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THE WHITE HOUSE
WASHINGTON

DATE: 9/10/81

TO: Chairman Volcker

FROM: Jack Burgess

For your info

~~XXXXXXXXXX~~

Per our conversation _____

Other:

*Sent to
Mr. Wiles*

*WH
#35*

THE WHITE HOUSE
WASHINGTON
September 10, 1981

BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
1981 SEP 11 PM 12:40
RECEIVED
OFFICE OF THE CHAIRMAN

#35

Mr. Eugene F. Paul
President
Minnesota National Farmers Organization
Box 194
Delavan, Mn. 56023

Dear Mr. Paul:

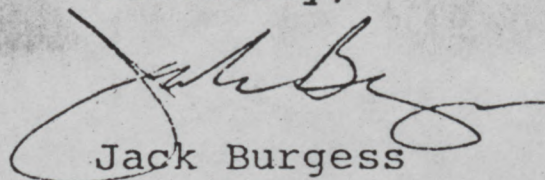
This is to acknowledge receipt of your letter of September 3 to President Reagan.

Please be assured that this Administration is not actively pursuing a high interest rate policy. One of the basic components of the President's economic program is the stabilization of interest rates and the establishment of a consistent monetary policy.

I am taking the liberty of forwarding copies of your correspondence to the appropriate policy officials at the Federal Reserve and here at the White House. These individuals will give every consideration to your concerns and suggestions.

Thank you for taking the time to write.

Sincerely,



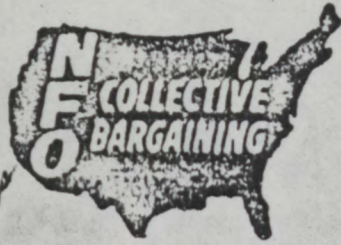
Jack Burgess
Special Assistant to
the President

President
Eugene Paul
Box 194
Delavan, Mn. 56023
507-854-3676

Vice President
Bernard Dietz
Route 3, Box 193
Owatonna, Mn. 55060
507-451-1382

Secretary
Cletus Tacheny
Route 3, Box 46
Mankato, Mn. 56001
507-625-5862

Treasurer
Don Wiese
Route 2, Box 240
Comfrey, Mn. 56019
507-877-2721



National Farmers Organization

MINNESOTA STATE BOARD

Jack Bergman

FOR AGRICULTURE

NATIONAL BOARD
FROM MINNESOTA

September 3, 1981

Eugene Paul
Box 194
Delavan, Mn. 56023
507-854-3676

David Pawlitschek
Route 1,
Lowry, Mn. 56349
612-283-5164

Butch Mueller
Route 2
Belgrade, Minn. 56312
612-243-4206

District Presidents

First District
Bernard Dietz
Route 3, Box 193
Owatonna, Mn. 55060
507-451-1382

Second District
George Q. Schimek
Box 51
Easton, Minn. 56025
507-787-2546

Sixth District
Carmen Fernholz
Route 2, Box 9 A
Madison, Minn. 56256
612-598-3010

Seventh District
Bill Christensen
Box 431
Battle Lake, Mn. 56515
218-864-5196

Eighth District
Leo McKenzie
Route 2, Box 168
Braham, Mn. 55006
612-629-2693

State Publicity Chairman
Mrs. Gerald P. Blonigen
Route 1,
Paynesville, Mn. 56362
612-548-4372

State Legislative Rep.
George Matson
Route 1
Trimont, Mn. 56176
507-639-6241

President Ronald Reagan
White House
1600 Penn Ave.
Washington, DC 20500

Mr. President;

I am writing to express my concern regarding the high interest rates I am forced to pay at this time. It is impossible to operate a farming operation or raise a family when I am required to pay 19 to 20% interest on the money I borrow.

I do not buy the theory that high interest rates are the cure for inflation; rather I believe these rates are set to make money for those who already have money.

I ask that you use your influence to correct this situation. I would be interested in your position and the course of action you will take.

Sincerely,

Eugene F. Paul

Eugene F. Paul, President
Minnesota National Farmers Organization

EFP:kf

*Factory credit report
"high interest rates"
credit - July
get credit*



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

WH-34

M-81-13

August 12 1981

OFFICE OF THE CHAIRMAN

1981 AUG 17 PM 10:09

BOARD OF GOVERNORS
 FEDERAL RESERVE SYSTEM

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS
 SUBJECT: Reducing and Controlling Unnecessary Year-End Spending

As a part of this Administration's continuing commitment to eliminate unnecessary and wasteful spending, I ask you to make sure that your agency uses public funds wisely by avoiding unnecessary year-end spending. I cannot overemphasize that the prevention of unneeded and unwise Federal Government spending is an essential part of our efforts to control fraud, waste, abuse, and inefficiency in Federal programs. Public funds will be used only for necessary program purposes and will not be obligated solely to commit funds before they lapse. Good procurement practices, which include requirements for competition and other actions to insure that fair and reasonable prices are paid by the Government, will not be disregarded in an effort to obligate funds quickly.

Specifically, I ask that your agency take immediate actions to insure that:

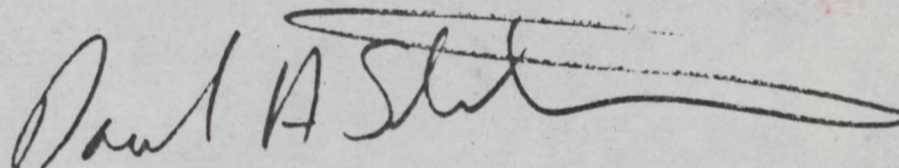
- Obligations for the fourth quarter of the fiscal year are no higher than for the third quarter, except where seasonal requirements, essential program objectives, or procurement lead-times justify a higher level;
- Orders for services, supplies, materials, and equipment are not more than needed to meet approved and essential program objectives;
- Grants are subjected to rigorous review and are not made just to keep funds from lapsing; and
- Production or procurement of periodicals, pamphlets, and audiovisual products (OMB Bulletin No. 81-16, OMB Circulars No. 3 and No. 114), procurement of certain equipment (OMB Bulletin No. 81-9), procurement of consulting and related services (OMB Bulletin No. 81-8, OMB Circular No. A-120) and travel and transportation of persons (OMB Bulletin No. 81-7) are in conformance with the respective OMB instructions.

Contracting officers, program managers, and policy officials who are responsible for initiating or reviewing procurement and grant actions should carry out their responsibilities in a way that assures compliance with this guidance.

Inspectors General have been asked to pay particular attention to year-end spending this year. Inspectors General personnel, auditors, and legal counsel should consider noncompliance with the aforementioned requirements to be an indication of waste.

The Office of Federal Procurement Policy will soon issue Policy Letter 81-1 requiring each agency to establish an advance procurement planning system, review procedures for fourth quarter spending, and lead-time and cut-off dates for consideration of procurement requests. These requirements will be useful management controls to assist agencies in avoiding future year-end spending and I ask that you and your staff give a high priority to installing these controls as soon as possible.

I count on your full cooperation and personal attention to save the taxpayers as much money as possible in support of the President's fiscal objectives.



David A. Stockman
Director

WH-33 - NRN

Donner



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

BOARD OF GOVERNORS

FEDERAL RESERVE SYSTEM

1981 AUG 14 04:11:53

OFFICE OF FEDERAL
PROCUREMENT POLICY

WFF-33

AUG 13 1981
RECEIVED THE CHAIRMAN

POLICY LETTER 81-1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Procurement Procedures, Advance Procurement Planning, and
Review of End-of-Year Purchases

It is the responsibility of the head of each agency to assure efficient and economical procurement. Consistent with that responsibility is an obligation to reduce wasteful practices resulting from hurried or unnecessary end-of-year procurement. In carrying out these responsibilities, the Head of each Executive Department or Establishment shall establish the following management controls:

1. Procurement procedures providing lead time and cut-off dates. Each agency shall develop procedures that allow sufficient lead time to prepare solicitations, obtain and evaluate bids or proposals, audit, negotiate, and make contract awards in an orderly manner. The procedures shall specify the lead time required and establish firm cut-off dates for submission to procurement offices of requests for contract action to be completed by the end of a fiscal year. The lead times and cut-off dates may vary with the type of contract action and dollar thresholds. Exceptions to the lead time and cut-off date procedures should be kept to a minimum and approved only under extraordinary circumstances.
2. Advance Procurement Planning. Agencies shall issue procedures that require an Advance Procurement Planning System (APP) for each activity. The procedures shall include:
 - Establishment of a specific threshold above which procurements are to be considered major;
 - Development and maintenance of an advance procurement plan to cover major procurement requirements and other requirements with high waste vulnerability, such as consulting services, certain equipment, periodicals, pamphlets, or audiovisual products. The plan should be developed well in advance of the fiscal year in which the acquisition will be made;

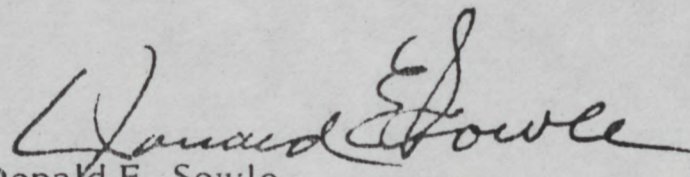
- Flexibility to allow revisions to the plan, but only to reflect budget changes, emergencies, and changes in program direction;
 - Procurement planning that begins concurrently with the agency budget process;
 - A requirement that needs are specified in a form that permits effective competition and innovation;
 - A means to resolve disagreements between procurement and project offices;
 - Close control of major and high waste vulnerability purchases to assure that they are consistent with the advance procurement plan; and
 - An ongoing program to assess the appropriateness of the methods used to satisfy needs, including cost effectiveness, whether gold-plating will result, and life cycle costing, where appropriate.
3. Review procedures for the last quarter spending. Each agency shall develop review procedures that require: (a) close control of purchases made in the last quarter to assure that they are consistent with the advance procurement plan, (b) reevaluation of the need for purchases made in the last quarter, (c) good procurement practice and accountability to assure that contracts are awarded only if prices are reasonable, and (d) award of contracts on the basis of competition unless award on some other basis is significantly to the advantage of the agency.
 4. Contract Action Log. Each procuring activity shall keep a log of major or high waste vulnerability contract actions.

Within 60 days after the effective date of this letter the head of each agency shall report to OFPP the action taken to implement the provisions of this Policy Letter. The report shall describe the advance procurement planning process, the procedures to require lead time and cut-off dates, the review procedures, and the implementation of the contract log.

For further information with respect to this policy directive, contact Mr. Jack Nadol, Assistant Administrator for Procurement Practices, telephone 395-3455.

EFFECTIVE DATE: This Policy Letter is effective August 28, 1981.

CONCURRENCE: This letter has been concurred in by the Director of OMB.


Donald E. Sowle
Administrator

THE WHITE HOUSE
WASHINGTON

BOARD OF GOVERNORS
CENTRAL RECEIVING SYSTEM
1981 AUG 14 AM 11:49

RECEIVED
OFFICE OF THE SECRETARY
OF THE ARMY

August 7, 1981

MEMORANDUM FOR: THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Virginia H. Knauer *Virginia Knauer*
Special Assistant to the President

SUBJECT: International Year of Disabled Persons -
Outstanding Agency Award

WH-32

With a theme of "Full Participation and Equality" for the disabled citizens of the world, the General Assembly of the United Nations has declared 1981 as the International Year of Disabled Persons (IYDP). The Year is acknowledging and promoting the contributions and capabilities of the world's 450 million disabled persons, of whom 36 million are Americans. It also is focusing attention on the problems disabled people face as they integrate themselves into society.

Early in 1981, the Federal Interagency Committee for IYDP received your plans for activities and programs for observing the Year. Overall, these planned activities suggest a high degree of commitment on the part of agency heads and their staffs. Senior White House staff believe that these efforts should be both supported and acknowledged. IYDP has increased information exchange between agencies and encouraged increased coordination of programs for disabled people.

In order to acknowledge the achievements of the Federal Government in regards to IYDP, the Federal Interagency Committee, in concert with senior White House staff, will sponsor an Awards Ceremony in Washington, D.C. At this ceremony, appropriate recognition will be extended to heads of agencies and those outstanding individuals who have made major contributions to IYDP. Consistent with this, I encourage all agencies to identify and document your achievements at national, regional and local levels. It is requested that nominations for the achievement awards be forwarded to the Federal Secretariat, Federal Interagency Committee, by November 1, 1981 for review.

A follow-up memo from Harold O'Flaherty will be sent to your Federal Interagency Committee representative outlining the criteria and procedures for documenting your agency's activities and programs. Any questions or comments may be referred to his office, 245-0170. It may be helpful to meet with your FIC representative to discuss your agency's IYDP activities and your plans to document these efforts.

Thank you for your continued support and assistance with this major White House initiative.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

OFFICE OF STAFF DIRECTOR
FOR MANAGEMENT

November 2, 1981

Mr. Harold O'Flaherty
Executive Director
Federal Interagency Committee for the
International Year of Disabled Persons
330 C. Street, S.W. Room 3124
Washington, D.C. 20201

Dear Mr. O'Flaherty:

The Board of Governors of the Federal Reserve System is submitting the following report of contributions and activities during the observance of the International Year of Disabled Persons. This report has been prepared in response to your request of August 19, 1981.

As the Board's representative to the Federal Interagency Committee, it has been a pleasure to work with you and your staff in the development of the Board's program for the handicapped. Each activity that has been undertaken has been designed not only to celebrate this special year but to contribute to the program's success in the years to come.

Thank you for your valuable assistance.

Sincerely,

A handwritten signature in cursive script that reads "Susan K. Fansler".

Susan K. Fansler
Handicapped Program Coordinator

Enclosure

Report of Activities During the
International Year of Disabled Persons

January 1, 1981 to December 31, 1981

Board of Governors of the
Federal Reserve System
October 30, 1981

Introduction

The following report summarizes the activities of the Board of Governors and its staff in Washington during the International Year of Disabled Persons (IYD). Information regarding the IYDP was disseminated to the twelve Federal Reserve Banks and each Bank developed its own program for the year's observance independent of the Board's program.

Affirmative Action

The 1982 Affirmative Action Plan for Handicapped Individuals contains the essential elements of affirmative action program planning. These elements include: an ongoing system of monitoring the representation of the workforce by disability through a self-identification process; numerical goals for employment of persons with disabilities; a special recruitment plan with strategies for accomplishment of employment goals; an analysis of selection barriers; and goals and timetables for removal of physical barriers on the Board's facilities.

- As of June 30, 1981, thirty-one (31) employees or two percent (2%) of the Board's workforce of 1538 people identified themselves as having one or more

of the disabilities identified in the nine disability categories listed on Standard Form 256 (Office of Personnel Management). The numerical goals established for 1982 will be based on the Board's past performance and a realistic projection of opportunities.

- Special recruitment activities during 1981 have involved establishing and maintaining contacts with local community organizations and federal recruitment personnel and participating in the Job Fair held by the Mayor's Committee on Handicapped Individuals at the Capital Hilton on October 20, 1981. A Handicapped Placement Coordinator has been designated in the Board's recruiting staff and is responsible for development and implementation of a Special Recruiting Plan.
- Recent analysis of the Board's facilities using the Equal Employment Opportunity Commission's Form for Analysis of Accessibility indicates that the two buildings housing the Board and its staff are seventy percent (70%) accessible or have "good accessibility." A timetable will be established in the 1982 Affirmative Action Plan for removal of all remaining physical barriers.
- In conjunction with the assessment and monitoring of a selection procedures for compliance with the Uniform Selection Guidelines, additional attention will be given to the review of personnel procedures that may be impediments to the placement of handicapped individuals.

Prevention, Rehabilitation and Development

The Board's efforts in the area of prevention of disability, the rehabilitation of disabled persons and career development for disabled employees have increased during the IYDP and will continue in the years that follow.

- . As part of an ongoing employee relations program, "The Employee Assistance Program" (EAP) has been established to help employees who are experiencing problems related to alcohol abuse, drug abuse or emotional distress. The EAP provides counseling and referral services to appropriate community resources for professional help.
- . Interpreter services have been provided to three employees who are hearing impaired in developmental and on-the-job training programs during the year.
- . The Board's fitness programs offer seminars on health and fitness related matters; exercise and dance classes; and jogging, squash, tennis, racquetball, and basketball associations.

Demonstration Projects, Awareness Activities and
Program Accessibility

The observance of the IYDP provided a focus for a number of educational opportunities taking place during 1981. The education and awareness efforts will continue as an important part of the Board's creation of an environment free of the physical and attitudinal barriers that traditionally confront the disabled in the workplace.

- . The EEO Training Course for Managers and Supervisors contains a section on the legal and regulatory protections for the disabled and attempts to sensitize them in the area of handicapped employment.
- . On September 15, 1981, a seminar entitled "Disabled Persons: Attitudes, Myths and Barriers" was held for all employees. Panel participants included a deaf employee, two supervisors, a representative of the U.S. Council for the IYDP, a representative of the George Washington Job Development Laboratory, and a representative of the President's Committee on the Handicapped. Two films entitled How We Believe and Approach to Independence were screened and discussed during the two hour seminar. (A copy of the program for this activity is enclosed.)
- . On September 17, 1981, an exhibit of technological equipment was open to all employees. The six exhibitors were Gallaudet College, the American Council for the Blind, the Amigo Wheelchair Company, Visualtek, George Washington University Job Development Laboratory, and Maryland Computer Service.
- . Publicity for the IYDP has included posters and printing of articles on the handicapped in the employee newsletter, Across the Board.
- . Interpreter services have been made available to employees during recent Women's Week Activities, at the seminar of September 15 and at the equipment exhibition of September 17.

Employees are being made aware that these services are available to the hearing impaired as needed.

Conclusion

The activities associated with the Federal Reserve Board's observance of the International Year of Disabled Persons have provided an opportunity to reiterate the commitment of management to vital areas of equal employment opportunity for the handicapped. In addition, the exchange of information and experience among federal agencies and local organizations has established new partnerships in this effort to tackle attitudinal barriers that have proven to be far more difficult to overcome than the physical barriers that have existed. Though the IYDP will be ending soon, the Board's efforts in this area will not.

DISABLED PERSONS: ATTITUDES, MYTHS AND BARRIERS SEMINAR

Tuesday
September 15, 1981
Dining Room E

- 10:00-10:05 Welcome
- 10:05-10:30 Introduction of panel participants and discussion
- Moderator Michael D. Zullo
Director of the Corporate Partnership Program,
U.S. Council for IYDP
- Panel Maureen English
Section Chief, Division of Consumer and
Community Affairs
- James Mueller
Industrial Designer, George Washington Uni-
versity's Job Development Laboratory
- Peter Thomas
Graphic Communications Section Chief, Division
of Data Processing
- Carol Wisdom
Graphic Designer, Graphic Communications
Section, Division of Data Processing
- 10:30-10:55 *How We Believe* (film)
- 10:55-11:30 Discussion
- 10:30-11:40 *Approach to Independence* (film)
- 11:40-12:00 Discussion and Closing Remarks

A TECHNOLOGICAL EXHIBITION OF AIDS

Thursday
September 17, 1981
Dining Room E

- 10:00-3:00 This exhibition, open to all employees, will be a display of aids and equipment available for disabled employees in the performance of their jobs. Eight distributors will be present to demonstrate the equipment.

Films to be shown on September 15:

How We Believe is a film made by IBM depicting management attitudes toward disabled employees. In addition, employees in various white and blue collar jobs give their impressions of their jobs, peers and managers.

Approach to Independence is a film featuring James Mueller, an industrial designer, who designs equipment for severely disabled people. In this film, Mr. Mueller describes how workplaces are modified.

More information on our guest panelists:

Michael D. Zullo, the panel moderator, is the former Corporate Program Manager for IBM's Worldwide Affirmative Action Program, the former Director of Corporate Relations for the American Coalition of Citizens with Disabilities (ACCD) and is presently the Director of the Corporate Partnership Program for the IYDP.

James Mueller is an internationally known designer, builder and evaluator of workplace accommodations and devices. He is a leader in the fields of job analysis and job restructuring procedures and has authored two books, *Accommodating the Disabled Student* and *Designing for Functional Limitations*.

THE WHITE HOUSE
WASHINGTON

BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM

1981 AUG 14 AM 11:49

RECEIVED
OFFICE OF THE CHAIRMAN

August 7, 1981

MEMORANDUM FOR: THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Virginia H. Knauer *Virginia Knauer*
Special Assistant to the President

WH-32

SUBJECT: International Year of Disabled Persons -
Outstanding Agency Award

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In order to acknowledge the achievements of the Federal Government in regards to IYDP, the Federal Interagency Committee, in concert with senior White House staff, will sponsor an Awards Ceremony in Washington, D.C. At this ceremony, appropriate recognition will be extended to heads of agencies and those outstanding individuals who have made major contributions to IYDP. Consistent with this, I encourage all agencies to identify and document your achievements at national, regional and local levels. It is requested that nominations for the achievement awards be forwarded to the Federal Secretariat, Federal Interagency Committee, by November 1, 1981 for review.

A follow-up memo from Harold O'Flaherty will be sent to your Federal Interagency Committee representative outlining the criteria and procedures for documenting your agency's activities and programs. Any questions or comments may be referred to his office, 245-0170. It may be helpful to meet with your FIC representative to discuss your agency's IYDP activities and your plans to document these efforts.

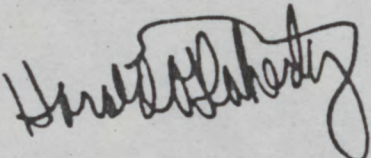
Thank you for your continued support and assistance with this major White House initiative.

FEDERAL INTERAGENCY COMMITTEE
for the
International Year of Disabled Persons



330 C Street, S.W., Room 3124, Washington, D.C. 20201 (202) 245-0170

MEMORANDUM

DATE: August 19, 1981
FOR: Federal Interagency Committee
FROM: Harold O'Flaherty
Executive Director 
SUBJECT: IYDP Outstanding Agency Award

In recognition of the International Year of Disabled Persons (IYDP), the White House would like to honor those federal agencies who have made outstanding contributions during the Year.

The IYDP Special Activities Subcommittee has developed criteria for these awards. The criteria follows the areas of focus outlined in the Executive Summary of Federal Involvement in IYDP, including affirmative action, prevention, rehabilitation, demonstration projects, research, program accessibility and awareness. These areas will be evaluated using the following criteria:

1. Field and headquarters involvement.
2. Internal and external analysis of programs of/for disabled people (internal refers to impact on agency disabled employees or potential employees; external involves out-reach activities).
3. Long term impact or on-going effect on Agency programs (i.e. formation of committee, office or position structure, policy formulation, etc.).
4. Innovation (creative, exemplary or unique activities).

We are requesting that Agency submissions for outstanding contributions to the International Year be received no later than November 1, 1981, C.O.B. A narrative format using the above mentioned criteria should be limited to five pages, but contain substantive documentation.

It will be the responsibility of the FIC representative to disseminate this information to component agencies and/or compile agency progress reports into an award's submission. Agencies, not members of the Federal Interagency Committee, should also be encouraged to submit a report. Agency/departmental heads have also received a letter requesting there support. (See attached).

"Full Participation for All Citizens"

The Special Activities Subcommittee, the Co-Chairpersons and I will screen all submissions and select recipients of the IYDP Outstanding Agency Award. The awards will be presented at a planned White House ceremony.

Your continued support and assistance is always appreciated.

THE WHITE HOUSE

WASHINGTON

August 7, 1981

MEMORANDUM FOR: THE HEADS OF DEPARTMENTS AND AGENCIES

FROM:

Virginia H. Knauer *Virginia Knauer*
Special Assistant to the President

SUBJECT:

International Year of Disabled Persons -
Outstanding Agency Award

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THE WHITE HOUSE
WASHINGTON

BOARD OF GOVERNORS
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August 7, 1981

WH-32

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In order to acknowledge the achievements of the Federal Government in regards to IYDP, the Federal Interagency Committee, in concert with senior White House staff, will sponsor an Awards Ceremony in Washington, D.C. At this ceremony, appropriate recognition will be extended to heads of agencies and those outstanding individuals who have made major contributions to IYDP. Consistent with this, I encourage all agencies to identify and document your achievements at national, regional and local levels. It is requested that nominations for the achievement awards be forwarded to the Federal Secretariat, Federal Interagency Committee, by November 1, 1981 for review.

A follow-up memo from Harold O'Flaherty will be sent to your Federal Interagency Committee representative outlining the criteria and procedures for documenting your agency's activities and programs. Any questions or comments may be referred to his office, 245-0170. It may be helpful to meet with your FIC representative to discuss your agency's IYDP activities and your plans to document these efforts.

