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9/30/76

APPROVED
SEP 30 1976

ACTION

THE WHITE HOUSE
WASHINGTON
September 30, 1976

Poles 1011

MEMORANDUM FOR

THE PRESIDENT

TARR-KUBS
1011

FROM:

JIM CANNON *Jmi*

SUBJECT:

H.J. Res. 1096 - Supplemental
Appropriation for the Department
of Defense and for other purposes
for the transition quarter and 1977

Attached for your consideration is H.J. Res. 1096,
sponsored by Representative Mahon.

The enrolled resolution provides supplemental appropriations
of \$622,033,000 for the transition quarter and \$250,051,838
for FY 77.

A breakdown of the amounts appropriated is provided in
Jim Lynn's memorandum at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Kilberg), NSC
and I recommend approval of the enrolled resolution.

RECOMMENDATION

That you sign H.J. Res. 1096 at Tab B.

THE WHITE HOUSE

WASHINGTON

September 30, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CAVANAUGH

SUBJECT: H.J. Res. 1096, Supplemental
Appropriation for the Department of
Defense and For Other Purposes for the
Transition Quarter in 1977, Sponsored by
Representative Mahon of Texas

Jim Lynn and Paul O'Neill would like to have this Joint Resolution approved by midnight. It contains the half billion dollar supplemental for the Postal Service and your approval today keeps that supplemental on the books of the transition quarter. If approved later, a half billion dollars' worth of reductions would have to be made in program areas.



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

SEP 30 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled H.J. Res. 1096 - Supplemental Appropriation
 for the Department of Defense and for other purposes
 for the transition quarter and 1977
 Sponsor - Rep. Mahon (D), Texas

Recommended time for Action: Not later than Thursday noon,

September 30, 1976.

Signature by this time is recommended in order for the obligation of transition quarter funds provided in this resolution to occur in the transition quarter.

Purpose

Provides supplemental appropriations of \$622,033,000 for the transition quarter and \$250,051,838 for fiscal year 1977.

Agency Recommendations

Office of Management and Budget

Approval

Affected Agencies

Approval (informally)

<u>Appropriations</u>	<u>Requests considered</u>	(\$ in millions)	
		<u>Enrolled Bill</u>	<u>Congressional Change</u>
Transition quarter.....	689	622	-67
FY 1977.....	248	250	+2
	—	—	—
Total.....	937	872	-65

Discussion

The enrolled resolution effects a decrease of \$66,967,000 from your transition quarter request for the replacement, repair, and restoration of facilities, equipment, and supplies that were destroyed or damaged by Typhoon Pamela, which struck Guam on May 21, 1976.

- Instead of providing your \$44.1 million budget authority request for operation and maintenance, the Congress provides a \$30.9 million transfer of 1976 and transition quarter unobligated balances. In its report, the Senate Appropriations Committee stated that any additional funds not absorbed in 1977 should be resubmitted as a 1977 supplemental.
- For military construction and family housing, a reduction of \$22.8 million is effected based on savings resulting from anticipated bidding and the identification of certain Navy projects which—in the language of the House Appropriations Committee report—"should be deferred."

These changes decrease spending by \$3 million in the transition quarter, by \$17 million in 1977, and by \$12 million in 1978.

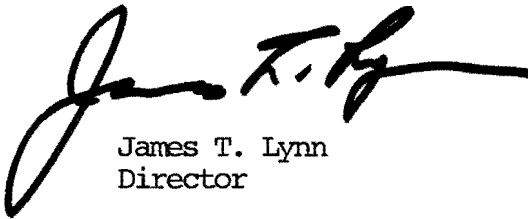
In addition, the Congress has provided your following requests of:

- \$500 million in transition quarter funds to ensure that the financial status of the U.S. Postal Service does not further deteriorate pending a report by the Commission on Postal Service by March 15, 1977. This appropriation is in accordance with and carries out the Administration's agreement with the House and Senate leadership that culminated in the passage of H.R. 8603, the Postal Amendments Act of 1976. The Congress did not act on your request for a like amount in 1977, but the Postal Service is reconciled to waiting until next spring for requesting a supplemental for the additional funds.
- \$200 million for payment of claims resulting from the failure of the Teton Dam in Idaho.
- \$47 million for claims and judgments rendered against the United States.
- \$1 million for refunds to World War II contractors under the Renegotiation Act.

