investigations on the largest excise taxpayers and those suspected of serious violation, BATF will maintain revenue collections as well as its law enforcement presence.

The budget proposes law enforcement enhancements of \$3 million to purchase voice secure radios and to increase the agency's ability to relocate staff through permanent change of station moves. These enhancements would protect law enforcement personnel in the course of duty.

Rationale

The 1985 budget would maintain the BATF at roughly current law enforcement levels while seeking efficiency in regulatory programs through better targetting of inspection and investigation resources.

Immigration and Naturalization Service

[In millions of dollars]

Agency: Department of Justice

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	511	540	565	591	619	646	2,960
Outlays.....	524	532	556	583	610	638	2,919
1985 Budget Level:							
Budget Authority.....	511	578	603	630	658	686	3,156
Outlays.....	524	570	594	621	649	677	3,112
Change:							
Budget Authority.....	....	+39	+39	+39	+39	+40	+196
Outlays.....	....	+38	+38	+38	+39	+40	+193

Program Description

The Immigration and Naturalization Service (INS) is responsible for the admission, exclusion, apprehension, deportation and naturalization of aliens.

Current Status

During the past four years the Administration has sought to improve the management and information systems of the INS and to target resources to ensure the most effective enforcement of the immigration laws.

1985 Budget Proposal

The budget proposes to add 1,000 positions to strengthen the border patrol presence against illegal immigration, especially on the Southern border, since more than half of all apprehensions occur over a limited portion of this border. The proposal includes 850 positions for the border patrol and 150 positions for detention and deportation, anti-smuggling and legal proceedings. This proposal would increase enforcement workyears by 16% over 1983 actual levels and 14% over 1984 projected levels.

Offsetting management savings of \$4.8 million and 150 workyears are expected from implementing a Grace Commission recommendation. These savings would be achieved by reducing central and regional office staff based on a realignment of the roles and responsibilities of central and regional offices vis-a-vis the district offices. This proposal would affect all program areas but is not expected to reduce service or program operations.

In 1985, 65% of the INS budget would be devoted to enforcement programs—up from 61% in 1984 and 58% in 1983.

Rationale

The budget responds to growing pressure to strengthen border enforcement presence against illegal immigration. Administration supported legislation to deter illegal immigration through a combination of legalization and employer sanctions is also intended to assist in the control of the Nation's borders.

With these additional resources, apprehensions of illegal aliens are expected to increase by 36% over 1983 actual levels and 19% over 1984 projected levels.

Customs Service

[In millions of dollars] Agency: Department of the Treasury

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	626	640	703	743	784	825	3,695
Outlays.....	618	629	688	728	768	809	3,622
1985 Budget Level:							
Budget Authority.....	626	608	651	690	731	772	3,452
Outlays.....	618	599	641	682	722	763	3,407
Change:							
Budget Authority.....	....	-32	-52	-53	-53	-53	-242
Outlays.....	....	-30	-47	-46	-46	-46	-214

Program Description

The Customs Service administers and enforces the Tariff Act of 1930 and other laws which govern international traffic and trade. Customs seeks to facilitate legitimate cargo and passenger traffic and to detect illegal practices and seize contraband goods. In addition Customs collects nearly \$10 billion in taxes and fees related to international trade.

Current Status

During the past four years, the Administration has sought to strengthen Customs' enforcement programs while at the same time seeking labor savings and operating efficiencies by automating commercial processing and streamlining field structure and procedures. In fact, funding for Customs' enforcement programs increased by 62% since 1980.

1985 Budget Proposal

The budget proposes a reduction of 954 direct workyears and 46 reimbursable workyears from 1984 levels. Savings are targeted to Customs' commercial operations in the belief that long-needed modernizations such as automation of the cargo entry process and staff consolidation will achieve labor savings in 1985.

The specific reductions would be accomplished by closing central and regional offices (231 workyears), consolidating appraisement specialists, laboratory staff and marine officers (277 workyears) and increasing selectivity of inspection (415 workyears). In addition, limited duration staff associated with the Olympics would no longer be necessary.

In addition to reductions discussed above, the budget would fund expansion of automated systems that are critical to accomplishing efficiencies.

Rationale

The 1985 budget continues the Administration's efforts to modernize the Customs Service through automation of commercial processing and streamlining field structure and functions.

The budget proposal for greater use of selective processing and inspection techniques based on risk assessment of cargo and passenger traffic would allow Customs to achieve efficiencies.

Department of Justice Legal Divisions

[In millions of dollars]

Agency: Department of Justice

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	706	795	835	877	919	961	4,387
Outlays.....	704	775	814	855	897	933	4,275
1985 Budget Level:							
Budget Authority.....	717	813	859	900	941	983	4,497
Outlays.....	715	796	837	878	919	961	4,390
Change:							
Budget Authority.....	+11	+18	+24	+23	+22	+22	+110
Outlays.....	+11	+20	+23	+23	+22	+27	+115

Program Description

The legal divisions at the Department of Justice litigate all of the Federal Government's criminal cases and most of its civil cases.

Current Status

The Administration has made a commitment to improving the Federal justice system. In the past year, litigative resources, attorneys and support staff, and funds for improved automated techniques to gather data and manage cases have been added to keep pace with expanded law enforcement activities. These increases are making inroads in case backlogs and provide for affirmative litigation in those areas of greatest priority.

1985 Budget Proposal

The 1985 budget would provide additional resources for the U.S. Attorneys to support the expansion of the Organized Crime Drug Enforcement Task Forces into Florida, Puerto Rico and the Virgin Islands. Increases for the Criminal and Tax Divisions would provide needed support to all the task forces.

A major increase for tax prosecution and litigation would add 150 positions and \$8.3 million to permit the Tax Division and the U.S. Attorneys, in conjunction with the Internal Revenue Service, to enforce recent changes in the tax laws. Additional resources for each U.S. Attorney's office would provide a coordinator for Law Enforcement Coordinating Committees and the victim/witness assistance programs.

Expanded environmental enforcement and increased resources for commercial and torts litigation are proposed for the Lands and Civil Divisions. Full-year funding totaling \$7 million and 33 positions would be earmarked for a major litigation team, under the control of the Department's Civil Division, to defend the hundreds of cases against the United States expected to result from the recent bond default by the Washington Public Power Supply System.

Rationale

In an increasingly litigious society, the Government's attorneys must be equipped to handle the workload that is thrust upon them as well as to seek out affirmative litigation to meet enforcement objectives effectively. They must have the staff and the technology to be able to challenge the increasingly sophisticated white collar criminal as well as the drug trafficker.

Federal Judicial Activities

[In millions of dollars]

Agency: The Judiciary

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Service:							
Budget Authority.....	928	1,070	1,151	1,239	1,330	1,425	6,215
Outlays.....	922	1,059	1,133	1,220	1,310	1,404	6,126
1985 Budget Level:							
Budget Authority.....	928	1,053	1,144	1,232	1,323	1,417	6,168
Outlays.....	922	1,042	1,126	1,213	1,303	1,396	6,080
Change:							
Budget Authority.....	....	-18	-7	-7	-7	-8	-47
Outlays.....	....	-17	-7	-7	-7	-8	-47

Program Description

This category covers all parts of the Federal judicial system, including the courts, the Administrative Office, and the Federal Judicial Center.

Current Status

Consistent with the emphasis given law enforcement in the United States since the late 1960's, outlays for Federal Judicial Activities grew by an average annual rate of 7.8% in constant dollars from 1970 to 1980 and will increase by 7% from 1981 to 1985.

1985 Budget Proposals

The request for 1985 would increase budget authority by 13% in nominal dollars and 8.1% in real terms.

Outlays for Federal Judicial Activities for 1985 and beyond would be only slightly below the current services level and would grow by 3.3% per year in real terms between 1985 and 1989.

The largest percentage increases in the 1985 budget for judiciary activities are for the United States Tax Court (40% in nominal dollars) and the United States Court of Appeals for the Federal Circuit (32%). The request for the other units in the judicial activities budget is about 12.5% above the enacted 1984 amount and is primarily for the salaries of judges and supporting staff and associated administrative costs.

The increase for the United States Tax Court would provide for 37 new positions to support an estimated 29% workload increase in disposed cases; the establishment (on a trial basis) of an office for special trial judges; a new satellite library for special trial judges; associated word processing equipment; increased travel for judges due to the creation of a "summer session" lasting 35 weeks and additional cases concerning tax protesters and tax shelters; and higher unavoidable costs.

The increase for the United States Court of Appeals for the Federal Circuit is predominantly for standard level user charges.

Rationale

In accordance with law, the Federal Judicial Activities budget is presented in the President's Budget without review and in the amounts submitted by the agencies.

Correctional Activities

[In millions of dollars]

Agency: Department of Justice

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Service:							
Budget Authority	480	469	494	522	549	577	2,611
Outlays	491	517	533	524	536	559	2,669
1985 Budget Level:							
Budget Authority	489	571	565	589	584	613	2,923
Outlays	500	578	570	569	603	618	2,938
Change:							
Budget Authority	+9	+102	+71	+68	+36	+36	+313
Outlays	+9	+61	+37	+45	+67	+59	+269

Program Description

The Federal Government is responsible for the care and custody of prisoners charged with or convicted of violating Federal laws.

Current Status

The Administration has made a firm commitment to Federal prison construction. It has provided 180% more funding for prison building than the previous Administration and 53% of the total resources spent for this purpose over the past 12 years. This has enabled the Federal prison system to keep up with the unprecedented growth in the Federal prisoner population.

1985 Budget Proposal

In response to the growth of the Federal prisoner population, site and planning funds would be provided for a new prison in the southeastern U.S., and construction funds would be provided for a prison in the northeast. Additional funds would be made available to renovate and expand existing facilities and to provide for additional correctional officers.

Rationale

One of the fundamental responsibilities of Government is to provide for the safety of the people. As a result of the increased investigative and prosecutorial efforts of this Administration, significant new funding for Federal prison expansion and modernization has been necessary. This will ensure that intensified efforts to investigate and prosecute crimes will not be frustrated at the other end of the criminal justice system by insufficient space to incarcerate those convicted.

Secret Service

[In millions of dollars] Agency: Department of the Treasury

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	309	294	301	319	355	339	1,609
Outlays.....	300	286	292	311	345	330	1,564
1985 Budget Level:							
Budget Authority.....	309	289	298	317	363	349	1,617
Outlays.....	300	281	292	311	357	343	1,584
Change:							
Budget Authority.....	....	-6	-3	-2	+8	+10	+8
Outlays.....	....	-4	....	+1	+11	+12	+20

Program Description

The Secret Service is responsible for protection of the President and other officials, investigation of currency counterfeiting and check forgeries, and protection of the White House and some other Federal buildings in Washington, D.C.

Current Status

The 1984 congressional action provided for a higher level of employment for the Service. At the same time, Congress requested that the payments to State and local governments for the cost of protection of diplomatic missions to the United Nations be shifted to the Department of State.

1985 Budget Proposal

The 1985 budget includes \$12 million for equipment. This emphasis on equipment enhancements would provide the Service with the ability to use sophisticated electronic and computer technologies in carrying out its protective and other functions. The budget proposal carries out the Congressional request to shift to the Department of State the cost of protection of diplomatic missions to the United Nations.

Rationale

The Secret Service, in order to carry out its protective missions, as well as its criminal investigations in the areas of forgery, counterfeiting and electronic funds fraud relating to Treasury securities, needs sophisticated equipment to deal with a world in rapid technological change. The 1985 budget would allow the Service to carry out its protective mission effectively and efficiently, as well as to close 211,000 cases.

