

SPENDING CUT OPTIONS
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**Please Note: All estimates are current as of 12/15/92. Further updates may be made.
The estimates in these revenue and spending books are summarized in a spread sheet database.**

Spending Cut Options

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Sources and Organization

Putting People First

The spending cut proposals in this book started with the proposals in the Clinton/Gore *Putting People First* book. Proposals from other sources have also been included. The *Putting People First* cut proposals are:

1. Reduce defense spending.
2. Cut Intelligence budget.
3. Cut the White House staff.
4. Eliminate 100,000 federal employees.
5. Cut three percent from administration in all departments.
6. Reschedule the national debt. *
7. Cut congressional staffs.
8. Cut "pork barrel" projects.
9. Reform the Defense Department inventory system. *
10. Institute Comprehensive Federal Energy Conservation. *
11. Reduce overhead on federally sponsored university research. *
12. Streamline USDA field offices. *
13. Reduce special purpose HUD grants. *
14. Reform the management of the RTC. *
15. Consolidate the overseas broadcasting system. *
16. Freeze spending on federal consultants.
17. Consolidate social service programs. *
18. Review Medicare and Medicaid expenditures in the context of overall health care reform.

* indicates specific programmatic cost cutting options

Other Sources and Potential Sources

Proposals from other sources have been added to those from *Putting People First*. These other sources include:

- the Congressional Budget Office (CBO) in its publication Reducing the Deficit: Spending and Revenue Options, February 1992;
- Ross Perot (RP) in his publication United We Stand, 1992, and the working document prepared by John White;
- the Heritage Foundation (HF) in its article "Real Deficit Reduction Demands Real Spending Cuts" contained in The Heritage Foundation Backgrounder;
- the International Monetary Fund (IMF) in its publication World Economic Outlook, October 1992 and informal public comments about its confidential report on the United States economy;
- Charles Schultz in his article in the Brookings Institution (BR) publication Setting Domestic Priorities, 1992; and
- The Strengthening of America Commission organized by the Center for Strategic and International Studies (CSIS), which was chaired by Senators Sam Nunn (D-GA) and Pete Domenici (R-NM) (N-D) in its 10-year deficit reduction plan.
- House Budget Committee Information Packet, containing options to balance the budget in five years proposed by House Budget Committee Chairman Leon Panetta (D-CA) (PO).

Other proposals will be incorporated as they become available.

Budget Functions and Other Decision Arrays

The current budget concept, known as the "unified budget" was developed in conformance with the recommendations of the President's Commission on Budget Concepts (1967). While various adaptations have occurred over the years, the Commission's report has continued to provide the basic framework for federal budget concepts and presentations. A discussion of the broad budget planning implications of this framework is discussed in the paper, **OPTIONS FOR RESTRUCTURING THE BUDGET**, prepared by the Budget Policy Group.

Since the President's Commission in 1967, federal budget programs and some tax "expenditure" programs have been classified into an evolving list of functions and subfunctions. Since the mid-1980s, Congressional budget decision-makers have also focused on certain other budget aggregations for spending programs, especially those which follow the broad categories set by the Budget Enforcement Act of 1990. Other classifications will be useful for budget decision-making and are listed following this introduction. A key to these other classifications follows this listing of functions.

Federal budget functions and subfunctions:

- 050 NATIONAL DEFENSE
 - 051 Department of Defense-Military
 - 053 Atomic energy defense activities
 - 054 Defense-related activities

- 150 INTERNATIONAL AFFAIRS
 - 151 International development and humanitarian assistance
 - 152 International security assistance
 - 153 Conduct of foreign affairs
 - 154 Foreign information and exchange activities
 - 155 International financial programs

- 250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY
 - 251 General science and basic research
 - 252 Space flight, research, and supporting activities

- 270 ENERGY
 - 271 Energy supply
 - 272 Energy conservation
 - 274 Emergency energy preparedness
 - 276 Energy information, policy, and regulation

- 300 NATURAL RESOURCES AND ENVIRONMENT
 - 301 Water Resources
 - 302 Conservation and land management
 - 303 Recreational resources
 - 304 Pollution control and abatement
 - 306 Other natural resources

- 350 AGRICULTURE
 - 351 Farm income stabilization
 - 352 Agriculture research and services

- 370 COMMERCE AND HOUSING CREDIT
 - 371 Mortgage credit
 - 372 Postal service
 - 373 Deposit Insurance
 - 376 Other advancement of commerce

- 400 TRANSPORTATION
 - 401 Ground transportation
 - 402 Air transportation
 - 403 Water transportation
 - 407 Other transportation

- 450 COMMUNITY AND REGIONAL DEVELOPMENT
 - 451 Community development
 - 452 Area and regional development
 - 453 Disaster relief and insurance

- 500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES
 - 501 Elementary, secondary, and vocational education
 - 502 Higher Education
 - 503 Research and general education aids
 - 504 Training and Employment
 - 505 Other labor services
 - 506 Social Services

- 550 HEALTH
 - 551 Health Care services
 - 552 Health research and training
 - 554 Consumer and occupational health and safety

- 570 MEDICARE
 - 571 Medicare

- 600 INCOME SECURITY
 - 601 General retirement and disability insurance (excluding social security)
 - 602 Federal employee retirement and disability
 - 603 Unemployment compensation
 - 604 Housing assistance
 - 605 Food and nutrition assistance
 - 609 Other income security

- 650 SOCIAL SECURITY
 - 651 Social Security

- 700 VETERANS BENEFITS AND SERVICES
 - 701 Income security for veterans
 - 702 Veterans education, training, and rehabilitation
 - 703 Hospital and medical care for veterans
 - 704 Veterans housing
 - 705 Other veterans benefits and services

- 750 ADMINISTRATION OF JUSTICE
 - 751 Federal law enforcement activities
 - 752 Federal litigative and judicial activities
 - 753 Federal correctional activities
 - 754 Criminal justice assistance

- 800 GENERAL GOVERNMENT
 - 801 Legislative functions
 - 802 Executive direction and management
 - 803 Central fiscal operations
 - 804 General property and records management
 - 805 Central personnel management
 - 806 General purpose fiscal assistance
 - 808 Other general government
 - 809 Deductions for offsetting receipts

- 900 NET INTEREST
 - 901 Interest on the public debt
 - 902 Interest received by on-budget trust funds
 - 903 Interest received by off-budget trust funds
 - 908 Other interest

- 920 ALLOWANCES
 - 925 Allowances

- 950 UNDISTRIBUTED OFFSETTING RECEIPTS
 - 951 Employer share, employee retirement (on-budget)
 - 952 Employer share, employee retirement (off-budget)
 - 953 Rents and royalties on the Outer Continental Shelf

- 999 MORE THAN ONE FUNCTION OR NOT CLASSIFIABLE BY FUNCTION

Other Decision Arrays

It is also possible to rearrange this document in a different order according to several different sorting fields for each option listed in Appendix A. The sorting fields are:

