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APPROVED

OCT 17 1975

Signed 10/17/75

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day: October 17

October 15, 1975

Posted 10/17
To AR - NLUES
10/20

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Enrolled Bill H.R. 8070
Department of Housing and
Urban Development-Independent
Agencies Appropriation Act for 1976
and the Transition Quarter

Attached for your consideration is H.R. 8070, sponsored by Representative Boland, which provides budget authority of \$49,344,914,000 for FY 76 and \$5,648,675,000 for the transition quarter for activities of HUD, VA, NASA, EPA, NSF and other smaller agencies.

A detailed budget analysis of the bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), Bill Seidman and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 8070 at Tab B.



APPROVED
OCT 17 1975



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
OCT 11 1975

Posted
10/17
to archives
10/20

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8070 - Department of Housing and Urban Development-Independent Agencies Appropriation Act for 1976 and the transition quarter ending September 30, 1976

Last Day for Action:

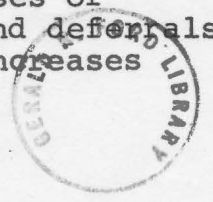
October 17, 1975 - Friday

<u>Budget Authority</u> <u>(in millions):</u>	<u>Administration</u> <u>Request</u>	<u>Enrolled</u> <u>Bill</u>	<u>Congressional</u> <u>Change</u>
1976.....	48,779	49,345	+565
Transition Quarter....	5,673	5,649	-24
Total.....	54,452	54,994	+541

Outlay Effect: Increases estimated outlays by \$56 million in 1976, \$29 million in the transition quarter, and \$123 million in 1977. Outlays outside the budget would rise by an additional \$150 million during this period. The immediate outlay impact of the bill is small in comparison to the increase in budget authority because expenditures under the long-term housing subsidy programs would be spread out over the next forty years. Ultimately, the additional authority contained in the bill would increase spending by \$1.5 billion.

Highlights:

- The major Congressional increases (+541 million) to your requests for budget authority are primarily for long-term housing programs. The resulting outlay increases are spread over as much as 40 years and have little impact in the near term (e.g., \$56 million in 1976 and \$123 million in 1977).
- When a number of financing changes are disregarded, the bill contains real 1976 budget authority increases of \$164 million over your requests. Rescissions and deferrals can be proposed to lessen the effect of these increases in 1976.

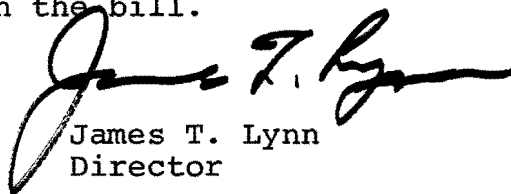


- Major changes by the Congress are concentrated in the HUD portion of the bill. The most objectionable of these are:
 - o Funding for a new program authorized to provide Federal guarantees and interest subsidy grants for bonds issued by State housing and development agencies.
 - o Statutory language requiring HUD to provide permanent financing for subsidized elderly housing projects sponsored by non-profit organizations.
 - o Additional funding for the Rehabilitation loan program which was supposed to have been replaced by the Community development block grant program.
 - o Language in the Committee reports directing HUD to reopen the College Housing direct loan program using \$74 million in available funds.

All changes are explained in the attached longer memorandum.

Recommendation

I recommend that you sign the bill.



James T. Lynn
Director

Attachment



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 11 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8070--Department of Housing and Urban Development--Independent Agencies Appropriation Act for 1976 and the transition quarter ending September 30, 1976
Sponsor - Rep. Boland (D), Massachusetts .

Last Day for Action

October 17, 1975 - Friday

Purpose

Provides budget authority of \$49,344,914,000 for fiscal year 1976 and \$5,648,675,000 for the transition quarter for activities of the Department of Housing and Urban Development, the Veterans Administration, the National Aeronautics and Space Administration, the Environmental Protection Agency, the National Science Foundation, and other smaller agencies.

Agency Recommendations

Office of Management and Budget

Approval

Affected agencies

Approval (informally)

Discussion

The enrolled bill provides \$565,344,000 more in 1976 budget authority than your request of \$48,779,570,000. Because the Congress met \$964 million of your requests by transferring budget authority from the suspended college housing direct loan program, the Congress actually added programs worth \$1,529,344,000 to your budget authority requests. The bill provides \$24,028,000 less than your transition quarter request of \$5,672,703,000.