Miscellaneous Civil Rights and Equal Opportunity Activities

Agency: EEOC/CRC/ED/HHS/HUD/
ATBCB

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	266	275	290	304	319	333	1,521
Outlays.....	269	274	289	303	318	333	1,517
1985 Budget Level:							
Budget Authority.....	266	271	286	299	312	325	1,493
Outlays.....	269	273	284	297	309	323	1,486
Change:							
Budget Authority.....	....	-4	-4	-5	-7	-8	-27
Outlays.....	....	-1	-5	-7	-9	-10	-31

Program Description

This category includes the Equal Employment Opportunity Commission (responsible for enforcing Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Equal Pay Act); the U.S. Commission on Civil Rights; and the Offices for Civil Rights in the Departments of Education and Health and Human Services (responsible for assuring nondiscrimination in programs and activities receiving funds from their respective agencies). The Fair Housing Act activities of the Department of Housing and Urban Development and the Architectural and Transportation Barriers Compliance Board (which assures compliance with the Architectural Barriers Act of 1968) are also included in this category.

Current Status

This Administration has maintained and expanded protections for the civil rights of individuals while realizing personnel and other economies available through management and program reforms, increased efficiency, and enhanced involvement of State and local governments in assuring nondiscrimination. As with Federal civil rights programs generally, the accomplishments of these activities in 1983 continued to demonstrate the success of this approach. For example, the Department of Education's Office for Civil Rights reduced its inventory of pending complaints by 27% and the Department of Health and Human Service's Office for Civil Rights increased its number of completed compliance reviews by over 200%. As a result of the Department of Housing and Urban Development's efforts to increase the capability of State and local agencies to resolve fair housing complaints, 2,736 complaints were referred to these agencies for processing in 1983, over 500% more than during the last year of the prior administration. Also during 1983, the Equal Employment Opportunity Commission secured \$182.9 million in back pay and other financial settlements for victims of discrimination—136% more than during the last year of the prior administration.

1985 Budget Proposal

Budget authority for these combined programs would continue to rise and savings from the current services level during 1985-1989 would total less than 2%.

Rationale

Protecting the civil rights of all Americans is a basic Federal responsibility and a central commitment of this Administration. Therefore, despite the clear need to achieve significant reductions in Federal expenditures, the Administration believes that it is essential to continue to fund these and other Federal civil rights activities at substantial levels that will maintain and enhance their scope and effectiveness.

Management of the Public Domain

Naval Petroleum Reserves

[In millions of dollars]

Agency: Department of Energy

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	-1,030	-1,059	-992	-959	-911	-829	-4,750
Outlays	-1,047	-1,046	-1,000	-956	-909	-840	-4,751
1985 Budget Level:							
Budget Authority	-1,017	-1,057	-992	-959	-911	-830	-4,749
Outlays	-1,017	-1,047	-1,000	-956	-909	-840	-4,752
Change:							
Budget Authority	+13	+2	....	....	....	....	+1
Outlays	+30	....	....	....	....	....	-1

Program Description

The Federal Government owns three oil fields: at Elk Hills and Buena Vista near Bakersfield, California, and at Teapot Dome near Casper, Wyoming.

- These fields were originally set aside before 1925 to supply oil to the Navy in an emergency.
- In 1976, Congress decided that defense and other emergency energy needs could be met more effectively by building the Strategic Petroleum Reserve and that the oil in the Naval Petroleum Reserves (NPRs) should be produced and sold.

Current Status

Oil and gas is produced and sold at these fields in a manner consistent with standard commercial oil field practice. Production is currently 115,000 barrels of crude oil per day—about 1.3% of U.S. domestic production. In 1984, sales receipts to the U.S. Government—and thus to the taxpayer—are expected to be \$1.5 billion. Of this amount, \$0.2 billion is paid to the Treasury as taxes under the Windfall Profit Tax Act. The remaining \$1.3 billion is credited to this account. Partially offsetting these receipts is \$0.3 billion needed to operate, develop, and maintain these producing properties.

1985 Budget Proposal

The budget proposes that production and sale of oil and gas at the NPRs continue under current arrangements through 1989 and beyond. Net receipts from the fields are expected to decline gradually as the fields are depleted, the production rate decreases, and the cost of operating them increases.

Rationale

It makes sense to continue producing and selling oil and gas at the NPRs.

- The Administration supports the productive and efficient use of resources. Production of oil and gas at the NPRs is clearly efficient, since it results in roughly a billion dollars of income to the Federal Government each year over and above operating costs.
- Our emergency needs for petroleum for defense and other national purposes can be met more effectively by building up the Strategic Petroleum Reserve (SPR) than by shutting in the

NPRs. If an emergency occurs, what will be needed is a lot of oil immediately. The emergency pump out rate for the NPRs is 200,000 barrels of oil per day or less. The emergency pump out rate for the SPR is currently 1.7 million barrels per day—over eight times as fast—and that rate is slated to rise to 3.5 million barrels per day—17 times as fast—by 1987.

Forest Service

[In millions of dollars]

Agency: Department of Agriculture

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	431	320	237	180	158	141	1,036
Outlays.....	574	314	226	169	147	130	987
1985 Budget Level:							
Budget Authority.....	465	281	213	150	128	116	888
Outlays.....	608	293	253	146	125	113	930
Change:							
Budget Authority.....	+34	-39	-24	-30	-30	-25	-148
Outlays.....	+34	-21	+26	-23	-22	-17	-57

Program Description

This includes all Forest Service programs except payments to States and land acquisition. Major activities include administration of the national forest system, forestry research, and State and private forestry. It also includes offsetting receipts earned by Forest Service activities, chiefly timber sales.

Current Status

Substantial reductions, totaling about \$700 million in 1985 dollars have already been made since 1981 in these Forest Service programs. Reductions have been achieved primarily by improving efficiency and by reducing a number of programs. For example, road costs have been reduced by implementing efficiency measures. A timber sale level of 11.2 billion board feet is planned in 1985 versus 11.9 billion board feet in 1981 due to changed demand estimates and continuing increases in the amount of timber under contract.

Current service outlays in 1984 were high relative to budget authority due to use of carryover balances in 1984.

1985 Budget Proposal

Gross program funding of almost \$1.8 billion requested for 1985 would be slightly higher than 1984 and about \$85 million lower than the current services level.

The budget would sharply reduce grants to State forestry organizations and would modestly reduce research and national forest system activities. In 1984, States are expected to receive direct financial assistance of \$23 million, which defrays only a small part of their costs. The 1985 budget would eliminate all grants with the exception of a special grant to Minnesota required by site specific law.

The change in current services from 1984 to 1985 primarily reflects a large increase in offsetting receipts due to past program activities and projected market conditions.

Rationale

The 1985 proposal would achieve some important reforms, improve efficiency and fund appropriate program levels. Proposed program reforms would limit the Federal role to technical assistance on State forestry problems of national importance and to collection and analysis of national statistics.

While research would continue at about the same level as in 1984, inefficient and completed work units would be closed or consolidated.

Management of the national forest system would be funded at about the same level as 1984. Continued increases in program and management efficiency are anticipated. In view of limited opportunities for profitable sales at present prices and lagging harvests from the 40 billion board feet (BBF) of timber already under contract, new timber sales are planned to decline from 11.7BBF in 1984 to 11.2BBF. However, receipts primarily from prior year sales contracts would increase, accounting for the anticipated rise in offsetting receipts noted above.

Bureau of Land Management and Minerals Management Service

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	620	643	663	698	733	768	3,506
Outlays	648	636	657	691	726	761	3,471
1985 Budget Level:							
Budget Authority	620	613	637	664	695	729	3,338
Outlays	648	611	630	658	688	723	3,310
Change:							
Budget Authority .....	....	-30	-27	-34	-38	-39	-168
Outlays .....	....	-25	-26	-33	-37	-38	-161

Program Description

The Bureau of Land Management (BLM) is responsible for the management and development of 310 million acres of public lands. This includes responsibility for leasing and supervision of minerals operations on public lands and on 370 million acres of land owned by others where the Federal Government owns the minerals.

The Minerals Management Service (MMS) leases oil and gas resources on the Outer Continental Shelf (OCS) and collects royalties and other income produced from minerals leases both onshore and offshore.

Current Status

Increased efficiency has been achieved in a number of these programs by streamlining operations, such as BLM land use planning and OCS leasing. There have been funding increases for collection of mineral leasing receipts, an area which had been poorly managed until recently. To improve management the program was moved to a new agency, Minerals Management Service, and additional funding was requested in 1982-1984.

1985 Budget Proposal

The budget would fund these programs close to the current level. Minor reductions below current services are proposed in various programs where workload increases have been moderated through reform. Small increases are proposed for onshore energy leasing and royalty collections, offset by various smaller decreases.

Rationale

Increased competitive oil and gas leasing is expected onshore. Annual growth in the number of leases in production is expected to be 5-10%. The budget would fund workload increases in both leasing and post-lease enforcement and inspection.

New computer equipment is needed to cope with higher than expected workload in the royalty collection program. The budget proposes an 11% increase for the program.

Public Lands Acquisition

[In millions of dollars]

Agencies: USDA/DOI

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	317	297	310	322	334	345	1,608
Outlays	385	298	289	305	312	292	1,495
1985 Budget Level:							
Budget Authority	287	167	168	168	169	169	842
Outlays	385	284	242	231	209	173	1,141
Change:							
Budget Authority	-30	-130	-142	-154	-165	-176	-767
Outlays .....	....	-14	-47	-74	-103	-118	-355

Program Description

Using Land and Water Conservation Fund receipts (primarily revenues from Outer Continental Shelf oil leases), Interior's National Park Service and Fish and Wildlife Service, and Agriculture's Forest Service acquire land to create or expand nationally significant Federal recreation areas. Areas acquired become designated as national parks, wildlife refuges, and forests or become part of existing lands already designated as such. The National Park Service also administers matching grants to States for outdoor recreation lands and facilities.

Current Status

When the Administration came into office, national park and refuge maintenance was badly neglected, a huge backlog of recreational land condemnation cases had developed, and agency plans for future land purchases were in disarray. As a result, the past three budget proposals limited the request for land acquisition funding to property subject to awards under condemnation proceedings begun in prior Administrations and to emergency purchases.

The Administration's goals have been to reduce the backlog of acquisitions, to focus available resources on fixing up existing national parks, and to hold off on new Federal grants for State and local parks until their backlog was cleared and the Federal fiscal situation permitted such assistance.

The Congress appropriated funds greatly in excess of the Administration's request for land acquisition in each of the three years, while not fully covering the costs of ongoing court awards.

1985 Budget Proposals

The Administration's 1985 budget would:

- substantially increase, to \$140 million, the Administration's request for acquisition of national park, refuge, and forest lands—including high priority conservation areas with approved land protection plans, parcels subject to condemnation awards, and emergency purchases;
- propose legislation and \$27.5 million in funding for both Federal and State wetlands acquisition;
- terminate \$30 million in never-used and unnecessary contract authority for land purchases; and
- provide no funding for State outdoor recreation grants for State and local park acquisition.

Rationale

After three years the goal of correcting for park and refuge neglect is being achieved, the condemnation backlog has been reduced to a manageable level and new land protection plans for charting future acquisitions are in place. These developments enable the Administration to propose a major increase relative to its previous requests for acquisitions of lands in nationally significant historic, preservation, or recreation areas specifically designated by Congress. The amount requested, while less than the level appropriated by Congress in 1984, meets the needs of an orderly acquisition program.

The funds proposed for wetlands acquisition would meet a critical need to conserve habitat vital to migratory birds, endangered species and other wildlife of Federal interest.

While the Administration is proposing to proceed with Federal land acquisitions in areas of national significance specifically designated in Federal law, we still consider it appropriate to postpone grants to States for purchase of lands and facilities for purely local recreation until the Federal deficit situation improves. This proposal poses no personal or economic hardship, nor does it compromise any Federal objective. About \$400 million from prior years' appropriations remain available to complete projects underway.