- AGENCY:** Department or agency (alpha by name).
- FUNCTIONAL CODE:** Functions and subfunctions (3-digit numeric).
- BUDGET ENFORCEMENT CATEGORY:**
- Defense or International Affairs Discretionary (D-ID);
 - Domestic Discretionary (DOM);
 - Entitlement and Other Mandatory PayGo (PG-E); or
 - Revenue PayGo (PG-R).
- PROPOSERS OR OTHER SOURCE:**
- Congressional Budget Office (CBO);
 - Clinton/Gore (CG);
 - Ross Perot (RP);
 - Heritage Foundation (HF);
 - International Monetary Fund (IMF);
 - Brookings (BR);
 - Nunn-Domenici (N-D); and
 - Panetta Options (PO).
- BUDGET STRUCTURE TYPE AFFECTED:**
- Operating Budget (OPB);
 - Capital Investment Budget (CIB); and
 - Income Replacement Budget (IRB)
- BUDGET FUND:**
- General Fund (GF);
 - Trust Fund (TF); and
 - Public Enterprise Fund (EF)
- CATEGORY:**
- Tax Cut (TC), Tax Increase (TI);
 - User Fee (UF), Asset Sale (AS); and
 - Spending Cut (SC), Spending Increase (SI).
- RATING:**
- Clinton/Gore (1);
 - strong candidate (2);
 - possible candidate (3);
 - check out, further vetting (4); or
 - pork account (5).

Baseline for Decision-Making

The federal budget process is multi-step, occurs throughout the year and involves decision-making at various stages which applies to more than one year at a time. For example, the next President's Budget to be submitted sometime between the first Monday in January and the first Monday in February, on which Congress will act through most of calendar year 1993, will be the fiscal year 1994 Budget, which takes effect on October 1, 1993.

During consideration of the FY1994 Budget, the President and Congress will be concerned with the latest year in which actuals will be available (FY1992), and the six years for which estimates will be made, including: current year (FY1993), the budget year (FY1994), and the four outyears (FY1995-98). For some analyses, years beyond these may be used, but for budget-making purposes on specific decisions, estimates beyond these time frames have traditionally been considered less meaningful and unreliable.

For the purposes of this document, it was necessary to use a consistent baseline. During December 1992, a full set of useable baseline numbers for FY1992 actuals are not yet available. Nor have the final results of recent regular Congressional and Presidential appropriations and tax action affecting FY1993 been fully tabulated. In addition, before Presidential and Congressional action on the FY1994 budget is taken, basic economic assumptions will be revised. The most recent basic set of numbers in any useable detail were provided by the non-partisan Congressional Budget Office (CBO) in its summer budget update, issued in August 1992. This baseline has been chosen for these documents,¹ recognizing that it will be replaced by an updated baseline before the decisions implied by these documents are finalized. When a full set of baseline numbers are available, they will be incorporated into these options. Unless otherwise noted, the average percentage change from years 1994 to 1997 was used to estimate 1998 Current Services numbers and 1998 change numbers not otherwise available.

¹ Note that for analysis of the National Defense function (050), the FY1993 President's Budget (as estimated by CBO in November 1992) was used for comparisons between alternative paths, because the President's Budget represents a specific, comprehensive plan against which more detailed comparisons are possible.

SPENDING CUT OPTIONS

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DEFENSE/INTERNATIONAL

DEFENSE/INTERNATIONAL OPTIONS

REDUCE DEFENSE SPENDING:

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APPENDIX A

Spending/Revenue Options

**REDUCE DEFENSE SPENDING
PUTTING PEOPLE FIRST NUMBERS
MORE SPECIFIC PATH OPTIONS FOLLOW**

Agency: Defense	Functional Code: 050
<p>Enforcement: D-ID Source: CG CBO HF RP IMF BR N-D Structure: OPB CIB Budget Fund: GF TF Category: SC Rating: 1</p>	
<p>NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.</p>	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue	---	---	---	---	---	---	---
Budget Authority (+ or -)	---	N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)	---	-11.00	-12.50	-14.50	-20.50	N/A	-58.50 over 4 years

Proposed Program - This page summarizes the overall defense reductions in *Putting People First* and represents these savings as a change in outlays. The above numbers include the cuts set out in *Putting People First* for "Intelligence Cuts," "Reform Defense Department Procurement Management" and "Reform Defense Department Inventory System," but are shifted one year later. Discussions of the latter three options can be found at the end of the overall defense options.

Arguments for Proposal - Recent geopolitical and military events suggest that defense threats have lessened in recent years and spending reductions will be possible within the context of newly aligned defense missions. CG recommended a \$58.5 billion cut in defense spending over 4 years; HF recommended a \$30.2 billion cut in defense spending over 5 years; RP recommended defense spending cuts of \$40 billion over 5 years in addition to reductions proposed by Bush; BR (Charles Schultze) recommended \$47 billion in defense spending cuts in 1997 prices below current level and \$94 billion with successful international force reduction agreements (Steinbruner); and N-D recommended \$290 billion in defense spending cuts over 10 years.

Arguments Against Proposal - There will be regional and local impacts from base closings and military industry cutbacks.

State and Local Impact of Proposal - Some State and local tax bases will be affected, as well as local employment and economic activity.

Any Political Landmines Associated with Proposal? - House Armed Services Chairman Aspin and Senate Armed Services Chairman Nunn will have to be consulted closely on any plan. House and Senate Defense and Military Construction Appropriation Subcommittee Chairs will also have to be consulted. Need to coordinate with defense conversion initiatives.

Campaign Positions that Affect the Proposal - Reductions included in *Putting People First*. Ross Perot proposed annual 1.6 percent real defense reductions of -\$1.1b (FY 93), -\$3.6b (FY 94), -\$6.8b (FY 95), -\$11.4b (FY 97), for a 5-year total of \$40.0 billion. Perot names two programs he would eliminate: the B-2 and the Seawolf submarine.

Funding Summary - Savings listed above are from *Putting People First* (beyond Bush). These numbers refer to a different base and are therefore not directly additive with the numbers in the following table. The Current Services numbers shown below are from the CBO November 1992 re-estimate based on the Bush FY 1993 plan.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	282.20	282.60	286.20	289.60	293.20	1,723.70
<u>Proposed Level</u>							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	N/A						

APPENDIX A

Spending/Revenue Options

**REDUCE DEFENSE SPENDING
ASPIN "C"**

Agency: Defense	Functional Code: 050
Enforcement: D-ID	
Source: House Armed Services (HASC)	
Structure: OPB CIB	
Budget Fund: GF TF	
Category: SC	
Rating: 1	
<p>NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.</p>	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue	---	---	---	---	---	---	---
Budget Authority (+ or -)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)	0.00	-2.30	-7.80	-14.00	-18.60	-16.80	-59.50

Proposed Program - The Aspin "C" plan includes fewer active and reserve military personnel than the Bush plan, equivalent lift/repositioning, and includes readiness and weapons systems for a Desert Storm equivalent, an air defense of Korea, a Panama-size operation, and a humanitarian/evacuation operation.

Arguments for Proposal - This option offers savings through modest reductions in manpower, carrier-based groups, other warships and submarines while preserving a wide range of military operation options short of global war.