The net effect of the budget authority changes is to increase outlay estimates in 1976 by \$56 million, in the transition quarter by \$29 million, and in 1977 by \$123 million. The outlay changes are substantially less than changes for budget authority because most of the increases for long-term subsidy programs will be expended over periods as long as 40 years.

You requested 1976 appropriations for this bill totaling \$22.3 billion more than the apparent 1975 funding level. This was primarily the result of counting--for the first time--as budget authority the maximum outlays which could result from increases in the limitations on long term housing subsidy payments which are authorized for up to 40 years. The Congress agreed to this new basis and made other changes resulting in an increase of \$22.8 billion over the 1975 funding level. Attached to this memorandum is a more detailed comparison of your recommendations for level-of-funding changes from 1975 to 1976 and the Congressional response to them.

Besides the relatively small outlay impact already noted, two other reasons prompt us to recommend approval of this bill. While the total budget authority change appears significant, it represents the run-out costs of the 40-year housing programs--rent supplements and grants to State housing agencies--for which the Congress has provided additional funding. If these run-out costs are disregarded, the actual budget authority increase in 1976 is \$164 million. Secondly, rescissions and deferrals may be proposed for several of the programs which are funded at an undesirable level.

The remainder of this analysis discusses the changes made in the bill to the requests for the Department of Housing and Urban Development, the Environmental Protection Agency, the Consumer Product Safety Commission, the National Science Foundation, the National Aeronautics and Space Administration, the Selective Service System and the Veterans Administration. The discussion is in terms of budget authority changes for both 1976 and the transition quarter. Changes to other agencies in the bill were less than \$17,000 each and amount to a net decrease of \$34,000.

Department of Housing and Urban Development

Requests for the Department of Housing and Urban Development were increased for 1976 and the transition quarter by a net \$591.6 million. Decreases of \$1,030.7 million were more than offset by increases of \$1,622.3 million. When the previously mentioned transfer from the suspended college housing direct loan program is considered, the Congress is providing additional new budget authority of \$1,555.6 million--a five percent increase over your request.

Of the many changes the Congress has made, four stand out as particularly objectionable.

- The bill funds for the first time Section 802 of the 1974 Housing and Community Development Act. This section authorizes Federal guarantees and interest subsidy grants for non-tax-exempt bonds issued by State housing and development agencies. Considerable pressure to provide this assistance has come from agencies such as New York's Urban Development Corporation and Housing Finance Agency, which are having a difficult time raising money in the capital market. If the \$600 million in budget authority for interest subsidy grants -- \$15 million a year for the next 40 years -- is not successfully deferred or rescinded, the Administration will be required to begin the program. Outlays pursuant to Federal guarantees are likely to exceed the interest subsidy cost because of the high default risk.
- The Congress has provided unrequested funds of \$50 million for loans for the rehabilitation of existing housing units (Section 312 of the Housing Act of 1964). In the Congress' view, these funds are necessary to meet the needs of communities unable to use community development block grant money for housing rehabilitation. HUD reports, however, that block grant recipients are supporting rehabilitation at more than twice the highest level achieved in the past.
- The bill provides \$160 million more than the budget request (\$215 million) for elderly housing loans. (By law, these loans are outside the budget.) Moreover, the bill requires HUD to provide permanent financing for housing projects sponsored by non-profit organizations. The budget proposed to limit these loans to construction financing. Over time, this would have limited Treasury borrowing requirements, since construction loans are repaid in two-to-three years, instead of over forty years.

- Although not legally binding, both the House and Senate reports contain a directive to reopen the college housing direct loan program by utilizing the repayments of principal on outstanding loans--\$73.7 million--for completing unfinished projects and modernizing energy systems in existing projects. The use of funds for "modernization" could lead to the even more undesirable use of funds for operating subsidies. The Congress' decision was based, according to the report of the Senate Appropriations Committee, on "national survey data and specific appeals from educational institutions."