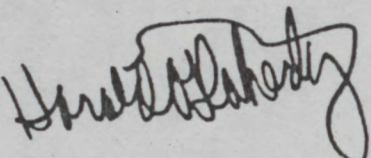
Thank you for your continued support and assistance with this major White House initiative.

FEDERAL INTERAGENCY COMMITTEE
for the
International Year of Disabled Persons



330 C Street, S.W., Room 3124, Washington, D.C. 20201 (202) 245-0170

MEMORANDUM

DATE: August 19, 1981
FOR: Federal Interagency Committee
FROM: Harold O'Flaherty
Executive Director 
SUBJECT: IYDP Outstanding Agency Award

In recognition of the International Year of Disabled Persons (IYDP), the White House would like to honor those federal agencies who have made outstanding contributions during the Year.

The IYDP Special Activities Subcommittee has developed criteria for these awards. The criteria follows the areas of focus outlined in the Executive Summary of Federal Involvement in IYDP, including affirmative action, prevention, rehabilitation, demonstration projects, research, program accessibility and awareness. These areas will be evaluated using the following criteria:

1. Field and headquarters involvement.
2. Internal and external analysis of programs of/for disabled people (internal refers to impact on agency disabled employees or potential employees; external involves out-reach activities).
3. Long term impact or on-going effect on Agency programs (i.e. formation of committee, office or position structure, policy formulation, etc.).
4. Innovation (creative, exemplary or unique activities).

We are requesting that Agency submissions for outstanding contributions to the International Year be received no later than November 1, 1981, C.O.B. A narrative format using the above mentioned criteria should be limited to five pages, but contain substantive documentation.

It will be the responsibility of the FIC representative to disseminate this information to component agencies and/or compile agency progress reports into an award's submission. Agencies, not members of the Federal Interagency Committee, should also be encouraged to submit a report. Agency/departmental heads have also received a letter requesting their support. (See attached).

"Full Participation for All Citizens"

The Special Activities Subcommittee, the Co-Chairpersons and I will screen all submissions and select recipients of the IYDP Outstanding Agency Award. The awards will be presented at a planned White House ceremony.

Your continued support and assistance is always appreciated.

THE WHITE HOUSE

WASHINGTON

August 7, 1981

MEMORANDUM FOR: THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Virginia H. Knauer *Virginia Knauer*
Special Assistant to the President

SUBJECT: International Year of Disabled Persons -
Outstanding Agency Award

With a theme of "Full Participation and Equality" for the disabled citizens of the world, the General Assembly of the United Nations has declared 1981 as the International Year of Disabled Persons (IYDP). The Year is acknowledging and promoting the contributions and capabilities of the world's 450 million disabled persons, of whom 36 million are Americans. It also is focusing attention on the problems disabled people face as they integrate themselves into society.

Early in 1981, the Federal Interagency Committee for IYDP received your plans for activities and programs for observing the Year. Overall, these planned activities suggest a high degree of commitment on the part of agency heads and their staffs. Senior White House staff believe that these efforts should be both supported and acknowledged. IYDP has increased information exchange between agencies and encouraged increased coordination of programs for disabled people.

In order to acknowledge the achievements of the Federal Government in regards to IYDP, the Federal Interagency Committee, in concert with senior White House staff, will sponsor an Awards Ceremony in Washington, D.C. At this ceremony, appropriate recognition will be extended to heads of agencies and those outstanding individuals who have made major contributions to IYDP. Consistent with this, I encourage all agencies to identify and document your achievements at national, regional and local levels. It is requested that nominations for the achievement awards be forwarded to the Federal Secretariat, Federal Interagency Committee, by November 1, 1981 for review.

A follow-up memo from Harold O'Flaherty will be sent to your Federal Interagency Committee representative outlining the criteria and procedures for documenting your agency's activities and programs. Any questions or comments may be referred to his office, 245-0170. It may be helpful to meet with your FIC representative to discuss your agency's IYDP activities and your plans to document these efforts.

Thank you for your continued support and assistance with this major White House initiative.

Report of Activities During the
International Year of Disabled Persons

January 1, 1981 to December 31, 1981

Board of Governors of the
Federal Reserve System
October 30, 1981

Introduction

The following report summarizes the activities of the Board of Governors and its staff in Washington during the International Year of Disabled Persons (IYD). Information regarding the IYDP was disseminated to the twelve Federal Reserve Banks and each Bank developed its own program for the year's observance independent of the Board's program.

Affirmative Action

The 1982 Affirmative Action Plan for Handicapped Individuals contains the essential elements of affirmative action program planning. These elements include: an ongoing system of monitoring the representation of the workforce by disability through a self-identification process; numerical goals for employment of persons with disabilities; a special recruitment plan with strategies for accomplishment of employment goals; an analysis of selection barriers; and goals and timetables for removal of physical barriers on the Board's facilities.

- . As of June 30, 1981, thirty-one (31) employees or two percent (2%) of the Board's workforce of 1538 people identified themselves as having one or more

of the disabilities identified in the nine disability categories listed on Standard Form 256 (Office of Personnel Management). The numerical goals established for 1982 will be based on the Board's past performance and a realistic projection of opportunities.

- Special recruitment activities during 1981 have involved establishing and maintaining contacts with local community organizations and federal recruitment personnel and participating in the Job Fair held by the Mayor's Committee on Handicapped Individuals at the Capital Hilton on October 20, 1981. A Handicapped Placement Coordinator has been designated in the Board's recruiting staff and is responsible for development and implementation of a Special Recruiting Plan.
- Recent analysis of the Board's facilities using the Equal Employment Opportunity Commission's Form for Analysis of Accessibility indicates that the two buildings housing the Board and its staff are seventy percent (70%) accessible or have "good accessibility." A timetable will be established in the 1982 Affirmative Action Plan for removal of all remaining physical barriers.
- In conjunction with the assessment and monitoring of a selection procedures for compliance with the Uniform Selection Guidelines, additional attention will be given to the review of personnel procedures that may be impediments to the placement of handicapped individuals.

Prevention, Rehabilitation and Development

The Board's efforts in the area of prevention of disability, the rehabilitation of disabled persons and career development for disabled employees have increased during the IYDP and will continue in the years that follow.

- . As part of an ongoing employee relations program, "The Employee Assistance Program" (EAP) has been established to help employees who are experiencing problems related to alcohol abuse, drug abuse or emotional distress. The EAP provides counseling and referral services to appropriate community resources for professional help.
- . Interpreter services have been provided to three employees who are hearing impaired in developmental and on-the-job training programs during the year.
- . The Board's fitness programs offer seminars on health and fitness related matters; exercise and dance classes; and jogging, squash, tennis, racquetball, and basketball associations.

Demonstration Projects, Awareness Activities and Program Accessibility

The observance of the IYDP provided a focus for a number of educational opportunities taking place during 1981. The education and awareness efforts will continue as an important part of the Board's creation of an environment free of the physical and attitudinal barriers that traditionally confront the disabled in the workplace.

- . The EEO Training Course for Managers and Supervisors contains a section on the legal and regulatory protections for the disabled and attempts to sensitize them in the area of handicapped employment.
- . On September 15, 1981, a seminar entitled "Disabled Persons: Attitudes, Myths and Barriers" was held for all employees. Panel participants included a deaf employee, two supervisors, a representative of the U.S. Council for the IYDP, a representative of the George Washington Job Development Laboratory, and a representative of the President's Committee on the Handicapped. Two films entitled How We Believe and Approach to Independence were screened and discussed during the two hour seminar. (A copy of the program for this activity is enclosed.)
- . On September 17, 1981, an exhibit of technological equipment was open to all employees. The six exhibitors were Gallaudet College, the American Council for the Blind, the Amigo Wheelchair Company, Visualtek, George Washington University Job Development Laboratory, and Maryland Computer Service.
- . Publicity for the IYDP has included posters and printing of articles on the handicapped in the employee newsletter, Across the Board.
- . Interpreter services have been made available to employees during recent Women's Week Activities, at the seminar of September 15 and at the equipment exhibition of September 17.

Employees are being made aware that these services are available to the hearing impaired as needed.

Conclusion

The activities associated with the Federal Reserve Board's observance of the International Year of Disabled Persons have provided an opportunity to reiterate the commitment of management to vital areas of equal employment opportunity for the handicapped. In addition, the exchange of information and experience among federal agencies and local organizations has established new partnerships in this effort to tackle attitudinal barriers that have proven to be far more difficult to overcome than the physical barriers that have existed. Though the IYDP will be ending soon, the Board's efforts in this area will not.

DISABLED PERSONS: ATTITUDES, MYTHS AND BARRIERS SEMINAR

Tuesday
September 15, 1981
Dining Room E

10:00-10:05 **Welcome**

10:05-10:30 **Introduction of panel participants and discussion**

Moderator **Michael D. Zullo**
Director of the Corporate Partnership Program,
U.S. Council for IYDP

Panel **Maureen English**
Section Chief, Division of Consumer and
Community Affairs

James Mueller
Industrial Designer, George Washington Uni-
versity's Job Development Laboratory

Peter Thomas
Graphic Communications Section Chief, Division
of Data Processing

Carol Wisdom
Graphic Designer, Graphic Communications
Section, Division of Data Processing

10:30-10:55 ***How We Believe* (film)**

10:55-11:30 **Discussion**

10:30-11:40 ***Approach to Independence* (film)**

11:40-12:00 **Discussion and Closing Remarks**

A TECHNOLOGICAL EXHIBITION OF AIDS

Thursday
September 17, 1981
Dining Room E

10:00-3:00 **This exhibition, open to all employees, will be a display of aids and equipment available for disabled employees in the performance of their jobs. Eight distributors will be present to demonstrate the equipment.**

Films to be shown on September 15:

How We Believe is a film made by IBM depicting management attitudes toward disabled employees. In addition, employees in various white and blue collar jobs give their impressions of their jobs, peers and managers.

Approach to Independence is a film featuring James Mueller, an industrial designer, who designs equipment for severely disabled people. In this film, Mr. Mueller describes how workplaces are modified.

More information on our guest panelists:

Michael D. Zullo, the panel moderator, is the former Corporate Program Manager for IBM's Worldwide Affirmative Action Program, the former Director of Corporate Relations for the American Coalition of Citizens with Disabilities (ACCD) and is presently the Director of the Corporate Partnership Program for the IYDP.

James Mueller is an internationally known designer, builder and evaluator of workplace accommodations and devices. He is a leader in the fields of job analysis and job restructuring procedures and has authored two books, *Accommodating the Disabled Student* and *Designing for Functional Limitations*.

THE WHITE HOUSE

WASHINGTON

August 7, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 AUG 10 AM 10:09

RECEIVED
OFFICE OF THE CHAIRMAN

WH-31

The Honorable Paul A. Volcker
Chairman
Federal Reserve System
Twentieth and Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Mr. Chairman:

Enclosed is a copy of the Consumer's Resource Handbook, developed by the U.S. Office of Consumer Affairs in cooperation with 26 Federal departments and agencies. The Handbook has become a useful cost-effective tool for Congressional staff, Federal, state and local government offices and others in providing information, resolving complaints, and making referrals. It has been lauded by business, the media, government, and consumers.

We believe the Handbook has significantly reduced the number of misdirected inquiries to Federal offices, thus reducing the personnel and financial resources needed to process these inquiries either through phone calls or correspondence.

A number of agencies have expressed interest in the updated Handbook, and perhaps it has already been brought to your attention. Many agencies have found it useful to include the Handbook as part of materials distributed at meetings, conferences, seminars, and other contacts with the public.

We are presently working with your staff to streamline the Handbook and provide updated information about your programs and services.

To continue the significant role and impact of the Handbook on improving the handling of consumer complaints and inquiries, we need the support and cooperation of Federal agencies. Specifically, we are asking each government agency to join in the printing requisition and purchase copies of the Handbook, as was done previously.

The Honorable Paul A. Volcker
Page two

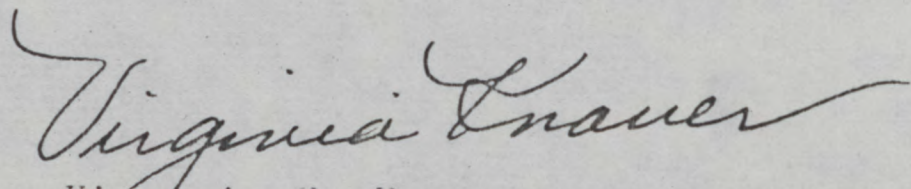
As in the past, copies distributed through your agency can include both attribution to your agency on the cover and a personal message from you on the inside.

Eased on previous experience, the size of your agency, the degree of consumer interest in your activities, and total printing costs, we recommend procurement by your agency in the amount of \$10,000 to purchase sufficient copies to meet anticipated public demand for the Handbook over the next 18 months.

This publication will be ready in draft for agency staff review within a few weeks, with printing set for September. For your convenience, we will make arrangements with the Government Printing Office enabling you to obligate funds either from your FY 1981 or FY 1982 budget, whichever is preferable.

To meet our publication schedule, and take advantage of the cost savings that can be realized by the economy of a multi-agency printing arrangement, we request your response to this proposal by August 17. Should your staff require any additional information, they should contact Dan Rumelt of my staff at 755-8810.

Sincerely,


Virginia H. Knauer
Special Assistant to the President

Enclosure

WH 30

WH 34

WH 33

NRN

NRN

NRN

From:
Donna



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

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1981 AUG -7 AM 11:19

RECEIVED
OFFICE OF THE CHAIRMAN

JUL 31 1981

M-81-12

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Implementing Presidential Travel Management
Improvement Directives

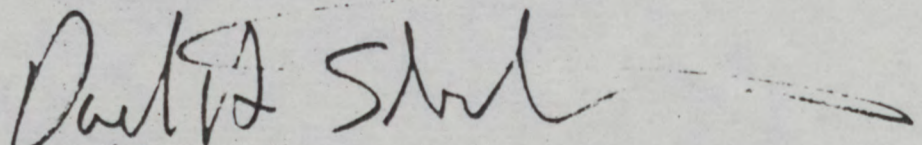
WH-30

In his memorandum on strengthening Federal travel management (copy attached), the President directed several changes to Federal travel policies and practices. He also directed the Secretaries of State and Defense, the Director of the Office of Personnel Management and the Administrator of General Services to implement the directed changes through the regulations they promulgate. He also asked that I coordinate the implementation activities.

Accordingly, I am establishing a Travel Management Improvement Group, chaired by Harold I. Steinberg, Associate Director for Management, Office of Management and Budget and consisting of representatives of the four departments and agencies with major travel policy authorities. The Group will be responsible for coordinating the policy initiatives and other actions required to implement the President's directives. Because of the significant role of the General Accounting Office in interpreting and auditing travel policies, I have asked the Acting Comptroller General to designate a representative to serve as a point of coordination with the Group.

Please designate an individual in your organization who can fully represent you in dealing with the Travel Management Improvement Group. Mr. Steinberg should receive your designation within a week of your receipt of this memorandum.

The documentation and rationale that we will be using in implementing the President's directives are found in the attached copy of the report of the interagency study group that reviewed the travel area. Establishing efficient travel management is an important part of this Administration's efforts to reduce wasteful Federal spending. The President and I expect real savings and other tangible benefits from the implementation of his travel management improvement directives.


David A. Stockman
Director

Attachment

Administrator of General Services to implement the necessary changes to the regulations they promulgate. I have asked the Director of the Office of Management and Budget to coordinate the implementation activities.

These improvements are an important part of this Administration's economic reform program and its efforts to reduce wasteful federal spending. I expect the results of the improvement to include:

- annual cost savings of over \$200 million, consisting of \$116 million in direct travel expenditures and \$85 million in travel-related administrative costs;
- improved control and management of agency travel expenditures; and
- accelerated reimbursements to travelers and payments to carriers.

Ronald Reagan

THE WHITE HOUSE

WASHINGTON

July 30, 1981

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Strengthening Federal Travel Management

The Federal Government will spend almost \$4 billion in fiscal year 1981 on travel. Although most of this travel is required to carry out agency programs, instances of mismanagement and wasteful spending have continued to surface over the years. To improve the management of federal travel, I am directing that the following changes be made to travel policies and practices and would urge that the lead agencies work with the rest of the Executive Branch as they implement these recommendations:

- Separate travel regulations for civilian employees, foreign service, and uniformed services will be simplified, standardized, and updated to assure consistent treatment of all federal travelers.
- Travel authorization policies will be tightened, including a reduction in the use of general travel authorizations.
- Travel services for agency employees will be improved at headquarters and principal field locations, including greater use of commercial ticketing and travel services and available discounts.
- Greater efforts will be made in cooperation with the travel industry to expand the availability and use of transportation, lodging, and other travel-related discounts for federal travelers.
- Travel reimbursement policies will be streamlined to include adoption of locality-based flat per diem rates for subsistence costs, improved controls over travel advances, and simplified voucher processing.

Effective implementation of these improvements will require a coordinated effort by those agencies with travel policy and oversight responsibilities. Accordingly, I am directing the Secretary of State, the Secretary of Defense, the Director of the Office of Personnel Management, and the

THE WHITE HOUSE
WASHINGTON

August 5, 1981

BOARD OF GOVERNERS
OF THE
FEDERAL RESERVE SYSTEM

1981 AUG -6 AM 10:22

RECEIVED
OFFICE OF THE CHAIRMAN

#29

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

SUBJECT: Aiding Federal Employees in Reemployment

Reducing and streamlining the Federal bureaucracy is central to the economic recovery of America. This means that some Federal employees are facing the prospect of losing their jobs. I am determined to minimize as much as possible the adverse impact of these reductions on the individuals involved.

To do this, each department and agency reducing its employment level must be aggressive in its attempts to find employment for individuals who are facing the loss of their jobs. It is vital that full consideration be given these employees for positions in the Federal Government.

Every department and agency has an obligation to support the interagency placement efforts being coordinated by the Office of Personnel Management. OPM has now expanded opportunities for Federal workers in reduction-in-force situations in both the public and private sector job markets. What is needed now is willingness and determination by you and your management teams to make the best use of these mechanisms and assist in their success. I have asked OPM Director, Donald J. Devine, to keep track of our progress in this area. He will be in touch with you in the near future.

Assisting Federal employees who are facing the loss of their jobs is a government-wide imperative. For the sake of those personally affected -- and for the economy -- we must strive to retain the skills of our many talented civil servants in the Nation's work force while reducing the size of Government and redirecting its purposes and direction.

Ronald Reagan

WH 28+29

NRN

THE WHITE HOUSE

WASHINGTON
July 13, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1981 AUG -6 AM 10:23

RECEIVED
OFFICE OF THE
MANAGER

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Budget Review Procedures

#28

Historically the budget process has been an annual cycle with the Executive Branch proposing early in the year and the Congress disposing during the rest of the year. More recently the budget process has changed. It is now a complex year-round process which involves virtually continuous adjustment.

For example, right now we have pending a second round of rescissions and deferrals for FY 81 and a Reconciliation Bill for FY 82. We have simultaneously begun the Spring Review which leads to our budget marks for FY 83.

The Mid-session report on the budget just released shows that our overall position has not significantly changed. However, this small overall net change obscures the many program level budget threats which have developed and the increased strain they place on our abilities to make our overall budgetary objectives. We cannot make any decisions -- foreign, domestic or defense -- unless their budgetary impact is fully considered.

Because of the need to evaluate the budget continuously, I have established a Budget Review Board composed of Ed Meese, Jim Baker and Dave Stockman.

Any situation, decision or impending emergency, which you feel could lead to unbudgeted expenditures or to an increase in budgeted allocations must be reported promptly to the Budget Review Board. Authorization from the Budget Review Board must be obtained prior to incurring or obligating any such expenditure or increase.

Once I have set a budget projection, each of you must extend every effort to make sure we achieve that projection. It should be clear that achieving our budget objectives is something that must be a personal priority of each of us.

Bringing federal spending under control and keeping it there is our most urgent priority. This is the only way we will be able to achieve our objective of giving the American people the strong, healthy economy which they demanded in last fall's election, and it is the fundamental precondition for achieving many of the other important objectives that we have established to restore our Nation at home and abroad.

Ronald Reagan

THE WHITE HOUSE
WASHINGTON

July 30, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUL 31 AM 11:46

RECEIVED
OFFICE OF THE CHAIRMAN

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Strengthening Federal Travel Management

WH-27

The Federal Government will spend almost \$4 billion in fiscal year 1981 on travel. Although most of this travel is required to carry out agency programs, instances of mismanagement and wasteful spending have continued to surface over the years. To improve the management of federal travel, I am directing that the following changes be made to travel policies and practices and would urge that the lead agencies work with the rest of the Executive Branch as they implement these recommendations:

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Effective implementation of these improvements will require a coordinated effort by those agencies with travel policy and oversight responsibilities. Accordingly, I am directing the Secretary of State, the Secretary of Defense, the Director of the Office of Personnel Management, and the

*Mr. Donna
via 8/6/81*

Administrator of General Services to implement the necessary changes to the regulations they promulgate. I have asked the Director of the Office of Management and Budget to coordinate the implementation activities.

These improvements are an important part of this Administration's economic reform program and its efforts to reduce wasteful federal spending. I expect the results of the improvement to include:

- annual cost savings of over \$200 million, consisting of \$116 million in direct travel expenditures and \$85 million in travel-related administrative costs;
- improved control and management of agency travel expenditures; and
- accelerated reimbursements to travelers and payments to carriers.

Ronald Reagan

August 19, 1981

Dear Ms. Knauer:

I am writing in response to your letter inviting the Federal Reserve Board to participate in the second Constituent Resource Exposition on September 14. The Board will be pleased to again take part in this event.

The Board found the first Expo to be a useful forum for the exchange of information which allows Federal agencies and congressional staffers to handle constituent concerns more effectively, and we look forward to working with your staff to make this event a success. Susan Potkai of the Division of Consumer and Community Affairs has been designated as the agency contact for the Expo. She may be reached at 452-3693.

Sincerely,

Richard F. Syron
Special Assistant to the Chairman

Ms. Virginia H. Knauer
Special Assistant to the President
Director
U.S. Office of Consumer Affairs
Washington, D. C. 20201

cc with incoming: Joe Coyne, Don Winn, Naomi Salus, Carol O'Brien,
Robin Fenner, Susan Potkai, Sandy Wolfe

SJP:slw
WH-26

THE WHITE HOUSE
WASHINGTON

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUL 29 AM 8:30

RECEIVED
July 24, 1981 OFFICE OF THE CHAIRMAN

WH-26

The Honorable Paul A. Volcker
Chairman
Federal Reserve Board
Washington, D.C. 20551

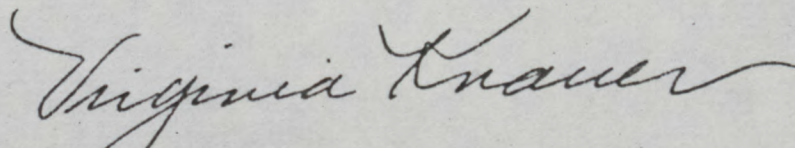
Dear Mr. Volcker:

The U.S. Office of Consumer Affairs is sponsoring the second Constituent Resource Exposition in the Cannon House Office Building Caucus Room, on September 14, 1981, from 10:00 a.m. to 3:00 p.m. The purpose of the Expo is to have representatives of federal agencies meet with Congressional staffers to acquaint them with information available to resolve constituents' problems. Our objective is to improve communication and understanding between federal officials and Congressional staffers in handling constituent concerns involving matters that fall within the jurisdiction of the Federal government. Our Constituent Resource Exposition last year was extremely well attended and proved to be greatly beneficial to both agency personnel and Congressional staffers.

We ask that each agency participating set up an exhibit booth and have material and information available for distribution. It should be staffed with agency personnel that can discuss these programs and are very familiar with the ways in which the agency handles Congressional complaint letters and requests for information. We feel that once again your agency will make a major contribution to the Expo and we would very much like your participation.

I look forward to receiving your early response to our request that your agency will take part in the Constituent Resource Exposition. If you have any questions regarding the Expo, please telephone Roger Goldblatt of my staff at 755-8820.

Sincerely,



Virginia H. Knauer
Special Assistant to the President
Director
U.S. Office of Consumer Affairs

cc: Ann Marie Bray



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM

1981 JUL 23 PM 12:28

RECEIVED
OFFICE OF THE CHAIRMAN
July 21, 1981

M-81-11

MEMORANDUM TO HEADS OF DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Grant Cash Management

WH-25

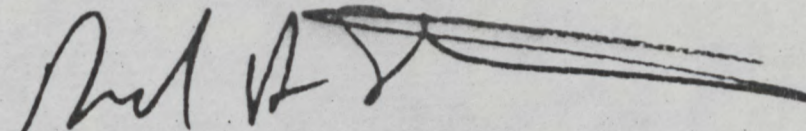
We recently asked the General Accounting Office to reconsider an interpretation of the Intergovernmental Cooperation Act of 1968 that is having an adverse impact on cash management of Federal aid programs. The interpretation held that States, and subgrantees receiving Federal aid through the States, could not be held accountable for interest earned on cash drawn prematurely from the Federal Treasury.