Arguments Against Proposal - The impact on deficit reduction is minimal, largely by not taking advantage of further O&M reduction potential.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - House Armed Services Chairman Aspin and Senate Armed Services Chairman Nunn (D-GA) will have to be consulted closely on any plan. House and Senate Defense and Military Construction Appropriation Subcommittee Chairs will also have to be consulted.

Campaign Positions that Affect the Proposal -

Funding Summary -

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	282.20	282.60	286.20	289.60	293.20	1,723.70
Proposed Level							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	279.90	274.90	272.20	271.00	276.40	1,664.30

APPENDIX A

Spending/Revenue Options

**REDUCE DEFENSE SPENDING
APPROXIMATES NUNN PLAN**

Agency: Defense	Functional Code: 050
Enforcement: D-ID	
Source: CG CBO HF RP IMF N-D	
Structure: OPB CIB	
Budget Fund: GF TF	
Category: SC	
Rating: 1	
<p>NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.</p>	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue	---	---	---	---	---	---	---
Budget Authority (+ or -)	---	N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)	---	-7.30	-7.50	-10.40	-14.10	-18.00	-57.30

Proposed Program - A 5 year gradual build down consistent with Sen. Nunn's thinking with an impact spread across procurement, manpower, O&M, ROT&E, and other accounts. This option preserves the C-17, V-22, Defense conversion, strengthened Reserves, and an active manpower level of 1.4 million, and therefore is consistent with Clinton-Gore campaign statements.

Arguments for Proposal - This plan is the most measured and steady course of reductions, with the bigger reductions realized in FY 95-97. It is similar to *Putting People First*, but it is more detailed. It is similar in direction, levels, and intent to Sen. Nunn's plan.

Arguments Against Proposal - It saves \$57.3 billion in outlays, which is similar to the *Putting People First* savings total, but it achieves the savings over 5, not 4 years as in *Putting People First*. The amount for Sealift may be inadequate to meet the Clinton plan objectives as the out-year funding level is modest.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - House Armed Services Chairman Aspin and Senate Armed Services Chairman Nunn (D-GA) will have to be consulted closely on any plan. House and Senate Defense and Military Construction Appropriation Subcommittee Chairs will also have to be consulted.

Campaign Positions that Affect the Proposal -

Funding Summary -

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	282.20	282.60	286.20	289.60	293.20	1,723.70
Proposed Level							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	274.90	275.10	275.80	275.50	275.20	1,666.40

APPENDIX A

Spending/Revenue Options

**REDUCE DEFENSE SPENDING
ASPIN "B"**

Agency: Defense	Functional Code: 050
Enforcement: D-ID	
Source: HASC	
Structure: OPB CIB	
Budget Fund: GF TF	
Category: SC	
Rating: I	
<p>NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.</p>	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue	---	---	---	---	---	---	---
Budget Authority (+ or -)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)	0.00	-7.60	-18.30	-29.70	-39.60	-34.80	-130.00

Proposed Program - This option has greater force levels than Aspin "A" by adding additional capability to carry out a Panama-size operation in addition to the Desert Storm and humanitarian/evacuation equivalents.

Arguments for Proposal - Provides for more flexibility, fewer manpower drawdowns, and lift/repositioning than Aspin "A."

Arguments Against Proposal - This option has only a modest impact on deficit reduction.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - House Armed Services Chairman Aspin and Senate Armed Services Chairman Nunn (D-GA) will have to be consulted closely on any plan. House and Senate Defense and Military Construction Appropriation Subcommittee Chairs will also have to be consulted.

Campaign Positions that Affect the Proposal -

Funding Summary -

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	282.20	282.60	286.20	289.60	293.20	1,723.70
<u>Proposed Level</u>							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	274.60	264.40	256.50	250.00	258.40	1,593.80

APPENDIX A

Spending/Revenue Options

**REDUCE DEFENSE SPENDING
ASPIN "A"**

Agency: Department of Defense	Functional Code: 050
Enforcement: D-ID	
Source: HASC	
Structure: OPB CIB	
Budget Fund: GF TF	
Category: SC	
Rating: 1	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue	---	---	---	---	---	---	---
Budget Authority (+ or -)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)	0.00	-10.60	-24.30	-38.70	-51.60	-46.80	-172.00

Proposed Program - This option corresponds to Aspin's most aggressive cost reduction plan which provides force levels equivalent to carry out a Desert Storm size operation or a humanitarian/evacuation such as Somalia, as well as maintain adequate sea and air lift capabilities.

Arguments for Proposal - This option maintains adequate force levels, readiness, lift, and non-nuclear weapons systems to meet most of the Clinton plan objectives.

Arguments Against Proposal - This option does not maintain adequate force levels, readiness, lift and weapons for multiple contingencies or global scale nuclear or non-nuclear war.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal -

Funding Summary -

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	282.20	282.60	286.20	289.60	293.20	1,723.70
Proposed Level							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	271.60	258.40	247.50	238.00	246.40	1,551.80

APPENDIX A

Spending/Revenue Options

**REDUCE DEFENSE SPENDING
BROOKINGS (KAUFMAN/STEINBRUNER FORCE II)**

Agency: Defense	Functional Code: 050
Enforcement: D-ID Source: BI Structure: OPB, CIB Budget Fund: GF TF Category: SC Rating: I	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue	---	---	---	---	---	---	---
Budget Authority (+ or -)	---	N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)	---	-10.70	-26.10	-52.70	-79.60	-93.80	-262.90

Proposed Program - This option envisions substantial manpower and weapon system procurement reductions in the FY 94-95 time frame, as well as major restructuring of force posture and the Defense industrial base and acquisition process as well as including the START+ reductions in nuclear weapons. As such, it represents the most aggressive proposal for cost savings suggested by credible defense analysts. The numbers shown are shifted one year later than in the published plan.

Arguments for Proposal - This option would have a major impact on deficit reduction. However, it is controversial with respect to whether it maintains adequate defense capability. The restructuring of the Defense acquisition process and industrial base conforms to recommendations from the Packard Commission and several Defense Science Board and Defense Manufacturing Board Studies.

Arguments Against Proposal - The force capability contained in this option is marginally adequate for small, regional operations. It is also questionable whether tempo and readiness could be maintained in the near-term while the long process of restructuring was carried out.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - House Armed Services Chairman Aspin and Senate Armed Services Chairman Nunn (D-GA) will have to be consulted closely on any plan. House and Senate Defense and Military Construction Appropriation Subcommittee Chairs will also have to be consulted.

Campaign Positions that Affect the Proposal -

Funding Summary -

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	289.90	282.20	282.60	286.20	289.60	293.20	1,723.70
Proposed Level							
Revenue	---	---	---	---	---	---	---
Budget Authority	N/A						
Outlays	279.20	256.10	229.90	206.60	185.80	172.60	1,330.20

APPENDIX A

Spending/Revenue Options

CUT INTELLIGENCE BUDGETS

Agency: Defense, CIA, NSA	Functional Code: 050
Enforcement: D-ID Source: CG Structure: OPB Budget Fund: GF Category: SC Rating: I	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		N/A	N/A	N/A	N/A	N/A	N/A
Outlays (+ or -)		-1.00	-1.50	-1.50	-1.50	-1.75	-7.25

Proposed Program - This proposal is subsumed within the "Reduce Defense Spending" proposal. Intelligence amounts require top secret clearance and are not shown in public budget arrays.