The Congress also made other changes to your HUD requests:

- The budget did not propose the release of any additional authority for rent supplement payments. The Congress, however, has provided \$800 million--\$20 million in annual contract authority over a maximum of forty years--for this purpose. Secretary Hills believes the additional authority is needed to meet rent increases in HUD-insured housing projects--in effect, providing operating subsidies for these projects. Although HUD has been using available authority for this purpose in the past, the provision of new authority specifically for rent increases sets an undesirable precedent for the future.
- For the Community Development Grant program, an increase of \$52 million over your request is provided. This is earmarked for smaller communities (population under 50,000) in metropolitan areas. Secretary Hills believes that without this increase, efforts to tamper with the statutory allocation formula probably would succeed.
- The Congress has approved \$35 million in unrequested funds for the Emergency Homeowner's Relief Fund. Section 109 of the Emergency Housing Act of 1975 authorized loans to provide financial relief to homeowners threatened with foreclosure of their mortgages and loss of their homes. This is standby authority, however, and release of the funds need not occur unless the default rate increases markedly during the remainder of this fiscal year.
- For the Comprehensive Planning Grant program (Section 701 of the Housing Act of 1954), an increase of \$25 million over your request is included.
- An additional \$10 million is for the payment of operating subsidies for low-income housing projects. This is to meet the demand for greater operating assistance due to the increased costs of fuel, utilities, and service.

- Other than the \$964 million decrease for community development grant contract authority made possible by the transfer discussed earlier, only one other major decrease was effected. The Congress denied \$11.7 million of your total request for the various salaries and expenses accounts.

Environmental Protection Agency

This bill provides a net increase of \$43.3 million over your request of \$916.8 million for the Environmental Protection Agency including the following major changes:

- -\$12 million for energy research and development (recommended as a partial offset to increases in higher priority areas)
- +\$51.2 million for abatement and control (includes an additional \$17.5 million to continue the "Clean Lakes" program, \$13.9 million in State control grants for water quality, \$7.5 million for waste water treatment grant activities, and \$5.6 million in State control grants for air quality)
- +\$7.2 million for research and development (provided to maintain the 1975 level of support)

An appropriation language change earmarks \$5 million specifically for the preparation of environmental impact statements.

Consumer Product Safety Commission

For 1976, the Congress received two budgets for the Consumer Product Safety Commission (CPSC)--your request of \$36.6 million and CPSC's request of \$50.4 million. CPSC is one of the few agencies authorized to transmit their budget requests directly to the Congress. The Congress appropriated \$41.8 million for CPSC--\$5.2 million more than your budget, but \$8.6 million less than CPSC had requested. The reports of both appropriations committees expressed disappointment with the Commission's overall level of performance and urged it to work with OMB on its future budget requests.

National Science Foundation

The Congress denied \$41.5 million of your request of \$923.1 million for the National Science Foundation (NSF). In this action, Congress was anticipating the use in 1976 of \$20 million in deferred 1975 funds. Amid widespread publicity on the Foundation's review of grant applications, the Congress is stepping up its oversight of the NSF. Both the House and Senate Appropriations Committees criticized the Foundation's research projects. The Senate Appropriations Committee report states "that NSF's lack of concern for public understanding of scientific research is detrimental to the average American taxpayer who wants to know how his money is being spent."

National Aeronautics and Space Administration

For the National Aeronautics and Space Administration, this bill contains \$37.8 million less than the \$4,497.9 million which you had requested. All but \$1.6 million of the decrease is to keep the appropriation in accord with the authorization level.

Selective Service System

The Congress has cut \$11.4 million from the request of \$57.2 million for the Selective Service System. This will require implementation of a planned reduction-in-force earlier in 1976 than anticipated in the budget. In its report, the Senate Committee on Appropriations explained that it "continues to be disturbed by the failure...to reduce expenditures despite projected reductions in...staff and...scope of...operations."

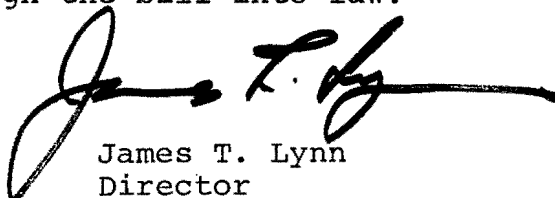
Veterans Administration

Your requests for the Veterans Administration (VA) were reduced by \$9.3 million. More than half of the reduction was for general operating expenses and the rest is spread among several programs. No significant programmatic effects are expected to result.

For the first time since 1956, the Congress has inserted language directing construction of particular VA projects which were not requested in your budget.