In the attached decision the GAO reaffirms its original ruling but points out that it has audit work underway that may result in recommendations for legislative change. The GAO also points out that its decision does not preclude agencies from complying with OMB and Treasury cash management directives, or from carrying out the three steps called for last year by the Senate Committee on Appropriations, i.e.:

1. Reviewing periodic reports filed by grant recipients to ascertain whether they are drawing and holding cash in excess of their current needs;
2. Auditing a sufficient number of recipient accounts to determine whether they are filing accurate reports of cash on hand; and
3. Initiating immediate recovery action whenever recipients are found to have drawn excess cash, in violation of Treasury Circular 1075.

We urge you to instruct your staff to do all that they can to carry out the recommendations of the Senate Appropriations Committee. For example, in cases where individual grantees persist in drawing excess cash or refuse to cooperate in efforts to control drawdowns, consideration should be given to rescinding letter-of-credit arrangements with them, or placing monthly restrictions on their letters-of-credit. In addition, agencies should review their systems for monitoring cash balances to assure that they are adequate to prevent excess drawdowns from going undetected.

We, like GAO, are considering recommending changes to the Intergovernmental Cooperation Act to minimize the possibility that cash will be drawn prematurely from the Treasury. The major grant-making agencies will be consulted during the course of our review.



David A. Stockman
Director

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DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-196794

DATE: February 24, 1981

MATTER OF: Interest earned by State Subgrantees

DIGEST: Interpretation of § 203 Intergovernmental Cooperation Act of 1968, 42 U.S.C. § 4213 (1976) that subgrantees of grants to States need not account for interest earned on subgrant advance reconsidered at request of Director of OMB. Interpretation contained in 59 Comp. Gen. 218 (1980) and B-171019, October 16, 1973, reaffirmed. Ruling the other way would require the States to account for the interest earned by its grantees, a result which appears to be contrary to this provision.

This is in response to the request of the Director of the Office of Management and Budget (OMB) that we reconsider our interpretation of the Intergovernmental Cooperation Act of 1968 contained in our decisions, 59 Comp. Gen. 218 (1980) and B-171019, October 16, 1973. In these cases we interpreted § 203 of the Intergovernmental Cooperation Act of 1968, 42 U.S.C. § 4213 (1976) (§ 203) as permitting subgrantees of Federal grants to States to keep interest earned on State advances to the subgrantee. We have reviewed both of these decisions and, as explained below, we find no basis for revising our interpretation of § 203.

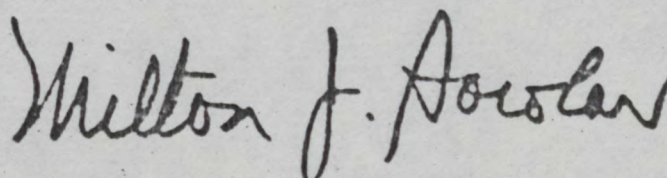
Given the language of § 203 which says that States will not be held "accountable" for interest earned on advances of grant-in-aid funds, it is difficult to see how this Office could rule other than we have in the two questioned decisions. As more fully explained in these decisions, in order to obtain the interest earned by subgrantees it would be necessary to require the State, rather than the secondary recipients of the grant funds, to account for the interest. This would be contrary to the statute, since in such grants it is the States with which the Government has a relationship and to which it must look for relief. Accordingly, despite the fact that § 203 and its legislative history do not address the question of interest as it pertains to subgrantees, the conclusion that interest earned by subgrantees of States need

not be returned to the Federal Government is clear in our view. In the absence of any explanation in the OMB Director's letter of how we might reach another conclusion based on an interpretation of § 203, we feel compelled to reaffirm our decisions.

We are, however, sympathetic with OMB's concerns. We are currently reviewing a number of areas in which we have identified problems with grantee and subgrantee retention of interest. Also, as noted by OMB, administrative changes that have taken place since passage of § 203 provide a basis for reassessing the policies that § 203 embodies.

Section 203, which exempts States from the general rule that requires the return of interest earned by grantees on grant funds, is largely based on the assumption that the Government can effectively control the release of grant funds so that States will not be in a position to earn excessive interest on any advances they might receive. Implicit in the § 203 approach is the view that where States do earn interest, such amounts are too small for the Government to concern itself with. However, there is some evidence that the amounts now being earned on advances to the States are substantial. We have not yet recommended a change to § 203. Whether we will recommend a legislative change will depend upon the outcome of audit work now in progress.

We recognize that the Senate Report on H.R. 7542, the Supplemental Appropriations and Rescission Bill, 1980, directs agencies to improve their cash management and particularly to comply with Treasury Circular 1075. As long as section 203 remains in effect, thereby giving an incentive to states and their subgrantees to draw on the funds before they are needed, we see no basis for changing our ruling even if this is an obstacle to better cash management. However, we should point out that our decision does not preclude agencies from complying with the three steps mentioned by the Senate Committee on Appropriations, including "[i]nitiating immediate recovery action whenever recipients are found to have drawn excess cash, in violation of Treasury Circular 1075." S. Rep. No. 96-829, 96th Cong., 2d Sess. 14 (1980). Thus, the agencies should monitor their grantees draw of cash and recover any excess.



For the Comptroller General
of the United States

July 27, 1981

The Honorable Virginia H. Knauer
Special Assistant to the President
and Director, U.S. Office of
Consumer Affairs
621 Reporters Building S.W.
Washington, D.C. 20201

Dear Ms. Knauer:

Thank you for your letter inviting us to participate in the activities of the Consumer Affairs Council. Ann Marie Bray of our Division of Consumer and Community Affairs will continue to attend meetings of the Council as an observer. I understand that she has already been in touch with your office concerning the upcoming meeting.

Sincerely,

AMB/tn

WH-24
M-1305

THE WHITE HOUSE
WASHINGTON

July 8, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUL 14 AM 11:50

RECEIVED
OFFICE OF THE CHAIRMAN

24

MEMORANDUM TO HEADS OF INDEPENDENT AGENCIES

FROM: Virginia H. Knauer *Virginia H. Knauer*
Special Assistant to the President and
Director, U.S. Office of Consumer Affairs

SUBJECT: Federal Consumer Programs

We request your assistance in assessing Federal consumer affairs programs and in activating the Consumer Affairs Council.

The Consumer Affairs Council was established by Executive Order 12160 to provide leadership and coordination for Federal consumer programs and to assure effective communication on consumer issues, efforts, and programs. The President has emphasized his concern for consumer interests by appointing me a Special Assistant to him and Director, U.S. Office of Consumer Affairs, as well as Chairperson of the Council.

As Chairperson I am responsible for monitoring the implementation of consumer programs throughout the Federal government and reporting periodically to the President on their progress.

While Executive departments and agencies are automatically Council members, independent agencies are also invited to join. Alternatively, agencies may designate an observer to attend meetings of the Council.

Please let Mrs. Gerstner at 456-7483 know by July 22 who your representative to the Council meeting will be.

#22

July 10, 1981

The Honorable Malcolm Baldrige
Secretary of Commerce
Washington, D. C. 20230

Dear Malcolm:

The Federal Reserve Board is pleased to participate in the 1982 Combined Federal Campaign and I will be happy to serve as Chairman for the Board's program. Mr. Edward T. Mulrenin, Assistant Staff Director for Management, will serve as Vice Chairman for our program. Mr. Mulrenin is located in Room B-2047 and his telephone number is 452-3766.

Sincerely,

WH-22

cc: Catherine Mallardi (2) ✓
Edward T. Mulrenin

DEM:dbm

THE WHITE HOUSE

WASHINGTON

July 2, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUL -7 AM 11:20

RECEIVED
OFFICE OF THE CHAIRMAN

WH-22

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

The Honorable Malcolm Baldrige, Secretary of Commerce, has agreed to serve this year as Chairman of the Combined Federal Campaign for the National Capital Area.

Combined in this campaign are the annual fundraising efforts of the United Way, the National Health Agencies, local non-federated voluntary agencies and the American Red Cross. Through the CFC, Federal Employees have the opportunity to help our neighbors and fellow citizens without going through government channels. We have the chance to prove what people can do on their own.

In America, we have traditionally accepted the responsibility of individual giving for good causes. The values that cause us to care for our neighbors, our countrymen and people in faraway lands are the values that make us great.

I request that you serve personally as Chairman of the Combined Campaign in your organization and appoint a top assistant as your Vice Chairman. Please advise Secretary Baldrige of the person you designate as your Vice Chairman.

Ronald Reagan

Mallardi

#23



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

OFFICE OF STAFF DIRECTOR
FOR MANAGEMENT

July 20, 1981

Ms. Virginia H. Knauer
Special Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Ms. Knauer:

I am responding to your July 7, 1981 invitation to Chairman Volcker to appoint a permanent representative to the Federal Interagency Committee for the International Year of Disabled Persons (IYDP).

I am designating Ms. Susan Fansler, the Handicapped Program Coordinator, as the representative from the Board of Governors of the Federal Reserve System. Please notify her of your meetings by telephone at 452-2232 or through our Equal Employment Opportunity Office.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Joseph W. Daniels".

Joseph W. Daniels
Director of Equal Employment Opportunity

THE WHITE HOUSE
WASHINGTON

July 7, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUL -9 PM 2:11

RECEIVED
OFFICE OF THE CHAIRMAN

WH-23

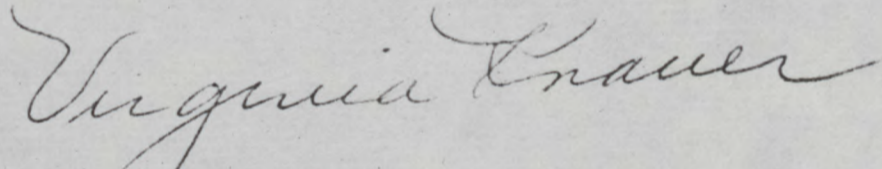
Dear Chairman Volcker:

The President and I would like to thank you for your recently submitted plan for the International Year of Disabled Persons (IYDP). It is a pleasure to hear about the exciting activities now being undertaken in commemoration of this important Year.

The Federal Interagency Committee for IYDP, formed by the White House, coordinates and develops national participation in the International Year. I would like to invite you to appoint a permanent representative to the committee. Our next meeting will be held at the Department of Labor, 200 Constitution Avenue, N.W., Room S 4215 A-C, from 9:30 a.m. - 12:00 noon on July 17th. The Executive Director, Federal Secretariat, Mr. Harold O'Flaherty, would be pleased to meet with you prior to the meeting, to answer questions or discuss any concerns you might have. He can be reached at 245-0170.

Again, I would like to thank you for your commitment which will undoubtedly enhance the capabilities of all disabled persons and make this International Year a true success. I look forward to your continued participation.

Sincerely,



Virginia H. Knauer
Special Assistant to the President

Honorable Paul A. Volcker
Chairman
Federal Reserve System
20th & Constitution Avenue, N.W.
Washington, D.C. 20551

J. Wolfe

July 31, 1981

Mr. Jim Miller
Executive Director for
Presidential Task Force
on Regulatory Relief
Old Executive Office Building
Room 246
Washington, D.C. 20503

Dear Mr. Miller:

Your June 24, 1981, memorandum to Chairman Volcker requested our cooperation in providing certain information to you in regard to the President's regulatory relief program. The Federal Reserve is happy to provide that information and to participate generally in the regulatory reform effort initiated by the Administration. The Federal Reserve believes this regulatory reform effort is highly important to improving our nation's economic performance.

We have reviewed the public responses to the Vice President's request for specific suggestions on changing regulatory programs and are glad to report that the Board's Regulatory Improvement Project, established in 1978, has reviewed or has on its agenda for review every Federal Reserve regulation that the public identified. The following summarizes the status of these regulations.

Regulation B - Equal Credit Opportunity (12 CFR 202)

The comments urged a number of changes in this regulation, most of which would require enacting legislation. Regulation B is currently the subject of a survey by the Board's Regulatory Improvement Project to determine compliance costs to institutions and benefits to consumers. This survey is expected to provide pertinent data for the currently scheduled review and analysis of this complex regulation by the Project.

Regulation C - Home Mortgage Disclosure (12 CFR 203)

This regulation is now being revised to implement 1980 amendments to the Home Mortgage Disclosure Act. Both the language and substance of the regulation are simplified in a number of ways, including modification of the model disclosure form and certain disclosure requirements. Some members of the public have urged that the law's total-asset test that triggers the reporting requirements should be changed to a mortgage-portfolio test to reflect a depository institution's home mortgage lending. The Board itself requested such a change last year, but Congress rejected the proposal. Other suggested ameliorative changes would also require legislative action, as would outright repeal of the Act, which a number of the public has urged, citing insufficient public interest in the information disclosed.

Regulation D - Reserve Requirements of Depository Institutions (12 CFR 204)

This regulation was revised in August 1980 to reflect the amendments of the Monetary Control Act of 1980. The Board approved a temporary exemption for institutions with less than \$2 million in deposits and instituted a quarterly reporting requirement (instead of a weekly one) for institutions with \$2 to \$15 million in deposits. Raising and making permanent the current exemption level, as suggested in the comments, would require legislation.

Regulation E - Electronic Funds Transfer (12 CFR 205)

Regulation E became effective in May, 1980. Public comments suggested, among other things, greater compatibility with Regulation Z — once sufficient experience has been gained under the present regulation and EFT services are no longer in their infancy — and a clearer definition of the scope of Regulation E's coverage, particularly the services and activities covered by the law. Providing greater compatibility with Regulation Z would, of course, require legislative action for the most part. The final commentary on Regulation E, which will be available by this fall, will address and attempt to clarify a number of problematic areas. In addition, the survey of the costs and benefits of certain consumer regulations, including Regulation E, should provide data on any unnecessary burdens and on changes that should be recommended for legislative consideration.

Regulations G, U, T, X - Margin Credit Regulations (12 CFR 207, 220, 221, 224)

A major, comprehensive review and analysis of these margin credit regulations has been underway since last year. The first group of proposed amendments was published for comment in the Federal Register in June of this year, and a second set of proposals to simplify and reduce the regulatory burden was approved by the Board in July of this year for publication in the Federal Register. In addition to substantive changes for simplification, all four regulations are presently being completely re-drafted and reorganized to clarify their language.

Regulation H - Membership in Federal Reserve System (12 CFR 208)

Suggested changes to eliminate certain requirements regarding securities transactions will be taken into consideration when this regulation is reviewed in 1982.

Regulation Q - Interest on Deposits (12 CFR 217)

Public comments urged, among other things, simplification of the complex provisions regarding rates paid and early withdrawal penalties, as well as elimination of the ceiling on maximum interest rates that may be paid. Pursuant to the Monetary Control Act of 1980, the Depository Institution Deregulation Committee now has jurisdiction and responsibility for Regulation Q.

Regulation Y - Bank Holding Companies (12 CFR 225)

The review of this major regulation under the Regulatory Improvement Project is nearing completion; and the regulation is presently being completely redrafted to simplify its language and to reflect a number of proposed substantive changes that will reduce the regulatory burden, particularly in procedural requirements.

Regulation Z - Truth-in-Lending (12 CFR 226)

This consumer regulation was substantially simplified as a result of the Truth-in-Lending Simplification and Reform Act of 1980.

The public comments suggested additional simplification, which the Board is taking into consideration. We are now collecting data on the costs and benefits to banks and consumers of compliance with Regulation Z. Once the responses to the survey have been collected and analyzed, the data should be helpful in determining if further simplification is warranted and if ameliorative changes should be recommended for legislative action.

Regulation BB - Community Reinvestment (12 CFR 228)

The comments indicated lack of interest by the public in the information required to be disclosed by the Act and regulation. Moreover, these requirements are generally viewed as tantamount to credit allocation. Suggested changes, such as exemptions for small institutions, will be considered when this regulation is reviewed by the Regulatory Improvement Project; and any required legislative action will then be proposed.

I hope this letter is helpful to you. Our Regulatory Improvement Project Group would be happy to keep the Task Force on Regulatory Relief generally informed concerning further decisions reached by the Board of Governors in this important area.

Sincerely,

(signed) William W. Wiles

William W. Wiles
Secretary of the Board

BRL:caf



OFFICE OF THE VICE PRESIDENT
WASHINGTON

JUN 24 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1981 JUN 25 AM 10:20
RECEIVED
OFFICE OF THE CHAIRMAN

WH-21

MEMORANDUM FOR PAUL VOLKER

FROM:

~~JIM MILLER~~

SUBJECT:

~~Review of Public Responses to Vice
President's Request for Input~~

As you know, on March 25 the Vice President sent letters to more than 100 industry, environmental, consumer and other interested groups asking for specific suggestions for how regulations could be changed in order to generate greater net benefits. The response to the Vice President's request has been overwhelming, demonstrating the public's interest in the President's regulatory relief program. It is essential that we respond to these submissions promptly and thoroughly.

The Vice President's letter asked members of the public to submit their suggestions in the first instance to the agency enforcing the regulation, with copies of a one-page summary to be sent to the Task Force on Regulatory Relief. Thus, you should have received submissions that pertain to your agency's regulations.

Pursuant to the Vice President's March 25 letter to you asking that you cooperate voluntarily with our efforts to provide regulatory relief, I would appreciate your cooperation by providing us with responses to the following questions:

1. Of the regulatory programs identified by the public, which ones are you already reviewing?
2. Of the regulatory programs identified by the public that are not currently under review, which ones do you believe ought to be designated for review?

Also, it would be helpful if you could perform a simple inventory of the responses you have received; we have already inventoried the one-page summaries received by my office, and my staff would be glad to share this information with your staff.

It is our intention to complete an initial assessment of the materials received by mid-July, at which time the Vice President may well announce a group of regulations designated for review in addition to the 27 he announced on March 25. You may wish to have one or more of your agency's regulatory programs included in this announcement as a symbol of your agency's commitment to reducing unnecessary regulatory burdens.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

THE WHITE HOUSE

1981 JUN 15 AM 10:05

WASHINGTON

June 12, 1981

RECEIVED
OFFICE OF THE CHAIRMAN

TO: Assistant Secretaries for Legislative Affairs

From: Max Friedersdorf *M.F.*
Assistant to the President

WH-20

Subject: Gramm/Latta II

Enclosed is a "working draft" of the bi-partisan (Gramm/Latta II) substitute for Reconciliation. I wish to emphasize that this is a draft and subject to revision.

HOUSE COMMITTEE: Agriculture

WH-20

Program

Policy Change

Direct Spending Programs

- . Storage Facility Loans
 Adopt Senate Agriculture Committee provision which equals the Reconciliation Instruction and Administration proposal. The purpose is to eliminate the mandate for this program so that it could be phased out over five years. Most areas in the U.S. have excess grain storage capacity. The five-year phase-out will provide assistance to those few areas without sufficient grain storage capacity.

- . Farmers Home Administration - Rural Development and Ag. Credit Insurance Funds
 Adopt the Reconciliation Instruction. The main purpose is to reduce Federal credit activity and decrease outlays by reducing interest subsidies. The major features are:
 - reduce loan levels in the major RDIF and ACIF programs;
 - terminate the Business & Industry loan program in the RDIF;
 - establish interest rates based on Treasury borrowing costs (S. 945/H.R. 3391) or municipal borrowing rates (S. 944/H.R. 3388).

- . Commodity Inspection User Fees
 Adopt Reconciliation Instruction and Administration proposals to recover the Federal cost of supervising grain grading and weighing operations, providing cotton classing, tobacco and naval stores grading, and warehouse examination and inspections. (S. 949 and S. 948).

- . Grain Reserve Interest Waiver
 Adopt Reconciliation Instruction and Administration proposal to eliminate the mandate to waive all interest on 1981 crop grain reserve loans.

- . USDA Conservation Cost Sharing
 Adopt Reconciliation assumption which reduces three cost-sharing programs to the following amounts:

| | (\$ in M) |
|-----------------------------------|-----------|
| Agricultural Conservation Program | \$150 |
| Water Bank Program | 0 |
| Forestry Incentives Program | 10 |

- . Rural Water and Waste Grants
 Adopt the Senate proposal, to reduce \$118M, same as the Reconciliation Instruction and the Administration proposal. House Committee proposed a \$20M reduction.

HOUSE COMMITTEE: AGRICULTUREProgramPolicy Change

Authorize Programs

- ° Food Stamp Program Adopt food stamp amendments as passed by Senate on June 10. Major changes include revised eligibility limits (gross income limit of 130% of poverty line except for elderly disabled recipients) and revised procedures for calculating benefits (pro-rate benefits in 1st month). A series of minor changes are also included.

HOUSE COMMITTEE: AgricultureProgram:Authorize Programs:

. P.L. 480 Food Aid

Policy Change

Amend the Agricultural Trade Development and Assistance Act of 1954 (PL 480) to set caps on the program at the levels proposed by the House Committee -- \$1,305 million in 1982, \$1,355 million in 1983, and \$1,427 million in 1984. This would represent a savings of \$132 million from the CBO baseline of \$1,437 million in 1982. It would leave the Title I program \$142 million, or 16 percent, above the Reagan 1982 budget request.

June 11, 1981

COMMITTEE: Armed Services

Program

Policy Change

Authorize Programs

Sales of Excess Materials
from the National Defense
Stockpile

Accelerate the sale of excess materials,
primarily silver and other commodities.
These commodities have been declared
excess for national defense purposes.

HOUSE COMMITTEE: Armed Services

Program

Policy Change

Direct Spending Programs

. Retired Pay

Adopt House Committee action which changes cost of living adjustment to one per year for retired military personnel instead of two per year under current law. P.L. 96-342 approved this change to be effective when similar legislation was approved for Federal civilian employees.

Savings: (in millions)

| 1982 | | 1983 | | 1984 | |
|-----------|----------|-----------|----------|-----------|----------|
| <u>BA</u> | <u>0</u> | <u>BA</u> | <u>0</u> | <u>BA</u> | <u>0</u> |
| 394 | 394 | 327 | 327 | 285 | 285 |

June 11, 1981

HOUSE COMMITTEE: Banking, Finance, and Urban Affairs

Program Policy Change

Direct Spending Programs

- . FmHA Rural Housing Insurance Fund Adopt the Reconciliation Instruction which is consistent with the Administration's original proposal. Both the House and the Senate have adopted the Reconciliation Instruction. The purpose is to reduce Federal involvement in the credit market and to restrain outlays by decreasing interest subsidies. The main features are:
 - lower loan levels
 - increase interest rates to the cost of Treasury borrowing on loans to moderate income families (S. 1197/H.R. 3390)

HOUSE COMMITTEE: Banking, Finance and Urban Affairs

Program

Policy Change

Authorize Programs

National Consumer
Cooperative Bank

Adopt Senate-passed D'Amato substitute (section 317 of S. 1197) that would: (1) retain the structure of the bank; (2) prohibit it from borrowing or committing to make new loans; (3) require it to service its debt and return payments of principal and interest net of operating costs to the Treasury.

Budget savings in the Senate substitute would be close to those contained in the Administration's original proposal (S. 935) to end the Bank, but would fall short by \$4M in BA and Outlays in 1982, \$3M in 1983 and \$3M in 1984.

HOUSE COMMITTEE: BankingProgramPolicy ChangeAuthorized Programs

- Community Development Block Grants (CDBG) and Urban Development Action Grants (UDAG)

Adopt the Administration's initial proposal contained in Title I of S. 1022 and H.R. 3261 and as fully explained on page 182 of the Additional Details on Budget Savings. The Administration's proposal would:

- begin a State economic development block grant for rural areas and small communities at about \$1,082 million in 1982 and up to \$1,232 million in 1983; These funds would be earmarked for use only in non-entitlement areas--that is, funds could not be used for metropolitan cities or urban counties.
- not impose any special requirements on States administering this economic development block grant program;
- authorize a 70/30 split between entitlement and nonentitlement areas;
- fold the UDAG program into the CDBG program as part of an expanded Section 107;
- expand eligible activities to include economic development in conjunction with private, for-profit entities;
- reduce application requirements;
- reduce the activities of the Secretary's Discretionary Fund;
- revise and better target UDAG assistance; and
- fund this combined program at a total funding level of \$4,166 million for both 1982 and 1983, leaving open 1983 UDAG funding pending the results of a current study.