Fish and Wildlife Service

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	455	483	513	547	581	621	2,745
Outlays.....	470	480	500	534	567	607	2,688
1985 Budget Level:							
Budget Authority.....	456	462	493	522	557	595	2,629
Outlays.....	471	472	494	513	546	584	2,608
Change:							
Budget Authority.....	+1	-21	-19	-25	-25	-26	-116
Outlays.....	+1	-8	-7	-21	-21	-23	-80

Program Description

The Fish and Wildlife Service operates 419 national wildlife refuges and 75 fish hatcheries. The Service is involved in fish and wildlife research, migratory bird management, endangered species protection, animal damage control, and consultation on water resource development projects.

Current Status

The operations funding level has been relatively stable for several years, representing the continuation of programs for conservation, protection, and enhancement of fish and wildlife.

Certain Federal fish hatcheries serving local areas have been transferred to the States and internal operations have been more efficiently organized by the closure of an unnecessary layer of area offices. These cost savings have been applied to improved maintenance and operations at the same budget level.

1985 Budget Proposals

The Administration's budget for Fish and Wildlife Service operational programs would increase funding by about 1 percent in 1985 to maintain current program levels. Savings would be achieved through additional hatchery transfers or closures.

The 1985 budget proposal emphasizes efforts to conserve valuable wetlands (+\$28 million) involving Federal/State cooperation, and a lake liming and evaluation program (+\$6 million) to improve the sport fishery and other values in acidified lakes and streams. The construction program would be funded at a lower level (-\$20 million) than in 1984.

Rationale

The Administration's proposal would provide for:

- continuation of program operations;
- mitigation of acidified surface waters and evaluation to improve sport fisheries for selected demonstration projects;
- acquisition of Federal refuge wetlands to protect their intrinsic values and initiation of a state wetland grant program;
- additional support for refuge maintenance improvements; and
- limitation of construction projects primarily to remaining health and safety problems in 1985.

National Park Service

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	680	796	823	860	900	942	4,320
Outlays.....	720	790	811	844	892	936	4,274
1985 Budget Level:							
Budget Authority ¹	682	746	771	796	825	862	3,999
Outlays.....	722	771	782	795	824	861	4,033
Change:							
Budget Authority.....	+3	-50	-52	-64	-76	-79	-321
Outlays.....	+3	-20	-28	-49	-69	-75	-241

¹ The base for calculating 1985 current services is the appropriation amount shown for 1984 plus \$64 million appropriated in 1983 but deferred by law until 1984, leaving a current services base program level in 1984 of \$744 million, and a 1984 budget program level of \$746 million.

Program Description

The National Park Service operates 334 park and historic areas comprising about 75 million acres. There are approximately 250 million recreational visits to these parks and historic areas per year.

Current Status

The reduction in budget authority from current services stems from a one-time bulge of \$64 million in 1984 for capital improvement projects. This higher 1984 base results in artificially high current service estimates in 1985 through 1989.

Administration budgets have called for a steady increase in dollars spent on maintaining our national parks. The outlay trend tells the story:

Increased Funding for Park Operations

(Outlays in millions)

Year	Level	Percent change from prior year
1981.....	607	....
1982.....	616	1.5%
1983.....	676	9.7%
1984 budget.....	722	6.8%
1985 budget.....	771	6.8%
Average annual change 1981-1985.....	41	....

1985 Budget Proposal

In 1985 the Administration proposes to continue its policy of allocating resources to enhance the operation of the existing 334 units of the national park system, including rehabilitation of aging facilities and utility systems through the multi-year park restoration and improvement program.

In addition to the funding shown here, \$100 million would be provided for this initiative through the Department of Transportation's Federal lands highway program for improving roads in the parks.

Rationale

By maintaining an enhanced level of operational funding and continuing the rehabilitation initiative, the Administration is investing in the nationally significant resources held in trust for all Americans by the National Park Service.

Before 1981 Park Service operations were relatively shortchanged as funding focused on expanding the number and types of units in the park system. This Administration has preferred to improve visitor services and protection and eliminate the immediate critical problems of road deterioration, hazardous visitor accommodations, and inadequate water and sewer systems within heavily utilized parks. In the 1985 budget the Administration is proposing increased funds for land acquisition as well as enhanced funding for park operations.

Geological Survey

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	382	430	458	488	518	548	2,442
Outlays	408	428	456	486	516	546	2,432
1985 Budget Level:							
Budget Authority	382	396	426	450	476	504	2,252
Outlays	408	395	425	448	475	504	2,246
Change:							
Budget Authority .....	....	-34	-32	-38	-41	-44	-189
Outlays .....	....	-34	-32	-38	-40	-42	-185

Program Description

The Geological Survey (USGS) produces basic scientific data and maps of water, land and mineral resources. Information is provided on the extent and character of these resources and on the geologic processes which affect their development. Users of the products include Government agencies and various individuals and businesses in the private sector.

Current Status

Most of the information generated by USGS is important to the national economy but of such a general nature that it would not normally be produced by any user. A standard set of topographic maps covering the entire country and historic and current data on the quantity and quality of surface and ground water resources are examples of such information. However, some of the users of information generated by the USGS could produce similar data and maps themselves. The information sometimes addresses problems which are local or regional rather than national and is useful to only a limited number of people.

1985 Budget Proposals

This budget proposal would continue the essential national work of the Geological Survey. Reductions below current services are proposed in mapping (-\$3 million), geologic and mineral resource surveys (-\$13 million) and water surveys (-\$18 million). Some of these reductions would be offset, and the services provided, through increased user fees rather than through appropriations. A \$3 million increase is proposed to provide map data for the 1990 Census.

Rationale

The proposed 1985 level would reduce funding for programs where the State and local governments, private companies, or other users could perform the work themselves or increase the fee they pay the USGS program for providing the services.

- Coal producers would provide data to State regulatory authorities on the hydrologic consequences of proposed coal mines.
- State and local government and industry would replace Federal support for Water Resources Research Institutes.
- Users would pay increased charges for cartographic and geographic information.
- Energy resource surveys would be reduced in favor of private sector research.

Bureau of Mines

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	138	145	153	161	169	177	804
Outlays	149	144	152	160	168	176	799
1985 Budget Level:							
Budget Authority	138	119	126	132	138	145	660
Outlays	149	127	126	131	137	144	665
Change:							
Budget Authority .....	....	-26	-26	-29	-31	-32	-145
Outlays .....	....	-17	-25	-29	-31	-32	-134

Program Description

The Bureau of Mines carries out research to expand general knowledge of mining and to assist the mining industry by developing new mining equipment which reduces hazards to miners' safety and increases productivity. The Bureau also develops new minerals processing techniques which conserve scarce resources or make use of low grade domestic minerals. The Bureau's Mineral Institute program provides grants to universities to carry out similar research. The Bureau also collects data on worldwide mining production, which is used by Government policy makers, industry and academics.

Current Status

The Administration has previously proposed budget savings in the Bureau's research programs because it feels that industry is capable of financing more of the developmental research which the Bureau carries out for the benefit of the mining industry, and sometimes for the benefit of specific companies. Changes to the tax code and improvement in the economy have provided incentives to the industry to increase funding for internal research programs as well as university research.

1985 Budget Proposal

The budget would continue current levels of funding for information collection and for fundamental research which enhances the base of scientific knowledge in the U.S. The budget would reduce funds for the development and testing of prototype equipment and would eliminate funding for Mineral Institutes.

Rationale

Savings in the health and safety research program are proposed because the Bureau has successfully completed development of equipment to meet Federal mining health and safety standards. Savings in other programs are proposed because the costs of development and testing of specific pieces of mining equipment and research on problems of specific mining districts should not be financed by the taxpayer for the direct benefit of an industry. The economic recovery should enable the mining industry to take over these lines of research if they are considered worthwhile.

No funding is proposed for the Mineral Institute program because the program was only intended to provide seed money to strengthen mining programs at participating universities. It has proved successful in helping schools attract non-Federal support for research. The Mineral Institutes currently receive 89% of their research money from non-Federal sources. Therefore, the Federal subsidy to these institutes can be discontinued without seriously weakening their research programs.

Payments to States and Counties From Land Management and Forest Service Receipts

[In millions of dollars]

Agency: USDA/DOI

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,098	1,135	1,292	1,445	1,587	1,696	7,156
Outlays.....	1,098	1,135	1,291	1,444	1,586	1,695	7,151
1985 Budget Level:							
Budget Authority.....	1,098	1,073	1,158	1,273	1,378	1,459	6,340
Outlays.....	1,098	1,073	1,158	1,272	1,378	1,458	6,339
Change:							
Budget Authority.....	....	-62	-134	-173	-209	-238	-815
Outlays.....	....	-62	-134	-172	-208	-236	-811

Program Description

The three major programs which provide fiscal assistance to counties and States where Federal lands or resources are located are:

- *Payments to States from Forest Service receipts.*—One-quarter of all national forest receipts plus certain credits and deposit amounts must be paid to States. The States must spend the money to benefit schools and roads in the counties where the national forests are located.
- *Payments to States from Federal mineral leasing receipts.*—Half of receipts derived from on-shore leases are distributed to the States, except in Alaska where 90% of receipts are returned to the State.
- *Payments in lieu of taxes (PILT).*—Payments are made to counties where Federal lands are located, including lands managed by the Bureau of Land Management, the Forest Service, the National Park Service, and other agencies. Payments are 75 cents per acre reduced by amounts received the previous year from selected Federal programs, or 10 cents per acre, whichever is higher.

Current Status

Payments to States from the Forest Service were sharply reduced in 1983 due to the very low volume of timber harvested in 1982. Such payments are projected to increase in 1984 and the future as the large volume of uncut timber under contract is harvested. Payments to States from mineral leasing receipts will be high in 1984 because a statutory change requires the payment schedule to be converted from semi-annual to monthly. This moves 17 months of payments into 1984, with 12 months' share being distributed in 1985. Future receipts are projected to increase steadily due to the active Federal mineral leasing program.

1985 Budget Proposals

The budget proposal would place payments to States from Forest Service receipts on a basis more comparable to the property tax on lands in private ownership. Estimated payments would be \$285 million in 1985, compared to \$144 million in 1983 and \$204 million in 1984.

The proposal for the mineral leasing program would deduct one-half of the collection costs from the States' share before receipts are distributed. Estimated payments would be \$599 million.

The PILT program would remain at the 1984 level of \$105 million, which represents full funding under current statutes.

Rationale

Forest Service.—The budget proposal would provide more assurance to the counties on the amount of revenue that would be available. It would guarantee that huge reductions such as experienced in 1983 would not recur. It would treat the Federal Government like other landowners for purposes of property taxation. It would also be more equitable to the Government. Under the proposal there would no longer be a “tax” on gross revenue with no recognition of the cost of generating that revenue.

Mineral leasing.—States now receive about 50% of Federal mineral leasing receipts, but the Federal Government bears the total cost of their collection. The budget proposal would deduct approximately one-half of the cost of the Interior Department’s royalty management program, \$15 million, from the States’ share of receipts. As a result, all recipients of the revenues would equitably share in the cost of collecting them.

Rent and Royalties on the Outer Continental Shelf

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority and Outlays	-8,700	-7,400	-11,300	-11,600	-11,000	12,200	-53,500
1985 Budget Level:							
Budget Authority and Outlays	-8,700	-7,400	-11,300	-11,600	-11,000	-12,200	-53,500
Change:							
Budget Authority and Outlays .....	....	....	....	....	....	....	....

Program Description

This program includes receipts to the Government from the competitive sale of Outer Continental Shelf (OCS) oil and gas leases. Such a lease gives the lessee rights to explore the lease area and to produce any oil and gas discovered subject to the provisions of applicable law and regulation. The program also includes receipts from annual rentals on leases, royalties on production and other forms of receipts to the Government which may be required by lease provisions. The funds collected are treated as undistributed offsetting receipts applied against budget outlays as a whole rather than any specific account or accounts.