Recommendation

I recommend that you sign the bill into law.



James T. Lynn
Director

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 579

Date: October 14, 1975

Time: 630pm

FOR ACTION: Tod Hullin *mh* cc (for information): Jack Marsh
 Max Friedersdorf *mf* Jim Cavanaugh
 Ken Lazarus *kl* Warren Hendriks
 Bill Seidman *bs* Glenn Schleede
 David Lisey *dl* George Humphreys *gh*

FROM THE STAFF SECRETARY

DUE: Date: October 15

Time: 500pm

SUBJECT:

H.R. 8070 - HUD-Independent Agencies
 Appropriations Act for 1976 and the
 Transition Quarter

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

 K. R. COLE, JR.
 For the President

Date: October 14, 1975

Time: 630pm

FOR ACTION: Tod Hullin
 Max Friedersdorf
 Ken Lazarus
 Bill Seidman
 David Lissy

cc (for information): Jack Marsh
 Jim Cavanaugh
 Warren Hendriks
 Glenn Schleede
 George Humphreys

FROM THE STAFF SECRETARY

DUE: Date: October 15

Time: 500pm

SUBJECT:

H.R. 8070 - HUD-Independent Agencies
 Appropriations Act for 1976 and the
 Transition Quarter

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection. -- Ken Lazarus 10/15/75

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Date: October 14, 1975

Time: 630pm

FOR ACTION: Tod Hullin
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cc (for information): Jack Marsh
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 → George Humphreys

FROM THE STAFF SECRETARY

DUE: Date: October 15

Time: 500pm

SUBJECT:

H.R. 8070 - HUD-Independent Agencies
 Appropriations Act for 1976 and the
 Transition Quarter

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

October 15, 1975

TO: JUDY JOHNSTON

FROM: GEORGE W. HUMPHREYS

I have no substantive objections.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
 delay in submitting the required material, please
 telephone the Staff Secretary immediately.

Date: October 14, 1975

Time: 630pm

FOR ACTION: Tod Hullin
 Max Friedersdorf
 Ken Lazarus
 Bill Seidman
 David Lissy

cc (for information): Jack Marsh
 Jim Cavanaugh
 Warren Hendriks
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FROM THE STAFF SECRETARY

DUE: Date: October 15

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 Transition Quarter

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Sigin
JWS

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

THE WHITE HOUSE

WASHINGTON

October 15, 1975

MEMORANDUM FOR JUDY JOHNSTON
FROM TOD HULLIN
SUBJECT HR 8070 - HUD-INDEPENDENT AGENCIES
APPROPRIATIONS ACT FOR 1976 AND
THE TRANSITION QUARTER

I have no objection to the HUD portion of this Act.

THE WHITE HOUSE

WASHINGTON

October 15, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.*
SUBJECT: H.R. 8070 - HUD-Independent Agencies
Appropriations Act for 1976 and the Transition Quarter

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

Date: October 14, 1975

Time: 630pm

FOR ACTION: Tod Hullin
 Max Friedersdorf
 Ken Lazarus
 Bill Seidman
 David Lissy

cc (for information): Jack Marsh
 Jim Cavanaugh
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FROM THE STAFF SECRETARY

DUE: Date: October 15

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SUBJECT:

H.R. 8070 - HUD-Independent Agencies
 Appropriations Act for 1976 and the
 Transition Quarter

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No problem with
 the VA part.*

[Signature]

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a [REDACTED]
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Date: October 14, 1975

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FOR ACTION: Tod Hullin
Max Friedersdorf
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Transition Quarter

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Handwritten signature: Ronald Casper

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

H.R. 8070, HUD-INDEPENDENT AGENCIES
APPROPRIATION BILL

Change in Level of Funding, 1975 to 1976
(Budget authority in thousands of dollars)

