NATURAL RESOURCES,

ENVIRONMENT/AGRICULTURE

APPENDIX A

Spending/Revenue Options

REQUIRE DEPARTMENT OF ENERGY TO RAISE RATES FOR FEDERAL HYDROELECTRIC POWER TO SPEED DEBT REPAYMENT

Agency: Energy — Functional Code: 271

Enforcement:	PG-E
Source:	CBO RP
Structure:	CIB
Budget Fund:	EF
Category:	UF
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 -)		---	---	---	---	---	---
Outlays (+ or -)		0.00	-0.26	-0.25	-0.24	-0.22	-0.97

Proposed Program - Would require DOE to assess electric power rates on utilities serving customers and certain large industrial electricity users in the Pacific Northwest to repay the current hydroelectric debt of $14 billion with fixed annual principal and interest payments. The federal government, through its five power marketing administrations, sells about 45 percent of the nation's hydroelectric power. The federal facilities from which hydroelectric power is marketed provide relatively inexpensive electricity for consumers and industries in several regions of the United States. [CRS]

Arguments for Proposal - Current regulations generally require that the cost of constructing federal power projects be repaid to the Treasury by the end of the project's useful life. DOE defers making any principal payments to the Treasury on many hydroelectric projects until 50 years after they have gone into service. Even after increases, rates in the Pacific Northwest would rank among the nation's lowest. The TVA is also heavily dependent on hydroelectric power, but it has made annual principal payments on its outstanding Treasury debt since 1960. The subsidized lower rates are inconsistent with the government's conservation objectives. [CBO] Fifty percent of BPA's load is direct retail service to heavy industry -- primarily smelters. BPA has negotiated rates with companies to keep factories open in the Pacific Northwest and in the U.S. BPA presently repays principal on the highest interest rate debt first, often allowing repayment of principal on low interest rate debt to lag for 50 years. If BPA had to repay all principal on a fixed term basis, they could not reduce interest payments by gaming the system. Reagan/Bush proposed this change plus increasing the interest rate on debt to levels closer to the government's cost of money. This increase could nearly double the yearly level of savings.

Arguments Against Proposal - Pacific Northwest electric ratepayers would face greater power costs.

State and Local Impact of Proposal - None directly.

Any Political Landmines Associated with Proposal? - Pacific Northwest legislators would actively oppose. The region has just been hit by the listing of salmon under the Endangered Species Act, requiring greater stream flows, imposing additional power costs. Conservation assistance or limits on BPA wholesale rate increases might defuse some opposition.

Campaign Positions that Affect the Proposal - None. Included in Ross Perot's budget plan. Not mentioned specifically in *United We Stand*, except under the heading "Eliminate Special Favors" he stated, "In general, we should adopt user fees for many public services that benefit only a portion of the population." Included in John White's summary of the Perot plan.

Funding Summary - Change amounts shown above are from CBO, but with a one year delay. Current Services amounts are for the Bonneville Power Administration fund.

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		0.14	0.11	0.11	0.15	0.16	0.67
Outlays		0.10	0.15	0.20	0.30	0.43	1.18
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		---	---	---	---	---	---
Outlays		0.10	-0.11	-0.05	0.06	0.21	0.21

APPENDIX A

Spending/Revenue Options

REDUCE DEPARTMENT OF ENERGY ACQUISITIONS OF CRUDE OIL FOR THE STRATEGIC PETROLEUM RESERVE

Agency: Energy — Functional Code: 274

Enforcement:	DOM
Source:	CBO HF
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 -)		-0.06	-0.06	-0.06	-0.06	-0.06	-0.30
Outlays (+ or -)		-0.07	-0.16	-0.16	-0.21	-0.22	-0.82

Proposed Program - Would limit the SPR fill rate to only 20,000 barrels per day -- half the average rate supportable by the current funding levels. The SPR was established to protect the nation against a repetition of the economic dislocation caused by the 1973-74 oil embargo. [CRS]

Arguments for Proposal - The principal advantage of this option is the short-term cost savings to the government. DOE currently has approximately $800 million in unspent funds (as of FY 1992) for purchasing oil for the SPR to support oil acquisitions of nearly 40,000 barrels per day. The nation's readiness to meet energy emergencies would not be greatly diminished. With acquisitions of 40,000 per day, the SPR would contain 650 million barrels by the end of 1997; with acquisitions halved, it would still have 615 million barrels by that time. [CBO]

Arguments Against Proposal - Supporters of greater acquisitions would argue that this will increase the final cost of filling the SPR and will leave SPR significantly short of the target of 1 billion barrels.