- Rehabilitation Loan Fund

Adopt the Administration's initial proposal contained in Title I of S. 1022 and H.R. 3261 in order to deauthorize the Rehabilitation Loan Fund. (For additional details, see page 194 of the Additional Details on Budget Savings).
- Planning Assistance

Adopt the Administration's initial proposal contained in Title I of S. 1022 and H.R. 3261 in order to deauthorize the Planning Assistance program. (For additional details, see page 190 of the Additional Details on Budget Savings).
- Neighborhood Self-Help Development Program

Adopt the Administration's initial proposal contained in Title I of S. 1022 and H.R. 3261 in order to deauthorize the Neighborhood Self-Help Development Program. (For additional details, see page 189 of the Additional Details on Budget Savings).
- DOE's Low-Income Weatherization

Adopt the Administration's initial proposal contained in Title I of S. 1022 and H.R. 3261 in order to deauthorize DOE's Low-Income Weatherization program. (For additional details, see page 114 of the Additional Details on Budget Savings).

These four programs duplicate the present CDBG program and their activities can be undertaken by CDBG recipients, at their discretion, under the current CDBG law.

These changes are justified for the following reasons, all of which were promised by President Reagan to the American people:

- 1 - The consolidation of categorical grant programs into block grants, to include a new State economic development block grant program for rural areas and small communities.
- 2 - The return of decision-making and implementation powers to local and State governments.
- 3 - The lessening of Federal intervention in local and State community and economic development.
- 4 - A reduction in Federal staffing and administrative expenses.

HOUSE COMMITTEE: BankingProgramPolicy ChangeAuthorized Programs

° Subsidized Housing

-- program level

Adopt budget resolution working assumption level of 162,500 units at a 45/55 new-versus-existing mix (Administration's initial program reduced by 13,500 units). This restrains the rate of growth of HUD subsidized housing obligations and can be found as Sections 201(a) and (b) of H.R. 3261, but will require that the dollar authorization be reduced.

-- Public Housing
Modernization

Adopt Administration's proposed levels of \$1.5 billion in BA in 1982, and \$1.2 billion in 1983 and 1984 as found in Section 201(c) of H.R. 3261. (see page 206 of "Additional Details")

-- Public Housing
Operating Subsidies

Adopt Administration proposal to fund 1982 program at \$1,204.6 million as found in Section 201(d) of H.R. 3261. Although this is a restrained level, it still provides for 12.5 percent growth over current 1981 level. (see pages 192-193 of "Additional Details")

-- Tenant Rent
Contribution

Adopt Administration proposal for increase from 25 to 30 percent of cash income as found in Section 202 of H.R. 3261. This step is needed to improve equity in the distribution of subsidized housing resources, as well as to reduce Federal outlays. (see pages 201-202 of "Additional Details")

-- Troubled Projects
and Rent Supplements

Adopt Sections 203 and 204 of H.R. 3261. Section 203 provides funding authorization of \$50 million for 82 for the Troubled Projects program. Section 204 allows HUD to implement the Administration strategy to convert Rent Supplement units to Section 8.

-- Section 202
Housing for the
Elderly and
Handicapped

Increase outstanding Treasury borrowing authority as specified in Section 207 of H.R. 3261.

-- Section 235
Homeownership
Assistance

Adopt Section 208 of H.R. 3261 which will clarify the provisions that enable HUD to recapture assistance payments for owners of Section 235 homes who default.

HOUSE COMMITTEE: Banking

Program

Policy Change

Authorize Programs

. Export-Import Bank:
Direct loans

Accept the working assumptions which set the limitation on direct loans contained in the Export-Import Bank Act of 1945, as amended, at \$5,065 million in 1982. This is \$1.1 billion above the House for 1982 and \$665 million above the Reagan budget request. It would give the Bank greater scope in meeting predatory foreign official export credit competition.

HOUSE COMMITTEE: District of Columbia

Program

Policy Change

Authorize Program

Loans to the
District of Columbia

Adopt Rep. McKinney's bill which the House District of Columbia Committee has reported to the Budget Committee. McKinney's bill closely tracks the Administration's proposed reform--to cap the District's capital borrowing from the Treasury.

The McKinney bill would place a cap of \$155 million per year on new budget authority (\$145 M for outlays) for long-term, D.C. capital borrowing from the Treasury and to phaseout such borrowing by 1984. This change is justified because:

- It is more costly for the District to borrow from the U.S. Treasury than if the City sold bonds to finance capital expenditures in the commercial bond market.
- The District should not substantially increase its long-term capital borrowing at the same time it is trying to enter the bond market to finance its general fund accumulated deficit of \$388 million.

June 11, 1981

HOUSE COMMITTEE: Education and Labor

Program

Policy Change

Direct Spending Programs

• Guaranteed Student
Loans

Generally accept the Coleman alternative for GSL (but not for SLMA), if it achieves working assumption reductions in 82-84. Provide significant access to loans for a typical family with an income of \$25,000 or less. The Coleman proposal would:

- change GSL to impose a 4% origination fee for all new loans which would be deducted from the loan and used to pay the special allowance,
- limit loan to remaining need as proposed by the Administration, and
- increase the rate charged on parent loans from 9% to 14%.

June 11, 1981

HOUSE COMMITTEE: Education and Labor

Program

Policy Change

Direct Spending Programs

- ° Summer Feeding Adopt Administration proposal to eliminate summer feeding program, which is consistent with Senate Agriculture Committee action.

- ° Special Milk Adopt Administration proposal to limit special milk subsidies to schools without other Federal meal subsidies. Coincides with Senate Agriculture Committee action, House Committee action, and House Committee minority position.

- ° Child Nutrition
 (School Lunch) Adopt House Committee Goodling draft bill. Major changes include reduced subsidies for higher income students, revised eligibility provisions, and permanent extension beyond FY 81 of reductions enacted in last year's Reconciliation Act.

June 11, 1981

HOUSE COMMITTEE: Education and Labor

Program

Policy Change

Direct Spending Programs

Federal Employee's
Compensation Program

Administration proposal designed to assure that Federal workers disabled as a result of their employment are returned to work as soon as possible. In FY '82 savings are estimated at \$76 million. It does this by:

- making income replacement benefits 80% of prior spendable earnings;
- providing a 7 day waiting period before claimants can receive compensation;
- replacing continuation of pay (C.O.P.) with agency authority to advance compensation and
- converting FECA recipients to civil service retirement rolls after age 65.

June 11, 1981

HOUSE COMMITTEE: Education and Labor

Program

Policy Change

Authorized Programs

- Impact Aid
Accept the working assumption reduction level for the program but revise the Administration's proposal to expand coverage to districts whose enrollment of "A" children is at least 8%.

- Pell Grants
Generally, accept the Coleman alternative for Pell Grants if it actually achieves working assumption reductions in 82-84. The Coleman alternative would:
 - limit costs of education as proposed by the Administration,
 - allow the Secretary of Education to set the discretionary income assessment rate as generally proposed by the Administration, and
 - increase personal, farm or business asset reserve.

- National Endowment for the Arts and Humanities
Accept the working assumption amounts which reduce the authorizations for both Endowments a total of -\$165 million. The purpose of this action is to reduce Federal support for arts and cultural activities and to emphasize a greater role for private philanthropy and State and local support.

- Vocational Education
Adopt the working assumption reduction which is \$100 million higher in BA than the Administration's original FY 1982 proposal. Additional funds will be spread across all vocational education programs.

HOUSE COMMITTEE: Education & Labor

Program

Policy Change

Authorize Programs

- ° Elementary & Secondary Consolidation

Streamline and consolidate elementary and secondary education programs per the Ashbrook bill, as modified. This bill eliminates extensive red tape in compensatory education programs and consolidates other ESEA and categorical programs. Handicapped, Bilingual, Adult, and Career Education are retained as categorical programs. Funding for compensatory education and Handicapped programs is increased by \$300 million over the reconciliation instruction.

HOUSE COMMITTEE: Education and LaborProgramPolicy ChangeAuthorize Programs

- CETA - Public Service Employment (PSE)

Provide single appropriation language for CETA that would not provide authorization for titles II-D or VI (public service employment). Proposal would phase out all CETA-funded public service jobs by the end of FY 1981; there would be no PSE jobs in 1982. These programs have substituted federal resources for local funds and have failed to prepare participants for jobs in the private sector. (See CETA training below for reconciliation language.)

- CETA - Training and Employment Programs

Provide single appropriation authorization language for CETA that would not provide authorization for title VIII (Young Adult Conservation Corps). Consolidate title II-B,C (general training) and title IV-A (youth training programs). Provide \$200 million more BA than contained in the working assumptions for this item. This would combine the two largest CETA training programs providing local program operators with increased flexibility to design programs meeting local needs. Categorical youth grants have created excessive paperwork at the local level and hindered the development of efficient programs.

June 11, 1981

HOUSE COMMITTEE: Education and Labor

Program

Policy Change

Authorized Programs

Youth Conservation
Corps

Eliminate \$60 million authorization for Youth Conservation Corps program in 1982 through 1984 to eliminate funding consistent with reconciliation instruction.

June 11, 1981

HOUSE COMMITTEE: Energy and Commerce

Program: Policy Change

Direct Spending Programs

- ° Rail Pensions Adopt House Committee Minority/Administration/Senate Labor and Human Resources Committee legislation to comply with a recent court decision ("Gebbie") and restrict future windfall expenditures. This provision applies on a prospective basis only and would help preserve the rail industry pension system, which is threatened by insolvency.
- ° Medicaid Adopt the House Committee/Administration proposal (H.R. 3725) to reduce estimated Federal Medicaid payments \$100 million in 1981 and to limit the growth in Federal expenditures to grow no faster than GNP deflator in subsequent years. The proposal would be revised, however, to allow 6% rather than 5% growth in 1982. States would be given additional flexibility to improve the efficiency and effectiveness of their programs.
- ° PHS Hospitals/
Merchant
Seamen Adopt House Committee Minority/Reconciliation instructions/Administration proposal (H.R. 3223) to eliminate free care for merchant seamen and permit closure of the PHS hospitals, as of the end of FY 1981. House Merchant Marine and Fisheries Committee also eliminated the entitlement but not until the beginning of FY 1983, a year beyond the Administration's proposal. Both committees, however, have claimed savings for the hospital closure/entitlement elimination.
- ° PHS
Commissioned
Corps
Physician
Bonuses Adopt the House Committee Minority/Adminis-
tration proposal (H.R. 3724) to give the Secretary of HHS the discretion to determine how much, if any, additional special pay to grant to PHS Commissioned Corps physicians. The proposal also provides that Commissioned Corps physicians under an NHSC scholarship obligation to the Federal Government could not receive this additional special pay.

June 11, 1981

HOUSE COMMITTEE: Energy and Commerce

Railroad Programs: Changing or Capping Authorizations

- Conrail Subsidies Adopt a modified House Republican alternative version. This would entail having a five-member Conrail review board reach a clear finding of profitability or non-profitability of Conrail in the near future, leading to sale of Conrail as a single entity or the splitting up of Conrail, respectively. Authorization levels would be closely similar to those proposed by the Administration.

- Rail Branchline Phase out program over three years (1982-84). Obligation levels would decline from \$40 million in 1982, to \$20 million in 1983, to zero in 1984. Support of low traffic volume rail branchlines is not a program of high Federal interest because interstate commerce is not affected.

- Amtrak Subsidies Provide no more than \$735M in 1982, 1983, 1984, and require that Amtrak pay the interest on its debt to the FFB. Require Amtrak to cover 50% of costs by 1982.

This reduction in funding is necessary because of the high cost to the Federal taxpayer of providing rail passenger service to a limited portion of the population with limited if any fuel savings resulting.

- Northeast Corridor Adopt House Commerce minority proposal to cap NECIP authorizations for 1982 and 1983 at \$200M and \$185M, respectively. The reduction in funding is possible because electrification north of New York and total replacement of the signalling system is judged unnecessary to the entire project. They were included primarily to increase trip times. Trip times mentioned in the legislation would increase 15 minutes in the north and 15 minutes in the south.

June 11, 1981

HOUSE COMMITTEE: Energy and Commerce

Program: Policy Change

Authorized Programs

- ° Immunizations Grants Adopt House Committee Minority proposals at Baseline level of \$26 million, \$8 million over Administration request. Three-year funding authorization would be \$78 million.
- ° Venereal Diseases Grants Adopt House Committee Minority proposal at \$3 million below 1982 Baseline of \$43 million, \$6 million below 1983 Baseline of \$46 million, and \$10 million below 1984 Baseline of \$50 million. Three-year authorization would total \$120 million. Administration proposal would have included this program in the health block grants with lower funding.
- ° Health Professions and Nurse Training Adopt House Committee Minority proposal, which annually authorizes \$114 million for health professions training, \$40 million for nurse training, and \$123 million for National Health Service Corps field and scholarship programs for 1982-1984, or a total of \$831 million. The 1982 levels are \$9 million over the Administration request, with more funds for nursing and cutback in NHSC field program.
- ° Omnibus Health Programs Amendment Adopt House Committee Minority/Administration proposals (H.R. 3724) for the following programs: National Center for Health Care Technology, Health Services Research, Health Statistics; National Research Service Awards and Medical libraries' support. This would reduce authorizations by a total of \$99 million in 1982.
- ° Health Planning Adopt Reconciliation instructions/Senate Labor and Human Resources/Administration proposal to phase out Federal subsidies for health planning by the end of 1983, and repeal the Health Planning Act. Savings of \$100 million in 1982 funding.

June 11, 1981

HOUSE COMMITTEE: Energy & Commerce

Program

Policy Change

Authorized Programs

- Strategic Petroleum Reserve

Adopt the House minority substitute to the Sharp bill. The minority substitute is consistent with the reconciliation instructions to move \$3 billion of oil acquisition funds off-budget in FY 1982. This avoids creating false savings that can be applied to other reconciliation requirements. The substitute's major features are:

- off-budget provision: \$9 billion total over 3 years
- multi-year authorization/appropriation that provides flexibility in oil purchases
- sunset provision after FY 1984
- off-budget financing can be used only for oil acquisition and drawdown

- Other DOE non-defense programs

Adopt the House minority substitute authorization covering programs in conservation and solar; energy information and regulation; uranium assessment, interim spent fuel storage, and remedial actions; renewable energy; uranium enrichment; commercial waste; and DOE Administration. The minority substitute is the same as Titles II and III (total) and Titles V through X (partial) of the Administration's authorization bill (H.R.3447).

Adopt the House minority proposal for a 50% matching State and local energy flexible block grant of \$200 million to be funded out of above 1982 authorization plus deferrals from 1981. Grant covers energy supply, conservation, and low income weatherization activities deemed necessary by the States. Repeals current DOE programs for weatherization, schools and hospitals, emergency preparedness, State conservation and extension.

HOUSE COMMITTEE: Foreign AffairsProgramPolicy ChangeAuthorize Programs

Foreign Affairs

The G-L II approach would adopt the reconciliation recommendations of the Senate Foreign Relations Committee, which save \$268 million in nine programs. For six of the programs the House and Senate are currently in agreement, and the amounts are identical with or slightly above the Administration request. In addition, the proposal would 1) defer payment of \$40 million in assessed international organization contributions not proposed by the administration but not ultimately reducing U.S. support; 2) add \$14 million to the Administration's request for voluntary UN contributions to organizations such as UNICEF, a relatively small six percent increase; and 3) permit a \$4 million increase in grants to American Schools and Hospitals Abroad above the budget. The proposal would not require a cut in P.L. 480 as proposed by the House but would leave P.L. 480 reductions to the Agriculture Committee.

Foreign Affairs Budget Reconciliation
(1982 BA in Millions of Dollars)

| | <u>CBO Baseline</u> | <u>Admin.</u> | <u>Senate</u> | <u>House</u> | <u>G-L II</u> |
|------------------------------------------------------|-------------------------|---------------|---------------|--------------|---------------|
| <u>Committees Agree</u> | | | | | |
| 1. Int'l Narcotics Cont. | 53 | 38 | 38 | 38 | 38 |
| 2. Int'l Disaster Asst. | 95 | 27 | 27 | 27 | 27 |
| 3. Board for Int'l Broad. | 108 | 98 | 98 | 98 | 98 |
| 4. Inter-American Foundation | 17 | 12 | 12 | 12 | 12 |
| 5. Arms Control & Dis. Agency | 20 | 17 | 18 | 18 | 18 |
| 6. Peace Corps | 114 | 95 | 105 | 105 | 105 |
| <u>Committees Disagree</u> | | | | | |
| 7. Amer. Schools and Hospitals | 22 | 8 | 12 | 20 | 12 |
| 8. Int'l Orgs. & Progs. (Vol.) | 285 | 215 | 229 | 255 | 229 |
| 9. Int'l Orgs. & Conf. (Assessed) | 616 | 564 | 524 | 564 | 524 |
| <u>House Items Excluded by Admin. and Senate</u> | | | | | |
| PL480 | (1,437) | (1,163) | | (1,391) | |
| African Dev. Foundation | (2) | (-) | | (2) | |
| ICA Operating Exps. | (456) | (452) | (452) | (452) | |
| Total | 1,331 | 1,073 | 1,063 | 1,137 | 1,063 |

June 11, 1981

HOUSE COMMITTEE: Interior and Insular Affairs

Program

Program Change

Authorized Programs

Parks Programs:

- . Land and Water Conservation Fund
- . Urban Park Grants
- . Historic Preservation Fund

Modify House Committee Minority proposal to limit authority to appropriate from the Land and Water Conservation Fund under current legislation to \$95 million in 1982, \$150 million in 1983 and \$250 million in 1984. In 1982, the Land and Water Conservation Fund would consist of:

- \$45 million Federal land acquisition.
- \$50 million state grants.

The Administration's park rehabilitation initiative would be funded from the Land and Water Conservation Fund under new legislation.

June 11, 1981

HOUSE COMMITTEE: Interior and Insular Affairs

Program: Policy Change

Authorized Program

- ° Indian Health Service Adopt Reconciliation instructions/Administration proposal that provide savings of \$101 million in 1982 below the Baseline, \$136 million in 1983 and \$170 million in 1984. Funding totalling \$635 million in 1982 would be provided for clinical services, including additional funds for alcoholism and alcohol abuse, improved dental care, and other preventive health measures.

June 11, 1981

HOUSE COMMITTEE: Interior and Insular Affairs

Program

Policy Change

Authorized Programs

Trust Territory of the
Pacific Islands

Adopt House Committee Minority proposal to limit authority to appropriate for Trust Territory of the Pacific Islands to \$72.5 million in 1982, \$82 million in 1983 and \$64 million in 1984. Purpose is to provide for near term needs of the territories but to defer part of the U.S. contribution for building new government office buildings.

June 11, 1981

HOUSE COMMITTEE: Interior and Insular Affairs

Program

Policy Change

Authorized Programs

Water Resources Council

Adopt House Committee Minority proposal to limit authority to appropriate for the Water Resources Council to \$2.5 million in 1982 and zero in 1983 and 1984. The purpose is to close out the activities of the Water Resources Council.

June 11, 1981

HOUSE COMMITTEE: Merchant Marine and Fisheries

Program: Policy Change

Direct Spending Program

- ° Merchant Seamen's Entitlement to Health Care Adopt the Reconciliation instruction/House Energy and Commerce Committee Minority/Administration proposal (H.R. 3223) to eliminate free care for merchant seamen and permit closure of the PHS hospitals at the end of 1981. This committee has eliminated the entitlement, but not until the end of 1982.

June 11, 1981

HOUSE COMMITTEE: Merchant Marine and Fisheries

Program

Policy Change

Authorize Programs

• Maritime Construction
Subsidies

Adopt the Administration's original proposals. S 1017 is very similar to the Administration's bill except that it does not impose an annual limitation on Title XI loan guarantee commitments. This is not a major problem if the total statutory ceiling is not raised above the current \$10 billion available for commercial vessels.

Major provisions in the Administration proposal (and the Senate bill.):

- no new 1982 budget authority for construction differential subsidies.
- reduced level of R & D.
- maintenance of operating differential subsidies and operation and training at basically a current services level.

HOUSE COMMITTEE: Post Office and Civil Service

Program

Policy Change

Direct Spending Programs

- ° Federal Retirement Eliminate twice-a-year CPI indexing of annuities for retired government workers effective September 1981. Annual adjustments would insure that these workers receive protection against inflation equivalent to that afforded Social Security retirees. The Administration's proposal has been introduced as S.391 by Senator Roth, by request.

HOUSE COMMITTEE: Post Office & Civil Service

Program

Policy Change

Authorized Programs

° U.S. Postal Service
Subsidy

Reduce the originally estimated authorization for the Postal Service Subsidy of \$1,825 million by \$956 million in 1982. This is consistent with the reconciliation instructions and the Senate Government Affairs committee proposals.

The Administration believes that the costs of postal services, on the whole, should be borne by rate payers not taxpayers. More details can be found on page 374 of "Additional Details on Budget Savings" (April 1981).

June 11, 1981

HOUSE COMMITTEE: Post Office and Civil Service

Program

Policy Change

Authorized Programs

° Civilian pay raises

Adopt a proposal to cap Federal pay raises by 4.8% in FY 1982 and to impose similar restraints in 1983 and 1984 to control Federal personnel costs. Legislation placing the cap on white and blue collar pay would be included in the reconciliation bill.

HOUSE COMMITTEE: Public Works and TransportationProgramPolicy Change

Direct Spending Programs

- ° Federal-aid Highways Establish obligation limitations of \$8.1B, \$8.6B and \$8.8B for 1982, 1983 and 1984, respectively, and incorporate multi-year (1982-1986) authorizations as included in the Administration's bills (S. 841 and H.R. 3197). The purpose is to establish multi-year funding levels and assure reconciliation savings in 1983 and 1984.

- ° Highway Safety Grants Adopt the Administration's proposals in H.R. 3197, which are in the Senate reconciliation package (Title 4, Section 431-437). These restrict eligibility to programs of proven success in promoting highway safety and are an appropriate Federal function. The major features are:
 - Authorizes appropriations at \$77M each year. (1982-1984).
 - Lapses all unobligated contract authority on September 30, 1981.
 - Eliminates 18 safety requirements now levied on States.

June 11, 1981

HOUSE COMMITTEE:Public Works & Transportation

Program

Policy Change

Direct Spending Programs

o Corps of Engineers,
Civil Construction

Adopt the reconciliation instruction and Administration proposal as proposed by House Committee Minority. Purpose is to reduce Corps of Engineers construction activity by \$117 M.

HOUSE COMMITTEE: Public Works and Transportation

• Program Policy Change

Direct Spending Programs

o EPA's Wastewater Treatment Grants Adopt House Minority Committee proposal that authorizes \$100 million in FY82 for State management programs, but otherwise eliminates authorization to appropriate funds for 1982, as proposed by the Administration.

o EPA's Regulatory and Research Programs Reduce authorization to appropriate for lower priority research and development projects and regulatory programs.

Both House and Senate authorizing committees have accepted this position.

June 11, 1981

HOUSE COMMITTEE: Public Works and Transportation

Program

Policy Change

Authorized Programs

° Regional Commissions

Eliminate ARC (except for the Appalachian Highway Program) and the Title V Regional Commissions in 1982.

° Mass Transit

Adopt House proposed funding level for mass transit program in 1982. Add authorization ceilings at Administration levels for 1983 and 1984. Proposed reductions in new rail construction, operating subsidies and urban initiatives programs would focus remaining Federal assistance on capital projects designed to maintain and improve existing proven systems. See pages 280-283 of "Additional details" for further information.

June 11, 1981

HOUSE COMMITTEE: Public Works and Transportation

Program

Policy Change

Authorize Programs

• Economic Development
Administration (EDA)

Adopt the Administration's proposal (which is identical to the Senate bill) which would terminate EDA in 1982. In addition to the \$50 million which would be provided in 1982 for the orderly close out of EDA, an additional \$155 million will be spent for transition funding during the remainder of 1981 and in 1982--as a result of the proposed rescission of \$342 million being reduced to \$188 million. Furthermore, provision is made for economic development assistance to rural areas and small cities through the availability of an economic development block grant (CDBG) which would provide \$1.1 billion in 1982 and \$1.2 billion in 1983 which is earmarked for non-entitlement areas. EDA is not needed because economic expansion and job creation will be stimulated more effectively through the President's overall economic recovery program. (See pp. 55-56 in "Additional Details" for a complete description).

June 11, 1981

HOUSE COMMITTEE: Science and Technology

Program

Policy Change

Authorize Programs

. National Science
Foundation

Adopt proposed minority bill.