The Congress also provides \$2.1 million for the orderly transition from one administration to the next. These funds would be authorized under an amendment to the Presidential Transition Act which has passed the House and is expected to pass the Senate. The amendment provides \$2 million for the transition expenditures of the President and Vice President elect and \$1 million for the former President and Vice President. The division of funds between the President and the Vice President is not specified in either case nor does the bill specifically address the question of a change only of the Vice President. You requested only an additional \$100,000 for the anticipated Vice Presidential transition. The \$2.1 million in the enrolled bill, together with \$900,000 provided in an earlier bill, brings the appropriation up to the revised authorization level of \$3 million.

Recommendation

Because the need for the transition quarter funds is urgent, I recommend that you sign the enrolled resolution by Thursday noon, September 30.



James T. Lynn
Director

To: J. Jackson
9-30-76
Room



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

SEP 30 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled H.J. Res. 1096 - Supplemental Appropriation
for the Department of Defense and for other purposes
for the transition quarter and 1977
Sponsor - Rep. Mahon (D), Texas

Recommended time for Action: Not later than Thursday noon,
September 30, 1976.

Signature by this time is recommended in order for the obligation of transition quarter funds provided in this resolution to occur in the transition quarter.

Purpose

Provides supplemental appropriations of \$622,033,000 for the transition quarter and \$250,051,838 for fiscal year 1977.

Agency Recommendations

Office of Management and Budget

Approval

Affected Agencies

Approval (informally)

<u>Appropriations</u>	<u>Requests considered</u>	(\$ in millions)	
		<u>Enrolled Bill</u>	<u>Congressional Change</u>
Transition quarter.....	689	622	-67
FY 1977.....	248	250	+2
	—	—	—
Total.....	937	872	-65

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 30

Time: 530pm

FOR ACTION: Max Friedersdorf
Bobbie Kilberg
Lynn My
NSE/S

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 30

Time: asap

SUBJECT:

H.J. Res. 1096-Supplemental Appropriation for the
Dept. of Defense and for other
purposes for 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

please note OMB's note regarding urgency

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

THE WHITE HOUSE

ASSIGN MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 30

Time: 530pm

FOR ACTION: Max Friedersdorf
Bobbie Kilberg
Lynn May
NSC/S

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 30

Time: asap

SUBJECT:

H.J. Res. 1096-Supplemental Appropriation for the
Dept. of Defense and for other
purposes for 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

please note OMB's note regarding urgency

approve R May 9/30/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please

contact the Staff Secretary immediately

James M. Cannon

THE WHITE HOUSE

ON MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 30

Time: 500pm

FOR ACTION: Max Friedersdorf
Bobbie Kilberg
Robert Hartmann
Alan Greenspan
Bill Seidman

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 30

Time: asap

SUBJECT:

Pay Adjustment Executive Order
and Message to the Congress

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

*approved under conditions OMB noted at
bottom of p. 2
Kilberg 9/30/76*

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.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 30

Time: 430pm

FOR ACTION: Art Quern
 Max Friedersdorf
 Bobbie Kilberg
 Paul Leach
 Paul Myer
 David Lissy
 FROM THE STAFF SECRETARY

cc (for information): Jack Marsh
 Jim Connor
 Ed Schmults
 George Humphreys
 Robert Hartmann
 Lynn May
 Bill Seidman

DUE: Date: September 30

Time: asap

SUBJECT:

H.R. 15194-Public Works Employment Appropriation Act

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

very reluctantly approve
Lissy 9/30/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a

THE WHITE HOUSE

MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 30

Time: 530pm

FOR ACTION: Max Friedersdorf
Bobbie Kilberg
Lynn May
NSC/S

MG

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: September 30

Time: asap

SUBJECT:

H.J. Res. 1096-Supplemental Appropriation for the
Dept. of Defense and for other
purposes for 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 note OMB's note regarding urgency

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please

James M. Cannon

MEMORANDUM


NATIONAL SECURITY COUNCIL

October 1, 1976

MEMORANDUM FOR:

JAMES M. CANNON

FROM:

Jeanne W. Davis 

SUBJECT:

H. J. Res. 1096

The NSC Staff concurs in the proposed enrolled bill H. J. Res. 1096 - Supplemental Appropriation for the Department of Defense and for other purposes for the transition quarter and 1977.