Arguments for Proposal - There may be unnecessary overlap in the operations of the various intelligence organizations. Technical systems used in reconnaissance may be providing more data than the U.S. can collect and analyze. Furthermore, some of our intelligence gathering activities and equipment may not be necessary now that there is an improvement in superpower relations and now that the former Soviet Union has reduced its presence and operations in other countries. For some years, many observers have argued for greater central direction of the intelligence community. They now see the end of the cold war as underscoring the need for a smaller, leaner and more tightly organized set of agencies. [CRS] Both the Senate and House Intelligence Committees cut the NFIP by 5 percent in the FY 93 Budget. They probably will sustain the level over the next four years, unless unforeseen international crises or increased demands for monitoring treaties such as a non-proliferation or chemical weapons occur.

Arguments Against Proposal - Opponents of this program argue that a more decentralized structure ensures competitive analyses and better serves the needs of disparate intelligence consumers. [CRS] Redundancy has valuable benefits. Intelligence can be provided in a form and time more useful than would be possible by a centralized effort, and there is opportunity for "competitive analysis" whereby senior officials are provided with a range of interpretations of often ambiguous data by different agencies. If only one interpretation were provided by the intelligence community, policy makers would be hostages to a single, and, quite possibly biased view. [CRS] Both the renewed interest in constraining nuclear proliferation and chemical weapons proliferation could require costly additions for monitoring/verification if the requirements go beyond destruction and dismantlement of declared facilities, sites or warheads to require capability to find surreptitious activity or hidden facilities. For example, it would not be improbable to find a \$250 million price tag for monitoring rather than a simple Chemical Weapons Convention. This is not just a price tag for technical means, but also for increases in on-site inspection forces and other human resources.

State and Local Impact of Proposal - None directly, except certain reductions in top-secret facilities accounts could affect the proposed move of certain CIA facilities to West Virginia, the state of Senate Appropriations Chairman Robert C. Byrd (D-WV). Other states which could be affected include: California, Virginia, Maryland, Colorado, Washington, and Hawaii. The relocation issue is more complex than it has often been presented. The intelligence arm of the government has a number of desirable and expensive leased properties in the Washington metropolitan area. The recession has kept the cost of those leases steady, but an improving economy could likely result in increased lease rates. Relocation to less expensive areas such as West Virginia could result in cost savings.

Any Political Landmines Associated with Proposal? - See reference to Senator Byrd in preceding section. The cost of any facilities relocation, however, may be an insignificant portion of the estimated \$30 billion intelligence budget. Senator Glenn (D-OH) has adamantly stated his opposition to any cuts in intelligence.

Campaign Positions that Affect the Proposal - Included in *Putting People First*.

Funding Summary - Not available. Subsumed in other accounts. Change numbers listed above are from *Putting People First*, but are delayed by one year.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		N/A	N/A	N/A	N/A	N/A	N/A
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		N/A	N/A	N/A	N/A	N/A	N/A

APPENDIX A

Spending/Revenue Options

REFORM DEFENSE DEPARTMENT INVENTORY SYSTEM

Agency: Defense	Functional Code: 050
Enforcement: D-ID Source: CG Structure: OPB Budget Fund: GF Category: SC Rating: I	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		---	---	---	---	---	---
Outlays (+ or -)		-5.70	0.00	0.00	0.00	0.00	-5.70

Proposed Program - Spending savings for this proposal may be subsumed in "Reduce Defense Spending."

Arguments for Proposal - Since 1981, Congress has passed sweeping legislation to reform the defense acquisition process. However, critics have faulted the "piecemeal" approach to reform and have called for a more sweeping approach to reform. [CRS]

Arguments Against Proposal - Should lead to a restructuring of defense procurement contractors cost incentives. The MAC Group, a general management consulting firm, issued a study in which it concluded that many of the prior statutory and regulatory changes to defense procurement had a significant detrimental effect on defense industries by encouraging a low-cost, low-risk mentality. [CRS]

State and Local Impact of Proposal - None, directly.

Any Political Landmines Associated with Proposal? - Savings on this proposal may be difficult to achieve in first year, depending on how the equipment self-off is structured.

Campaign Positions that Affect the Proposal - Included in *Putting People First*.

Funding Summary - Not available. Cost of DoD inventory system is not a single identifiable line-item, but is subsumed in numerous procurement accounts and line-items. The change number above is from *Putting People First*, but is delayed by one year.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		N/A	N/A	N/A	N/A	N/A	N/A
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		N/A	N/A	N/A	N/A	N/A	N/A

APPENDIX A

Spending/Revenue Options

CANCEL THE B-2 STEALTH BOMBER.

Agency: Defense	Functional Code: 051
Enforcement: D-ID Source: CBO RP Structure: OPB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-3.80	-5.00	-5.30	-5.00	-4.30	-23.40
Outlays (+ or -)		-0.18	-1.16	-2.89	-4.06	-4.59	-12.88

Proposed Program - Would terminate the B-2 stealth bomber program at 15 aircraft.

Arguments for Proposal - Fifteen B-2 aircraft "would have as great a payload as the entire F-117 fleet and could deliver the munitions at several times the range of the F-117." The B-2 is unnecessary to protect against threats from former Soviet republics, and the B-2 may have technical problems which could increase the cost of the B-2 or limit its capability. [CBO] Critics of the B-2 argue that the B-2 is much too expensive and will probably not be necessary as the prospect of superpower military confrontation is lessened. They further argue that the potential use of the B-2 in conventional roles is wasteful and unrealistic. [CRS]

Arguments Against Proposal - The B-2 is potentially useful in conventional bombing missions. The Air Force could maintain an operational squadron of 14 to 16 planes if it had 20 planes in its inventory even if 2 planes were lost. [CBO] Extensive research and development costs have already been paid for, and the B-2s currently being tested are performing well. [CRS]

The Strategic Arms Reduction Talks Treaty heavily favors the B-2 by counting rules that consider these bombers as only carrying one warhead for START purposes, even though the B-2 could carry about 16-20 weapons. [CRS]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - Proposed for elimination by Ross Perot in *United We Stand*.

Funding Summary - Current Services includes the total of the Aircraft procurement, Air Force account. The accounts totals for Research, development, test and evaluation, Air Force are: BA \$14.68b, O \$14.36b (FY 1994); BA \$15.18b, O \$14.83b (FY 1995); BA \$15.71b, O \$15.36b (FY 1996); BA \$16.26b, O \$15.90b (FY 1997).