Current Status

Receipt levels from this program depend upon a large number of factors including:

- The size, timing, and location of leasing activity as determined by the approved 5-year leasing program. This leasing program is prepared and maintained through a lengthy and detailed administrative process established by the OCS Lands Act. The process is designed to achieve a proper consideration and balancing of economic, social, and environmental values and to ensure that State and local governments, interested Federal agencies, firms in the industry, other private entities and the Congress are adequately informed and have appropriate opportunity to comment and to make recommendations on the proposed program.
- The current and expected market prices for oil and gas.
- The capital available to industry for investment in lease acquisitions, exploration and development, and the alternative opportunities available for investing that capital.

Program changes instituted by this Administration have already achieved major increases in OCS receipts by a policy of area-wide sale offerings, particularly in the Gulf of Mexico planning areas. The Administration's 5-year leasing program also is designed to initiate exploration in "frontier" OCS areas in order to improve our knowledge of what petroleum resources we may have in our offshore lands.

1985 Budget Proposal

The budget estimates for the 1985 part of the approved 5-year program assume a reduction of OCS receipts compared with previous years. Royalties are expected to be moderately below 1984 because of lower expected gas prices. Bonuses from lease sales are expected to decline significantly compared to 1983 and 1984 because several area-wide sales in the Gulf of Mexico planning areas have already

leased the most promising tracts and because of the relative geological promise and the timing of the specific sale offerings in those years.

Rationale

The 1985 budget proposal assumes an orderly implementation of the approved program. It also assumes that the long-standing standard processes for ensuring environmental protection, for coordination with State and local governments, for safety in exploration and development, and for achieving fair market value will continue to be fully implemented.

Miscellaneous Interior Offsetting Receipts and Operating Programs

[In millions of dollars]

Agency: Department of the Interior

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	-1,210	-1,325	-1,463	-1,671	-1,846	-1,975	-8,280
Outlays	-1,175	-1,322	-1,470	-1,681	-1,854	-1,983	-8,310
1985 Budget Level:							
Budget Authority	-1,210	-1,403	-1,634	-1,850	-2,033	-2,168	-9,088
Outlays	-1,175	-1,374	-1,576	-1,812	-2,016	-2,160	-8,938
Change:							
Budget Authority .....	....	-79	-171	-179	-187	-193	-808
Outlays .....	....	-52	-106	-131	-162	-178	-628

Program Description

The funding levels reflected above include both receipt and spending programs. The major share of the receipts are derived from Interior's minerals leasing, timber, recreation fee and Indian claims programs. The major operating programs reflected above include funding for Indian land management and conservation and fiscal assistance for the U.S. territories and Trust Territory.

Current Status

Mineral leasing receipts are shared with the states in which the receipts are generated—50% in all states except Alaska which receives 90%. From the remainder, 10% is deposited to the General Fund to offset the cost of other programs in the Interior Department and 40% is deposited in the Federal Reclamation Fund to finance water projects. Receipt totals are influenced by the market price of minerals, general economic conditions and the pace of leasing on Federal lands. Generally current services and budget levels are identical.

Current law imposes major restrictions on the collection of recreation user fees, many of which have not been increased since the 1960's.

1985 Budget Proposals

The major changes in the Administration's 1985 budget would:

- Increase entrance and user fees collected at recreation sites operated by the National Park Service and the Corps of Engineers by \$31 million. (A similar proposal for Forest Service is accounted for elsewhere.)
- Reduce funding of construction grants to the territories and Trust Territory by \$38 million as past projects are completed.
- Maintain other programs at the current service level of funding.

Onshore mineral leasing receipts are projected to total \$1.3 billion in 1985 but no major policy changes or initiatives are proposed.

Rationale

The Administration believes that those who benefit directly from Federal services should pay a larger share of the costs of the services and the general taxpayer less. Under this policy a large number of user charge proposals have been made by this Administration.

Funding for most previously initiated construction projects in the territories was completed in 1984.

Science, Medical Research and Cultural Programs

National Science Foundation

[In millions of dollars] Agency: National Science Foundation

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,326	1,390	1,452	1,514	1,573	1,632	7,561
Outlays.....	1,242	1,348	1,409	1,467	1,526	1,583	7,334
1985 Budget Level:							
Budget Authority.....	1,326	1,507	1,575	1,644	1,711	1,773	8,210
Outlays.....	1,242	1,457	1,530	1,596	1,661	1,720	7,964
Change:							
Budget Authority.....	....	+118	+122	+130	+137	+141	+649
Outlays.....	....	+109	+120	+128	+134	+137	+630

Program Description

The National Science Foundation (NSF) chiefly supports basic research in all disciplines of science and engineering, principally through project grants to researchers at academic institutions. NSF also supports programs to help States and localities improve pre-college science education in the Nation's schools.

Current Status

The Administration is committed to excellence and leadership in the pursuit of basic scientific and engineering research vital to the Nation's long-term economic growth. The 1985 budget builds on the Administration's already strong record of support for basic research through programs of the NSF as well as those of other agencies such as the Departments of Defense, Energy, Agriculture and Health and Human Services. For NSF, from 1981 to 1984, the budget has increased by nearly 30%, from \$1.0 to \$1.3 billion.

1985 Budget Proposal

The 1985 budget for NSF would provide budget authority of \$1.5 billion, an overall increase of 14% over 1984. The increased funding would continue support for important ongoing research, initiate several major new research programs, and make the capital investments necessary to enable advances in promising scientific disciplines. Specifically, the proposed budget would:

- Enhance support of research and related professional training in science and engineering: The budget would provide a 13% increase (from \$1.17 billion in 1984 to \$1.33 billion in 1985) for support of basic research. Included in this enhanced support are:
 - *Investments to increase the productivity of the Nation's scientific and engineering enterprise.*—These include: a 20% increase for improvement of research instrumentation, principally at universities, to provide researchers with state-of-the-art scientific equipment; and increased funding to enhance the access of academic scientists and engineers to supercomputers.
 - *New mechanisms for improving the quality and relevance of research and related training.*—In addition to the support of research and related training through project grants, the budget includes a new program of centers at universities to stimulate cross-disciplinary engineering research and to provide additional valuable opportunities for advanced training of students. In addition, these centers would conduct research in areas important to long-term U.S. economic competitiveness and would promote stronger linkages between universities and industry.

- *Selected investments to advance the frontiers of science in promising disciplines.*—These include the acquisition of an advanced supercomputer for the National Center for Atmospheric Research and initiation of construction of the Very Long Baseline Array radiotelescope: These investments would enable significant advances in radioastronomy, in the earth, atmospheric, and ocean sciences, and in other fields.
- Strengthen science and engineering education: Proposed increases (from \$87 million in 1984 to \$100 million in 1985) would provide important research training opportunities for graduate students; would help universities retain our brightest young faculty; and, at the pre-college level, would gain maximum leverage of Federal dollars through a few well-designed efforts. Specific programs would include:
 - increased support for the Nation's most promising graduate students through the NSF nationally-competed graduate fellowship program;
 - further support for the Nation's most talented young engineering and science faculty. This support would be provided through the Presidential Young Investigators Research awards, matched by funds from the private sector; and,
 - continued support to enable scientists and educators to develop new or improved instructional materials for pre-college science and mathematics; to support local and regional professional development activities for pre-college teachers; and, to provide annual recognition of the Nation's outstanding pre-college science and mathematics teachers.

Rationale

Support for basic research—and for related training and education activities—is an essential Federal investment for the Nation's long-term economic and technological growth and security. The private sector lacks sufficient incentives to support adequately fundamental scientific research because of its long-term nature and because the benefits of such research cannot be captured fully by individual private firms.

NSF programs, in particular, are central to the continued health of scientific and engineering research at universities. NSF support complements the basic research programs of other agencies.

The proposed budget recognizes that progress in improving pre-college education, including science and mathematics education, will ultimately be achieved by the cooperation of a wide range of institutions encompassing all levels of the public and private sectors. The programs of the NSF, along with support for pre-college science and mathematics education proposed for the Department of Education, serve as catalysts for State, local and private sector efforts.

Department of Energy General Science and Other Funds

[In millions of dollars]

Agency: DOE/Smithsonian

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	638	685	660	672	698	723	3,438
Outlays.....	624	680	675	678	698	723	3,454
1985 Budget Level:							
Budget Authority.....	638	746	755	801	842	880	4,024
Outlays.....	622	684	761	795	836	872	3,948
Change:							
Budget Authority.....	....	+61	+95	+129	+144	+157	+586
Outlays.....	-2	+4	+86	+117	+138	+149	+494

Program Description

This category covers two interrelated Department of Energy (DOE) scientific programs—high energy physics and nuclear physics. The purpose of these programs is to perform research on the structure and properties of matter, to understand the basic forces of nature and their relationships, and to study transformations of matter and energy at the most elemental level.

This category also includes a small amount (\$115,000 in 1984, 1985, and the out-years) for the Smithsonian Institution Canal Zone Biological Area Fund. Income from donations, subscriptions, and fees are appropriated to this fund to defray part of the expenses of maintaining and operating the Canal Zone biological area. The text below covers only the DOE general science programs.

Operationally, the DOE programs are concerned with “particle” physics and with maintaining advanced accelerators where the experiments take place. A major part of all funding for high energy and nuclear physics is required to meet the direct needs of the accelerator laboratories, and to develop, maintain, and operate the major accelerator and detector facilities. Thus, the programs continually face the problem of bringing large accelerators and expensive state-of-the-art detector systems on-line without disrupting the operating programs. The operating budget also supports university professors and graduate assistants in high energy and nuclear physics and provides solid training for a wide variety of high technology positions in industry.

Current Status

The High-Energy-Physics (HEP) program now supports the three major U.S. facilities used to accelerate elementary particles: Stanford Linear Accelerator Center (SLAC), the Fermi National Laboratory, and the Alternating Gradient Synchrotron at Brookhaven (AGS). HEP also supports university research groups including accelerator user-groups both in the U.S. and abroad, non-accelerator experiments, detector development, and individual investigators.

The Nuclear-Physics program supports the operation of seven national facilities, four major university accelerators, and the operating expenses of 75 experimental groups located at universities around the country. Individual investigators as well as theoretical nuclear physics groups are also supported by this program.

Funding for the operating budgets of the high energy and nuclear physics programs has been stable for the past several years, providing a relatively constant program level of effort. The steady increases, past and planned, in these programs reflect primarily advanced accelerator research and development and facilities construction.

1985 Budget Proposal

The 1985 budget would continue to fund these programs at a stable program level of effort. The major features of the budget include:

- increased utilization of existing accelerator facilities, including operation of the newly completed (1983) Energy Saver Superconducting Synchrotron at Fermilab in the energy range from 500 billion to one trillion electron volts;
- completion of the construction at Fermilab of the Tevatron II (proton accelerator) and continuation of the Tevatron I (proton-antiproton colliding beam) project;
- completion of accelerator upgrades at the University of Washington and Yale University;
- continued construction of the Stanford Linear (electron-positron) Collider and the upgrade of existing accelerators at Brookhaven National Laboratory;
- completion of nuclear physics accelerator upgrades at Argonne National Laboratory and the Bates facility at the Massachusetts Institute of Technology; and
- initiation of an advanced nuclear physics electron accelerator facility at Newport News, Virginia, sponsored by the Southeastern Universities Research Association.

The budget also includes funds for continuation of preliminary research and development activities for the design of a possible next-generation high-energy particle physics accelerator.

Rationale

With a relatively stable level of operating funds and large capital budgets for facilities, the United States has stayed at the forefront of science in both high energy and nuclear physics. The U.S. has accelerator facilities that are unique in the world, and laboratories in the U.S. host research teams from around the world. The budgets for the general science programs in 1984 and 1985 continue this policy of stable funding and provide for the construction of facilities with research capabilities not presently available anywhere in the world.