Calendar No. 1235

94TH CONGRESS }
2d Session }

SENATE }

REPORT }
No. 94-1301 }

SUPPLEMENTAL DEPARTMENT OF DEFENSE APPROPRIATION FOR
THE REPAIR AND REPLACEMENT OF TYPHOON-DAMAGED FACILI-
TIES ON GUAM AND FOR OTHER PURPOSES

SEPTEMBER 23, 1976.—Ordered to be printed

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

REPORT

[To accompany H.J. Res. 1096]

The Committee on Appropriations, to which was referred House Joint Resolution 1096, making supplemental appropriations for the Department of Defense for the repair and replacement of facilities on Guam damaged or destroyed by Typhoon Pamela, and for other purposes, reports the same to the Senate with amendments and with the recommendation that the joint resolution be passed; and presents herewith information relative to the changes recommended.

SUMMARY OF THE RESOLUTION

A grand total of \$365,363,838 in new budget (obligational) authority is recommended in the resolution by the Committee, of which \$115,312,000 is for the transition period ending September 30, 1976, and \$250,051,838 is for fiscal year 1977. The Committee recommendation is \$73,688,000 below the supplemental budget estimates for the transition period and is \$2,100,000 above the budget estimates for fiscal year 1977. The House Joint Resolution as passed by the House included only the transition period appropriation for the typhoon damage on Guam in the amount of \$163,073,000. The Committee allowance for the same appropriation is \$115,312,000, a reduction of \$47,761,000 from the House allowance. Additionally, the Committee has included several urgent items for which budget estimates have been submitted by the President for fiscal year 1977. Details with respect to each of these recommended items are included herein.

DEPARTMENT OF DEFENSE-MILITARY

TYPHOON DAMAGE ON GUAM

OPERATION AND MAINTENANCE

	<i>Transition quarter</i>
Appropriations to date ¹ -----	\$4,164,852,000
Supplemental budget estimate (H. Doc. 94-570)-----	44,136,000
House allowance-----	30,900,000
Committee recommendation-----	² 18,639,000

¹Includes only those accounts for which supplemental appropriations have been requested.

²To be derived by transfer; no new budget authority recommended.

The Committee recommends appropriations totaling \$18,639,000 for repair and restoration of facilities on Guam. This is \$12,261,000 less than the House allowance and \$25,497,000 below the supplemental budget estimate. All of the funds recommended by the Committee are to be derived by transfer of unobligated balances of fiscal year 1976 and transition funding not now contemplated for obligation during the transition quarter.

The Committee was advised by the Department of Defense that a total of \$18,639,000 had already been obligated for the most urgent clean-up and restoration requirements. These funds were derived by deferring other fiscal year 1976 and Transition quarter operation and maintenance-funded projects. The remainder of the supplemental request is basically planned for use during fiscal year 1977.

The House Joint Resolution made the funds available not only in the Transition quarter, but also during fiscal year 1977. The Committee believes it would be unwise to make operation and maintenance funds available for obligation in more than one fiscal year, and, therefore, has recommended striking that portion of the House Joint Resolution. In addition, it appears that some of the funds requested are not directly related to typhoon damage. Furthermore, in view of the actions taken on the fiscal year 1977 appropriations bill, it may be possible to accommodate some of this request within the available fiscal year 1977 appropriation. (It should be noted that the fiscal year 1977 operation and maintenance appropriations are 12.3 percent more than the comparable amounts appropriated for fiscal year 1976. On September 15, 1976, the Army proposed to cancel operation and maintenance projects of \$36 million planned for fiscal year 1977 and reprogram these funds for purposes other than originally budgeted. If the reprogramming should be denied, the Department of Defense might consider applying these funds toward requirements in Guam.)

In summary, the Committee is recommending a total appropriation of \$18,639,000 for the Transition quarter (the amount actually obligated to date), all of which is to be derived by transfer of available unobligated balances. The Navy and Air Force are directed to reexamine their requests and attempt to absorb any additional funds required in fiscal year 1977.

Particular attention should be paid to elimination of requests for non-appropriated fund activities, or for items not relating to repair of typhoon damage. To the extent that these funds cannot be absorbed within fiscal year 1977 funds available, they should be submitted along with the pay supplemental in January 1977.