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		11.42	11.81	12.20	12.62	13.00	61.05
Outlays		11.20	11.12	11.17	11.54	11.66	56.69
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		7.62	6.81	6.90	7.62	8.70	37.65
Outlays		11.02	9.96	8.28	7.48	7.07	43.81

APPENDIX A

Spending/Revenue Options

TERMINATE THE SEAWOLF SUBMARINE PROGRAM

Agency: Defense	Functional Code: 051
Enforcement: D-ID Source: CBO RP Structure: OPB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-2.70	-2.80	-2.90	-4.90	-4.00	-17.30
Outlays (+ or -)		-0.31	-0.74	-1.22	-1.70	-2.35	-6.32

Proposed Program - Would cancel the SSN-21 (Seawolf class) submarine program, including 2 of the 3 submarines already approved by Congress and all future procurement and research. The Seawolf is a nuclear-powered attack submarine proposed to succeed the I688. The SSN-21s will cost more than two-billion dollars each in FY 1992 dollars. [CRS]

Arguments for Proposal - Soviet submarines are the only submarines which pose a substantial threat to the U.S. The SSN-21 program has been justified primarily in connection with the Soviet military threat, and in particular with the need to counter the Soviet's new generation of improved submarines. [CRS] The former Soviet republics are unlikely to continue producing new submarines due to their economic problems. [CBO]

Opponents of the SSN-21 argue that it is too expensive in an era of declining defense budgets. [CRS] The cost of the SSN-21 is so high that the U.S. can afford to purchase only one SSN-21 each year. Such a low rate of procurement, could force one of the two submarine construction yards to drop out of the SSN-21 program, thereby eliminating the possibility for using shipyard competition to control procurement costs. [CRS]

Arguments Against Proposal - The Seawolf has capabilities other U.S. submarines do not have, including the ability to dive deeper, carry more weapons, operate more quietly at higher speeds, and better detect enemy submarines. [CBO] The Navy believes the SSN-21 will be about three times as capable as the I688, and there is no more space and weight for additional improvements to the I688. [CRS] Because the Soviets have more submarines than the U.S., U.S. submarines must be qualitatively superior. Before the demise of the Soviet Union, Soviet submarines continued to improve and were expected to be a match for the I688 by 1995.

Other potentially hostile countries, including China, operate 250 attack submarines. Many of those submarines are modern and capable units that can pose a serious challenge in their coastal operational areas. [CRS]

The SSN-21 will have lower annual operating and support costs than the I688. [CRS]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - General Dynamics Corporation, General Electric Corporation, Westinghouse Corporation and Newport News Shipping and Dry Dock Co. can be expected to oppose. [CRS]

Campaign Positions that Affect the Proposal - Proposed for cancellation by Ross Perot in *United We Stand*. The cut was recommended by the Bush FY 1993 Budget. Production was supported by Clinton during the campaign.

Funding Summary - Current Services is the account total for shipbuilding and conversion, Navy.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		10.94	11.31	11.69	12.09	12.45	58.48
Outlays		10.37	10.80	10.91	11.13	11.35	54.56
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		8.24	8.51	8.79	7.19	8.45	41.18
Outlays		10.06	10.06	9.69	9.43	9.00	48.24

APPENDIX A

Spending/Revenue Options

REDUCE SECURITY ASSISTANCE TO BASE-RIGHTS COUNTRIES

Agency: State Department	Functional Code: 150
Enforcement: D-ID Source: CBO PO Structure: OPB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue							
Budget Authority (+ or -)							
Outlays (+ or -)							

Proposed Program - After assistance to Israel and Egypt, assistance to countries with U.S. military bases is the largest component of security assistance. In FY 1992, the U.S. provided \$1.1 billion a year in foreign military financing and \$300 million a year in economic support funds as grants and loans to foreign base-rights countries: Turkey, Greece, the Philippines, and Portugal. This proposal from CBO and the Panetta budget options would cut and gradually eliminate assistance to these countries over a five year period. The CBO book scores this as a savings of \$3.4 billion in BA and \$1.6 billion in outlays in over five years. That, however, is off the FY 1993 baseline, and the FY 1993 appropriations bill took some steps in this direction. Savings from the FY 1994 baseline will be lower.

Arguments for Proposal - In light of the end of the Cold War and the collapse of the Soviet threat, there is little need to retain this assistance to Portugal and not a strong case for retaining it to Turkey or Greece either. The Philippines, where a democratically elected government faces an ongoing challenge may be a different story.

Arguments Against Proposal - An abrupt reduction in aid could harm relations with these countries. Also, the Russian situation is unstable, and a new threat could arise. Given the potential threat base-rights countries need a strong military capacity, and because this defense burden is out of proportion to their economic capacity, they need continued U.S. security assistance.

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - Given the political situation, one cannot reduce aid to Greece without reducing aid to Turkey and vice versa.

There is an ongoing threat in the Philippines and cutting aid there could be controversial. This could be handled by applying this option only to Portugal, Greece, and Turkey.

Campaign Positions that Affect the Proposal -

Funding Summary -

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue							
Budget Authority							
Outlays							
<u>Proposed Level</u>							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

CONSOLIDATE THE OVERSEAS BROADCASTING SYSTEM

Agency: US Information Agency (USIA)	Functional Code: 154
Enforcement: D-ID Source: CBO, CG, HF Structure: OPB Budget Fund: GF Category: SC Rating: 1	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-0.08	-0.18	-0.26	-0.27	-0.28	-1.07
Outlays (+ or -)		0.10	-0.20	-0.31	-0.32	-0.31	-1.04

Proposed Program - Would combine the operations of Radio Free Europe (RFE), Radio Liberty (RL) and the Voice of America, and eliminate television broadcasting and unnecessary capital construction.

Arguments for Proposal - With the dissolution of the system of Soviet supported regimes in Eastern Europe, some officials question the rationale behind U.S. broadcasting to those countries. [CRS] Some operations of RFE, RL and VOA overlap. They all broadcast to the former Soviet Union and Eastern Europe. Some overlap could be consolidated or scaled back. Some current projects such as the construction of a radio transmitter in Israel for broadcast to the former Soviet Union and Asia could be stopped without affecting current services. Cable News Network (CNN) has brought world news on television via satellite, reducing the need for U.S. television broadcasting services. [CBO]

Arguments Against Proposal - Opponents of this cut argue that democratization is a slow process and that even if savings could be achieved, services should be expanded to China and Africa which have government-controlled radio stations. [CBO] The disparate missions, organizational styles, and administrative relationships now existing in U.S. broadcasting services may prove too diverse to be integrated into a single organization. [CRS] In the short term, the costs of merging the broadcasting services might exceed savings. [CRS]

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - No large constituency.

Campaign Positions that Affect the Proposal - Included in *Putting People First*.

Funding Summary - This account is the Board for International Broadcasting, Grants and Expenses and the Israel Relay Station. Change numbers above are from CBO, but delayed one year.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue		---	---	---	---	---	---
Budget Authority		0.23	0.23	0.24	0.25	0.26	1.21
Outlays		0.26	0.30	0.30	0.28	0.29	1.43
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		0.15	0.05	-0.02	-0.02	-0.02	0.14
Outlays		0.16	0.10	-0.01	-0.04	-0.02	0.39

APPENDIX A

Spending/Revenue Options

REDUCE EXIMBANK CREDITS

Agency: Eximbank	Functional Code: 155
Enforcement: D-ID Source: CBO Structure: OPB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-0.21	-0.21	-0.22	-0.23	-0.24	-1.10
Outlays (+ or -)		-0.03	-0.09	-0.13	-0.17	-0.20	-0.62

Proposed Program - Would cut Eximbank's projected subsidy by one-third and direct the remainder of the program to the private sector in middle-income, moderate-risk countries with growth potential. Eximbank is an independent U.S. government agency that is charged with financing and promoting exports of U.S. goods and services. To accomplish its goals, the Bank's authority and resources are used to assume commercial and political risks that exporters or private institutions are unwilling or unable to undertake. [CRS] However, it may also be possible to increase the interest charged on Ex-Im loans rather than cutting Ex-Im credits to achieve savings. This would redirect Ex-Im credits to users who need the credit to mitigate commercial or political risk, rather than the subsidy value of low interest rates.