The Federal Government maintains the commitment to support basic research in high energy and nuclear physics not only because it yields an ever deeper understanding of the constituents of matter and energy and their role in the physical universe, but also because it provides a national base of knowledge, techniques, instrumentation, and skilled manpower for many critical industries. Nuclear knowledge, techniques, instruments, and applications pervade modern American society. These serve as the basis for our national defense strategy, for therapeutic and diagnostic medical applications, for the generation of electricity, and for a large and diverse array of applications in industry and other areas of science.

Arts and Humanities

[In millions of dollars]

Agency: NEA/NEH/IMS

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	323	340	357	374	390	406	1,867
Outlays.....	310	326	348	366	379	394	1,812
1985 Budget Level:							
Budget Authority.....	323	282	283	284	285	286	1,420
Outlays.....	310	314	293	290	286	286	1,469
Change:							
Budget Authority.....	....	-58	-74	-90	-105	-120	-447
Outlays.....	....	-12	-54	-76	-93	-108	-342

Program Description

The programs of the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services provide discretionary grants to State and local governments and non-profit organizations in support of the humanities and the arts.

Current Status

In 1985 constant dollars, outlays for the arts and humanities peaked in 1980, after more than an *eleven-fold* increase in the previous decade. In contrast, constant dollar outlays over the 1980 to 1989 period are expected to stabilize and recede slightly from the peak.

Recent restrained funding levels have been adequate to fund a broad array of small competitive programs. These range from fellowships for individual artists and scholars to operating support for museums and cultural institutions.

1985 Budget Proposal

The 1985 budget proposes a moderate 13% reduction from the 1984 enacted level. All grant programs, with the exception of two small museum programs, would be funded at slightly reduced levels.

Rationale

The 1970's growth rate for these cultural activities was unsustainable. Federal encouragement of cultural activities can be achieved at below peak funding levels, particularly if priority is given to increasing private sector funding. Toward this end, these cultural agencies, and the President's Committee on the Arts and Humanities, have launched activities to enhance private investment in cultural activities nationwide. These efforts include expansion of matching grant programs; initiation of grant and technical assistance programs to help local arts agencies and emerging arts organizations expand their financial base; and efforts to link businesses with educational and arts institutions seeking financial support for major new endeavors.

Biomedical Research and Research Training

Agency: Department of Health and
Human Services

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	4,476	4,698	4,940	5,182	5,421	5,650	25,892
Outlays.....	4,193	4,710	4,939	5,181	5,420	5,649	25,900
1985 Budget Level:							
Budget Authority.....	4,476	4,572	4,694	4,813	4,928	5,038	24,045
Outlays.....	4,193	4,509	4,693	4,812	4,926	5,037	23,976
Change:							
Budget Authority.....	....	-127	-246	-369	-493	-612	-1,847
Outlays.....	....	-201	-247	-370	-494	-612	-1,924

Program Description

This grouping includes biomedical research and training programs funded by the National Institutes of Health (NIH). These programs support biomedical and behavioral research at universities here and abroad; finance research in Federal laboratories; and subsidize the training of researchers.

Current Status

In constant 1985 dollars, funding for NIH biomedical research and training *nearly tripled* in the two decades between 1962 and 1982. Since 1982, the annual average real growth rate has been reduced from 5.2% over the 1962-1982 period to 4.4% over 1982-1989.

1985 Budget Proposal

The 1985 request includes an increase of \$95 million, 2% over the 1984 enacted level and 14% over the 1983 enacted level. New and competing research awards would be given the highest priority. NIH would support 5,000 such grants in 1985; the average project grant award would increase 5% over the 1984 level. Basic research would be emphasized.

In constant 1985 dollars, the proposed outlay level of \$4.5 billion for 1985 would exceed the 1981 peak for NIH biomedical research and training activities by almost \$100 million.

Rationale

Holding 1985 budget growth below the inflation rate would help keep the long term growth trend of these NIH activities at a more sustainable level for the remainder of the 1980's.

Research project grants should continue to receive the highest funding priority because they are the primary means by which fundamental discoveries emerge.

Behavioral Research and Research Training

Agency: Department of Health and
Human Services

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	384	381	419	437	455	473	2,165
Outlays.....	334	381	419	437	455	473	2,164
1985 Budget Level:							
Budget Authority.....	384	373	385	396	406	416	1,977
Outlays.....	334	372	385	396	406	416	1,976
Change:							
Budget Authority.....	....	-7	-34	-41	-49	-56	-187
Outlays.....	....	-8	-34	-41	-49	-56	-188

Program Description

The Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) focuses on alcohol, drug abuse and mental health problems by funding research in prevention, lifestyles and other areas to reduce the prevalence of related disorders. ADAMHA supports behavioral research at universities, finances research in Federal laboratories, and subsidizes the training of researchers.

Current Status

The 1985 budget represents continued support for a strong and dynamic program of research and research training on the major behavioral and substance abuse disorders.

1985 Budget Proposal

In 1985, \$356 million is proposed for ADAMHA research, a \$10 million or 2.9% increase over 1984. In addition, \$17 million, the 1984 level, would support 982 research trainees. New and competing research project grants would remain a high priority and ADAMHA would support 500 such grants in 1985, an increase of 21 over the 1984 anticipated level.

Rationale

In 1985, increases would be targetted on research project grants. This mechanism has been the primary means for enhancing increased understanding of problems associated with mental health and substance abuse.

Research, Libraries, Smithsonian and Public Broadcasting

[In millions of dollars]

Agency: DOC/ED/HHS

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	740	779	827	878	927	979	4,390
Outlays.....	780	818	839	863	912	984	4,416
1985 Budget Level:							
Budget Authority.....	740	668	685	704	726	749	3,532
Outlays.....	780	788	739	704	719	745	3,695
Change:							
Budget Authority.....	....	-111	-142	-174	-201	-230	-858
Outlays.....	....	-30	-100	-159	-193	-239	-721

Program Description

This program grouping includes Federal support for the National Institute of Education (NIE), the National Institute for Occupational Safety and Health (NIOSH), the National Center for Education Statistics (NCES), library programs, the Library of Congress, the Smithsonian Institution, the Corporation for Public Broadcasting (CPB), and the public telecommunications facilities, planning, and construction program (PTFP).

Current Status

In 1985 constant dollars, Federal funding for these disparate activities peaked in 1974. Since 1980, expenditures for all activities except the Smithsonian have declined in constant dollars.

1985 Budget Proposals

The 1985 budget proposes to reduce total Federal spending on these activities by \$30 million over what would be required to maintain the current program level. Over the 1985-89 period, the Administration proposals, if adopted, would result in savings of \$721 million and would:

- provide increased support for NIE in 1985 and then maintenance of that level through 1989;
- maintain support for NCES at its 1984 funding level over the five year period;
- provide increasing support for the Smithsonian Institution programs, and more limited growth for the Library of Congress;
- steadily reduce Federal support for CPB beginning in 1986;
- eliminate support for NIOSH occupational health training demonstration projects, but maintain support for other NIOSH applied research;
- eliminate entirely Federal support for libraries and for the PTFP Program.

Rationale

Increased support for NIE would fund efforts to improve the quality of American education, while continued support of NCES would ensure a steady stream of data on the condition of American education.

Increased support for Smithsonian programs continues the Federal Government's commitment to provide for the protection of the Nation's vast collection of artifacts, for programs of research and exhibitions aimed at public education, and for the upkeep and safety of Smithsonian museum buildings.

The Corporation for Public Broadcasting provides funds to the 260 public radio and 176 public television stations which comprise the public broadcasting network. The proposal to phase down Federal support for public broadcasting recognizes the predominance of alternative funding sources and that Federal support is no longer as necessary as it may have been during the industry's infancy.

Federal support for surveillance and research into the causes of and methods to prevent occupational hazards should be continued. However, after 7 years, it is time to turn over support for the NIOSH demonstration occupational health training program to private industry, which is the primary beneficiary of such training, and individuals, who may fund their own training through existing Federal student assistance programs.

The PTFP program was intended to help expand the availability of noncommercial, educational, informational, and cultural television and radio programs. Since over 95% of the United States currently receives public broadcasting programming, there is no reason to continue Federal funding for this activity.

The Federal Government has provided more than \$2 billion over the past 25 years to assist public libraries to expand and improve services. As a result, access to public libraries is now virtually universal, and Federal support is no longer essential.

Central Services and Functions

National Oceanic and Atmospheric Administration

[In millions of dollars]

Agency: Department of Commerce

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,001	1,118	1,194	1,227	1,281	1,338	6,159
Outlays.....	1,023	1,090	1,184	1,219	1,274	1,330	6,097
1985 Budget Level:							
Budget Authority.....	1,001	884	917	934	1,020	1,080	4,835
Outlays.....	1,023	924	925	936	1,003	1,062	4,851
Change:							
Budget Authority.....	.....	-234	-277	-293	-262	-258	-1,324
Outlays.....	.....	-166	-259	-283	-270	-268	-1,246

Program Description

The National Oceanic and Atmospheric Administration (NOAA) provides: 1) national weather forecasts and severe weather warnings; 2) management and protection of marine fisheries and mammals; 3) development and production of aeronautical and nautical maps and charts; and 4) oceanic and atmospheric research.

Current Status

Over the past 15 years since NOAA was established in 1970, the agency's annual expenditures have increased by almost 75% in constant dollars. This cost increase is a result of expanded responsibilities in fisheries management and environmental research and development (R&D), and the introduction of new advanced weather and satellite technologies. The Administration has proposed that escalating costs be offset by eliminating non-essential services and subsidies to special interest groups.

1985 Budget Proposal

The 1985 budget proposal would decrease Federal support for NOAA programs by 20% below current services. The Administration proposal emphasizes priority NOAA life safety programs, such as detection of tornados and hurricanes and high-priority R&D, and targets resources to NOAA programs that provide greatest benefit for the general public and that protect the public interest. Thus, Federal marine fisheries activities would be focused on management and protection of stocks; industry assistance and market development programs would be terminated. Equipment modernization would be provided for the National Weather Service, while forecasting services for specific user groups would be terminated. Lower priority research programs would be curtailed, while essential longterm research, e.g., acid rain, would be emphasized. Increases would provide an upgraded three-weather-satellite system, while a costly, duplicative fourth satellite would be terminated. Savings would be achieved by increasing the cost of aeronautical and nautical maps sold to the public. Finally, operational costs would be reduced by contracting-out functions to the private sector whenever practicable.

Rationale

The appropriate Federal role in marine fisheries is ensuring that resources are well managed and available to future generations, not developing new markets and products for the industry.

When products are produced by the Government for specific user groups, e.g., aeronautical and nautical charts for general aviation and recreational boating, the beneficiaries should pay higher fees and not force the general taxpayer to subsidize these services.

An upgraded three-weather-satellite system would maintain the 24-hour coverage of the United States essential for nationwide severe weather warnings and gather global meteorological data for general weather forecasts. Funding for an unnecessary fourth satellite, that would add over \$300 million to the budget from 1985-1989, would be eliminated.

Census, Economic Statistics, and Productivity Improvement

[In millions of dollars]

Agency: Department of Commerce

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	186	209	245	326	459	624	1,863
Outlays	198	206	236	300	413	567	1,722
1985 Budget Level:							
Budget Authority	186	214	254	334	466	631	1,898
Outlays	198	206	246	309	422	574	1,756
Change:							
Budget Authority .....	....	+5	+9	+8	+7	+7	+36
Outlays .....	....	-1	+10	+8	+8	+7	+34

Program Description

The Department of Commerce's Census Bureau and the Bureau of Economic Analysis (BEA) are the principal sources of data on the population and economy of the United States. The Census Bureau conducts surveys and censuses on population and on various sectors of the economy. The Bureau of Economic Analysis maintains the national income and product accounts, the balance of payments accounts, and other measures of overall economic activity. In addition, the Department of Commerce's Office of the Under Secretary for Economic Affairs provides economic analysis on a wide range of policy issues and advises the Federal Government and various industries on ways to increase private sector productivity and innovation.