MILITARY CONSTRUCTION AND FAMILY HOUSING

	<i>Transition quarter</i>
Appropriations to date ¹ -----	\$300,700,000
Supplemental budget estimate (H. Doc. 94-570)-----	144,864,000
House allowance-----	132,173,000
Committee recommendation-----	115,312,000

¹Includes only those accounts for which supplemental funds are requested.

With respect to construction and family housing, the Committee recommends supplemental appropriations of \$115,312,000 for repair, restoration and replacement of those facilities on Guam which were damaged or destroyed by Typhoon Pamela. This amount is \$16,861,000 below House allowances and \$29,552,000 below the supplemental budget estimate. Adjustments are noted below by applicable appropriation:

(In thousands of dollars)

	Supplemental request	House action	Additional adjustment	Committee recommendation
Military construction, Navy-----	77,869	-10,469	-5,716	61,684
Military construction, Air Force-----	26,622	-2,222	+137	24,537
Family housing, Defense-----	(40,373)	(-----)	(-11,282)	(29,091)
Construction, Navy-----	12,250	-----	-----	12,250
Construction, Air Force-----	20,121	-----	-3,280	16,841
Operation and maintenance-----	8,002	-----	-8,002	-----
Total-----	144,864	-12,691	-16,861	115,312

The additional adjustments recommended by the Committee basically reflect actions proposed in the companion Senate authorization bill, which authorizes the appropriation of \$106,424,000 for specific projects. In addition, \$8,888,000 has been added for necessary planning and design effort, which is permanently authorized. Noting that many projects were denied authorization without prejudice, the Committee in similar manner will consider appropriations for any other projects subsequently authorized. In particular, the Committee does not believe that the matter of the Ship Repair Facility has been satisfactorily resolved, and essential restoration of the activity may prove necessary.

Notwithstanding compliance with proposed authorization actions, the Committee believes that much of the effort contained in the supplemental request falls under the authorizing provisions of permanent law, particularly 10 U.S.C. 2673, and does not require new authorization. The Department of Defense, however, interpreted this provision to be limited to specific and isolated instances of natural disaster, with the further requirement that necessary funding be reprogrammed within existing availability. The Department also believed that the magnitude of the request dictated full Congressional review via the authorization process.

The Committee is of the decided opinion that projects designed to replace, in kind, facilities damaged by the typhoon clearly fall within the authorizing provisions of 10 U.S.C. 2673, and that restoration should have been initiated immediately to avoid degradation of mission effectiveness and/or further deterioration of the facility. While initially financed through reprogramming, the restoration would have then formed the basis of a supplemental appropriations request for the net additional amount required. Review of the appropriations re-

quest would have also served the purpose of Congressional review. The Committee is concerned that the process of obtaining both authorization and appropriations for the supplemental has resulted in an untimely delay in responding to this natural disaster, particularly when the legal authority exists for an adequate response.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

CONSTRUCTION AND REHABILITATION

	<i>Fiscal year 1977</i>
Appropriations to date.....	\$348,811,000
Supplemental budget estimate (H. Doc. 94-617).....	200,000,000
House allowance.....	(1)
Committee recommendation.....	200,000,000

¹ Supplemental budget estimate (H. Doc. 94-617) not considered by House.

The Committee recommends an additional amount of \$200,000,000 for fiscal year 1977, the same as the budget request, for payment of claims resulting from the failure of the Teton Dam in Idaho.

The Construction and Rehabilitation appropriation provided \$200 million in the transition period for payment of claims resulting from the failure of Teton Dam, a feature of the Teton Basin Project, Lower Teton Division in Idaho. Water flowing from the structure on June 5, 1976, caused loss of life and extensive damage to property in a large area along the Teton and Snake Rivers. This amount was provided to cover initial claims for restitution with the understanding that additional claims would be honored by the Government.

As of September 18, 1976, 2,729 claims have been filed totaling \$102.6 million. The number of claims filed represents about 42 percent of the total number of claim packets distributed to date. Most of the claims that have been filed thus far are the smaller and simpler ones with the larger and more complex claims to follow. Changes in the regulations allowing for partial payment while the larger claims are being finalized and processed will greatly increase the demand for payments. The current anticipated monthly schedule for claim payments is as follows: July \$1.7 million, August \$12.8 million (September \$25.5 million, October \$50 million, November \$50 million, December \$50 million, January \$50 million, February \$50 million, March \$50 million, April \$30 million, May \$20 million, June \$5 million, July \$3 million, and August \$2 million. Based on this schedule by early January 1977 payment of claims will exceed the funds appropriated thus far. During the period of January through August 1977, it is expected that claims will total an additional \$200 million.