June 11, 1981

HOUSE COMMITTEE: House Science and Technology

Program

Policy Change

Authorized Programs

- DOE non-defense programs

Adopt the Administration's DOE authorization bill (H.R.3447).

Programs covered include:
Fossil Energy R&D, conservation R&D, Solar R&D, nuclear fission, magnetic fusion, geothermal energy, electric energy systems, energy storage systems, supporting research, life sciences research and nuclear medicine, high energy physics, nuclear physics, uranium enrichment process development, uranium enrichment advanced isotope separation technology, and environmental R&D.

June 11, 1981

HOUSE COMMITTEE: Small Business

Program

Policy Change

Authorize Programs

° SBA Disaster Loans

With 3 exceptions, adopt House Small Business Committee package, which assumes: (1) a \$610 million cap on physical disaster loans; (2) a 2 percentage point increase in disaster loan interest rates; (3) a loan limit of 85% of uninsured loss; (4) \$40 million for regulatory compliance loans; and (5) transfer of unobligated balances from the disaster loan fund to the business loan fund. The three exceptions to provisions in the House package are the following: (1) include the \$40 million for regulatory compliance within the \$610 million cap; (2) eliminate disaster loans to credit-worthy borrowers; and (3) delete the related provision for loan asset sales.

The primary purpose of these changes is to restrict Federal disaster assistance to victims that have no alternative sources of financing.

° SBA Business Loans

Adopt the House Small Business Committee proposal to increase interest rates to the Government's cost of money (excluding 3% loans to the handicapped). Reduce direct loan levels to \$180 million, as proposed in the Senate, but maintain guaranteed loans at \$3.2 billion as approved by the House. Accept House Committee program levels for Surety Bond (\$1.2 billion), Pollution Control (\$250 million), Lease guarantees (\$4 million), and Salaries and Expenses (\$227 million).

The primary purpose of these changes is to reduce Federal intervention in the credit market and to eliminate artificial demand for highly subsidized loans.

° Equal Access to Justice

Adopt the House Committee proposal to restrict the eligibility of claimants for fees pursuant to the Equal Access to Justice Act (P.L. 96-481).

HOUSE COMMITTEE: Veterans Affairs

Program

Policy Change

Direct Spending Programs

(Accept House Veterans Affairs Committee reconciliation proposals.)

- ° Burial benefits
Eliminates burial benefits to veterans with an annual income of \$20,000 and an estate valued at \$200,000. No bill introduced in House, but S.1062 would authorize proposal.
- ° Dental benefits
Eliminates eligibility for Class II dental benefits -- outpatient care for non-compensable dental conditions following discharge from military service. This is the same as the Administration's proposal described in "Additional Details" on page 309 and contained in H.R.2048.
- ° Flight and Correspondence Training
Eliminates authority for veterans, service-persons, and dependents to receive assistance for flight and correspondence training effective October 1, 1981. Legislation was introduced as an Administration proposal. (H.R.1903) See "Additional Details", page 311.
- ° GI bill education loans
Eliminates eligibility for loans for veterans and survivors taking training under the GI bill. No legislation has been introduced in the House, but S. 1065 would authorize proposal.

June 11, 1981

HOUSE COMMITTEE: Ways and Means

Program: Policy Change

Direct Spending Programs

• Medicare

- Periodic Interim Payments (PIP) Adopt Senate Finance/House Ways and Means/Administration proposal to repeal the artificial shift of Medicare PIP hospital reimbursement from FY 1981 to FY 1982.

- PSRO Adopt House Ways and Means/Administration proposal to phase out the PSRO program by 1984.

- Miscellaneous Medicare Reductions Adopt a combination of proposals by the Senate Finance Committee and Ways and Means Committee to impose additional beneficiary cost-sharing, where appropriate, and reduce excessive provider reimbursements.

HOUSE COMMITTEE: Ways and MeansProgramPolicy Change

Direct Spending ProgramsSocial Security:

- ° Minimum Benefit As proposed by the House Committee, eliminate new minimum benefit awards in January 1982. In addition, along the lines proposed by the Administration and the Senate Finance Committee, eliminate all Social Security "minimum benefit" payments in April 1982. For those with other pension income (such as Civil Service Retirement benefits) this benefit add-on represents an unearned "windfall." Truly needy beneficiaries would not have their incomes reduced since increased SSI benefits would offset any OASDI reduction dollar-for-dollar.
- ° Student Benefit Adopt Senate proposal to:

 - (1) eliminate new adult student benefits after June 1982,
 - (2) eliminate adult student benefit during summer vacations, and
 - (3) reduce benefits to current students by 25% annually, with no CPI after July 1981.

The benefits are unrelated to educational costs, school performance or financial need.
- ° Lump-Sum Death As proposed by the Administration and the House and Senate Committees, limit lump-sum death payments to either a surviving spouse or children of a deceased worker receiving survivor's benefits. Benefits would no longer be paid directly to funeral homes or estates.
- ° Megacap for DI Limit a disabled individual's public disability payments so as to not exceed prior income while working. The current failure to coordinate multiple benefits permits individuals to receive higher income through disability payments than while working, thereby reducing the incentives to work.
- ° Recency of Work Limit disability benefits to individuals who have worked in 6 out of previous 13 calendar quarters. This reinstates a provision originally in Disability Insurance and would better relate DI protection to loss of covered income due to disability.

HOUSE COMMITTEE: Ways and Means

| <u>Program</u> | <u>Policy Change</u> |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Direct Spending Programs</u> | |
| ◦ Social Security: Rounding of Benefits | As proposed by the House and Senate Committees, round monthly benefit to the next lower dollar instead of the next higher dime. |
| ◦ Terminate Parent's Benefits When Child Attains Age 16 | As proposed by the House Committee, terminate a parent's benefit when the youngest child attains age 16 instead of age 18 as current law provides. |
| ◦ Pension Plan Reimbursement | As proposed by the Administration and the House and Senate Committees, authorize Social Security reimbursement for ERISA-related work done on behalf of the pension plans. |
| ◦ Workers Compensation Offset Against DI | As proposed by the Administration and the Senate Finance Committee, apply Workers Compensation offset against Social Security Disability Insurance benefits with the first month of entitlement to both Workers' Compensation and DI and extend this provision thru age 64 rather than age 61 as currently. |
| ◦ Funding of Vocational Rehabilitation | As proposed by the Administration and the House and Senate Committees, terminate advance funding of vocational rehabilitation. |
| ◦ Begin Payment with First full Month of Entitlement | As proposed by the House Committee, begin paying benefits with the first <u>full</u> month in which an individual is entitled to benefits, rather than the month in which they become entitled. Currently, individuals can receive a whole month's payment even if eligible only on the last day of the month. |

HOUSE COMMITTEE: Ways and MeansProgramPolicy Change

Direct Spending Programs

- ° Supplemental Security Incomes (SSI) Retrospective Accounting
Accept Ways and Means version. Use actual past income to determine eligibility. Change from a quarterly prospective to a retrospective SSI accounting period.
- ° Supplemental Security Income (SSI) Food Stamp Cashout
Accept Ways and Means added item. Any State that previously increased its supplementary payments to include the bonus value of food stamps, and continues to pass-through Federal cost-of-living increases as required under Section 1618 would be allowed to remain in cashout status.
- ° Supplemental Security Income (SSI) Rehabilitation
Adopt Senate Finance Committee proposal to eliminate SSI funding for vocational rehabilitation. This would conform to the House and Senate Committees' actions in Title II (OASDI).

HOUSE COMMITTEE: Ways and Means

Program

Policy Change

Direct Spending Programs

° Aid to Families with Dependent Children, (AFDC), and Child Support Enforcement (CSE)

Adopt Senate Finance Committee proposals which closely resemble the Administration's original proposals in the "Social Welfare Amendments of 1981." These proposals would target benefits on the neediest, refocus AFDC as a temporary safety net, and improve program administration in order to deter fraud and avoid waste and abuse, primarily through:

- revising earned income disregards.
- counting stepparent and other income and permitting offsets for food stamps and housing subsidies.
- requiring employable recipients to participate in new community work experience programs.
- requiring monthly retrospective accounting and monthly income reporting.
- improving the child support enforcement collection system.

HOUSE COMMITTEE: Ways and MeansProgramPolicy ChangeDirect Spending Programs

- Unemployment insurance for ex-servicemembers

Adopt Senate Finance Committee package (except Sec. 46, Loan Reform Mechanism), which closely tracks the Administration proposal in H.R. 2880. The main purpose is to prevent payment of unemployment compensation to those who voluntarily quit the service, bringing the treatment of ex-military more in line with that of civilians who quit jobs.
- Unemployment insurance:
Extended benefit triggers

Adopt Senate Finance Committee package (except Sec. 46, Loan Reform Mechanism), which closely tracks the Administration proposal in H.R. 2880. The main purpose is to provide extended unemployment insurance benefits only in States experiencing major unemployment problems. The major features are:

 - elimination of the national trigger.
 - revision of the trigger rate calculation to exclude extended benefit claimants from count.
 - Increase State trigger rates (as of October 1, 1982)
- Unemployment insurance:
20 week work requirement for extended benefits

Adopt Senate Finance Committee package (except Sec. 46, Loan Reform Mechanism), which closely tracks the Administration proposal in H.R. 2880. The main purpose is to limit longer periods of benefit payments to those with a significant attachment to the work force. The provision would make extended benefits payable only to those who had worked at least 20 weeks during the previous year.

June 11, 1981

HOUSE COMMITTEE: Ways and Means

Program

Policy Change

Direct Spending Programs

. Trade Adjustment Assistance (TAA) reforms

Adopt S.1201 as reported by the Senate Finance Committee. That reported bill closely tracks the Administration proposal in H.R. 2922. The main purpose is to convert TAA from mere income replacement to a readjustment program. The major features are:

- Pay TAA benefits only to those who have used up their UI benefits.
- Pay TAA and UI benefits combined for only 52 weeks.
- Make TAA benefit amount equal to the UI benefit amount.
- Provide more training and employment assistance.

BLOCK GRANTS

SOCIAL SERVICES CONSOLIDATION. The reconciliation instruction is the Administration's proposal, and Gramm-Latta II would conform to the instruction.

Ten social services programs would be included in the social services block grant. Rehabilitation Services would be authorized as a separate block grant, and Developmental Disabilities would be consolidated into a maternal and child health block grant.

The ten programs which would be included in the social services block grant are as follows:

- Title XX Social Services
- Title XX Day Care
- Title XX State and Local Training
- Child Welfare Services
- Child Welfare Training
- Foster Care
- Adoption Assistance
- Child Abuse
- Runaway Youth
- Community Services Administration (excluding economic development)

As in the Administration's proposal, Juvenile Justice activities and legal assistance to the poor would be authorized block grant activities.

The social services block grant would eliminate unnecessary administrative requirements which result in substantial overhead costs and service delivery system inefficiencies. As a result, resources consumed by unnecessary paperwork and duplicative activities would be devoted to providing needed services.

REHABILITATION SERVICES CONSOLIDATION. This proposal would provide States a new, flexible source of funding for rehabilitation services. Under the block grant, States would be able to allocate rehabilitation resources to activities which meet the purposes of the current Rehabilitation Services program without regard to present Federal restrictions. The elimination of unnecessary Federal limitations would allow States to target rehabilitation funds to activities tailored to meet priority service needs of their residents.

HEALTH SERVICES CONSOLIDATION. These block grants are the Administration's health program block grants, reconfigured in accordance with the minority substitute. There would be three block grants, as follows:

Health Services Block Grant

- ° Primary Care Services
 - Community Health Centers
 - Migrant Health Centers
 - Black Lung Clinics
 - Primary Care R&D
- ° Home Health Services
- ° Emergency Medical Services
- ° Mental Health Systems
- ° Substance Abuse Programs
 - Alcoholism/Alcohol Abuse
 - Drug Abuse

Preventive Health Service Block Grant

- ° Incentive Grants
- ° Risk Reduction/Health Education
- ° Fluoridation
- ° Rodent Control
- ° Hypertension Control
- ° Adolescent Health
- ° Family Planning

Maternal and Child Health Block Grant

- ° Maternal & Child Health
 - Grants to States
 - SSI Children
- ° Genetic Diseases
- ° Hemophilia
- ° Lead-Based Paint Poisoning
- ° Sudden Infant Death Syndrome
- ° Developmental Disabilities

To ensure the resources provided would result in continued high levels of services of the local level, State administrative costs would be limited to ten percent of the grant amount, and States would be required to consider the existing distribution of funds in making allocations among activities and to service providers. States also would consider local input in making distribution decisions. Thus, the health block grants would establish a system of responsible and responsive decentralized decisionmaking, one in the needs and priorities of the intended beneficiaries of Federal funds would determine how those funds are used.

HARDSHIP ASSISTANCE CONSOLIDATION. This proposal reflects the reconciliation instruction except the funding level would be increased by \$475 million over the instruction and the AFDC Emergency Assistance program would be maintained as a Federal matching program. Under the block grant, States could provide energy assistance to those most in need and use funds for cost-effective activities such as low-cost weatherization.

BLOCK GRANT SUMMARY
(\$ in millions)

| | <u>1982</u> | | <u>1983</u> | | <u>1984</u> | |
|-----------------------------|-------------|----------|-------------|----------|-------------|----------|
| | <u>BA</u> | <u>0</u> | <u>BA</u> | <u>0</u> | <u>BA</u> | <u>0</u> |
| Health Block Grants | -645 | -214 | -762 | -575 | -890 | -784 |
| Social Services Block Grant | -1,501 | -1,399 | -1,769 | -1,740 | -2,014 | -1,994 |
| Rehabilitation Block Grant | -261 | -258 | -280 | 276 | -297 | -294 |
| Hardship Block Grant | -385 | -385 | -677 | -677 | -989 | -989 |
| TOTAL | -2,792 | -2,256 | -3,488 | -3,268 | -4,190 | -4,061 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)

June 12, 1981

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| ARMED SERVICES | Senate Comm. | 1982 | | 1983 | | 1984 | |
|----------------------------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Direct: | | | | | | | |
| Strategic stockpile | Armed Svs. | -572 | -572 | -572 | -572 | -226 | -226 |
| Annual COLA for retired military | Armed Svs. | -394 | -394 | -327 | -327 | -285 | -285 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -966 | -966 | -899 | -899 | -511 | -511 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| BANKING, FINANCE, AND URBAN AFFAIRS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|--------------------------------------------------------------------|-----------------|---------|-------|---------|--------|---------|--------|
| | | BA | BO | BA | BO | BA | BO |
| Authorizations: | | | | | | | |
| Rural housing insurance fund | Banking | -123 | --- | -130 | --- | -165 | -38 |
| National Consumer Cooperative Bank | Banking | -129 | -137 | -139 | -152 | -146 | -154 |
| Community development support (Block grants & UDAG) | Banking | -469 | -47 | -892 | -219 | --- | -389 |
| HUD rehabilitation loans | Banking | -137 | -167 | -147 | -205 | -156 | -130 |
| HUD neighborhood self-help and planning assistance grants | Banking | -45 | -29 | -49 | -37 | -52 | -48 |
| Subsidized housing | Banking | -10,921 | -89 | -13,023 | -373 | -14,880 | -748 |
| Export-Import Bank | Banking | -1,349 | -111 | -1,469 | -464 | -1,578 | -775 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -13,173 | -580 | -15,849 | -1,450 | -16,977 | -2,282 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| DISTRICT OF COLUMBIA | Senate Comm. | 1982 | | 1983 | | 1984 | |
|--------------------------------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | BO | BA | BO | BA | BO |
| Direct: | | | | | | | |
| Loans to the District of Columbia | Gov. Aff. | -39 | -40 | -56 | -64 | -72 | -79 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -39 | -40 | -56 | -64 | -72 | -79 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| EDUCATION AND LABOR | Senate Comm. | 1982 | | 1983 | | 1984 | |
|---------------------------------------------------------------|-----------------|--------|--------|--------|--------|--------|--------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Direct: | | | | | | | |
| Guaranteed student loans | Labor | -404 | -310 | -1,302 | -1,116 | -2,261 | -2,020 |
| Child nutrition--summer feeding | Ag. | -147 | -142 | -160 | -158 | -172 | -169 |
| Special milk | Ag. | -95 | -93 | -99 | -98 | -102 | -101 |
| Child nutrition--school lunch | Ag. | -1,397 | -1,384 | -1,465 | -1,449 | -1,606 | -1,584 |
| Authorizations: | | | | | | | |
| Impact aid | Labor | -465 | -385 | -538 | -529 | -613 | -604 |
| Education block grant (elementary and secondary) | Labor | -1,455 | -1,051 | -1,860 | -1,586 | -2,332 | -1,935 |
| Pell grants (BEOGs) | Labor | -711 | -544 | -1,078 | -750 | -1,737 | -1,048 |
| National Endowments for the Arts and Humanities | Labor | -165 | -84 | -182 | -173 | -195 | -187 |
| CETA, public service employment | Labor | -3,800 | -3,805 | -4,223 | -4,192 | -4,567 | -4,532 |
| CETA, training and youth | Labor | -1,916 | -861 | -1,939 | -1,647 | -2,514 | -2,243 |
| Social services consolidation 1/ | Labor | -329 | -329 | -407 | -407 | -485 | -485 |
| Juvenile justice grants 1/ | Judiciary | -116 | -13 | -133 | -81 | -144 | -124 |
| Youth Conservation Corps | Energy | -60 | -60 | -60 | -60 | -60 | -60 |
| Social services consolidation --hardship (energy) 1/ | Labor | -847 | -847 | -950 | -950 | -1,067 | -1,067 |
| Vocational education | Labor | -135 | -175 | -306 | -200 | -379 | -346 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| EDUCATION AND LABOR | Senate Comm. | 1982 | | 1983 | | 1984 | |
|-----------------------------------------|-----------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Federal Employee Compensation Act | Labor | -76 ===== | -76 ===== | -162 ===== | -162 ===== | -174 ===== | -174 ===== |
| Committee total | | -12,118 | -10,159 | -14,864 | -19,558 | -18,408 | -16,679 |

1/ This part of the social services consolidation is under the jurisdiction of the Education and Labor and the Energy and Commerce Committees. Ways and Means has sole jurisdiction over another part.

2/ This reduction is related to the proposed social services consolidation, which is under the jurisdiction of the Education and Labor, Energy and Commerce, and Ways and Means Committees.

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| ENERGY AND COMMERCE | Senate Comm. | 1982 | | 1983 | | 1984 | |
|----------------------------------------------------------|-----------------|--------|--------|--------|--------|--------|--------|
| | | BA | BO | BA | BO | BA | BO |
| Direct: | | | | | | | |
| * Basic and preventive health services block grant | Finance | -132 | -44 | -157 | -119 | -183 | -162 |
| Rail pensions | Labor | --- | -248 | --- | -82 | --- | -104 |
| Medicaid cap | Finance | -873 | -768 | -1,221 | -1,111 | -1,674 | -1,570 |
| Merchant seamen entitlement 1/ | Labor | -92 | -92 | -179 | -179 | -191 | -191 |
| Authorizations: | | | | | | | |
| Low volume railroad branch lines | Commer. | -85 | -17 | -79 | -50 | -107 | -74 |
| AMTRAK subsidies | Commer. | -313 | -271 | -404 | -460 | -506 | -384 |
| Conrail subsidies | Commer. | -460 | -385 | -165 | -175 | -300 | -265 |
| Northeast Corridor improvement project | Commer. | -186 | -8 | -124 | -40 | --- | -85 |
| Regulation of health care (health planning) ... | Labor | -100 | -59 | -168 | -89 | -180 | -159 |
| * Social services consolidation 2/ | Labor | -329 | -329 | -407 | -407 | -485 | -485 |
| * Basic and preventive health services block grant | Labor | -512 | -169 | -606 | -457 | -710 | -625 |
| Strategic petroleum reserve | Energy | -3,000 | -3,000 | -3,000 | -3,000 | -3,000 | -3,000 |
| Omnibus health amendments | | -99 | -49 | -124 | -94 | -150 | -126 |
| Venereal diseases | | -3 | -1 | -6 | -4 | -10 | -7 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| ENERGY AND COMMERCE | Senate Comm. | 1982 | | 1983 | | 1984 | |
|---------------------------------------------|-----------------|--------|--------|--------|--------|--------|--------|
| | | BA | BO | BA | BO | BA | BO |
| PHS Cap Commissioned Bonuses | | -3 | -3 | -3 | -3 | -3 | -3 |
| Health professions and nurse training | | -291 | -143 | -336 | -263 | -385 | -335 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -6,478 | -5,586 | -6,979 | -6,533 | -7,884 | -7,575 |

1/ The merchant seamen entitlement is under the jurisdiction of both the Energy and Commerce and the Merchant Marine and Fisheries Committees.

2/ This part of the social services consolidation is under the jurisdiction of both the Energy and Commerce and the Education and Labor Committees. The Ways and Means Committee has sole jurisdiction over another part.

* See block grant description.

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| FOREIGN AFFAIRS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|-----------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Authorizations: | | | | | | | |
| Various changes | For. Rel. | -267 | -165 | -342 | -288 | -376 | -318 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -267 | -165 | -342 | -288 | -376 | -318 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| INTERIOR AND INSULAR AFFAIRS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|------------------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | BO | BA | BO | BA | BO |
| Authorizations: | | | | | | | |
| Park programs | Energy | -655 | -318 | -704 | -516 | -666 | -596 |
| Indian Health Service | Labor | -101 | -21 | -136 | -67 | -170 | -103 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -756 | -339 | -840 | -583 | -836 | -699 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| MERCHANT MARINE & FISHERIES | Senate Comm. | 1982 | | 1983 | | 1984 | |
|---------------------------------------|-----------------|---------------|--------------|--------------|--------------|--------------|--------------|
| | | BA | BO | BA | BO | BA | BO |
| Direct: | | | | | | | |
| Merchant seamen entitlement 1/ | Labor | -92 | -92 | -179 | -179 | -191 | -191 |
| Authorizations: | | | | | | | |
| Maritime construction subsidies | Commer. | -147 ===== | -15 ===== | -60 ===== | -32 ===== | -71 ===== | -60 ===== |
| Committee total | | -239 | -107 | -239 | -211 | -262 | -251 |

1/The merchant seamen entitlement is under the jurisdiction of both the Energy and Commerce and the Merchant Marine and Fisheries Committees.