Many Census Bureau surveys are conducted every 5 or 10 years and, therefore, have periodic increases and decreases in their funding requirements. These include the 1987 economic, agriculture, and government censuses, funding for which increases from 1985 to 1988, and the 1990 decennial census.

Current Status

Overall, the statistical programs have been funded at current services levels and focused towards the needs of Government policy makers. Those surveys that served narrow interest groups and were not essential to Federal policy makers have been eliminated or conducted less frequently. Efforts have also been made to reduce respondent burden.

Essential base programs have been maintained and important new efforts have been undertaken. For example, data collection began in the fall of 1983 for a major new household Survey of Income and Program Participation. This survey will provide new and better data on income, wealth, and eligibility for and participation in various government programs, such as aid to families with dependent children, unemployment insurance, workers compensation, and veterans benefits.

1985 Budget Proposal

The 1985 budget continues to restrain programs of lower priority while funding important new initiatives. Funding is provided at roughly current services levels to continue current economic and demographic data collection and analysis. New data on international services and investment transactions and a monthly survey of the domestic services industries would be funded in 1985. Out-year funding is provided for the 1987 and 1990 periodic censuses.

Rationale

In the past several years, there has been increasing concern over the large statistical discrepancies in the balance of payments accounts, which are presumed to be largely in the capital account. The new data on international services and investment are expected to correct some of this discrepancy by providing detailed information on such items as interest earned, or paid, on foreign investments and other international financial services transactions.

The domestic services industries, particularly financial services, are an important, and growing, sector of the economy. The new monthly services survey would provide more detailed data on this sector. In addition, increased out-year funding would ensure adequate planning and pretesting of methodology for the 1990 decennial census.

Patent, Trademark, and Copyright

[In millions of dollars]

Agency: DOC/LC

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	143	157	150	157	162	154	781
Outlays.....	194	154	154	157	163	158	786
1985 Budget Level:							
Budget Authority.....	143	166	182	201	211	210	970
Outlays.....	194	160	180	198	210	213	961
Change:							
Budget Authority.....	....	+9	+32	+44	+49	+56	+190
Outlays.....	....	+7	+26	+41	+47	+54	+175

Program Description

The activities of the Patent and Trademark Office (PTO) of the Department of Commerce and the Copyright Office of the Library of Congress stimulate innovation and creativity by protecting the intellectual property rights of inventors, designers, and authors.

Current Status

These activities are for the most part self-sustaining with users paying the direct costs of services. New patent and trademark user fee legislation (P.L.97-247), which was enacted in 1982, established full cost user fee recovery of costs associated with granting patents and registering trademarks. The bill provided that a lower fee would be charged to small inventors.

At the time the legislation was enacted, the Administration made the following commitments to PTO users: (1) to reduce patent pendency rates to 18 months by 1987 (from peak levels of 25-26 months); (2) to reduce the time to first action on a trademark registration request to 3 months and the time to disposal of a trademark registration request to 13 months (from peak times of 11 and 24 months); and (3) to automate PTO by the 1990's.

1985 Budget Proposal

The 1985 budget includes an increase of 6% above current services for an increase in the number of patent examiners to reduce pendency rates and for continued automation of PTO operations.

Rationale

The activities of the Patent and Trademark Office and the Copyright Office are important central functions appropriately carried out by Government. Increases in the patent examiner core and automation of PTO operations would enable PTO to issue valid patents more promptly and provide for wide and timely dissemination of new technology.

National Bureau of Standards and Telecommunications

[In millions of dollars]

Agency: Department of Commerce

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	130	141	151	162	172	183	809
Outlays.....	136	148	150	160	171	182	811
1985 Budget Level:							
Budget Authority.....	130	142	142	152	163	175	773
Outlays.....	136	147	147	151	162	173	780
Change:							
Budget Authority.....	....	....	-9	-10	-9	-8	-37
Outlays.....	....	-1	-3	-9	-9	-8	-30

Program Description

Since the early 1900's, the Federal Government has been responsible for developing, maintaining and providing the Nation's scientific and technical standards and measurements that promote ease of commerce between vendors and consumers. The National Bureau of Standards (NBS) and the National Telecommunications and Information Agency (NTIA), both within the Department of Commerce, have the lead in the development of civilian standards. NTIA is also responsible for the Federal Government's telecommunications policy.

Current Status

NBS funding over the 1981-1984 period has gradually shifted from supporting applied research that directly benefits private industry to facility upgrades and the development of the NBS scientific and technical personnel resources. These personnel resources are required for standards development generic to American industry and Government. During this same period, NTIA has reduced its outlays, in real terms, by 43% and its staff by 40%.

1985 Budget Proposal

The Administration's proposal would maintain the capabilities of the Federal Government at their current level. Minor programmatic increases would permit greater involvement in analyzing the implications of, and developing standards for, a worldwide digital communications network and new materials processing and production. In addition, facilities improvements, including purchase of a supercomputer for faster, more complicated research, and modification of a reactor that would permit measurement of the properties of high technology materials, would also be undertaken. These increases would be partially offset by eliminating direct Federal funding of research on fire safety and building performance and by reducing the Federal Government's role in computer standards development.

Rationale

The development of a worldwide digital communications network should not occur without American political, technical, and industrial contributions. High technology products represent the newest area of domestic and international competition for America's industries. For example, a potential \$200 billion global market for biotechnology-based products is projected by the year 2000. This market can be tapped more quickly if standards describing bioprocesses are available.

Fire safety and building standards are viewed as primarily the responsibility of State and local governments. Additionally, the industries involved in voluntary computer standards development are strong enough to be able to assume more of the role that the Federal Government currently plays.

International Trade Administration

[In millions of dollars]

Agency: Department of Commerce

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	178	187	196	205	214	224	1,025
Outlays.....	193	181	194	203	213	222	1,014
1985 Budget Level:							
Budget Authority.....	178	174	184	190	201	210	958
Outlays.....	193	176	183	191	200	209	958
Change:							
Budget Authority.....	....	-13	-12	-15	-13	-14	-66
Outlays.....	....	-5	-11	-12	-13	-14	-56

Program Description

The International Trade Administration (ITA) promotes U.S. exports, administers U.S. export and import control programs, and provides trade policy advice to the Secretary of Commerce.

In addition, ITA administers trade adjustment assistance (TAA), a program authorized by the 1974 Trade Act. TAA provides technical assistance and loans to firms injured by import competition.

Current Status

ITA outlays increased by 76% between 1980 and 1984 in constant dollar terms. (Most of this increase is due to transfers of programs to ITA.)

The Administration is committed to helping U.S. businesses develop and expand exports.

1985 Budget Proposals

The Administration would maintain total ITA funding at roughly the 1984 level. As proposed in 1984, TAA would be terminated. Increases would be provided for the administration and enforcement of export controls, and for analyses of the global competitiveness of U.S. industries.

Rationale

Termination of trade adjustment assistance is justified because:

- U.S. trade laws provide remedies against unfair import competition. The fact that a firm has been harmed by import competition should not in itself constitute justification for special Federal assistance; indeed, it is unfair to firms that have been harmed by other causes; and
- high default rates—delinquencies, liquidations, and writeoffs totaling 61% suggest that the loan program has failed to produce the intended adjustment.

A funding increase for export controls would:

- improve the effectiveness of export controls for national security and foreign policy purposes;
- improve administration of export controls by tightening monitoring of distribution licenses, establishing a foreign availability data base, increasing technical support for international coordination of export controls, and adding computer capacity; and

- improve enforcement of export controls by increasing field office staff and headquarters intelligence staff.

The bargaining power of U.S. trade negotiators would be strengthened by increasing the quantity and quality of economic analysis of trade in specific product-country combinations.

Internal Revenue Service

[In millions of dollars] Agency: Department of the Treasury

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	3,326	3,523	3,731	3,950	4,201	4,383	19,788
Outlays	3,283	3,422	3,656	3,873	4,122	4,302	19,375
1985 Budget Level:							
Budget Authority	3,326	3,560	3,756	3,968	4,191	4,428	19,903
Outlays	3,283	3,488	3,676	3,886	4,105	4,339	19,494
Change:							
Budget Authority .....	....	+37	+25	+18	-11	+45	+115
Outlays .....	....	+66	+20	+13	-17	+37	+119

Program Description

The Internal Revenue Service (IRS) is charged with administering the tax law. It carries out this mission through a broad spectrum of program activities including: routine processing of tax returns and other documents; identifying unreported tax liabilities; investigating tax fraud; and collecting assessed, but unpaid, taxes.

Current Status

During this Administration, IRS has given priority to modernizing and streamlining service operations and improving tax enforcement.

A key enforcement initiative in the 1983 and 1984 budgets was the dedication of over 5,400 positions and \$300 million to improvement of identification and collection of unpaid taxes, with a related receipts increase of \$4.6 billion over the two year period. In the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1983, Congress provided IRS with significant new compliance tools including greatly expanded information reporting, penalties for submitting or preparing false returns, and amendment of the statutory interest rate on underpayments and overpayments to better conform to current economic conditions.

To modernize its operations, in 1982 IRS began replacing the basic machinery of the tax administration system with state of the art equipment. This initiative was extended in 1983 and 1984 to peripheral tax processing activities and selected operational functions.

1985 Budget Proposal

The 1985 budget reflects an increase of \$37 million over current services. Within this relatively level funding, significant productivity and management savings would be redirected to improve compliance, to implement legislative mandates, and to continue efforts at modernizing operations through the application of automated data processing and related technologies.

Rationale

One principal challenge currently facing tax administration is how best to contain the \$90 billion annual tax gap, that is, taxes owed but unpaid. In 1985, IRS seeks to strengthen its compliance efforts and close known gaps in unreported revenue, overstatement of deductions, and outstanding accounts receivable. Through these enforcement activities, IRS would generate over \$30 billion in additional direct revenue in 1985.

A second major objective for IRS in 1985 is to continue to enhance the efficiency and effectiveness of the tax administration system through technology. Over two-thirds of the requested increases in this area are related to projects begun in prior years, including: replacement of service center processing equipment; utilization of optical scanning for certain documents; and implementation of an automated collection system. New projects focus on the creation of management information systems, the improvement of communications capability, and the automation of selected operational functions.

This modernization program is critical to the viability of the tax administration system in the coming decade. It would enable IRS to streamline its operations by utilizing updated data input, processing, and operational technologies. Although the major benefits in personnel and interest savings would not accrue for several years because of system design and acquisition costs, the 1985 budget reflects substantial savings from capital investments in technology made in earlier years, which have been reallocated to finance the budget initiatives.

General Services Administration Property Supplies and Records

Agency: General Services
Administration

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	460	498	550	606	664	723	3,040
Outlays.....	604	618	510	549	607	641	2,926
1985 Budget Level:							
Budget Authority.....	460	485	545	602	659	718	3,008
Outlays.....	604	485	419	505	517	587	2,513
Change:							
Budget Authority.....	....	-13	-4	-5	-5	-5	-31
Outlays.....	....	-133	-90	-45	-90	-55	-413

Program Description

The General Services Administration (GSA) provides centralized administrative services to Federal agencies in the following areas:

- procurement and nationwide distribution of supplies and equipment services;
- Government-wide maintenance and preservation of valuable records and archives;
- regulatory oversight for procurement and management of automated data processing (ADP) and telecommunications equipment and services; and
- management of Federal real property assets, including construction, repair and alterations and dispersal, and maintenance of federally occupied buildings.

Current Status

Overall there is no significant change planned in resource levels from prior years. The Administration has, however, focused GSA efforts on implementation of a number of government-wide management improvements. These initiatives include a reduction of workspace, review of the Federal field structure, and increased surplus property sales. (See chapter on Management Initiatives).