The following is a current estimate based on information on damage claims filed or expected to be filed with the Bureau of Reclamation and which total \$400 million: homes and personal property—\$85 million, farms and farm related equipment, crops, etc.—\$191 million, private utilities—\$10 million, railroad—\$6 million, commercial and industrial property—\$72 million, death and personal injury—\$12 million, miscellaneous—\$20 million, and administrative costs—\$4 million. The appropriations required for payment of claims may exceed the

current estimates, in which case it would be necessary to provide additional appropriations.

DEPARTMENT OF THE TREASURY

CLAIMS AND JUDGMENTS

The Committee recommends the appropriation of \$46,951,838, the same amount of the estimates contained in House Document 94-603 for claims and judgments rendered against the United States. It has been the tradition of the Government to honor these claims and judgments promptly, and the details of this appropriation are included in the above cited document.

GENERAL SERVICES ADMINISTRATION

REFUNDS UNDER RENEGOTIATION ACT

	<i>Fiscal Year 1977</i>
Appropriation to date.....	¹ \$1,000,000
Supplemental estimate (H. Doc. 94-618).....	1,000,000
House allowance.....	(2)
Committee recommendation.....	1,000,000

¹ Contained in Public Law 94-157, Supplemental Appropriations Act, 1976.

² Not considered by the House.

The Committee recommends an appropriation of \$1,000,000 for the Refunds under Renegotiation Act appropriation.

The funds will enable the General Services Administration to comply with refund and rebate payments authorized by the Renegotiation Act to World War II contractors. Refunds are authorized under the Renegotiation Act of 1951 and rebates under the Renegotiation Act of 1943. Presently unobligated in this appropriation is \$39,194 and a claim of \$170,000 is pending due to lack of sufficient funds.

EXPENSES, PRESIDENTIAL TRANSITION

	<i>Fiscal Year 1977</i>
Appropriation to date.....	¹ \$900,000
Supplemental estimate.....	0
House allowance.....	0
Committee recommendation.....	2,100,000

¹ Contained in Public Law 94-363, the Treasury, Postal Service, and General Government Appropriations Act, 1977.

The Committee recommends an appropriation of \$2,100,000 to provide, if required, for the orderly transition of one Presidential administration to the next.

The Presidential Transition Act of 1963, Public Law 88-277, authorizes \$900,000 for any Presidential transition. Prior to this Act, the necessary expenses were borne by the incoming or outgoing officeholders and were paid from their personal funds or by contributions. The Federal Election Commission has issued regulations to prohibit campaign funds from being used for transition purposes.

The General Accounting Office estimated that the cost to the incoming administration in 1969 was \$1.5 million, of which only \$450,000 was available from this appropriation.

The recommended funding would provide \$2 million for the incoming administration and \$1 million for the outgoing. Where the President-elect is the incumbent President or where the Vice President-elect is the incumbent Vice President, there shall be no expenditures of funds for the provision of services and facilities to the incumbent under this Act, and any funds appropriated will be returned to the general fund of the Treasury.

BUDGETARY IMPACT OF H.J. RES. 1096 ¹

(Dollars in millions)

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
I. Comparison of amounts in the bill with the committee allocation to its subcommittees of amounts in the 2d concurrent resolution for 1977:				
Bill totals.....	(2)	\$250	(2)	\$186
II. Summary by functional category of 1977 budget amounts recommended in the bill:				
050—National defense.....				\$6
300—Natural resources, environment, and energy.....		200		130
800—General government.....		50		50
III. Financial assistance to State and local governments for 1977 in the bill.....				
IV. Projections of outlays associated with budget authority recommended in the bill:				
1977.....				\$186
1978.....				109
1979.....				33
1980.....				18
1981.....				3
Future year.....				4

¹ Prepared by the Congressional Budget Office pursuant to sec. 308a, Public Law 93-344.

² Committee allocations to subcommittees of amounts in the 2d concurrent resolution have not yet been completed. It is assumed that these allocations will include amounts sufficient to cover items in the accompanying bill.

³ Includes outlays from transition quarter.