Arguments for Proposal - The Eximbank promotes U.S. exports by providing financing to foreign buyers of U.S. goods. The bank provides direct loans with below-market interest rates and guarantees of private lending without receiving full compensation for the contingent liability of future losses. These subsidies are shared by the U.S. exporter and the foreign buyer. In the 58 years since its creation, Eximbank has lost \$7 billion on its operations, practically all in the last 15 years. Baseline projections of new subsidy costs are \$60 million per year. [CBO]

Arguments Against Proposal - Supporters of Eximbank say that the subsidies it provides offset subsidies provided by foreign governments, and that eliminating them would put U.S. exporters at a disadvantage. These subsidies, they argue, increase U.S. exports, thereby providing jobs to U.S. workers. Supporters also argue that the bank's subsidies help increase the output of high-technology industries and allow these industries to achieve economies of scale. Critics of Eximbank dispute these claims. The bank does not limit credit to exports facing foreign-subsidized competition. Little evidence exists suggesting that the credits create jobs. Finally, since the United States encourages the creation of free-market economies throughout the world, providing subsidies to promote exports is contrary to free-market policies that the United States has advocated. [CBO]

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - Supporters of Eximbank will argue that a cut will cost U.S. jobs and international competitiveness. Opponents of Eximbank must argue that other programs will better aid U.S. competitiveness.

Campaign Positions that Affect the Proposal - None.

Funding Summary - Deficit reduction estimates above are from CBO, but delayed one year. Current Services amount shown is account total for Export Import Bank loan program account.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		0.68	0.71	0.73	0.76	0.79	3.67
Outlays		0.46	0.60	0.69	0.72	0.84	3.31
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		0.47	0.50	0.51	0.53	0.55	2.57
Outlays		0.43	0.51	0.56	0.55	0.64	2.69

SCIENCE, SPACE/TECHNOLOGY

APPENDIX A

Spending/Revenue Options

CANCEL THE SUPERCONDUCTING SUPER COLLIDER

Agency: Energy	Functional Code: 251
Enforcement: DOM Source: CBO HF Structure: CIB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-0.50	-0.52	-0.53	-0.55	-0.57	-2.65
Outlays (+ or -)		-0.20	-0.41	-0.52	-0.54	-0.55	-2.20

Proposed Program - Would stop work on the Superconducting Super Collider (SSC) program. The SSC will be the world's largest and highest energy particle accelerator, and will expand the frontier of particle physics research beyond the capabilities of existing machines. [CRS]

Arguments for Proposal - The SSC is extremely costly and is taking resources away from other science research. Funding for SSC might approach 5 percent of the total federal civilian R & D budget in the future. [CRS] Some analysts have estimated that annual operating costs after construction is completed may be as much as \$500 million per year. [CRS]

The SSC is not likely to produce usable science or technology in the near future, and is not likely to train many graduate students. Furthermore, the SSC has not been able to attract much foreign funding. [CBO] By funding the SSC, the United States is in effect subsidizing the scientific research of Asia and Europe. The SSC should not be funded unless the SSC is able to attract international contributions. [IEEE]

It is at least conceivable that a 4 TEV electron-positron linear accelerator, which would be equivalent to the SSC, could be developed within ten years at substantially lower cost than the SSC. [CRS]

Arguments Against Proposal - Proponents of the SSC claim that the project will be the centerpiece of high-energy physics in the United States. They also claim that the problems which caused the cost increases have been solved, and that most of the cost increases have already been incurred. [CBO]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - The Texas delegation and others can be expected to actively oppose this proposal. Major contractors, subcontractors and universities have extensive alliances in Congress which have been mobilized during funding challenges to the SSC.

Campaign Positions that Affect the Proposal - Campaign positions may have ruled out termination. If so, it might be advisable to consider increasing funding in an FY 93 supplemental appropriation to provide a stimulus.

Funding Summary - Current Services amount shown is the Department of Energy General science and research activities account which includes all high energy and nuclear physics research programs, including the SSC. Canceling the program would presumably end the offsetting receipts for the SSC project from state, local and foreign governments currently estimated at \$-0.42b (FY 94), \$-0.45b (FY 95), \$-0.55b (FY 96) and \$-0.24b (FY 97) by CBO.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		1.57	1.62	1.68	1.74	1.81	8.42
Outlays		1.55	1.60	1.65	1.71	1.76	8.27
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		1.07	1.10	1.15	1.19	1.24	5.77
Outlays		1.35	1.19	1.13	1.17	1.21	6.07

APPENDIX A

Spending/Revenue Options

CANCEL NEW SPACECRAFT DEVELOPMENT PROJECTS

Agency: NASA	Functional Code: 252
Enforcement: DOM Source: CBO HF Structure: OPB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-0.19	-0.19	-0.20	-0.21	-0.21	-1.00
Outlays (+ or -)		-0.10	-0.18	-0.20	-0.20	-0.21	-0.89

Proposed Program - Would cancel immediately one of three programs: the Advanced X-Ray Astrophysics Facility (AXAF) in the physics and astronomy program, the Comet Rendezvous Asteroid Flyby/Cassini (CRAF/Cassini) mission in the planetary exploration program, or the Earth Observation System (EOS) in the environmental observation program. The CRAF portion of the CRAF/Cassini project was canceled by NASA in its FY 1993 budget due to fiscal constraints. [CRS] EOS is designed to acquire a long-term set of comprehensive environmental measurements of various aspects of the Earth system. The program is to provide the basis for predictive global change models for use by policy makers and scientists in formulating strategies to mitigate human impacts on global processes such as ozone depletion, deforestation, and possible global warming. [CRS]

Arguments for Proposal - Canceling development of major new spacecraft in any of these programs need not endanger ongoing scientific work. Other sources of data are available in the three broad fields in which these programs are located. [CBO] These projects are scientific luxuries in the current budget climate. Canceling funding for one of these projects could avoid cut-backs for on-going research. [HF] The AXAF has encountered technical difficulties. [CRS] The EOS has recently been reconfigured because of concerns with its cost and configuration. The EOS may provide more data than NASA can handle, and some Members of Congress are concerned that the project is too risky and may not operate as NASA has promised. [CRS] Some scientists are concerned that EOS will take funds away from other global science programs in other agencies. [CRS]

Arguments Against Proposal - Canceling new spacecraft development in a major program area would undercut the nation's scientific and technical leadership in that field. The CRAF project was cancelled in the FY 1993 budget. This termination is already reflected in the FY 1993 appropriation.