1985 Budget Proposals

Highlights of the President's 1985 budget proposal include the following:

- \$90 million for construction and acquisition of Federal buildings;
- \$40 million for maintenance of 14.8 million cubic feet of Federal records by Federal Records Centers; and
- \$16 million for development and conversion of management information systems to support all public building service programs.

Rationale

Funding for construction and acquisition of Federal buildings is necessary to meet the goal of increased occupancy in federally owned, as opposed to leased, space.

Maintenance of records in Records Centers rather than agency space represents significant cost savings to the Government. The average cost of maintaining records in agency space is \$12.90/cubic foot compared to storage in Records Centers at \$0.89/cubic foot.

Development of an automated information system for real property management would improve GSA's building operations and resource allocation in response to customer agencies' requirements.

District of Columbia Payments and Net Loans

Agency: District of Columbia
Government

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority	567	555	575	594	612	611	2,947
Outlays	567	555	575	594	612	611	2,947
1985 Budget Level:							
Budget Authority	567	469	473	477	480	483	2,382
Outlays	567	469	473	477	480	483	2,382
Change:							
Budget Authority .....	....	-86	-103	-117	-132	-128	-564
Outlays .....	....	-86	-103	-117	-132	-128	-564

Program Description

The Federal Government provides the District of Columbia Government with a Federal payment to offset the costs of the Federal presence in the District of Columbia. Additionally, the Federal Government makes payments to the city for annual contributions to the District's pension fund as well as reimbursements to the District for water and sewer services provided to Federal buildings. Also, the city borrows capital from the U.S. Treasury for the financing of capital projects.

Current Status

The District currently finances its capital projects at the prevailing Treasury rate. It is more costly for the city than financing its projects in the tax exempt bond market. Additionally, it unnecessarily entangles the Federal Government in the finances of a local government.

The District Government fully appreciates this dilemma and recently embarked on its first step toward financial independence by issuing revenue anticipation notes to meet its operating cash needs.

1985 Budget Proposal

The 1985 budget provides for a record increase in the Federal payment (from \$386 million to \$425 million) and assumes the successful entry of the District into the tax exempt bond market to finance capital projects.

Rationale

The Administration supports the efforts of the District of Columbia Government to enter the private market. This would be consistent with the policies of the Administration to eliminate the Federal Government as a unnecessary financial intermediary. Furthermore, the District would save millions of dollars each year if it were in the tax exempt bond market.

Central Services and Functions

[In millions of dollars]

Agency: Various

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	562	591	789	918	1,051	1,192	4,541
Outlays.....	538	577	740	866	996	1,133	4,312
1985 Budget Level:							
Budget Authority.....	536	574	788	905	1,038	1,180	4,484
Outlays.....	513	560	738	849	984	1,123	4,254
Change:							
Budget Authority.....	-25	-17	-1	-13	-13	-12	-56
Outlays.....	-25	-17	-1	-17	-12	-10	-58

Program Description

Included in this category are a number of disparate activities involving central services functions of the general government. Among these are energy information programs, selected labor activities, Treasury fiscal service operations, General Services Administration property receipts and other miscellaneous offsetting receipts and payments.

Current Status

Overall, there is no significant planned change in the level of effort from earlier years for operating accounts. There are, however, some major changes in assumptions underlying receipt estimates.

1985 Budget Proposals

Highlights include:

- *Bureau of Labor Statistics.*—Funding will be increased to continue the revision of the Consumer Price Index.
- *Treasury fiscal operations.*—Mint inventories will be drawn down to reduce funding requirements for coin production.
- *GSA real property receipts.*—Substantial lowering of previous estimates will bring projected receipts into line with current expectations based on two years' experience with the program.
- *Panama Canal.*—Increased operating requirements and receipts reflect an improved economic climate for the maritime industry.

Rationale

For operating programs, the budget presents a current services approach with continued emphasis on management improvements. In receipt and miscellaneous payments activities, the budget estimates reflect the most realistic projections possible based upon currently available information.

Departmental Administration and Other Overhead

Domestic Agency Administrative Expenses

[In millions of dollars]

Agency: Various

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	3,037	3,217	3,454	3,694	3,926	4,168	18,458
Outlays.....	3,132	3,296	3,441	3,687	3,925	4,149	18,498
1985 Budget Level:							
Budget Authority.....	3,042	3,083	3,301	3,476	3,672	3,875	17,407
Outlays.....	3,151	3,165	3,280	3,475	3,669	3,851	17,439
Change:							
Budget Authority.....	+5	-134	-153	-217	-253	-293	-1,052
Outlays.....	+19	-132	-161	-212	-257	-297	-1,059

Program Description

This category covers the departmental administrative overhead costs of domestic agencies. It consists primarily of departmental or major bureau salaries and expense accounts in the Departments of Agriculture, Health and Human Services, Labor, Education, Energy, Housing and Urban Development, Transportation, Interior, Justice, Commerce, and Veterans Administration. These accounts finance activities associated with overall direction of the agencies and their components.

The cost of the direct management of Federal programs, including entitlement programs, is discussed in other factsheets, as are the costs of Federal employee health benefits and life insurance and Federal employee workers' compensation.

Current Status

Along with the rapid expansion of Federal programs during the 1970's, departmental administrative overhead increased. Outlays for 1970 were \$2.2 billion in 1985 constant dollars. By 1980, they were \$3.8 billion, or 70%, higher.

Since 1981, the first three budget rounds of belt-tightening for domestic programs and a vigorous, multi-faceted program to improve management in the Federal Government have successfully reduced costs in this category. As a consequence, constant dollar outlays for overhead in the enacted 1984 budget are \$3.3 billion, a decline of more than \$500 million, or 14%, from 1980 in real terms.

1985 Budget Proposal

In 1985, the total outlays for departmental administrative overhead would be \$3.2 billion, a decline of about \$650 million, or 17%, from 1980 in real terms.

The President's 1985 budget proposes savings from current services in each year of the 5-year forecast period through improved efficiencies and increased productivity. As the above table in nominal dollars shows, the total outlay savings from current services for 1985 through 1989 would be \$1.1 billion. The average annual savings would be 6%, beginning with 4% in 1985 and steadily increasing to 7% in 1989.

Despite these savings, there would be some overhead increases from 1980 in real terms. Generally, the increases are to support higher domestic program levels. In Interior, the overhead increase is for Inspector General activities. The increases are:

Overhead Increases

(1985 constant dollar outlays in millions)

	1980	1985 budget	1989 budget
Agriculture:			
Farmers Home Administration.....	316	331	330
Other	170	256	244
Interior.....	75	87	87
Law enforcement	84	113	115

Rationale

One of the central themes of this Administration has been to improve the efficiency of Government. The President's 1985 budget proposals for this category reflect savings from continuing efforts to reduce domestic program levels; minimize wasteful spending; and improve agency operations.

With real savings of 14% from 1980 to 1984 and with average annual savings from current services of 6% through 1989, it would be optimistic to expect significant additional savings without further large reductions in the domestic program levels that require administrative overhead support.

Federal Employee Health Benefits

Agency: Office of Personnel
Management

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,506	1,342	1,848	2,087	2,344	2,631	10,252
Outlays.....	1,309	1,339	1,554	1,756	1,965	2,185	8,800
1985 Budget Level:							
Budget Authority.....	1,506	1,342	1,415	1,522	1,621	1,722	7,622
Outlays.....	1,309	1,339	1,314	1,429	1,534	1,637	7,252
Change:							
Budget Authority.....	....	....	-432	-566	-723	-909	-2,630
Outlays.....	....	....	-240	-328	-431	-548	-1,547

Program Description

The Federal employees' health benefits (FEHB) program provides health care and insurance for Federal workers and annuitants. There are about 3.7 million participants in the program, nearly 40% of whom are annuitants. Unlike most employee health programs, the cost of FEHB is shared by the Federal Government and employees, with employees paying about 40% and the Government paying about 60% of the total cost.

Current Status

About 180 private carriers contract with the Federal Government to provide employee health benefits. Of these, nearly 80% are health maintenance organizations. The Office of Personnel Management, which manages the FEHB program, expects to make payments to health carriers of \$7.8 billion in 1985. The Federal Government, including the Postal Service, contributes about \$4.7 billion of that amount; the balance is derived from contributions by employees, annuitants and other sources.

Federal employees are free to choose from among a wide range of health care options. Along with the large number of carriers participating in the program, this freedom has tended to encourage competition that has restrained cost increases. When average premiums increased by over 20% in 1982, employee selection of low-cost plans held overall cost increases in the FEHB program to 4%.

1985 Budget Proposal

The Administration has introduced legislation that would build on the competitive features of the FEHB program and result in large outlay savings. The key features of the Administration proposal are:

- basing the Government share of FEHB costs on a general price index rather than the limited index that is used currently;
- dropping the current 75% limit on the Federal contribution to any plan and replacing it with a system that would provide employees with rebates if they choose low-cost plans;
- encouraging a wider range of plans to participate, thereby giving employees a wider range of choices; and
- requiring the U.S. Postal Service and other off-budget entities to pay their fair share of the health benefits costs of their annuitants.

These measures would reduce outlays 20% from the current services levels currently projected for the period 1986-89.

Rationale

In a time of rapidly rising health care costs, the FEHB program is a vivid example of how competition can be used to restrain health care cost increases. Free choice by consumers from among a variety of health plans is more effective than centrally-imposed Government mandates and regulations.

The Administration's proposal for FEHB would give consumers an even wider range of choices. With more alternatives and incentives to choose low-cost plans, the Administration's proposal is estimated to reduce FEHB outlays by 20% (or \$1.5 billion) in the period 1986-89.

Some proposals for FEHB would mandate certain forms of coverage and reduce the competitive forces in the FEHB program. Rather than giving Federal employees a wider range of choices, these proposals would reduce the flexibility that Federal employees now have to choose the health plan that best meets their needs. Mandated coverage for certain forms of health care is estimated to increase costs for both employees and the Government by as much as 50% over current levels.

Social Insurance Administrative Expenses

Agency: Department of Health and
Human Services

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	....	72	165	268	373	482	1,361
Outlays.....	5,622	5,863	6,106	6,369	6,568	6,794	31,700
1985 Budget Level:							
Budget Authority.....	....	20	145	247	351	459	1,223
Outlays.....	5,626	5,767	5,971	6,167	6,307	6,472	30,684
Change:							
Budget Authority.....	....	-52	-20	-21	-22	-23	-138
Outlays.....	+4	-97	-135	-202	-261	-322	-1,017

Program Description

Social insurance administrative expenses includes the administration costs of four major programs: Social Security, Civil Service Retirement, Medicare, and Unemployment Compensation.

- The costs of administering the old-age, survivors, and disability insurance programs are funded from the Social Security trust funds.
- Federal grants pay 100% of the costs of State administration of unemployment compensation programs under State and Federal laws.
- The costs of administering Civil Service Retirement and Disability Insurance are funded from the Civil Service Retirement and Disability trust funds.
- Funds are transferred from the hospital insurance and supplementary medical insurance trust funds to support research, survey and certification of facilities, Medicare contractors, and other activities.

Current Status

Funding for social insurance administrative expenses more than doubled, in constant 1985 dollars, between 1965 and 1982. Funding increased an average of about \$209 million a year in real terms.

1985 Budget Proposals

The 1985 budget proposes spending of \$5.8 billion on social insurance administration. Spending will increase \$100 million in real terms a year from 1982 to 1985, a reduction in the average amount of growth from the 1965-82 period by more than one-half. Within this restrained growth level, the administration of social insurance programs has been redirected to focus on quality control, productivity improvement, and other priorities.