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| POST OFFICE & CIVIL SERVICE | Senate Comm. | 1982 | | 1983 | | 1984 | |
|--------------------------------------|-----------------|--------|--------|--------|--------|--------|--------|
| | | BA | BO | BA | BO | BA | BO |
| Direct: | | | | | | | |
| Federal retirement-annual COLA | Gov. Aff. | --- | -513 | --- | -414 | --- | -357 |
| Authorizations: | | | | | | | |
| Postal Service subsidies | Gov. Aff. | -956 | -956 | -1,077 | -1,077 | -1,261 | -1,261 |
| Civilian pay raises--reform | Gov. Aff. | -3,781 | -3,694 | -5,227 | -5,247 | -6,129 | -6,110 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -4,737 | -5,163 | -6,304 | -6,738 | -7,390 | -7,728 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| PUBLIC WORKS AND TRANSPORTATION | Senate Comm. | 1982 | | 1983 | | 1984 | |
|-----------------------------------------------|-----------------|--------|-------|--------|--------|--------|--------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Direct: | | | | | | | |
| Federal aid highways | Env.&PW | --- | -185 | --- | -900 | --- | -1,365 |
| Authorizations: | | | | | | | |
| Corps of Engineers construction | Env.&PW | -117 | -88 | -154 | -139 | -208 | -192 |
| Regional commissions | Env.&PW | -188 | -103 | -206 | -185 | -220 | -191 |
| TVA--coal gasification demonstration | Env.&PW | -202 | -95 | -223 | -155 | -242 | -211 |
| Urban mass transit | Banking | -1,321 | -200 | -1,878 | -735 | -2,514 | -1,410 |
| Highway safety grants | Commer. | -190 | -40 | -209 | -90 | -227 | -145 |
| Economic Development Administration | Env.&PW | -619 | -227 | -668 | -452 | -713 | -211 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -6,137 | -938 | -3,338 | -2,656 | -4,124 | -3,725 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| SCIENCE AND TECHNOLOGY | Senate Comm. | 1982 | | 1983 | | 1984 | |
|-----------------------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | BO | BA | BO | BA | BO |
| Authorizations: | | | | | | | |
| National Science Foundation | Labor | -99 | -112 | -112 | -157 | -84 | -146 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -99 | -112 | -112 | -157 | -84 | -146 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| SMALL BUSINESS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|--------------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Authorizations: | | | | | | | |
| SBA disaster loans | SB | -110 | -114 | -145 | -32 | -205 | -148 |
| SBA business loans | SB | -476 | -276 | -438 | -510 | -349 | -417 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | 586 | 390 | 583 | 542 | 554 | 565 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| VETERANS AFFAIRS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|--------------------------------------------|-----------------|-------|-------|-------|-------|-------|-------|
| | | BA | BO | BA | BO | BA | BO |
| Direct: | | | | | | | |
| GI bill flight and correspondence | VA | -32 | -32 | -28 | -28 | -24 | -24 |
| Other savings | VA | -78 | -84 | -80 | -85 | -82 | -86 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | -110 | -116 | -108 | -113 | -106 | -110 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| WAYS & MEANS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|-------------------------------------------------------------------------------------|-----------------|--------|--------|--------|--------|--------|--------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Direct: | | | | | | | |
| * Social services grant consolidation | Finance | -939 | -939 | -1,101 | -1,101 | -1,248 | -1,248 |
| Medicare--PIP | Finance | --- | -692 | --- | --- | --- | --- |
| Other medicare savings | Finance | --- | -959 | --- | -1,340 | --- | -1,615 |
| Social security--minimum benefits | Finance | --- | -510 | --- | -1,070 | --- | -1,070 |
| Social security--student benefits | Finance | --- | -567 | --- | -1,580 | --- | -2,033 |
| Social security--miscellaneous | Finance | --- | -38 | --- | -49 | --- | -61 |
| Social security--lump sum death benefit | Finance | --- | -200 | --- | -210 | --- | -215 |
| Social security--disability megacap | Finance | --- | -50 | --- | -75 | --- | -100 |
| Social security--work recency (DI) | Finance | --- | -124 | --- | -350 | --- | -629 |
| Social security--first full month | Finance | --- | -190 | --- | -220 | --- | -240 |
| Social security--rounding | Finance | --- | -80 | --- | -272 | --- | -314 |
| Social security--mother's benefits | Finance | --- | -30 | --- | -88 | --- | -496 |
| Social security--vocational rehabilitation | Finance | --- | -87 | --- | -86 | --- | -73 |
| Supplemental security income--eligibility by actual income (retrospective) | Finance | -30 | -30 | -60 | -60 | -60 | -60 |
| Supplemental security income--other changes ... | Finance | -50 | -50 | -50 | -50 | -50 | -50 |
| AFDC--cost reductions | Finance | -1,123 | -1,123 | -1,363 | -1,363 | -1,426 | -1,426 |
| Unemployment insurance for ex-service members.. | Finance | -265 | -265 | -254 | -254 | -244 | -244 |
| Unemployment insurance extended benefit trigger | Finance | -700 | -1,218 | -700 | -472 | -100 | -192 |
| Unemployment insurance--20-week work requirement for extended benefits | Finance | --- | --- | --- | -11 | --- | -10 |

SUBSTITUTE RECONCILIATION BILL SAVINGS (GL-11)
 RECONCILIATION BY HOUSE COMMITTEE
 (in millions of dollars)

| WAYS & MEANS | Senate Comm. | 1982 | | 1983 | | 1984 | |
|---------------------------------------------------------------------------------------|-----------------|--------|--------|-------|--------|-------|--------|
| | | BA | B0 | BA | B0 | BA | B0 |
| Trade adjustment assistance--follow-on unemployment insurance--52-week limit | Finance | -1,295 | -1,295 | -800 | -800 | -450 | -450 |
| Authorizations: Social services--child welfare | Finance | -54 | -54 | -65 | -65 | -71 | -71 |
| * Social service hardship consolidation (energy) | Labor | -372 | -372 | -475 | -475 | -592 | -592 |
| Professional standards review organizations ... | Finance | --- | -21 | --- | -41 | --- | -9 |
| | | ===== | ===== | ===== | ===== | ===== | ===== |
| Committee total | | 4,828 | 8,894 | 4,868 | 10,032 | 4,241 | 11,198 |

* See block grant description.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 11, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUN 15 AM 10:05

RECEIVED
OFFICE OF THE CHAIRMAN

WH-19

M-81-9

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: DAVID A. STOCKMAN *DAS*
DIRECTOR

SUBJECT: Certain Communications Pursuant to
Executive Order 12291, "Federal Regulation"

Regulatory relief is one of the cornerstones of President Reagan's program of economic recovery. As an important step in achieving regulatory relief, on February 17, 1981, the President issued Executive Order 12291, "Federal Regulation." This memorandum explains how the Presidential Task Force on Regulatory Relief and the Office of Management and Budget (OMB) will communicate with the public and the agencies regarding proposed regulations covered by E.O. 12291. It also describes certain obligations of the public and agencies in this regard.

A major purpose of the Executive Order is to ensure that, to the extent permitted by law, regulatory decisions are based upon sound analysis of the potential consequences. Toward this end, a comprehensive factual basis is essential to assist agencies and other interested parties in assessing the economic and other ramifications of proposed regulations.

Under the Executive Order, both the Task Force and OMB will be reviewing factual materials related to regulatory proposals. Both the public and the agencies should understand that the primary forum for receiving factual communications regarding proposed rules is the agency issuing the proposal, not the Task Force or OMB. Factual materials that are sent to the Task Force or OMB regarding proposed regulations should indicate that they have also been sent to the relevant agency. Pursuant to this policy, the Task Force and OMB will regularly advise those members of the public with whom they communicate that relevant factual materials submitted to them should also be sent to the agency for inclusion in the rulemaking record. Accordingly, agencies receiving such materials from the public should take care to see that they are placed in the record.

On occasion, the Task Force staff and OMB will receive or develop factual material which they believe should be considered by an agency during a particular informal rulemaking. In accordance with advice provided by the Department of Justice, such material, when submitted to an agency for its consideration, will be identified as material appropriate for the whole record of the agency rulemaking.

Two additional matters should be noted. First, our procedures will be consistent with the holding of and policies discussed in Sierra Club v. Costle, No. 79-1565, slip op. at 212-20 (D.C. Cir. April 29, 1981). Second, these procedures apply only to informal rulemaking proceedings and are not in any sense intended to affect the more stringent ex parte rules applicable to agency adjudications and formal rulemakings. (Such proceedings are expressly intended by Congress to be more in the nature of formal judicial proceedings and involve bars against various forms of ex parte communication.)

June 16, 1981

Ms. Virginia H. Knauer
Special Assistant to the President
and Director
U.S. Office of Consumer Affairs
The White House
Washington, D.C. 20500

Dear Ms. Knauer:

Thank you for your letter of June 10 requesting an update of the Federal Reserve Board's listing for your Congressional Liaison Handbook.

Enclosed herewith are our changes to that listing. Please let me know if I can be of further assistance.

Sincerely,

(Signed) Donald J. Winn

Donald J. Winn
Assistant to the Board

Enclosure
PJT
bcc: Sandy Wolfe (#WH-18)

FEDERAL RESERVE BOARD

20th and Constitution Avenue, N.W.
Washington, D.C. 20551

FEDERAL RESERVE BOARD . . . conducts monetary policy by influencing the availability of money and credit in the economy; supplies the public with currency and coin; operates a nationwide network for clearing checks and electronic payments; acts as fiscal agent for the Treasury Department and issues savings bonds and other treasury securities; examines member banks; and writes regulations for ~~consumer protection~~ consumer credit protection laws.

Congressional Liaison Officials (see attached)

Donald J. Winn
Special Assistant to the Board of
Governors of the Federal Reserve System (202) 452-3457

J. P. Brenneman
Special Assistant to the Board of
Governors of the Federal Reserve System (202) 452-3263

Turn-Around Time

The interim response is sent within 1 week of receipt. The final report can be expected within 2 weeks.

Publications Information

Publications Services (202) 452-3245

Ten Most Requested Publications

The Consumer Handbook to Credit Protection Laws
Federal Reserve Purposes and Functions
Equal Credit Opportunity Act - Housing
Equal Credit Opportunity Act - Women
Truth in Lending
Fair Credit Billing
How to File a Consumer Credit Complaint
If You Borrow to Buy Stock
If You Use a Credit Card
What Truth in Lending Means to You

Alice in Debitland
Additional Information

Commercial banks can be either federally chartered or state chartered and the supervision of these financial institutions is divided among several federal agencies.

Federal Reserve System supervises only state chartered banks that are System members, while insured state banks that do not hold membership in the Federal Reserve System are supervised by the Federal Deposit Insurance Corporation. Federally chartered banks are called national banks and have the word "National" or "N.A." in their titles. These banks are supervised by the Office of the Comptroller of the Currency. Respective state banking authorities supervise non-insured banks.

The Federal Reserve will receive complaints about any banks and will refer complaints outside its authority to the proper regulatory agency. Immediate information about class of bank designations may be obtained by calling the Board on (202) 452-3845.

Besides commercial banks there are two other classifications of financial institutions -- savings and loan associations and credit unions. The Federal Home Loan Bank Board supervises savings and loan associations and the National Credit Union Administration has responsibility for Federal credit unions.

Congressional Liaison Officials

Donald J. Winn

Assistant to the Board of
Governors of the Federal Reserve System (202) 452-3457

William R. Maloni

Special Assistant to the Board of
Governors of the Federal Reserve System (202) 452-3352

Anthony F. Cole

Special Assistant to the Board of
Governors of the Federal Reserve System (202) 452-3263

THE WHITE HOUSE
WASHINGTON

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUN 12 AM 11:08

June 10, 1981

RECEIVED
OFFICE OF THE CHAIRMAN

The Honorable Paul A. Volcker
Chairman
Federal Reserve Board
Washington, D.C. 20551

WH-18

Dear Mr. Volcker:

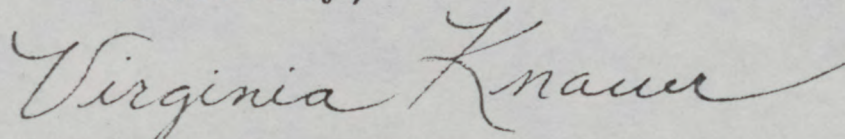
In May 1980, the U.S. Office of Consumer Affairs developed the Congressional Liaison Handbook for Congressional caseworkers to use when trying to resolve constituent complaints or answer inquiries. Our purpose was to make the process of serving constituents' needs more efficient for Congressional staffers and the federal agencies. The Handbook contained not only the names and telephone numbers of Liaison Officials in 36 federal agencies, but also listed information regarding turn-around time, publications and special information pertaining to a particular agency. The response to this Handbook has been overwhelming and in fact, the demand for copies has tripled our projected estimates.

We are now in the process of updating the Handbook, and by copy of this letter I am forwarding your Agency's page(s) of the publication to the individual listed below, and I am asking that changes in the names, phone numbers, publication and special information be made so that we may distribute an accurate guide.

It is my hope that these corrections can be made as soon as possible and that we will receive a corrected copy of your Agency's page(s) no later than June 22. If you or the designated member of your staff have any questions concerning this update, please call Barbara Johnson at (202) 755-8820.

Thank you for your assistance in this project.

Sincerely,



Virginia H. Knauer
Special Assistant to the President
and
Director
U.S. Office of Consumer Affairs

Enclosure(s)

cc: Donald J. Winn
Assistant to the Board of Governors
Federal Reserve Board
Washington, D.C. 20551

THE WHITE HOUSE
WASHINGTON

May 8, 1981

452-1414
-6415

WH-17

MEMORANDUM FOR THE HEADS OF
DEPARTMENTS AND AGENCIES

SUBJECT: The President's Executive Exchange Program

The President's Commission on Executive Exchange arranges a one-year exchange in the opposite sector for outstanding mid-level career executives from the Federal government and from private industry. The Commission Staff also arranges for a year-long educational program for these Executives.

The President has asked me to transmit the following requests to you regarding your agency's participation in the Exchange Program:

- o Please designate a Presidential Appointee, preferably yourself, to serve as liaison to the Program. Let my Special Assistant, Kate Moore know within one week whom you have designated.
- o Please agree to host 1 private sector executive within your organization. The executive will start in early September, 1981 and should report to you. Details of this assignment will be worked out at a meeting between the Commission Staff and you.
- o Please try to accommodate the Commission if you are asked to speak to the Presidential Exchange Executives. I believe you will find it time well spent. You may be receiving such a request within the next few weeks.

The President strongly supports this Program and this Administration looks forward to increased communication and understanding between business and government as a result of your agency's participation in the Executive Exchange Program.

Thank you for your cooperation.

James A. Baker III
JAMES A. BAKER III
Chief of Staff

*Gov. Schultz
to see them.*



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

FREDERICK H. SCHULTZ
VICE CHAIRMAN

May 20, 1981

Ms. Virginia H. Knauer
Special Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Ms. Knauer:

I am responding to your memorandum of April 28, 1981, concerning the International Year of Disabled Persons (IYDP) - 1981.

The Board of Governors of the Federal Reserve System is in the process of developing a program for the hiring, placement and advancement of disabled persons which will include an Affirmative Action Plan, training and awareness activities, and public information and outreach programs.

The "Executive Summary of Federal Involvement in IYDP," produced by the Federal Interagency Committee, provides a number of suggestions that can be incorporated into the Board's policies and activities. Your office will be kept informed as plans are developed. The Board is pleased to join with the Federal government in its efforts.

Sincerely,

(signed) F. H. Schultz

WH-16

THE WHITE HOUSE
WASHINGTON

April 28, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1981 APR 29 AM 11:49

RECEIVED
OFFICE OF THE CHAIRMAN

WH-16

MEMORANDUM FOR THE HONORABLE PAUL A. VOLCKER

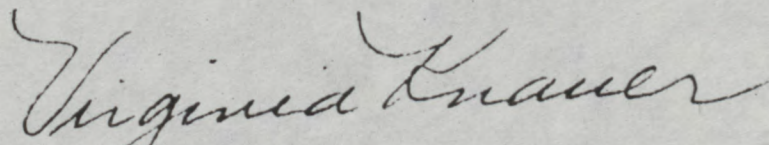
SUBJECT: International Year of Disabled Persons - 1981

President Reagan pledged the support of his Administration to commemorate the International Year of Disabled Persons in the United States through a proclamation signed on February 6, 1981. "Today there are 35 million disabled Americans who represent one of our most under-utilized national resources. Their will, their spirit, and their hearts are not impaired, despite their limitations . . . I am proud to pledge the cooperation of my administration and the Federal agencies under my jurisdiction, including the Federal Interagency Committee for the International Year of Disabled Persons."

Plans initiated for celebrating the International Year of Disabled Persons are included in a document "Executive Summary of Federal Involvement in IYDP," produced by the Federal Interagency Committee. This document is being circulated throughout the United States as well as all member nations of the United Nations as our Government's response to the needs of disabled persons. An update is scheduled for late 1981.

I hope that the initiatives already planned by your agency will continue. Consider, if you haven't already done so, the following activities: increase the participation of disabled persons in agency policymaking, encourage events to enhance your employees' understanding of the positive benefits of working and socializing with the disabled, and assure that your agency's plans are included in the "Executive Summary" update.

As Special Assistant to the President, with responsibility including disabled persons, I have had an opportunity to meet with many groups who are actively involved in IYDP. I hope that we can give exemplary leadership to these groups by the visible involvement of Federal agencies and join President Reagan in his support for this truly beneficial goal for disabled persons. Please let me know of your plans.



Virginia H. Knauer
Special Assistant to the President

S. Wolfe

May 8, 1981

Mr. David A. Stockman
Director
Executive Office of the President
Office of Management and Budget
Washington, D. C. 20502

Dear Mr. Stockman:

Thank you for sending us a copy of OMB Bulletin No. 81-17 and related material describing the Administration's program for improving debt collection. We have a very strong credit review program at each Federal Reserve Bank, and we were interested to learn that other agencies will be giving active attention to their credit management problems.

Very truly yours,

(Signed)

James McAfee
Assistant Secretary of the Board

PDRing/JM;jrg

bcc: P. D. Ring
T. Allison
E. Mulrenin
Sandy Wolfe (WH-15)

THE WHITE HOUSE
WASHINGTON

April 23, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 APR 27 AM 11:31

RECEIVED
OFFICE OF THE CHAIRMAN

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: STRENGTHENING FEDERAL CREDIT MANAGEMENT

WH-15

The burden of delinquent debts owed to the Federal Government continues to grow every year and is contributing to our serious problem of inflation. We must again establish the principle that debts to the Federal Government must be paid. Recent studies by the Executive Branch Debt Collection Project and the General Accounting Office reveal that more than \$25 billion of the \$175 billion in debts owed the Federal Government are either delinquent or in default.

We must institute better credit management to prevent debt delinquencies and defaults and use more aggressive debt collection procedures to recover the delinquencies that do occur. We must take firm action now to reduce that portion of the \$25 billion debt backlog that is collectible.

As first steps, I am directing you to designate an official with responsibility and authority for debt collection and submit the name of this official to the Office of Management and Budget by May 15, 1981. Additionally, each department and agency is to complete a review of their agencies debt situation and prepare a detailed plan and schedule for resolving identified problems. This is due by June 15, 1981 to the Office of Management and Budget.

To slow the expansion of delinquent debt, each agency and department will provide a plan for improved credit management and more efficient debt collection. A progress report on the results of your reviews and the development of credit management plans will be due by September 30, 1981 to the Office of Management and Budget. Hereafter, an annual report on debt collection will be submitted in September.

I am instructing the Director of the Office of Management and Budget to issue procedures and guidelines to assist you in carrying out this directive.

Administrative actions are not sufficient to resolve this critical problem. Accordingly, this Administration will support legislation to facilitate better credit management and more effective debt collection.

We cannot afford to allow debt to grow and add to the burden of inflation. Immediate action is required now to restore sound credit management to the Federal Government.

Ronald Reagan

THE WHITE HOUSE
WASHINGTON

April 20, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1981 APR 23 AM 9:04

RECEIVED
OFFICE OF THE CHAIRMAN

WH-14

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Eliminating Wasteful Spending on Government
Periodicals, Pamphlets, and Audiovisual Products

The Federal Government is spending too much on public relations, publicity, and advertising. Much of this waste can be traced to unnecessary magazines, pamphlets, and films produced by the government and paid for by taxpayers. We now spend over \$100 million a year on the production and duplication of audiovisual products alone. This does not include the related expenses of Federal personnel or the cost to distribute these products.

While we must keep the public accurately informed about Federal programs and activities, I want you to weed out superfluous magazines, pamphlets, films, and public service announcements, especially those that are designed primarily to improve the image of a Federal program or agency.

I am asking each of you to impose an immediate moratorium on the production and procurement of new audiovisual products and the printing and distribution of new periodicals and pamphlets. Additionally, I want you to conduct a comprehensive review of all current and planned activities in this area and develop specific plans for controlling costs in the future. A report on these spending control plans and projected savings should be submitted to the Office of Management and Budget by July 15, 1981.

I am instructing the Director of the Office of Management and Budget to issue procedures and guidelines for the moratorium and to assist you in developing plans to control spending in the future.

Ronald Reagan



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

APR 8 1981

MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Edwin L. Harper, Deputy Director

SUBJECT: Implementation of OMB Circular A-76

WH-13

One of the major goals within this Administration center on maximizing the efficient expenditure of funds. OMB Circular A-76 "Policies for Acquiring Commercial or Industrial Products and Services needed by the Government" provides you with one of the necessary tools to achieve this goal. This Administration strongly supports the general policy of reliance on competitive private enterprise to supply the products and services needed by the Government. Through proper and effective implementation of the Circular you will be able to achieve economies and efficiencies in operating commercial-industrial type activities by:

- Determining the least cost method of providing essential services (contract or in-house).
- Streamlining existing government organizations ensuring they are organized and staffed for the most efficient performance.
- Reducing long-range fiscal obligations through reductions in the Federal workforce when cost comparisons show a contract operation is more cost effective.
- Enhancing productivity through the development of measurable job standards.

The Circular provides that when private performance of commercial or industrial activities is feasible and no overriding factors require in-house performance, a rigorous comparison of contract costs versus in-house costs will be made, using the Circular's Cost Comparison Handbook, to determine whether the work will continue to be performed by in-house personnel or converted to a contract operation. The Circular contains several provisions that give appropriate consideration to affected Federal employees. Among the more significant ones are that:

- Existing in-house activities will not be converted to contract performance on the basis of economy unless it will result in a savings of at least 10 percent of the estimated Government personnel costs for the period of the comparative analysis; and
- Federal employees displaced as a result of the conversion to contract performance will be given the right of first refusal for employment openings in the contract operation.

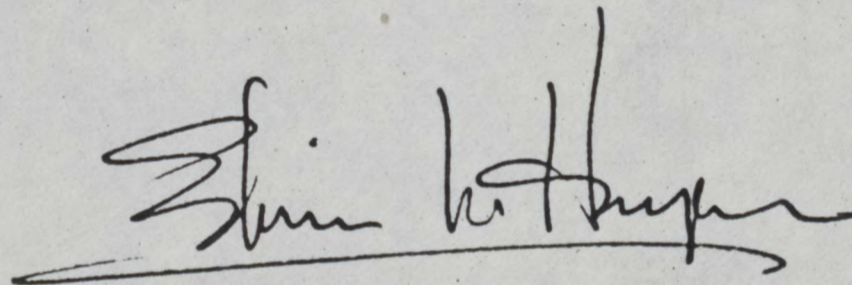
In a recent review of agencies' overall implementation of the Circular, I noted that with a few exceptions, it has been in a vacuum principally because it lacked the requisite leadership and support from agency officials which is needed for effective implementation.

*Mr. [unclear]
Donna
5/29*

Under this Administration we have been charged, among other things, with the responsibility of ensuring economies and efficiencies within the Government. In fulfillment of these responsibilities, it is essential that you become vigorously involved and provide the overall leadership in your agency to fully implement the Circular by the close of fiscal year 1982. To assist you in accomplishing this, an OMB Bulletin is being issued which will provide the appropriate visibility needed to ensure it is effectively implemented.

Finally, there appears to be some confusion regarding the relationship between OMB Circular A-76 and other instructions that limit Federal civilian employment. Both the Circular and these instructions are complementary. The instructions preclude the use of contracting with firms and institutions outside the Government solely to circumvent personnel ceilings. Agencies that contract out for goods and services under the structured and deliberate process prescribed by OMB Circular A-76 are doing so because it is cost effective and reduces the growth in Government spending.

The Comptroller General, in a recent letter to us, reaffirmed not only the importance of the basic policy set forth in the Circular but also the significant savings in personnel positions which could occur if it were fully implemented in all agencies. In light of the trust and responsibilities placed in us by the American people, it is essential that we join together in forming a partnership to ensure OMB Circular A-76 is implemented in an effective and timely manner. Please be assured that my staff and I will work closely with you in this endeavor.

A handwritten signature in black ink, appearing to read "Edwin L. Harper", with a long horizontal flourish underneath.

Edwin L. Harper
Deputy Director

April 10, 1981

The Honorable David A. Stockman
Director
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Dave:

I have your letter about reducing staff, and I can tell you we have some weeks ago put into motion a program to reduce employment here at the Board, cutting below our only recently approved budget. We have not yet determined just how much to cut, pending review of plans down the line. In approaching this, some background is relevant.

Several years ago, the entire Federal Reserve instituted a program to achieve staff reduction and greater efficiency. Very substantial progress has been made. Employment was reduced by about 14% from 1975 to 1979 in the face of about a 40% increase in measurable activity. Productivity has risen 9% a year since 1975, an achievement in which we take great satisfaction.

The program continues, but there are obviously limits to the speed with which efficiency can be increased, particularly after five years of large productivity growth.

Recent legislation, particularly the International Banking Act and the Monetary Control Act, has had the effect of sharply expanding the Federal Reserve's statistical, supervisory, and regulating contacts. For example, the Federal Reserve's reserve requirements will ultimately apply to nearly 40,000 institutions, as compared to 5,400 member banks in the past. Moreover, the Federal Reserve is now required by law to provide financial services to all depository institutions, not just to its member banks.

The Honorable David A. Stockman - page 2.

As a consequence, our employment decline in the System as a whole is expected to stop, or reverse slightly, this year.

These increased responsibilities principally affect the Federal Reserve Banks which account for the great bulk of our employment. Here at the Board of Governors in Washington, where our employment pattern more clearly resembles other bank supervisory agencies, we do, as indicated above, expect to make significant staffing reductions this year, after holding essentially steady for some time.

I should also point out the Monetary Control Act stipulated that the Federal Reserve Banks begin this year to charge explicit prices for services to financial institutions. This will both generate revenues and help assure the efficiency of our operations, since in some cases we will be competing with private institutions. Pricing may result in a material shift in the provision of financial services from the Federal Reserve to the private sector. For example, we know that local clearing of checks by clearing house associations will probably reduce our check-clearing operations significantly. As such developments occur over the next year or two, employment at the Federal Reserve Banks may well be reduced substantially further.