SUPPLEMENTAL DEPARTMENT OF DEFENSE APPRO-
PRIATION FOR THE REPAIR AND REPLACEMENT OF
TYPHOON-DAMAGED FACILITIES ON GUAM

SEPTEMBER 17, 1976.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

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

REPORT

[To accompany H.J. Res. 1096]

The Committee on Appropriations, to whom was referred House Joint Resolution 1096, making supplemental appropriations for the Department of Defense for the repair and replacement of facilities on Guam damaged by Typhoon Pamela, and for other purposes, report the same to the House without amendment and with the recommendation that the joint resolution be passed.

SUMMARY OF THE RESOLUTION

A total of \$163,073,000 in new budget (obligational) authority is recommended in the resolution for replacement, repair and restoration of supplies, equipment, and facilities on Guam which were damaged or destroyed by Typhoon Pamela on May 21, 1976. The budget request for this purpose, in the total amount of \$189,000,000, is contained in House Document No. 94-570.

(1)

INFLATIONARY IMPACT STATEMENT

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

It seems unlikely that this appropriation will have any significant impact on the rate of inflation on Guam or in the United States. The statement that the construction industry is at present operating below normal levels and perhaps below efficient rates applies almost universally.

There is ample competition, labor, and materials to accomplish this work.

The Navy, which is construction agent for the greater share of the construction effort, is structuring bidding packages so as to take the greatest advantage of the capability of the construction industry, both on Guam and in the Pacific basin. The bidding will be open and competitive to both United States and foreign firms.

The construction work will be divided into eleven packages ranging in scale from \$2 million to \$17 million. This should attract large construction firms as well as utilizing the capabilities of smaller construction contractors.

The construction industry on Guam has been greatly underutilized since the 1973 construction boom on the island ended. There are at present eight major firms and numerous smaller companies present on Guam. In addition, other United States and foreign firms are expected to be attracted by this work.

The labor market on Guam has been characterized by a large availability of unskilled labor locally and a shortage of skilled labor in the construction area. However, there is a large supply of skilled labor in the Pacific basin which has in the past been utilized for construction on Guam. There is high unemployment in the construction industry on Guam and elsewhere.

Materials are expected to present no problem. Supplies of cement and aggregates are available on Guam, and other construction materials will be purchased within the United States under the provisions of the "Buy American Act" with an exception made for steel reinforcing bars and perhaps for other materials if waivers are required. Ample material availability at reasonable costs is anticipated as a result of the depressed state of the construction industry.

URGENCY OF AND REQUIREMENT FOR GUAM SUPPLEMENTAL

On May 21, 1976, Typhoon Pamela struck Guam, inflicting severe damage on Navy and Air Force installations and facilities. The storm, one of the most destructive in the history of Guam, had an unusually slow speed of advance and was of exceptionally long duration. Destructive force winds (over 50 knots) continued for 30 hours. At the height of the storm, 100 knot winds, with gusts to 145 knots, buffeted the island for six hours. Few unreinforced structures were able to withstand the intermittent pressure and wrenching effects of

the severe gusts. Some 33 inches of rain fell, with 27 inches received in a 24-hour period. Wind-driven water was a major factor in interior damage to buildings and their contents. Of the total request, \$144,864,000 is for military construction and family housing to restore damaged facilities. The Department of Defense is requesting \$44,136,000 of operation and maintenance funds to replace destroyed supplies and equipment and to repair facilities not requiring complete restoration.

NAVY

Although cleanup work and some temporary emergency repairs have been completed to enable operations to continue, the projects in the supplemental request are urgently required to restore full operational capability to this vital, strategically located Navy complex in the Western Pacific. A number of the projects are for personnel support facilities which are vital to maintaining morale of military personnel and their dependents serving in this isolated overseas area. Moreover, the storm has left a number of facilities in weakened condition; and until repairs or replacements can be provided, they remain increasingly vulnerable to a future storm. These same facilities, nearly all of which are temporary construction, long past their intended economic life, will be the source of wind-driven, flying missiles in any future storm, causing increased damage to other facilities, particularly utility lines, and increasing the hazard to personnel.

Substantial amounts already have been spent for emergency cleaning and temporary repairs on Navy family housing and barracks, such as boarding up broken windows. Bids have also been taken on September 3 for urgently required repairs exceeding \$1 million on 200 of the most severely damaged units. Substantial additional restoration work is scheduled for award after October 1. Any delay in award of this work would have a severe adverse impact on morale of quarters occupants, many of whose units are totally boarded up. Delay in supplemental funds would dictate diversion of fiscal year 1977 funds from special project accounts.