The 1985 budget proposes \$1.6 billion for medicare administration, an increase of \$51 million over the 1984 level. Funds would also be included for the Prospective Payment Assessment Commission, which was created by the Social Security Amendments of 1983. The budget proposal includes a 1984 supplemental request to fund studies of the medicare prospective payment system, mandated by the Tax Equity and Fiscal Responsibility Act and the Social Security Amendments of 1983. The budget also proposes legislation to improve the administration of medicare, including:

- increasing the flexibility of the Secretary of Health and Human Services in contracting for medicare claims processing by allowing for reimbursement to contractors on other than a cost basis and eliminating the right of providers to select individual contractors;
- devolving the functions of end-state renal disease networks to other entities with the capacity for data collection and monitoring;
- streamlining claims processing functions; and
- improving service to beneficiaries.

For 1985, Federal grants will finance an estimated 49,000 staff years at State and local offices which process unemployment compensation payments. The Department of Labor and the States will implement a quality control system to measure uniformly the accuracy of unemployment insurance payments in a representative sample of claims.

The budget proposes to continue two major initiatives in the Social Security Administration:

- Improvement of SSA's automated processing capability under the systems modernization plan, with an investment of \$210 million in new spending authority. The effects of system enhancements have already resulted in improved service, more accurate payments, and increased productivity.
- Reform of the disability insurance appeals process to ensure that reviews of continuing disability eligibility are fair and humane, while ensuring that only those who are legally entitled to benefits are being paid.

Rationale

The 1985 budget proposals would strengthen administration of social insurance programs and improve service; invest in efforts that will reduce the future growth in spending levels; improve productivity of the Federal workforce; and conserve trust fund dollars by ensuring that benefits are paid accurately to those who are legally eligible.

Federal Employee Group Life Insurance

Agency: Office of Personnel
Management

[In millions of dollars]

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	....	....	....	....	....	....	....
Outlays.....	-640	-692	-749	-837	-936	-1,046	-4,260
1985 Budget Level:							
Budget Authority.....	....	....	....	....	....	....	....
Outlays.....	-640	-692	-749	-837	-936	-1,046	-4,260
Change:							
Budget Authority.....	....	....	....	....	....	....	....
Outlays.....	....	....	....	....	....	....	....

Program Description

The Federal Employees Group Life Insurance fund finances insurance premiums paid to private insurance companies for Federal employees group life insurance and expenses of the Office of Personnel Management in administering the program for non-Postal Service employees. Premium costs for the regular program are met by withholding 24 cents biweekly from the salaries of employees for each \$1,000 of life insurance and a 50% matching by employer-agencies. The optional program is financed by withholding from employees' salaries or retirees' annuities.

Life Insurance Program Statistics

	1985 estimates
Active employee participants.....	2,494 million
Annuitant participants.....	1,345 million
Insurance in force, active employees.....	\$171 billion
Insurance in force, annuitants.....	\$21 billion

Current Status

The Federal Employees Group Life Insurance Act of 1980 increased basic coverage for participants under the age of 45 and offered additional optional coverages. The carrier-held contingency reserve for the basic program was reduced to \$50 million as of June 30, 1976 and is expected to remain at this level. Excess income from the program over benefit payments and other expenses is deposited in the U.S. Treasury to the credit of the Employees Life Insurance Fund.

1985 Budget Proposal

Total Federal Group Life Insurance Fund reserves will increase from an estimated \$5.9 billion in 1984 to \$6.6 billion in 1985. The difference between receipt and benefit payments under the policy will continue to be held in reserve for paying future life insurance claims.

Rationale

The Federal Group Life Insurance Program is a fully-funded program and therefore places no drain on the Federal Treasury. Surpluses are projected to increase; therefore, no 1985 reform has been proposed.

Federal Employees Workers' Compensation

[In millions of dollars]

Agency: Department of Labor

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	216	207	215	225	231	250	1,128
Outlays.....	216	207	215	225	231	250	1,128
1985 Budget Level:							
Budget Authority.....	216	191	178	184	189	206	948
Outlays.....	216	191	178	184	189	206	948
Change:							
Budget Authority.....	....	-16	-37	-41	-42	-44	-180
Outlays.....	....	-16	-37	-41	-42	-44	-180

Program Description

The Department of Labor provides workers' compensation benefits to Federal employees or their survivors for job related injuries, illnesses, or death. Benefits include payment of medical expenses and tax-free cash income which can be 75% of the pre-tax salary for an employee with dependents. The Federal agencies reimburse the Department of Labor for costs of benefits paid for their employees, help determine eligibility for benefits, and continue paying a disabled worker's full salary during the first 45 days of a disability.

Current Status

The costs of FECA in this Administration have been restrained by a cooperative effort of the Department of Labor and other Federal agencies to improve the quality of determinations made in the program. Examination of initial claims have been improved to assure that benefits are paid only for those who are disabled and whose injury or illness arose out of and in the course of Federal employment. Controls have been established to prevent excessive medical payments. The rolls of those receiving monthly disability checks are regularly examined to assure that the employee is still disabled, that widows have not remarried, and that children are still dependents. The results of this effort are impressive:

- Federal workers recognize that benefits will be paid only to those eligible. Whereas from 1977 to 1980 the number of FECA claims averaged 30,622 a year, from 1981 to 1983 they averaged 22,676.
- The number of people receiving monthly disability checks has stabilized. Whereas from 1977 to 1980 the number had increased by 5%, from 1981 to 1983 the number decreased by 6%.

1985 Budget Proposal

Legislation will be proposed to make the timing of cost of living adjustments to monthly FECA benefits the same as that proposed for civil service retirees. This would result in delaying the cost-of-living adjustment now scheduled to be paid with the April 1985 checks to January 1986, with subsequent adjustments paid in January of each year. Budget savings in FECA from this proposal would total \$180 million in the 1985-1989 period. In addition, the Administration continues to urge the Congress to enact proposed FECA reforms which would facilitate the rehabilitation and reemployment of disabled Federal workers, including assigning a rehabilitation specialist to a disabled employee and increasing the duty of the employing agency to attempt to design a job that a partially disabled worker could perform. The reforms would also recognize FECA as a wage replacement, not retirement, program and tie benefit increases to increases in Federal pay.

Rationale

Until Congress enacts the reform legislation, cost-of-living adjustments should be the same as for civil service retirement, since those eligible for FECA income payments have the option of choosing civil service disability retirement or survivor annuities.

The primary goal of disability programs should be, to the extent possible, the restoration of the disabled to their full potential.

Low-Income Benefit Administrative Expenses

[In millions of dollars]

Agency: HHS/USDA

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	4,424	4,785	5,049	5,308	5,560	5,809	26,510
Outlays.....	4,358	4,774	5,035	5,291	5,545	5,795	26,440
1985 Budget Level:							
Budget Authority.....	4,424	4,873	5,182	5,470	5,740	5,998	27,263
Outlays.....	4,375	4,858	5,167	5,453	5,725	5,984	27,187
Change:							
Budget Authority.....	....	+88	+133	+162	+180	+190	+753
Outlays.....	+17	+84	+132	+162	+180	+189	+747

Program Description

The Federal Government helps finance the cost of State and local administration of means-tested welfare programs.

Current Status

The Food Stamp, Medicaid and Aid to Families with Dependent Children (AFDC) programs are administered through State welfare offices. The Federal Government currently matches State administrative expenses at a 50% rate for these programs on an open-ended basis. Some expenses, such as those for anti-fraud activities and management information systems, receive a higher Federal match.

The Child Support Enforcement (CSE) program finances most State and local administrative expenses for establishing paternity and collecting support from legally liable absent parents. In AFDC cases, these collections offset State and Federal welfare payments.

The Supplemental Security Income (SSI) program is administered through Social Security offices with the Federal Government financing 100% of the costs. In addition, the Federal Government also funds the administrative costs of supplemental benefit programs for 26 States.

This factsheet also covers the Federal administrative costs of the Departments of Agriculture (USDA) and Health and Human Services (HHS) to operate these programs.

1985 Budget Proposal

The President's budget would increase administrative spending for these programs by \$753 million over current services during 1985-89, primarily due to effects of legislative proposals in AFDC and Medicaid which are described in separate factsheets. In addition, the budget proposes to reform financing rules for Child Support Enforcement.

Rationale

The proposed change in administrative funding for these programs is the result of several factors:

- The President's budget would mandate comprehensive programs of work-related activity for AFDC applicants and recipients in all States. Although the proposal results in benefit savings which are reflected in the AFDC factsheet, the savings are partially offset by increased administrative costs.

- The 1985 budget includes several incentives for States to improve Medicaid administration. These incentives include bonuses for reducing payment errors and increasing debt collection.
- To improve program administration at the Federal level, the Health Care Financing Administration of HHS would assume responsibility from the Office of Inspector General for administering grants to States for State Medicaid Fraud Control Units.
- The above increases in administrative costs would be partially offset through productivity gains expected in the Federal management of these programs. As a result, the President's budget request does not include a full inflationary increase for Federal administrative costs.
- The budget proposes a package of reforms to the Child Support Enforcement program. These proposals are designed to give States powerful new financial incentives to increase collections from absent parents in both AFDC and non-AFDC cases, and to reduce administrative costs through new laws and procedures. The budget proposals would set up new performance-oriented bonus systems, modestly reduce the matching rate for CSE administrative costs, require States to implement laws such as automatic mandatory wage withholding when support payments are not made on time, and establish new Federal payments to encourage collections in interstate cases. Overall, these proposals increase federal CSE costs beginning in 1986, but yield offsetting savings through reduced AFDC costs, which are reflected in a separate factsheet.

Legislative Functions

[In millions of dollars]

Agency: Legislative Branch

Level	1984	1985	1986	1987	1988	1989	Total 1985-89
Current Services:							
Budget Authority.....	1,463	1,426	1,504	1,500	1,568	1,580	7,577
Outlays.....	1,345	1,460	1,526	1,520	1,575	1,576	7,657
1985 Budget Level:							
Budget Authority.....	1,463	1,416	1,500	1,496	1,564	1,575	7,552
Outlays.....	1,345	1,451	1,522	1,516	1,571	1,572	7,632
Change:							
Budget Authority.....	....	-10	-4	-4	-4	-4	-25
Outlays.....	....	-9	-4	-4	-4	-4	-25

Program Description

This category includes funding for the Senate, the House of Representatives, and the several legislative branch agencies, specifically the Congressional Budget Office, the Architect of the Capitol, the Library of Congress, the Government Printing Office, the General Accounting Office, and other smaller agencies.

Current Status

Outlays for legislative functions grew at an average annual rate of 5.6% in constant dollars from 1970 to 1980 and will increase by 3.4% per year from 1981 to 1985. This pattern is similar to, but somewhat higher than, that of total budget outlays, excluding interest.

Over short periods of time, the legislative functions budget is affected significantly by construction activity. This is the case in 1985 and 1986, when substantial renovation and restoration of Library of Congress buildings will be done. Otherwise, the legislative functions budget grows at a relatively stable rate. An exception in 1985 is the General Accounting Office, for which an increase of about 20% is requested.

1985 Budget Proposals

The budget for legislative functions for 1985 and beyond is essentially at the current services level and is projected to grow very little in nominal terms through 1989. In constant dollars, the budget for this activity shows a decline of 2.0% per year from 1985 to 1989.

The 1985 increase for the General Accounting Office is for increased staff, program enhancements, and higher uncontrollable costs. An increase of 500 (or 10%) is requested for permanent staff positions, of which 480 would be filled by new auditors. Two thirds of the new auditors would be devoted to automatic data processing and telecommunications activities. The requested increase would also finance the replacement of the current AT&T CENTREX system with a PBX voice/data integrated system and the purchase of microcomputers, and cover anticipated higher administrative costs, e.g., travel, average pay per workyear, standard level user charges, etc.

The 1985 increase requested in the legislative functions budget for travel is 18%. A substantial part of this is for GAO. Comparable percentages for the judicial and executive branches are 7% and 4.5%, respectively.

Rationale

In accordance with law, the legislative functions budget is presented in the President's budget without review and in the amounts submitted by the agencies.