Agency and item	Presidential Proposal	Congressional Action	Congressional action on Proposal
Department of Housing and Urban Development:			
Housing programs.....	+20,227,782	+21,670,632	+1,442,850
Community planning and development pro- grams.....	+152,421	-685,479	-837,900
Policy development and research.....	-7,110	-11,555	-4,445
Departmental manage- ment.....	+4,049	-964	-5,013
Other.....	+28,574	+28,574	---
Subtotal (HUD).....	(+20,405,716)	(+21,001,208)	(+595,492)
Funds Appropriated to the President:			
Disaster relief.....	-50,000	-50,000	---
Independent Agencies:			
Consumer Product Safety Commission.....	-359	+4,866	+5,225
Environmental Protection Agency.....	+42,805	+71,525	+28,720
National Aeronautics and Space Administra- tion.....	+307,855	+303,877	-3,978
National Science Founda- tion.....	+38,980	-2,420	-41,400
Veterans Administration..	+1,533,747	+1,525,437	-8,310
Other agencies.....	+2,012	-8,393	-10,405
Total.....	+22,280,756	+22,846,100	+565,344*

* Consisting of:

Increases denied by the Congress.....	-201,440
Decreases denied by the Congress.....	+359
Congressional initiatives.....	+766,425
	+565,344

To: Casper
10/14/75
RDK ml

OCT 11 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8070 - Department of Housing and Urban Development-Independent Agencies Appropriation Act for 1976 and the transition quarter ending September 30, 1976

Last Day for Action:

October 17, 1975 - Friday

<u>Budget Authority</u> <u>(in millions):</u>	<u>Administration</u> <u>Request</u>	<u>Enrolled</u> <u>Bill</u>	<u>Congressional</u> <u>Change</u>
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 - o Funding for a new program authorized to provide Federal guarantees and interest subsidy grants for bonds issued by State housing and development agencies.
 - o Statutory language requiring HUD to provide permanent financing for subsidized elderly housing projects sponsored by non-profit organizations.
 - o Additional funding for the Rehabilitation loan program which was supposed to have been replaced by the Community development block grant program.
 - o Language in the Committee reports directing HUD to reopen the College Housing direct loan program using \$74 million in available funds.

All changes are explained in the attached longer memorandum.

Recommendation

I recommend that you sign the bill.

James T. Lynn
Director

Attachment

OCT 11 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8070--Department of Housing
and Urban Development--Independent Agencies
Appropriation Act for 1976 and the transition
quarter ending September 30, 1976
Sponsor - Rep. Boland (D), Massachusetts

Last Day for Action

October 17, 1975 - Friday

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Approval

Affected agencies

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The Congress also made other changes to your HUD requests:

- o The budget did not propose the release of any additional authority for rent supplement payments. The Congress, however, has provided \$800 million--\$20 million in annual contract authority over a maximum of forty years--for this purpose. Secretary Hills believes the additional authority is needed to meet rent increases in HUD-insured housing projects--in effect, providing operating subsidies for these projects. Although HUD has been using available authority for this purpose in the past, the provision of new authority specifically for rent increases sets an undesirable precedent for the future.
- o For the Community Development Grant program, an increase of \$52 million over your request is provided. This is earmarked for smaller communities (population under 50,000) in metropolitan areas. Secretary Hills believes that without this increase, efforts to tamper with the statutory allocation formula probably would succeed.
- o The Congress has approved \$35 million in unrequested funds for the Emergency Homeowner's Relief Fund. Section 109 of the Emergency Housing Act of 1975 authorized loans to provide financial relief to homeowners threatened with foreclosure of their mortgages and loss of their homes. This is standby authority, however, and release of the funds need not occur unless the default rate increases markedly during the remainder of this fiscal year.
- o For the Comprehensive Planning Grant program (Section 701 of the Housing Act of 1954), an increase of \$25 million over your request is included.
- o An additional \$10 million is for the payment of operating subsidies for low-income housing projects. This is to meet the demand for greater operating assistance due to the increased costs of fuel, utilities, and service.

- Other than the \$964 million decrease for community development grant contract authority made possible by the transfer discussed earlier, only one other major decrease was effected. The Congress denied \$11.7 million of your total request for the various salaries and expenses accounts.

Environmental Protection Agency

This bill provides a net increase of \$43.3 million over your request of \$916.8 million for the Environmental Protection Agency including the following major changes:

- -\$12 million for energy research and development (recommended as a partial offset to increases in higher priority areas)
- +\$51.2 million for abatement and control (includes an additional \$17.5 million to continue the "Clean Lakes" program, \$13.9 million in State control grants for water quality, \$7.5 million for waste water treatment grant activities, and \$5.6 million in State control grants for air quality)
- +\$7.2 million for research and development (provided to maintain the 1975 level of support)

An appropriation language change earmarks \$5 million specifically for the preparation of environmental impact statements.