We have also put in train a re-examination of the services provided by the Federal Reserve Banks to see if there are areas where significant changes are possible, apart from the effects of pricing. I hope we will find ways to effect significant cost savings by discontinuing services whose benefits to the public do not exceed the costs of providing them.

The point is, we have been at this some time, with very favorable results, and have taken the occasion of your program to step up an already intensive effort. You know I consider what you are doing to be of critical importance for getting our inflation problem turned around, and I intend to make sure that we do our part.

Sincerely,

RFS:PAV:ccm #12



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

MAR 27 1981

#12

RECEIVED
OFFICE OF THE CHAIRMAN
1981 APR -3 AM 11:18
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Honorable Paul A. Volcker
Chairman, Board of Governors
Federal Reserve System
Washington, D. C. 20551

Dear Mr. Chairman:

Now that the 1982 Budget reflecting President Reagan's economic recovery program has been transmitted to the Congress, I wish to advise you that executive branch departments and agencies subject to employment ceilings have been directed to reduce Federal civilian employment. I would appreciate the support of the Board of Governors in this effort.

The President is committed to substantial reductions in Federal employment through 1986, including employment in a number of financial regulatory agencies. As there is a great deal of similarity in the responsibilities of such agencies, there may be a perceived inequity if staffing is reduced in some of them but not in others. Moreover, there is an expectation by the general public that employment in all Government agencies will be similarly treated.

I recognize and respect the essential nature of your activities and the independence of the Federal Reserve System. The support of the Board in achieving staff reductions comparable to those in other bank regulatory agencies would be helpful in showing the commitment of the total Federal establishment to constraining the size of the Federal Government and to maintaining equity. The President has requested that Federal agencies generally reduce employment by 5% in 1981 and 8% in 1982 below the levels provided in the Carter budget. In 1983 and 1984, additional annual reductions of 2% have been requested. Exceptions to this policy for certain activities, such as credit union examination functions, have been made.

Many thanks to you and your staff for your efforts and cooperation in supporting the President's efforts to curtail the growth in the Federal Government.

Sincerely,

DAVID A. STOCKMAN

David A. Stockman
Director

THE WHITE HOUSE

WASHINGTON
March 26, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 MAR 27 PM 1:57

RECEIVED
OFFICE OF THE CHAIRMAN

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Government-Wide Anti-Fraud and Waste Efforts

#11

The reduction of fraud and waste in the operation of all Federal programs is a major commitment and priority of my Administration. Today, I am establishing, by Executive Order, the President's Council on Integrity and Efficiency to focus and improve our efforts to deal with the problem. The Deputy Director of the Office of Management and Budget will chair this Council which will include all of the statutory Inspectors General and other key officials.

The commitment to reduce fraud and waste cannot be limited to those departments and agencies where statutory IGs have been established. I have asked the Chairman of the Council to ensure that other departments and agencies are actively involved in this most important undertaking. The Executive Order directs the Chairman to convene all of the agencies not on the Council at least four times a year to share information on Council policy initiatives.

The establishment of this Council is an integral part of a broader plan to attack fraud, waste and inefficiency in Federal programs. This plan will involve a combination of key officials and organizations, coordinating mechanisms, and priority projects operating under active OMB leadership on my behalf.

I expect each of you to provide the necessary support and cooperation to assure that our objective is accomplished. One specific action I am asking you to take is to designate a top level individual who will have the responsibility for following up on the recommendations of your official who is responsible for coordinating efforts to eliminate fraud and waste and the recommendations of the General Accounting Office.

Ronald Reagan

Mr
via Donna
5/29

#10

April 10, 1981

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

Dear Mr. Vice President:

I've read carefully your letter asking that the Federal Reserve Board comply with the spirit of the President's program for reducing regulatory burdens. I consider efforts to encourage competition and reduce the cost of regulation a highly essential part of the new economic program and have said so frequently in testimony before Congress and in my other public statements. I am particularly heartened that you are taking such a strong personal interest in the issue.

Here at the Federal Reserve we have been concerned for some time about the cost of regulation, particularly to small institutions for whom the burden can be especially harsh. More than two years ago, we began our own effort to thoroughly review all of our regulations to see which ones could be eliminated and if not, at least simplified. A Regulatory Improvement Project involving the full resources of the Federal Reserve System is engaging in a zero-base review of all existing Federal Reserve regulations under criteria that have now been embodied in the Regulation Simplification Act. Reports have been prepared by the Federal Reserve Banks on each of the Board's regulations. Thus far the Board has completed reviewing about one-half of our regulations.

In some areas, such as the regulation governing Truth-in-Lending which is by far the most burdensome to lenders, we have accomplished very substantial reductions in burden. As in so many cases, this took legislation. The Board has also consistently testified in support of legislation to reduce regulation of financial institutions where possible.

The Honorable George Bush
Page 2

We do not anticipate that we will be initiating any significant volume of new regulation, as this is contrary to our general approach. In fact, in the last fiscal year we have not issued any new regulations except those required by legislation.

We do make changes in existing regulations from time to time, and in the monetary policy and bank supervision areas in particular it is important that we retain the flexibility to do so. However, we do examine any proposed change very carefully to assure that it will not add unnecessarily to regulatory burdens specifically. All new regulations, interpretations, and other regulatory materials prepared for the Board's consideration now go through a separate review process by a professional staff established solely to focus on the objectives of the Regulation Simplification Act.

This review process is fully consistent with and very similar to that suggested in Section 2 of the Executive Order. We also believe that these procedures, directed toward the same objectives and goals, are fully in the spirit of Section 3. We will also continue to participate in the regulatory calendar.

Once again, let me wish you continued success in your efforts to reduce the cost of regulation.

Sincerely,

RFS/PAV:slw

#WH-10



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 MAR 26 AM 11:00

OFFICE OF THE VICE PRESIDENT

WASHINGTON

RECEIVED
OFFICE OF THE CHAIRMAN

March 25, 1981

#10

Honorable Paul A. Volcker
Chairman, Board of Governors
of Federal Reserve System
20th & Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Chairman Volcker:

President Reagan is deeply concerned about the burden of Federal regulations and paperwork, and strongly believes we need to reduce the intrusion of the Federal government into our daily lives. He has established a Task Force on Regulatory Relief, which I chair, and he has issued Executive Order 12291 to establish procedures for careful review of new and existing regulations to assure their compliance with his goals of reducing regulatory burdens.

In this Executive Order, President Reagan ordered cabinet departments and agencies to choose, among feasible alternative approaches to any given regulatory objective, the alternative involving the least net cost to society. To help focus these efforts, he ordered that these agencies prepare a regulatory impact analysis of major regulatory actions.

We appreciate that your organization's internal procedures may make it difficult for you to comply with every provision of Executive Order 12291. For upcoming major regulations, however, I am requesting that you voluntarily adhere to Sections 2 and 3 of the Order. To the extent you can comply with the spirit of the Order, this will help demonstrate to the American people the willingness of all components of the Federal government to respond to their concerns about unnecessary intrusion of government into their daily lives.



OFFICE OF THE VICE PRESIDENT

WASHINGTON

March 25, 1981

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

SUBJECT: Consolidation of Regulatory Oversight

President Reagan has made regulatory relief one of the top priorities of his economic policy. He has asked me, as Chairman of the Presidential Task Force on Regulatory Relief, to take clear, constructive, and decisive action to restrain Federal regulation and to improve the regulatory process. Through Executive Order 12291, issued February 17, 1981, President Reagan has directed the Director of the Office of Management and Budget, subject to the direction of the Task Force, to coordinate Executive branch regulatory policies.

This approach renders unnecessary the Regulatory Council, established by President Carter in 1978 as part of his efforts to gain control over the regulatory agencies. To avoid duplication of Task Force efforts and to ensure consistent direction to the agencies, the President has directed me to disband the Council effective immediately.

One major activity of the Council has been to publish, at least every six months, a unified "Regulatory Calendar" describing the goals and anticipated effects of major regulations under development. This is a useful effort which will be continued under the auspices of the Office of Management and Budget. I request that you continue to participate in this project and to provide the information which will be requested.

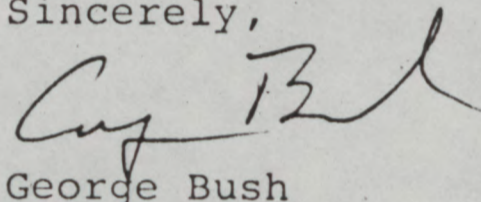
A handwritten signature in dark ink, appearing to read "George Bush". The signature is fluid and cursive, with a large initial "G" and "B".

George Bush

By the enclosed communication, I have today carried out the President's wish to disband the U.S. Regulatory Council. You should note, however, that the staff will continue to prepare for publication the extraordinarily useful Regulatory Calendar. We solicit and urge your continued, and valued, participation in the Regulatory Calendar project.

President Reagan joins me in asking for your cooperation. Working together, we will be able to coordinate and reduce the cumulative burden of needless and overly rigid government regulation.

Sincerely,



George Bush

Enclosure



RE: 10

OFFICE OF THE VICE PRESIDENT

WASHINGTON

March 25, 1981

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1981 MAR 30 AM 11:09
RECEIVED
OFFICE OF THE CHAIRMAN

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

SUBJECT: Consolidation of Regulatory Oversight

President Reagan has made regulatory relief one of the top priorities of his economic policy. He has asked me, as Chairman of the Presidential Task Force on Regulatory Relief, to take clear, constructive, and decisive action to restrain Federal regulation and to improve the regulatory process. Through Executive Order 12291, issued February 17, 1981, President Reagan has directed the Director of the Office of Management and Budget, subject to the direction of the Task Force, to coordinate Executive branch regulatory policies.

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One major activity of the Council has been to publish, at least every six months, a unified "Regulatory Calendar" describing the goals and anticipated effects of major regulations under development. This is a useful effort which will be continued under the auspices of the Office of Management and Budget. I request that you continue to participate in this project and to provide the information which will be requested.

George Bush

in Proclamation No. 4813 is hereby rescinded.

SEC. 2. Proclamation No. 4813 is revoked.

SEC. 3. The Secretary of Energy shall take such action as may be necessary to ensure the implementation of this Proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand this seventeenth day of February, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and fifth.

RONALD REAGAN

[Filed with the Office of the Federal Register, 3:17 p.m., February 17, 1981]

Federal Exports and Excessive Regulation

Executive Order 12290. February 17, 1981

By the authority vested in me as President by the Constitution of the United States of America, and in order to ensure that the Export Administration Act of 1979 is implemented with the minimum regulatory burden, Executive Order No. 12264 of January 15, 1981, entitled "On Federal Policy Regarding the Export of Banned or Significantly Restricted Substances," is hereby revoked.

RONALD REAGAN

The White House,
February 17, 1981.

[Filed with the Office of the Federal Register, 3:18 p.m., February 17, 1981]

Federal Regulation

Executive Order 12291. February 17, 1981

By the authority vested in me as President by the Constitution and laws of the

United States of America, and in order to reduce the burdens of existing and future regulations, increase agency accountability for regulatory actions, provide for presidential oversight of the regulatory process, minimize duplication and conflict of regulations, and insure well-reasoned regulations, it is hereby ordered as follows:

SECTION 1. *Definitions.* For the purposes of this Order:

(a) "Regulation" or "rule" means an agency statement of general applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the procedure or practice requirements of an agency, but does not include:

(1) Administrative actions governed by the provisions of Sections 556 and 557 of Title 5 of the United States Code;

(2) Regulations issued with respect to a military or foreign affairs function of the United States; or

(3) Regulations related to agency organization, management, or personnel.

(b) "Major rule" means any regulation that is likely to result in:

(1) An annual effect on the economy of \$100 million or more;

(2) A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or

(3) Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

(c) "Director" means the Director of the Office of Management and Budget.

(d) "Agency" means any authority of the United States that is an "agency" under 44 U.S.C. 3502(1), excluding those agencies specified in 44 U.S.C. 3502(10).

(e) "Task Force" means the Presidential Task Force on Regulatory Relief.

SEC. 2. *General Requirements.* In promulgating new regulations, reviewing existing regulations, and developing legislative proposals concerning regulation, all agencies, to the extent permitted by law, shall adhere to the following requirements:

(a) Administrative decisions shall be based on adequate information concerning the need for and consequences of proposed government action;

(b) Regulatory action shall not be undertaken unless the potential benefits to society from the regulation outweigh the potential costs to society;

(c) Regulatory objectives shall be chosen to maximize the net benefits to society;

(d) Among alternative approaches to any given regulatory objective, the alternative involving the least net cost to society shall be chosen; and

(e) Agencies shall set regulatory priorities with the aim of maximizing the aggregate net benefits to society, taking into account the condition of the particular industries affected by regulations, the condition of the national economy, and other regulatory actions contemplated for the future.

SEC. 3. *Regulatory Impact Analysis and Review.*

(a) In order to implement Section 2 of this Order, each agency shall, in connection with every major rule, prepare, and to the extent permitted by law consider, a Regulatory Impact Analysis. Such Analyses may be combined with any Regulatory Flexibility Analyses performed under 5 U.S.C. 603 and 604.

(b) Each agency shall initially determine whether a rule it intends to propose or to issue is a major rule, *provided that*, the Director, subject to the direction of the Task Force, shall have authority, in accordance with Sections 1(b) and 2 of this Order, to prescribe criteria for making

such determinations, to order a rule to be treated as a major rule, and to require any set of related rules to be considered together as a major rule.

(c) Except as provided in Section 8 of this Order, agencies shall prepare Regulatory Impact Analyses of major rules and transmit them, along with all notices of proposed rulemaking and all final rules, to the Director as follows:

(1) If no notice of proposed rulemaking is to be published for a proposed major rule that is not an emergency rule, the agency shall prepare only a final Regulatory Impact Analysis, which shall be transmitted, along with the proposed rule, to the Director at least 60 days prior to the publication of the major rule as a final rule;

(2) With respect to all other major rules, the agency shall prepare a preliminary Regulatory Impact Analysis, which shall be transmitted, along with a notice of proposed rulemaking, to the Director at least 60 days prior to the publication of a notice of proposed rulemaking, and a final Regulatory Impact Analysis, which shall be transmitted along with the final rule at least 30 days prior to the publication of the major rule as a final rule;

(3) For all rules other than major rules, agencies shall submit to the Director, at least 10 days prior to publication, every notice of proposed rulemaking and final rule.

(d) To permit each proposed major rule to be analyzed in light of the requirements stated in Section 2 of this Order, each preliminary and final Regulatory Impact Analysis shall contain the following information:

(1) A description of the potential benefits of the rule, including any beneficial effects that cannot be quantified in monetary terms, and the identification of those likely to receive the benefits;

(2) A description of the potential costs of the rule, including any adverse effects that cannot be quantified in monetary terms, and the identification of those likely to bear the costs;

(3) A determination of the potential net benefits of the rule, including an evaluation of effects that cannot be quantified in monetary terms;

(4) A description of alternative approaches that could substantially achieve the same regulatory goal at lower cost, together with an analysis of this potential benefit and costs and a brief explanation of the legal reasons why such alternatives, if proposed, could not be adopted; and

(5) Unless covered by the description required under paragraph (4) of this subsection, an explanation of any legal reasons why the rule cannot be based on the requirements set forth in Section 2 of this Order.

(e)(1) The Director, subject to the direction of the Task Force, which shall resolve any issues raised under this Order or ensure that they are presented to the President, is authorized to review any preliminary or final Regulatory Impact Analysis, notice of proposed rulemaking, or final rule based on the requirements of this Order.

(2) The Director shall be deemed to have concluded review unless the Director advises an agency to the contrary under subsection (f) of this Section:

(A) Within 60 days of a submission under subsection (c)(1) or a submission of a preliminary Regulatory Impact Analysis or notice of proposed rulemaking under subsection (c)(2);

(B) Within 30 days of the submission of a final Regulatory Impact Analysis and a final rule under subsection (c)(2); and

(C) Within 10 days of the submission of a notice of proposed rulemaking or final rule under subsection (c)(3).

(f)(1) Upon the request of the Director, an agency shall consult with the Director concerning the review of a preliminary Regulatory Impact Analysis or notice of proposed rulemaking under this Order, and shall, subject to Section 8(a)(2) of this Order, refrain from publishing its preliminary Regulatory Impact Analysis or notice of proposed rulemaking until such review is concluded.

(2) Upon receiving notice that the Director intends to submit views with respect to any final Regulatory Impact Analysis or final rule, the agency shall, subject to Section 8(a)(2) of this Order, refrain from publishing its final Regulatory Impact Analysis or final rule until the agency has responded to the Director's views, and incorporated those views and the agency's response in the rulemaking file.

(3) Nothing in this subsection shall be construed as displacing the agencies' responsibilities delegated by law.

(g) For every rule for which an agency publishes a notice of proposed rulemaking, the agency shall include in its notice:

(1) A brief statement setting forth the agency's initial determination whether the proposed rule is a major rule, together with the reasons underlying that determination; and

(2) For each proposed major rule, a brief summary of the agency's preliminary Regulatory Impact Analysis.

(h) Agencies shall make their preliminary and final Regulatory Impact Analyses available to the public.

(i) Agencies shall initiate reviews of currently effective rules in accordance with the purposes of this Order, and perform Regulatory Impact Analyses of currently effective major rules. The Director, subject to the direction of the Task Force, may designate currently effective rules for

review in accordance with this Order, and establish schedules for reviews and Analyses under this Order.

SEC. 4. *Regulatory Review.* Before approving any final major rule, each agency shall:

(a) Make a determination that the regulation is clearly within the authority delegated by law and consistent with congressional intent, and include in the FEDERAL REGISTER at the time of promulgation a memorandum of law supporting that determination.

(b) Make a determination that the factual conclusions upon which the rule is based have substantial support in the agency record, viewed as a whole, with full attention to public comments in general and the comments of persons directly affected by the rule in particular.

SEC. 5. *Regulatory Agendas.*

(a) Each agency shall publish, in October and April of each year, an agenda of proposed regulations that the agency has issued or expects to issue, and currently effective rules that are under agency review pursuant to this Order. These agendas may be incorporated with the agendas published under 5 U.S.C. 602, and must contain at the minimum:

(1) A summary of the nature of each major rule being considered, the objectives and legal basis for the issuance of the rule, and an approximate schedule for completing action on any major rule for which the agency has issued a notice of proposed rulemaking;

(2) The name and telephone number of a knowledgeable agency official for each item on the agenda; and

(3) A list of existing regulations to be reviewed under the terms of this Order, and a brief discussion of each such regulation.

(b) The Director, subject to the direc-

tion of the Task Force, may, to the extent permitted by law:

(1) Require agencies to provide additional information in an agenda; and

(2) Require publication of the agenda in any form.

SEC. 6. *The Task Force and Office of Management and Budget.*

(a) To the extent permitted by law, the Director shall have authority, subject to the direction of the Task Force, to:

(1) Designate any proposed or existing rule as a major rule in accordance with Section 1(b) of this Order;

(2) Prepare and promulgate uniform standards for the identification of major rules and the development of Regulatory Impact Analyses;

(3) Require an agency to obtain and evaluate, in connection with a regulation, any additional relevant data from any appropriate source;

(4) Waive the requirements of Sections 3, 4, or 7 of this Order with respect to any proposed or existing major rule;

(5) Identify duplicative, overlapping and conflicting rules, existing or proposed, and existing or proposed rules that are inconsistent with the policies underlying statutes governing agencies other than the issuing agency or with the purposes of this Order, and, in each such case, require appropriate interagency consultation to minimize or eliminate such duplication, overlap, or conflict;

(6) Develop procedures for estimating the annual benefits and costs of agency regulations, on both an aggregate and economic or industrial sector basis, for purposes of compiling a regulatory budget;

(7) In consultation with interested agencies, prepare for consideration by the President recommendations for changes in the agencies' statutes; and

(8) Monitor agency compliance with the requirements of this Order and advise

the President with respect to such compliance.

(b) The Director, subject to the direction of the Task Force, is authorized to establish procedures for the performance of all functions vested in the Director by this Order. The Director shall take appropriate steps to coordinate the implementation of the analysis, transmittal, review, and clearance provisions of this Order with the authorities and requirements provided for or imposed upon the Director and agencies under the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, and the Paperwork Reduction Plan Act of 1980, 44 U.S.C. 3501 *et seq.*

SEC. 7. Pending Regulations.

(a) To the extent necessary to permit reconsideration in accordance with this Order, agencies shall, except as provided in Section 8 of this Order, suspend or postpone the effective dates of all major rules that they have promulgated in final form as of the date of this Order, but that have not yet become effective, excluding:

(1) Major rules that cannot legally be postponed or suspended;

(2) Major rules that, for good cause, ought to become effective as final rules without reconsideration. Agencies shall prepare, in accordance with Section 3 of this Order, a final Regulatory Impact Analysis for each major rule that they suspend or postpone.

(b) Agencies shall report to the Director no later than 15 days prior to the effective date of any rule that the agency has promulgated in final form as of the date of this Order, and that has not yet become effective, and that will not be reconsidered under subsection (a) of this Section:

(1) That the rule is excepted from reconsideration under subsection (a), including a brief statement of the legal or

other reasons for that determination; or

(2) That the rule is not a major rule.

(c) The Director, subject to the direction of the Task Force, is authorized, to the extent permitted by law, to:

(1) Require reconsideration, in accordance with this Order, of any major rule that an agency has issued in final form as of the date of this Order and that has not become effective; and

(2) Designate a rule that an agency has issued in final form as of the date of this Order and that has not yet become effective as a major rule in accordance with Section 1(b) of this Order.

(d) Agencies may, in accordance with the Administrative Procedure Act and other applicable statutes, permit major rules that they have issued in final form as of the date of this Order, and that have not yet become effective, to take effect as interim rules while they are being reconsidered in accordance with this Order, *provided that*, agencies shall report to the Director, no later than 15 days before any such rule is proposed to take effect as an interim rule, that the rule should appropriately take effect as an interim rule while the rule is under reconsideration.

(e) Except as provided in Section 8 of this Order, agencies shall, to the extent permitted by law, refrain from promulgating as a final rule any proposed major rule that has been published or issued as of the date of this Order until a final Regulatory Impact Analysis, in accordance with Section 3 of this Order, has been prepared for the proposed major rule.

(f) Agencies shall report to the Director, no later than 30 days prior to promulgating as a final rule any proposed rule that the agency has published or issued as of the date of this Order and that has not been considered under the terms of this Order:

(1) That the rule cannot legally be considered in accordance with this Order, together with a brief explanation of the legal reasons barring such consideration; or

(2) That the rule is not a major rule, in which case the agency shall submit to the Director a copy of the proposed rule.

(g) The Director, subject to the direction of the Task Force, is authorized, to the extent permitted by law, to:

(1) Require consideration, in accordance with this Order, of any proposed major rule that the agency has published or issued as of the date of this Order; and

(2) Designate a proposed rule that an agency has published or issued as of the date of this Order, as a major rule in accordance with Section 1(b) of this Order.

(h) The Director shall be deemed to have determined that an agency's report to the Director under subsections (b), (d), or (f) of this Section is consistent with the purposes of this Order, unless the Director advises the agency to the contrary:

(1) Within 15 days of its report, in the case of any report under subsections (b) or (d); or

(2) Within 30 days of its report, in the case of any report under subsection (f).

(i) This Section does not supersede the President's Memorandum of January 29, 1981, entitled "Postponement of Pending Regulations", which shall remain in effect until March 30, 1981.

(j) In complying with this Section, agencies shall comply with all applicable provisions of the Administrative Procedure Act, and with any other procedural requirements made applicable to the agencies by other statutes.

SEC. 8. Exemptions.

(a) The procedures prescribed by this Order shall not apply to:

(1) Any regulation that responds to an emergency situation, *provided that*, any such regulation shall be reported to the Director as soon as is practicable, the agency shall publish in the FEDERAL REGISTER a statement of the reasons why it is impracticable for the agency to follow the procedures of this Order with respect to such a rule, and the agency shall prepare and transmit as soon as is practicable a Regulatory Impact Analysis of any such major rule; and

(2) Any regulation for which consideration or reconsideration under the terms of this Order would conflict with deadlines imposed by statute or by judicial order, *provided that*, any such regulation shall be reported to the Director together with a brief explanation of the conflict, the agency shall publish in the FEDERAL REGISTER a statement of the reasons why it is impracticable for the agency to follow the procedures of this Order with respect to such a rule, and the agency, in consultation with the Director, shall adhere to the requirements of this Order to the extent permitted by statutory or judicial deadlines.