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - Campaign positions may have ruled out EOS termination.

Funding Summary - Change amounts shown above are from CBO, but delayed one year. Current Services amount shown below is for all NASA accounts which comprise all of Subfunction 252 (Space flight, research, and supporting activities).

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		14.14	14.64	15.16	15.71	16.34	75.99
Outlays		13.72	14.40	14.93	15.47	16.09	74.61
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		13.95	14.45	14.96	15.50	16.13	74.99
Outlays		13.62	14.22	14.73	15.27	15.88	73.72

APPENDIX A

Spending/Revenue Options

CANCEL THE SPACE STATION PROGRAM

Agency: NASA	Functional Code: 252
Enforcement: DOM Source: CBO HF BR N-D Structure: CIB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-2.10	-2.15	-2.25	-2.30	-2.40	-11.20
Outlays (+ or -)		-1.05	-1.85	-2.20	-2.25	-2.35	-9.70

Proposed Program - Would eliminate the Space Station program. The Space Station is a cooperative venture among the U.S., Japan, Canada and 9 of the 13 members of the European Space Agency.

Arguments for Proposal - The Space Station does not fulfill any of the traditional goals of U.S. space policy -- no national security purpose will be served, and civilian scientific goals could be met earlier and less expensively with a smaller program. [CBO]

Although the Institute of Electrical and Electronics Engineers (IEEE) supports the concept of a civilian space station as an important step in establishing the permanent presence of human beings in space, the IEEE believes the space station should be a part of a program balanced with other space applications. The IEEE questions, therefore, the proposed \$30 billion cost and complexity of the currently proposed design. The principal mission of a space station should be biomedical, including psychological research on people exposed to prolonged weightlessness in the space environment. A smaller space station could fulfill the goal of biomedical research without detracting funds from other important space programs. The commercial value of any technology produced for the space station would be insignificant compared to the cost of the space station. [IEEE] The Space Station is overly dependent upon the space shuttle which has had mechanical problems. [CRS] Eliminating the Space Station could save \$19.4 billion between the years of 1993 and 2002. [N-D]

Arguments Against Proposal - Future international cooperation on space programs and scientific research might be compromised if the U.S. reneges under its current agreements with other countries to build the space station. [CBO] A Space Station is needed for life sciences research prior to sending humans to Mars. [CRS]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - The program employs 70,000 - 100,000 people in 39 states. [CRS]

Campaign Positions that Affect the Proposal - The program is strongly supported by President Bush. Campaign positions may have ruled out termination of the Space Station. If it is not terminated, savings likely to be small if obtained from freeze in spending, in the order of \$100 million in FY 94, \$200 million in FY 95 and 96, and \$300 million in FY 97.

Funding Summary - Current Services is the total of all NASA accounts in Function 250 (General Science, Space and Technology).

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		14.14	14.64	15.16	15.71	16.34	75.99
Outlays		13.72	14.40	14.93	15.47	16.09	74.61
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		12.04	12.49	12.91	13.41	13.94	64.79
Outlays		12.67	12.55	12.73	13.22	13.74	64.91

APPENDIX A

Spending/Revenue Options

**CANCEL DEVELOPMENT PROGRAM FOR
THE ADVANCED SOLID ROCKET MOTOR**

Agency: NASA	Functional Code: 252
Enforcement: DOM Source: CBO HF BR N-D Structure: CIB Budget Fund: GF Category: SC Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-0.48	-0.50	-0.51	-0.53	-0.55	-2.55
Outlays (+ or -)		-0.25	-0.42	-0.48	-0.51	-0.53	-2.20

Proposed Program - Would cancel NASA's development program for the Advanced Solid Rocket Motor (ASRM). The ASRM is intended to replace the redesigned solid rocket motor currently used to launch the space shuttle to improve safety and increase the weight of payloads which could be launched. The numbers from the FY 93 baseline start at roughly \$100 million below the numbers above. In FY 93, ASRM was funded at \$360 million, having been rescued in the appropriation conference, after being killed in the House.

Arguments for Proposal - According to the Aerospace Safety Advisory Panel, the redesigned rocket booster is performing well, and investments in other parts of the shuttle system would enhance safety more than the ASRM. The only programs which could benefit from extra lift capability are the space station and the X-Ray Astrophysics Facility (AXAF). The space station could be launched without ASRM, and the AXAF could be launched with an inertial upper stage launch vehicle. [CBO] Design and production problems may increase the project's costs and delay its availability. [HF] Could save \$4.8 billion between 1993 and 2002. [N-D] The Aerospace Safety Advisory Panel found that it is questionable whether ASRM would be superior to RSRM on the basis of safety and reliability. [CRS]

Arguments Against Proposal - The ASRM would be able to deploy the space station in fewer flights, and would reduce the risk of moving equipment from the shuttle to the space station's modules. [CBO] NASA has stated that termination of ASRM will add two assembly flights and one utilization flight for the construction of the space station. This will delay occupancy of the space station by 9 months. [CRS] Without ASRM, additional spending on an inertial upper-stage launch vehicle would be necessary to launch the AXAF [CBO], and NASA will have to initiate a program to remove asbestos from the Redesigned Solid Rocket Motor. [CRS] Some Members of Congress strongly oppose ASRM termination. A total of \$1.2 billion has already been appropriated for ASRM and some Members feel that such an investment should not be thrown away. [CRS]

State and Local Impact of Proposal - Lockheed Missiles and Space Company is the prime contractor, and Aerojet Space Boosters is the major subcontractor. Jobs will be lost in Alabama, Mississippi, and Tennessee if ASRM is terminated. [CRS]

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal -

Funding Summary - Change amounts shown above are from CBO, but delayed one year. Current Services amount is for all NASA accounts which comprise all of Subfunction 252 (space flight, research and supporting activities).

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority		14.14	14.64	15.16	15.71	16.34	75.99
Outlays		13.72	14.40	14.93	15.47	16.09	74.61
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		13.66	14.14	14.65	15.18	15.79	73.44
Outlays		13.47	13.98	14.45	14.96	15.56	72.41

APPENDIX A

Spending/Revenue Options

**REDUCE SUBSIDIES PROVIDED BY
THE RURAL ELECTRIFICATION ADMINISTRATION**

Agency: Rural Electrification Admin.	Functional Code: 270
Enforcement: PG-E Source: CBO RP Structure: CIB Budget Fund: GF EF Category: SC Rating: 2	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)		-0.20	-0.21	-0.21	-0.22	-0.23	-1.05
Outlays (+ or -)		-0.03	-0.07	-0.13	-0.17	-0.20	-0.59

Proposed Program - Would eliminate the interest rate subsidy on REA and RTB (Rural Telephone Bank) loans. REA serves approximately 25 million Americans in 46 states by lending money to rural electric cooperatives. [CRS] The RTB lends money to cooperatives and commercial companies. [CRS]