AIR FORCE

Since Typhoon Pamela struck Andersen Air Force Base on May 21, 1976, the Air Force has only been able to accomplish minor work of a temporary nature to restore the base to normal, interim operating condition. The island rainy season started in August and will continue until February. Electrical power was restored on a temporary basis and is subject to outages and susceptible to storm activity. Temporary patching has been done on roofs but leaks continue and cause additional damage. Aircraft navigation aids are being provided on a make-shift arrangement and are unsatisfactory for continued operations. Major work is required immediately on the aircraft fuel supply system to prevent further degradation due to the elements and inactivity. Louvres in offices and living quarters remain boarded up, which severely restricts ventilation in this hot and humid climate, and the destruction wrought to the interiors of these buildings creates a living and working environment that cannot be tolerated on a long-term

basis. The supplemental request is necessary to insure the continued viability of the Air Force mission on Guam.

For the 1,454 family housing units at Andersen Air Force Base, approximately \$225,000 has been expended to temporarily restore utility services, make units minimally habitable, and eliminate hazardous conditions. Funds are urgently required to make the units weatherproof; e.g., repair roofs, replace windows/louvres and doors, and permanently restore electrical power distribution and service. Additionally, funds are required to rehabilitate interiors of the houses by restoring water-damaged floors and walls, replacing kitchen cabinets and counter tops, and replace damaged Government-owned furnishings.

FUNDING RECOMMENDED

OPERATION AND MAINTENANCE

The Committee is recommending an appropriation of \$30,900,000 in new operation and maintenance obligational authority for the transition quarter. The recommended appropriation is a reduction of \$13,236,000 below the budget request. A summary of the Committee's recommendation is shown in the following table.

(In thousands of dollars)

Service	Budget request	Recommended funding	Reduction
Navy.....	30,846	19,960	10,886
Air Force.....	13,290	10,940	2,350
Total.....	44,136	30,900	13,236

AVAILABLE FUNDS

For the transition quarter, the Congress appropriated \$2,207,557,000 of operation and maintenance funds for the Navy and \$1,957,295,000 for the Air Force. In addition, at the end of fiscal year 1976, the Navy had unobligated funds of \$60,200,000 which were carried forward into the transition quarter as authorized by the Department of Defense Appropriation Act for fiscal year 1976, Public Law 94-212. The Air Force had \$116,000,000 of unobligated funds which were also carried forward into the transition quarter. Considering the amounts carried forward, the Navy has funds available of \$2,267,757,000 and the Air Force \$2,073,295,000. The Committee is of the opinion that part of this supplemental request could have been funded with the funds available for the transition quarter, especially from the unobligated balances brought forward from fiscal year 1976.

FUNDS NOT REQUIRED

In testimony before the Committee, the Navy advised that \$6,523,000 requested for transportation cost of materials, for the purchase of furniture and equipment to initially outfit facilities to be constructed with funds requested in the Military Construction portion of the request, and for other items was not required. The Navy also requested

funds for the repair of thirteen damaged small craft. Since the Congress included a proviso in the recently-passed Defense Appropriation bill for fiscal year 1977 that \$22,000,000 of Navy operation and maintenance funds be used to repair and overhaul ships at the Ship Repair Facility in Guam, these damaged craft could be repaired with those funds rather than the supplemental funds requested.

DORMITORY FURNITURE

The Air Force requested funds to replace 867 rooms of dormitory furniture and equipment, but advised the Committee that all of this may not be required to replace that which was lost as a result of Pamela. The Committee believes that the Air Force should have requested only what was required to offset losses sustained by the storm and that all other requirements should be filled from funds included in the regular annual appropriations for this purpose.

USE OF AVAILABLE AIRLIFT

The Navy requested \$8,100,000 and the Air Force \$3,668,000 for second destination transportation cost. All but \$100,000 of these amounts was for transportation furnished by the Military Airlift Command. A substantial portion of this transportation was provided by C-5 and C-141 aircraft on missions specifically designated to airlift supplies, equipment, and materials to Guam. The aircraft and crews on this airlift operation were assigned outside of those used in regular Pacific channel routes.