(b) The Director, subject to the direction of the Task Force, may, in accordance with the purposes of this Order, exempt any class or category of regulations from any or all requirements of this Order.

SEC. 9. *Judicial Review.* This Order is intended only to improve the internal management of the Federal government, and is not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers or any person. The determinations made by agencies under Section 4 of this Order, and any Regulatory Impact Analyses for any rule, shall be made part of the whole record of agency action in connection with the rule.

SEC. 10. *Revocations.* Executive Orders No. 12044, as amended, and No. 12174 are revoked.

RONALD REAGAN

The White House,
February 17, 1981.

[Filed with the Office of the Federal Register,
3:19 p.m., February 17, 1981]

Program for Economic Recovery

*Address Before a Joint Session of the
Congress. February 18, 1981*

*Mr. Speaker, Mr. President, distinguished
Members of Congress, honored guests, and
fellow citizens:*

Only a month ago I was your guest in this historic building, and I pledged to you my cooperation in doing what is right for this nation that we all love so much. I'm here tonight to reaffirm that pledge and to ask that we share in restoring the promise that is offered to every citizen by this, the last, best hope of man on Earth.

All of us are aware of the punishing inflation which has for the first time in 60 years held to double-digit figures for 2 years in a row. Interest rates have reached absurd levels of more than 20 percent and over 15 percent for those who would borrow to buy a home. All across this land one can see newly built homes standing vacant, unsold because of mortgage interest rates.

Almost 8 million Americans are out of work. These are people who want to be productive. But as the months go by, despair dominates their lives. The threats of layoff and unemployment hang over other millions, and all who work are frustrated by their inability to keep up with inflation.

One worker in a Midwest city put it to me this way: He said, "I'm bringing home

more dollars than I ever believed I could possibly earn, but I seem to be getting worse off." And he is. Not only have hourly earnings of the American worker, after adjusting for inflation, declined 5 percent over the past 5 years, but in these 5 years, Federal personal taxes for the average family have increased 67 percent. We can no longer procrastinate and hope that things will get better. They will not. Unless we act forcefully—and now—the economy will get worse.

Can we, who man the ship of state, deny it is somewhat out of control? Our national debt is approaching \$1 trillion. A few weeks ago I called such a figure, a trillion dollars, incomprehensible, and I've been trying ever since to think of a way to illustrate how big a trillion really is. And the best I could come up with is that if you had a stack of thousand-dollar bills in your hand only 4 inches high, you'd be a millionaire. A trillion dollars would be a stack of thousand-dollar bills 67 miles high. The interest on the public debt this year we know will be over \$90 billion, and unless we change the proposed spending for the fiscal year beginning October 1st, we'll add another almost \$80 billion to the debt.

Adding to our troubles is a mass of regulations imposed on the shopkeeper, the farmer, the craftsman, professionals, and major industry that is estimated to add \$100 billion to the price of the things we buy, and it reduces our ability to produce. The rate of increase in American productivity, once one of the highest in the world, is among the lowest of all major industrial nations. Indeed, it has actually declined in the last 3 years.

Now, I've painted a pretty grim picture, but I think I've painted it accurately. It is within our power to change his picture, and we can act with hope. There's nothing wrong with our internal



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

GENERAL COUNSEL

March 13, 1981

Honorable Paul C. Volcker
Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

#9

Dear Mr. Chairman:

In accordance with the provisions of Executive Order No. 11030, as amended, enclosed is a proposed Executive order entitled "Statistical Policy Functions."

It was prepared in this office in order to implement Section 3(a) of the Paperwork Reduction Act of 1980, 94 Stat. 2825, and to transfer certain related statistical policy functions from the Department of Commerce to the Office of Management and Budget.

On behalf of the Director of the Office of Management and Budget, I would appreciate receiving any comments you may have concerning this proposal. If you have any comments or objections they should be received no later than Monday, March 23, 1981.

Comments or inquiries may be submitted to Mr. Peter M. Shane of this office (395-5600).

Sincerely,

William M. Nichols
William M. Nichols
General Counsel

Enclosure

*if necessary
via Mr. Sigel
Gil Schwartz*

EXECUTIVE ORDER

STATISTICAL POLICY FUNCTIONS

By virtue of the authority vested in me by Reorganization Plan No. 2 of 1970 (5 U.S.C. App. II), Section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), Section 3(a) of the Paperwork Reduction Act of 1980 (Public Law 96-511, 94 Stat. 2825), and Section 301 of Title 3 of the United States Code, and in order to delegate certain statistical policy functions to the Director of the Office of Management and Budget, and to require redelegation of certain functions to the Administrator for the Office of Information and Regulatory Affairs, it is hereby ordered as follows:

Section 1. Section 1(c) of Executive Order No. 11541 of July 1, 1970, as amended, is deleted.

Sec. 2. Executive Order No. 10253 of July 11, 1951, as amended, is further amended as follows:

(a) "Secretary of Commerce" is deleted in Section 1 and "Director of the Office of Management and Budget" is substituted.

(b) "Secretary" is deleted wherever it appears in Sections 1, 2, 4, 5, and 6 and "Director" is substituted therefor.

(c) "Department of Commerce" is deleted in Section 6 and "Office of Management and Budget" is substituted.

(d) Sections 7 and 8 are deleted.

Sec. 3. Executive Order No. 10033, as amended, is further amended as follows:

(a) "Secretary of Commerce" is deleted in Section 1 and "Director of the Office of Management and Budget" is substituted.

(b) "Secretary" is deleted wherever it appears in Sections 1, 2(a), 2(b), 2(c), 3, 4, and 5 and "Director" is substituted therefor.

(c) Section 7 is deleted.

Sec. 4. Executive Order No. 12013 is amended as follows:

(a) Section 7 is deleted.

(b) Paragraph 1 of subsection (a) of Section 8 is amended to read, "The Secretary of Commerce."

(c) Paragraph 14 of subsection (a) of Section 8 is amended to read, "The Director of the Office of Management and Budget, who shall be Chairman."

(d) "Secretary of Commerce" is deleted in subsection (d) of Section 8 and "Director of the Office of Management and Budget" is substituted.

Sec. 5. The Director shall delegate to the Administrator for the Office of Information and Regulatory Affairs all of the Director's functions, authority, and responsibility under Section 103 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 18b), including all such functions, authority, and responsibility delegated to the Director by the President, except that such delegation shall not relieve the Director of responsibility for the administration of such functions, authority, and responsibility.

Sec. 6. The records, property, personnel, and unexpended balances of appropriations, available or to be made available, which relate to the functions transferred or reassigned from

the Secretary of Commerce to the Director of the Office of Management and Budget by the delegations made in this Order, are hereby transferred to the Director of the Office of Management and Budget.

Sec. 7. The Director of the Office of Management and Budget shall make such determinations, issue such orders, and take all steps necessary or appropriate to ensure or effectuate the transfers or reassignments provided by this Order, including the transfer of funds, records, property, and personnel.

Sec. 8. Any rules, regulations, orders, directives, circulars, or other actions taken pursuant to the functions transferred or reassigned from the Secretary of Commerce to the Director of the Office of Management and Budget by the delegations made in this Order, shall remain in effect until amended, modified, or revoked pursuant to the delegations made in this Order.

Sec. 9. This Order shall be effective April , 1981.

THE WHITE HOUSE

, 1981



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

1981 MAR 13 PM 10:52

WH-8

M-81-8

March 9, 1981

MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Proposed Executive Orders and Proclamations

Executive Order No. 11030, as amended, requires all proposed Executive orders and proclamations to be submitted to the Office of Management and Budget for review and interagency clearance. It provides that after a proposal has been approved it is forwarded for review by the Attorney General as to form and legality. Only after this policy and legal review process has been completed are proposed orders and substantive proclamations submitted to the President.

Executive Order No. 11030 continues in effect. Current procedures for clearance will continue. All proposals should be submitted to the Office of Management and Budget's General Counsel, well in advance of any anticipated issue date. Proposals submitted prior to January 20, 1981, and which have not, subsequent to that date, been circulated for agency comment will not be processed further. Any agency wishing to renew such a proposal shall resubmit it to the General Counsel as if it were a proposal of the new Administration.

It is important that every proposal be accompanied by a statement of the legal or policy requirement for the order or proclamation, a recitation of the President's authority to issue the document, a summary of purposes, and an analysis of its provisions.

David A. Stockman
Director

1981 MAR -2 PM 10:21

THE WHITE HOUSE
WASHINGTON

February 27, 1981

WH-7

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

The 100th Anniversary of the American National Red Cross is being celebrated this year and I have just affixed my signature to the document proclaiming the month of March as Red Cross Month.

The historic record of mercy and service of the Red Cross is known to us all. Its efforts this past year have alleviated suffering in this country and abroad, trained hundreds of thousands to deal effectively in matters of health and safety, and, through its blood services, saved the lives of untold numbers.

As President of the United States and Honorary Chairman of the American National Red Cross, I extend my personal support for the humanitarian efforts of this organization.

I know that you will join me in this support and encourage every Federal employee and member of our armed forces to assist the Red Cross by supporting their local chapters. It is essential to the Nation that the Red Cross continue to receive wide public voluntary support, both in funds and volunteer effort, to insure the organization's second century of service.

Let us all respond generously and help maintain the spirit of charity that has always been one of the hallmarks of the American character.

Ronald Reagan

THE WHITE HOUSE

WASHINGTON

February 20, 1981

WH-6

12:16

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: CRAIG L. FULLER *CF*
DEPUTY ASSISTANT TO THE PRESIDENT
AND DIRECTOR, OFFICE OF CABINET ADMINISTRATION

SUBJECT: Release of Information Concerning Budget and
Program Changes

We have had many questions as to the level of detail that may be released by departments and agencies concerning the major budget and program changes that have been agreed upon by the Cabinet and incorporated in the President's economic program.

This memorandum is to provide guidance on that matter.

First, you should rely primarily upon the detailed information provided in the Budget Reform Plan which the President has transmitted to the Congress.

Second, you should avoid release of information relating to budget and program changes not incorporated in the February 18 message. Many changes are still under consideration and will be presented in the comprehensive FY 1982 budget revisions that will be transmitted to Congress on March 10 or shortly thereafter.

As is normal practice, any supporting materials relating to the President's proposals for budget and program changes intended for release to the public or Congress should be submitted to OMB for review and clearance. This review is essential to ensure consistency with the budget reform plan and the revised budget.

Your cooperation is appreciated. If you have any questions, please call me or your contact at OMB.



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

1981 FEB 19 AM 9:22

OFFICE OF FEDERAL
PROCUREMENT POLICY

FEB 5 1981

WH-5

M-81-7

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Rescission of Policy Letter 78-6, Wage and Price Standards for Federal Contractors

Policy Letter 78-6, dated December 27, 1978, implemented the President's anti-inflation program by requiring that Federal contractors comply with the voluntary wage and price standards. The Policy Letter required contractors and first-tier subcontractors to certify their compliance with the wage and price standards, in connection with any prime contract or first-tier subcontract expected to exceed \$5 million. It also provided that any companies listed by the Council on Wage and Price Stability (CWPS) as noncompliant would not be eligible for prime contract or first-tier subcontract awards over \$5 million. This Policy Letter was issued under the authority of Executive Order 12092, dated November 1, 1978.

Executive Order 12288, dated January 29, 1981, revoked Executive Order 12092. Accordingly, Policy Letter 78-6 is hereby rescinded. Outstanding solicitations which include the requirement to certify compliance with the wage and price standards may be amended to delete this requirement. In the case of uncompleted contracts which contain the certification clause, the practical effect of the revocation of Executive Order 12092 and Policy Letter 78-6 is to make the clause meaningless. The same is true with respect to the lists of noncompliant companies which, under Policy Letter 78-6, were ineligible for contract awards.

The Secretary of Defense and the Administrator of General Services are requested to revise the Defense Acquisition Regulation (DAR) and the Federal Procurement Regulations (FPR) respectively, to reflect the above action.

Karen Hastie Williams
Administrator

THE WHITE HOUSE

WASHINGTON

February 7, 1981

1981 FEB 12 PM 2:19

MEMORANDUM FOR: HEADS OF NON-CABINET AGENCIES

SUBJECT: REVISIONS OF THE 1982 BUDGET

#4

The comprehensive economic program that I will present to the Congress on February 18, 1981, will describe spending reductions, tax reductions and actions to remove unnecessary regulatory burdens.

For the past several weeks, members of the Cabinet and I have been identifying major policy and program changes that must be made to begin bringing spending under control. These major changes will be outlined in my February 18th address.

In addition to these major items, reductions will have to be made in virtually every agency for fiscal year 1981, 1982 and the future. This memorandum is to ask your cooperation in this second phase of our review and to outline the process and schedule that we must follow in order to submit a fully revised 1982 budget — including the details of the major changes I announce on February 18th and all other revisions of the budget submitted by President Carter on January 15th — to the Congress by March 10, 1981.

At my direction, the full review of the remainder of the Carter budget is already underway in the Office of Management and Budget. The remaining steps in the revision process will of necessity be much more compressed than would normally be possible and the procedure will be very demanding for all of us. More specifically:

- During the next 9 days, OMB will complete its review, consult with my senior advisers and me as appropriate, and at my direction, will advise each agency of additional reductions that are needed from the Carter budget to achieve our spending and employment reduction goals.
- If you believe there are better ways of achieving the reductions, I ask that you convey your views to the Director of OMB in writing within 48 hours after receiving the revised budget and employment limits.
- I will look to you and the Office of Management and Budget to resolve any differences promptly and, in those few cases where they cannot be resolved, to bring those differences to me jointly for final decision. Of necessity, I need to receive such items within 4 days of the time that you receive the initial notification from OMB.

Some agencies will begin receiving the initial notification by February 9th. The entire process must be completed promptly for all departments and agencies to allow time for your preparation of supporting materials and for compiling and printing the revised budget. Your cooperation in this effort is appreciated.

Ronald Reagan



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

1981 FEB -5 PM 10:39

February 2, 1981

M-81-6

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Legislative Coordination and Clearance

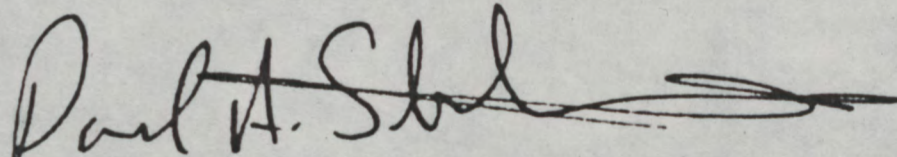
WH-3

This is to call your attention to the Executive branch's legislative coordination and clearance process and to request that incoming policy officers of the new Administration be thoroughly briefed on this subject.

The attached paper sets forth the major elements and the essential purposes of the clearance process. Office of Management and Budget Circular No. A-19 presents in detail the requirements and procedures for the coordination and clearance by OMB of Executive agency recommendations on proposed, pending, and enrolled legislation.

I want to stress the importance of adherence to the requirements of the clearance process so that it will serve the needs of the President by assuring that agency legislative proposals and recommendations are consistent with his policies and programs. I also want to emphasize the need for timeliness. Agency legislative proposals and reports and testimony on pending legislation should be submitted to OMB as far in advance as feasible of the date on which they need to be cleared in order to allow sufficient time for their review and coordination with other agencies.

In that connection, we want to have transmitted to Congress as promptly as possible all proposed legislation necessary to support the President's economic policy and the 1982 Budget as revised by this Administration. As decisions are made on these matters, you should give top priority to submitting draft legislation to OMB for review and clearance. My staff will be in touch with yours on scheduling details.


David A. Stockman
Director

Attachment

m/r

THE LEGISLATIVE CLEARANCE FUNCTION

This paper briefly describes the major elements of the legislative clearance function which the Office of Management and Budget (OMB), working with other elements of the Executive Office of the President and with the agencies, carries out on behalf of the President. The function is designed to serve the needs of the President in carrying out his legislative responsibilities.

Background

The President's legislative responsibilities are founded in his constitutional duties and powers to: (1) require the opinion in writing of the principal officer in each of the Executive departments, (2) take care that the laws are faithfully executed, (3) give the Congress information on the State of the Union, (4) recommend to the Congress such measures as he judges necessary, (5) approve or disapprove bills passed by the Congress, and (6) convene either or both Houses of Congress.

The legislative clearance function originated in the early 1920's in the Administration of President Harding. It grew out of the control over the budget given to the President by the Budget and Accounting Act of 1921. In its initial years, the clearance function was largely confined to bills involving expenditures, but it was later extended by President Roosevelt to all bills. A detailed description of the development of the legislative clearance function is contained in an article by Richard Neustadt, "The Growth of Central Clearance," in the American Political Science Review of September 1954.

OMB Circular A-19 sets forth the basic guidelines and procedures for carrying out the function. These procedures have been substantially the same for more than 40 years.

Description of Current Clearance Procedures

The clearance function covers agency legislative proposals, agency reports and testimony on pending legislation, and enrolled bills.

Legislative Proposals -- All bills that Executive agencies wish to transmit to the Congress are sent to OMB for clearance. There they are reviewed and a determination is made on what additional data and information are needed and what other agencies have substantial interests and should be asked to comment.

Agencies whose views are asked may favor a draft bill or have no objection. It is likely, however, that one or more of them will propose substantive or technical amendments, or perhaps a complete substitute. Divergent views may be reconciled by telephone or by letter. If appropriate, a meeting of the interested agencies will be arranged by OMB staff.

After review, analysis, resolution of issues, and obtaining appropriate policy guidance, OMB advises the proposing agency that (1) there is "no objection" from the standpoint of the Administration's program to the submission of the proposed draft bill to the Congress, (2) the proposed bill is "consistent with the Administration's objectives," or (3) the proposed bill is "in accord with the President's program." This "advice" is conveyed by the submitting agency to the Congress in its transmittal letter. On the other hand, if the agency is advised that its proposed bill conflicts with an important Administration objective, or is not in accord with the President's program, it may not transmit the bill to the Congress. Draft bills in the first category, i.e., "no objection" bills, are normally considered part of the agency's legislative program as contrasted to the President's legislative program which consists of bills in the second and third category.

The above are simply illustrative of the range of advice given, and there are many possible variations or qualifications, including suggested amendments to eliminate other agencies' objections.

Reports on Pending Legislation -- If agencies are asked by congressional committees to report or testify on pending legislation or wish to volunteer a report, similar clearance procedures are followed. Agencies are given "advice" which they transmit in their reports or include in their testimony. In the case of reports, however, receipt of advice contrary to the views expressed in the proposed report does not require an agency to change its views, but the agency is expected to review its position.

Enrolled Bills -- After Congress has completed action on a bill, it is enrolled and sent to the President for his approval or disapproval. The Constitution provides that the President shall take action within 10 days after receipt of the bill, not including Sundays.

To assist the President in deciding his course of action on a bill, OMB requests each interested agency to submit within 48 hours its analysis and recommendation in a letter to OMB, signed by the head of the agency or other Presidential

appointee. OMB prepares a memorandum to the President on the enrolled bill which transmits these views letters and summarizes the issues and various views and recommendations. If an agency recommends disapproval or a signing statement, it is responsible for preparing a draft of an appropriate statement for the President's consideration.

Volume of Activity -- During the 95th Congress, 19,387 bills and joint resolutions were introduced in the two Houses. The agencies submitted to OMB for clearance approximately 7,000 proposed reports on bills and 900 draft bills. OMB received congressional committee requests for its views on 3,400 bills. The 95th Congress enacted 803 public and private laws.

Relationship to the President's Legislative Program

The legislative recommendations of the President in his three regular annual messages -- State of the Union, Budget, and the Economic Report -- together with those in any special messages or other communications to the Congress generally constitute the President's legislative program. These recommendations have had their origin in many sources. One major source is the agencies themselves. Each year, along with their budgets, departments and agencies submit to OMB proposed agency legislative programs for the coming session of Congress.

Other major sources include bills introduced in the Congress and proposals of commissions, panels, and task forces established by law or by administrative order to examine and recommend on particular subjects.

In conjunction with the legislative clearance function, OMB and the agencies assist the White House staff in the development of the President's program. Each President develops his legislative program, of course, through methods of his own choice; and the form and nature of OMB and agency assistance vary, depending on the President's wishes. Almost always, however, it has involved the application of clearance procedures to the draft bills that are prepared to carry out the President's legislative recommendations.

The existence of the President's program gives the legislative clearance process coherence, a set of goals, and greater significance. It provides general guidance for the Executive branch, both in shaping proposals that are not part of the President's program and in commenting on bills before the Congress.

Purposes of the Clearance Function

As noted earlier, the function is essentially a staff service for the President performed in accordance with his wishes and designed to assist him in carrying out his legislative responsibilities. It has several purposes, of which some assist the Congress and the Executive agencies themselves, as well as the President:

it provides a mechanism for bringing together and staffing out agency legislative proposals which the President may wish to include in his legislative program;

it helps the agencies develop draft bills that are consistent with and that carry out the President's policy objectives;

it is a means of keeping Congress informed (through the "advice" transmitted by the agencies) of which bills are part of the President's program and of what the relationship of other bills is to that program;

it provides a mechanism for assuring that Congress gets coordinated and informative agency views on legislation which it has under consideration;

it assures that bills submitted to Congress by one agency properly take into account the interests and concerns of other affected agencies and will therefore have the general support of such agencies;

it provides a means whereby divergent agency views can be reconciled.

THE WHITE HOUSE

WASHINGTON

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January 22, 1981

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MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

SUBJECT: REDUCING UNNECESSARY FEDERAL SPENDING

Coping with runaway deficits in the current and pending budgets is one of the most urgent tasks before us. Thus, today I am taking four steps that will help reduce unnecessary Federal spending.

Effective immediately I am directing that, to the extent permitted under law, each Executive Department and Agency:

- Cut obligations for travel by 15 percent from the amounts available for the remainder of this fiscal year.
- Cut obligations for consulting, management and professional services, and special contract studies and analyses by 5 percent from the amounts shown for 1981 in the budget transmitted to Congress on January 15. (The cutback in consulting services is to be in addition to cutbacks ordered by the Carter Administration and the Congress.)
- Stop, until further notice, procurement of furniture, office machines and other equipment, except military equipment and equipment needed to protect human life and property.
- Finally, I am directing that Members of the Cabinet and other appointees set an example by avoiding unnecessary expenditures in setting up their personal offices. Appointees are not to redecorate their offices. This directive does not preclude reasonable and necessary cleaning, painting, and maintenance, or structural changes essential to the efficient functioning of an office.

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The Director of the Office of Management and Budget will issue detailed instructions for carrying out the first three actions listed above. I am delegating to him authority to grant exemptions in those few cases where exemptions are necessary to provide essential services.

As with the hiring freeze, I ask that this directive not detract from agency operations that directly affect the delivery of vital public services. Again, you should establish a clear hierarchy of needs within your agencies and assure that essential services are not interrupted.

These four actions, together with the freeze on hiring of Federal civilian employees announced on January 20, will help redeem our pledge to the American people of a government that lives within its means.

Ronald Reagan

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January 20, 1981

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MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS
AND AGENCIES

SUBJECT: HIRING FREEZE

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I am ordering today a strict freeze on the hiring of Federal civilian employees to be applied across the board in the executive branch.

This action is necessary because the national budget is out of control. Estimates of Federal spending for fiscal years 1981 and 1982 have -- in a single year -- increased by \$100 billion.

Last July, during my campaign for the Presidency, I pledged that we would take this action as a first step towards controlling the growth and size of government and stopping the drain on the economy by the public sector.

Imposing a freeze now can eventually lead to a significant reduction in the size of the Federal work force. This begins the process of restoring our economic strength and returning the Nation to prosperity.

The Director of the Office of Management and Budget will issue detailed instructions concerning this freeze. I am delegating to him authority to grant exemptions in those rare and unusual circumstances where exemptions are necessary for the delivery of essential services.

I ask that in carrying out this directive you insure the smallest impact possible on those areas of your agencies' operations that vitally affect the public, such as the processing of social security claims and the payment of veterans and retirement benefits. You should seek efficient use of personnel and funds by making reallocations within your respective agencies to meet highest priority needs and to assure that essential services are not interrupted.

Obviously, contracting with firms and institutions outside the government to circumvent the intent of this directive must not be permitted.

This begins the process of revising and reducing the 1981 and 1982 budgets, a project that will occupy much of our time during the coming weeks and months.

This will be a demanding period for all of us; it is also a time of challenge and an unusual opportunity to serve our Nation well. I am relying upon you for strict implementation of this directive.

Ronald Reagan

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