Arguments for Proposal - Opponents of existing REA lending argue that the agency's mission was largely fulfilled by the early 1960's when nearly all farms had both electric power and telephone service. They argue that the cost of REA subsidies today is excessive. [CRS] To qualify initially for an REA loan, a borrower's service area could not contain more than 1,500 inhabitants. Most of the REA's borrowers that are electric utilities were established in the 1930s and 1940s, and most of the borrowers that are telephone companies were established in the 1950s. Many of the communities originally identified by the REA as rural areas are now much larger, but any utility that met the original service requirement can continue to receive REA assistance. [CBO] Once a rural telephone company or an electric cooperative has qualified as an REA borrower, it remains eligible, even if it has subsequently been purchased by a holding company. As a result, co-ops that have been acquired by large commercial companies such as GTE, Alltel and Contel, are still able to borrow funds at rates lower than those available to the rest of the company through commercial banks. [CRS] The REA has argued that many electric cooperatives are financially strong enough to qualify for private credit. [CRS] Additionally, some areas that were once rural are now suburban communities or high priced tourist resorts such as Manassas, Virginia, Aspen, Colorado and Hilton Head, South Carolina. Raising the interest rate alone would have little effect on the utility rates most borrowers charge their customers, since interest costs account for only a small percentage of the typical utility customer's bill. [CRS]

Arguments Against Proposal - Supporters of existing REA lending practices argue that there remains a need for a strong federal role in providing reasonably priced electricity to the millions of Americans served by REA-supported electric cooperatives. They maintain that it is not sufficient simply to build electricity distribution and telephone lines in rural America; these facilities must be maintained from day to day. Private sector, profit-driven utilities would fail to provide equivalent service to the remote, sparsely populated areas served by REA borrowers. [CRS]

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - The National Rural Electric Cooperative Association, which has strong support among rural members of Congress, has been very active and successful in derailing past efforts to eliminate subsidies. Targeting interest rates subsidies for elimination might be more practicable.

Campaign Positions that Affect the Proposal - Included in Ross Perot's *United We Stand*.

Funding Summary - Change amounts shown above are from CBO, include interest and loan origination fee changes, and are for a one year delay. Current Services would have to estimate the present value of interest and subsidies and loan origination fees foregone below market rates.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
<u>Current Services</u>							
Revenue		---	---	---	---	---	---
Budget Authority							
Outlays							
<u>Proposed Level</u>							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

**RAISE FEES CHARGED TO UTILITIES
FOR URANIUM ENRICHMENT**

Agency: Energy	Functional Code: 271
Enforcement: DOM Source: HF Structure: CIB Budget Fund: GF Category: UF Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	---
Budget Authority (+ or -)							
Outlays (+ or -)		-0.18	-0.18	-0.18	-0.18	-0.18	-0.92

Proposed Program - Would raise the fees charged to utilities for uranium enrichment services provided by the government's two uranium enrichment facilities. [HF]

Arguments for Proposal - The cost of operating the government's uranium plants greatly exceeds current receipts. [HF] The National Taxpayers Union and others contend that DOE has chronically underpriced its enrichment services and effectively subsidized the nuclear industry. [CRS]

Arguments Against Proposal - The United States Uranium Enrichment Enterprise is not competitive with foreign suppliers. Currently, there is excess enrichment capacity and supply in the market which will keep downward pressure on uranium prices. [CRS] The growth of the nuclear power industry was grossly overestimated. Little of the new enrichment capacity constructed by DOE or its predecessor agencies proved necessary, and DOE's European competitors began winning much of the foreign market. As a result, the DOE enrichment program was unable to earn sufficient revenue (either through raising prices or increasing sales) to cover the costs of its unproductive investments. The DOE is concerned that it will continue to lose market share in Asian countries, as well as, a significant share of its home market if prices are increased. [CRS]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - The Energy Policy Act, passed in October 1992, raised fees/taxes by \$150 million charged to utilities that had enriched uranium over the past 40 years to pay for a decontamination/decommissioning fund. Having just raised these fees, it may be difficult to increase them further at this point.

Campaign Positions that Affect the Proposal -

Funding Summary - Change amounts shown above are from the Heritage Foundation's Deficit Reduction Plan. Current Services amounts are the account totals for Uranium supply and enrichment activities. Straight line method was used to estimate the 1998 Current Services amounts.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue		---	---	---	---	---	---
Budget Authority		0.00	0.00	0.00	0.00	0.00	0.00
Outlays		-0.03	-0.06	0.08	0.01	0.01	0.01
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority							
Outlays		-0.21	-0.24	-0.10	-0.17	-0.17	-0.91

APPENDIX A

Spending/Revenue Options

SELL NAVAL PETROLEUM RESERVES TO PRIVATE SECTOR

Agency: Energy	Functional Code: 271
Enforcement: PG-E Source: HF Structure: CIB Budget Fund: GF Category: AS Rating: 4	
NOTE: All options rounded to the nearest \$10 million. For example, \$68 million would be shown as \$0.07 billion.	

**CHANGE
EFFECT OF OPTION
(Dollars in Billions)**

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Revenue		---	---	---	---	---	
Budget Authority (+ or -)							
Outlays (+ or -)		-0.10	-0.20	-0.30	-0.60	-1.20	-2.40

Proposed Program - Would sell Naval Petroleum Reserves to the private sector.

Arguments for Proposal - The Strategic Petroleum Reserves make the Naval Petroleum Reserves irrelevant. [HF]

Arguments Against Proposal - Selling/leasing the NPR is not a budget issue, it is really an issue of whether or not the administration is interested in supporting the privatization of state-owned assets when it would yield more efficient operations, without endangering the accomplishment of other government objectives.

Selling the NPR involves getting money up-front in exchange for losing the net receipts from the NPR in the future. In budget terms, it is a wash over the long term. We now spend \$200 million a year in operating the NPR to receive about \$600 million in receipts from the sale of oil and gas produced from them.

Moreover, because Gramm/Rudman considers this an "asset sale," the capitalized receipts would not count, making the accounting of this transaction a loser, unless the transaction was modified.

Thus, unless the administration were interested in using the sale/lease of the NPR to show its interest in reducing the size of government, it makes little sense to do on budget terms.

Finally, if the NPR were to be sold or leased, it would be better to lease them, with some kind of royalty required, and with the cash bonus payment occurring in FY 97, for example.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Rep. Yates (D-IL), Chairman of the Interior Appropriations Subcommittee would likely oppose a lease. Furthermore, the State of California might attempt to obtain a share of the sale or lease receipts.

Campaign Positions that Affect the Proposal -

Funding Summary - The Change amounts shown above are from the Heritage Foundation's Deficit Reduction Plan. The Current Services amounts are the account total for Naval Petroleum and oil shale reserves.

PROPOSED LEVEL = CURRENT SERVICES PLUS PROPOSED CHANGE
(Dollars in Billions)

	1993	1994	1995	1996	1997	1998	Cumulative Six-year Deficit Impact
Current Services							
Revenue		---	---	---	---	---	---
Budget Authority		-0.23	-0.23	-0.20	-0.18	-0.17	-1.01
Outlays		-0.23	-0.23	-0.21	-0.18	-0.17	-1.02
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority							
Outlays		-0.33	-0.43	-0.51	-0.78	-1.37	-3.42