In the Defense Appropriation Act for fiscal year 1976, the Congress provided the Air Force \$64,300,000 for unsubscribed airlift training flights. For the transition quarter, the Congress provided \$12,500,000. Unsubscribed airlift flights are missions in which the aircraft are flown for training purposes without carrying cargo. The crews fly regular channel routes to keep proficient in flying these aircraft. The fiscal year 1976 request was discussed on page 161 and 35 of House Reports 94-517 and 94-710, respectively. It was also discussed on page 150 of Senate Report 94-446. These three reports relate to the Defense Appropriation Act for fiscal year 1976.

The Committee was advised that none of the aircraft, crews, or flying hours assigned to unsubscribed training flights were diverted to perform this special airlift mission to Guam, because the program, firmly planned for the year and the transition quarter, could not be changed. The Committee believes that in the future such training flights should be used to accomplish missions of this type.

REPAIR FUNDS

It also appeared to the Committee that maintenance funds were being requested for the repair of certain facilities in excess of that required for the work to be performed. This was especially true with regard to the repair and rehabilitation of recreational facilities. The Committee believes that the Department should use caution in repairing such facilities and should not upgrade them more than is required for occupational or recreational purposes.

SUPPLIES AND EQUIPMENT

Funds requested for the purchase of supplies and equipment also appeared to be high. The Committee believes that some of the equipment could be repaired rather than replaced, and if replacement is necessary, should be obtained from existing stocks.

MILITARY CONSTRUCTION

The Committee recommends that \$91,800,000 in new budget (obligational) authority be made available for transfer to the Navy and Air Force military construction appropriation accounts as follows:

Military construction, Navy-----	\$67, 400, 000
Military construction, Air Force-----	24, 400, 000

This represents reductions of \$10,469,000 in the Navy military construction request and \$2,222,000 in the Air Force request in this area.

The Committee on Armed Services recommended reductions of \$6,469,000 in the Navy request and \$2,222,000 in the Air Force request. The Committee on Appropriations recommends an additional reduction of \$4,000,000 in Military construction, Navy.

Briefly, the Committee on Armed Services recommended an overall reduction to both services' requests based upon anticipated good bidding due to enhanced competition and bulk purchasing of materials as a result of the large construction effort on Guam. In the event that savings are not achieved to the extent anticipated, the Armed Services Committees indicated they believed facilities normally constructed with nonappropriated funds and then facilities that are not mission essential should be deferred.

The Committee on Appropriations identified several Navy projects which should be deferred until requirements are clarified. These include ship repair storage replacement (P-063), service group building (P-143), disposal warehouse replacement (P-101), and a portion of transit shed replacement (P-103). The Committee has deferred an additional \$4,000,000 of the Navy's request to reflect the lower level of funding required.

FAMILY HOUSING

A total of \$40,373,000 in new budget (obligational) authority is made available for transfer to the Family Housing Management Account. This, in turn, will be subdivided among family housing construction for Navy, \$12,250,000; family housing construction for Air Force, \$20,121,000; and operation and maintenance for Navy and Air Force, \$8,002,000. The Armed Services Committee did not reduce this request, and the Committee on Appropriations feels it is conservative and has therefore recommended no reduction.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following legislative provisions not heretofore carried in this form in connection with any appropriation bill are recommended:

Beginning on page 2 of the resolution:

Provided, That amounts provided for construction shall remain available until expended:

Provided further, That amounts provided for operation and maintenance shall be transferred, in whole or in part, to the designated appropriations which are available for obligation through September 30, 1976, or, to the extent obligations cannot be incurred as of September 30, 1976, for the purpose of this resolution, to fiscal year 1977 successor appropriations, to be merged with and to be available for the same purposes and for the same time period as the appropriation to which transferred.

The provision contained in the House joint resolution allows funds for military construction and for family housing construction to remain available until expended. This is standard procedure for these appropriations.

The second provision applies to operation and maintenance, Navy; to operation and maintenance, Air Force; and to the operation, maintenance portion of Family housing, Defense. Operation and maintenance appropriations are available only until the end of the fiscal year. This provision allows the Department of Defense to determine how much of the operation and maintenance funds to be transferred to these appropriations are required to meet obligations prior to September 30, 1976, and to transfer those amounts to the transition quarter appropriations. The residual amounts to be transferred to these appropriations would be transferred to the successor fiscal year 1977 appropriations and would expire on September 30, 1977. This provision is necessary in order to allow the orderly use of operation and maintenance funds for repair of damage on Guam.

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