Consumer Product Safety Commission

For 1976, the Congress received two budgets for the Consumer Product Safety Commission (CPSC)--your request of \$36.6 million and CPSC's request of \$50.4 million. CPSC is one of the few agencies authorized to transmit their budget requests directly to the Congress. The Congress appropriated \$41.8 million for CPSC--\$5.2 million more than your budget, but \$8.6 million less than CPSC had requested. The reports of both appropriations committees expressed disappointment with the Commission's overall level of performance and urged it to work with OMB on its future budget requests.

National Science Foundation

The Congress denied \$41.5 million of your request of \$923.1 million for the National Science Foundation (NSF). In this action, Congress was anticipating the use in 1976 of \$20 million in deferred 1975 funds. Amid widespread publicity on the Foundation's review of grant applications, the Congress is stepping up its oversight of the NSF. Both the House and Senate Appropriations Committees criticized the Foundation's research projects. The Senate Appropriations Committee report states "that NSF's lack of concern for public understanding of scientific research is detrimental to the average American taxpayer who wants to know how his money is being spent."

National Aeronautics and Space Administration

For the National Aeronautics and Space Administration, this bill contains \$37.8 million less than the \$4,497.9 million which you had requested. All but \$1.6 million of the decrease is to keep the appropriation in accord with the authorization level.

Selective Service System

The Congress has cut \$11.4 million from the request of \$57.2 million for the Selective Service System. This will require implementation of a planned reduction-in-force earlier in 1976 than anticipated in the budget. In its report, the Senate Committee on Appropriations explained that it "continues to be disturbed by the failure...to reduce expenditures despite projected reductions in...staff and...scope of...operations."

Veterans Administration

Your requests for the Veterans Administration (VA) were reduced by \$9.3 million. More than half of the reduction was for general operating expenses and the rest is spread among several programs. No significant programmatic effects are expected to result.

For the first time since 1956, the Congress has inserted language directing construction of particular VA projects which were not requested in your budget.

Recommendation

I recommend that you sign the bill into law.

James T. Lynn
Director

Attachment

OCT 11 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8070 - Department of Housing and Urban Development-Independent Agencies Appropriation Act for 1976 and the transition quarter ending September 30, 1976

Last Day for Action:

October 17, 1975 - Friday

<u>Budget Authority</u> <u>(in millions):</u>	<u>Administration</u> <u>Request</u>	<u>Enrolled</u> <u>Bill</u>	<u>Congressional</u> <u>Change</u>
1976.....	48,779	49,345	+565
Transition Quarter....	5,673	5,649	-24
Total.....	54,452	54,994	+541

Outlay Effect: Increases estimated outlays by \$56 million in 1976, \$29 million in the transition quarter, and \$123 million in 1977. Outlays outside the budget would rise by an additional \$150 million during this period. The immediate outlay impact of the bill is small in comparison to the increase in budget authority because expenditures under the long-term housing subsidy programs would be spread out over the next forty years. Ultimately, the additional authority contained in the bill would increase spending by \$1.5 billion.

Highlights:

- The major Congressional increases (+541 million) to your requests for budget authority are primarily for long-term housing programs. The resulting outlay increases are spread over as much as 40 years and have little impact in the near term (e.g., \$56 million in 1976 and \$123 million in 1977).
- When a number of financing changes are disregarded, the bill contains real 1976 budget authority increases of \$164 million over your requests. Rescissions and deferrals can be proposed to lessen the effect of these increases in 1976.

- Major changes by the Congress are concentrated in the HUD portion of the bill. The most objectionable of these are:
- o Funding for a new program authorized to provide Federal guarantees and interest subsidy grants for bonds issued by State housing and development agencies.
 - o Statutory language requiring HUD to provide permanent financing for subsidized elderly housing projects sponsored by non-profit organizations.
 - o Additional funding for the Rehabilitation loan program which was supposed to have been replaced by the Community development block grant program.
 - o Language in the Committee reports directing HUD to reopen the College Housing direct loan program using \$74 million in available funds.

All changes are explained in the attached longer memorandum.

Recommendation

I recommend that you sign the bill.

James T. Lynn
Director

Attachment