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - Under current law, filling the SPR at rates below 75,000 barrels per day triggers shutting-in of the NPR, which would cost more than reducing the SPR fill to 20,000-40,000 barrels per day. It would be necessary to obtain the cooperation of SPR supporters to remover the "Elk Hills trigger." The states of Louisiana, Mississippi and Texas are interested in construction over 6-8 years of additional storage caverns with one final 250 million barrel storage increment at a construction cost of $1.4-2.0 billion. Stopping or slowing fill of the SPR could open the Administration to criticism in the event of another oil emergency. Finally, Rep. Sharp (D-IN), Chairman of the Energy and Power Subcommittee, made a similar proposal during consideration of the Energy Policy Act in May 1992, but lost by 100 votes. Strong administration support might make it possible to switch sufficient votes to enact this provision.

Campaign Positions that Affect the Proposal - None.

Funding Summary - Change amounts shown above are from CBO, but delayed one year. Current Services is the total amount for the SPR petroleum 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		0.22	0.23	0.24	0.25	0.26	1.20
Outlays		0.33	0.35	0.40	0.43	0.47	1.98
<u>Proposed Level</u>							
Revenue		—	—	—	—	—	—
Budget Authority		0.16	0.17	0.18	0.19	0.20	0.90
Outlays		0.26	0.19	0.24	0.22	0.25	1.16

APPENDIX A

Spending/Revenue Options

TERMINATE DEPARTMENT OF ENERGY ACQUISITIONS OF CRUDE OIL FOR THE STRATEGIC PETROLEUM RESERVE

Agency: Energy Functional Code: 274

Enforcement: DOM
Source: CBO HF
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 -)		-0.22	-0.23	-0.24	-0.25	-0.26	-1.20
Outlays (+ or -)		-0.33	-0.35	-0.40	-0.43	-0.47	-1.98

__Proposed Program__ - Would eliminate Department of Energy acquisitions of crude oil for the strategic petroleum reserve. See preceding option.

__Arguments for Proposal__ -

__Arguments Against Proposal__ -

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - None.

Campaign Positions that Affect the Proposal - None.

Funding Summary - Change amounts shown above are the total amounts for the SPR petroleum account. Current Services is the total amount for the SPR petroleum account.

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		0.22	0.23	0.24	0.25	0.26	1.20
Outlays		0.33	0.35	0.40	0.43	0.47	1.98
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		0.00	0.00	0.00	0.00	0.00	0.00
Outlays		0.00	0.00	0.00	0.00	0.00	0.00

APPENDIX A

Spending/Revenue Options

IMPOSE USER FEES ON THE INLAND WATERWAY SYSTEM

Agency: Transportation, Corps of Eng. — Functional Code: 301

Enforcement:	PG-E
Source:	CBO RP
Structure:	CIB
Budget Fund:	TF
Category:	UF
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 -)		---	---	---	---	---	---
Outlays (+ or -)		-0.35	-0.36	-0.38	-0.39	-0.41	-1.90

Proposed Program - Would impose fees on inland waterway users high enough to recover the cost of operation and maintenance (O&M).

Arguments for Proposal - The Corps of Engineers spent about $300 million for O&M in 1991 and about $500 million in construction outlays. An inland waterway fuel tax covers about 20 percent of federal outlays for construction costs. All O&M expenditures are paid by general tax revenues. Reducing subsidies would encourage shippers to choose the most efficient transportation mode and route.

Arguments Against Proposal - An argument in favor of federal subsidies is that they promote regional economic development.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Agriculture and energy industries are the heaviest users of barge transportation and they and their Congressional supporters will likely complain loudly. Rep. Obey (D-WI) might lead the fight against the proposal.

Campaign Positions that Affect the Proposal - Ross Perot included this option in his budget plan.

Funding Summary - Change amounts shown above are from CBO, but with a one year later starting date. Current Services is the Corps of Engineers Inland Waterways trust fund.

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		0.13	0.14	0.14	0.15	0.16	0.72
Outlays		0.13	0.14	0.14	0.15	0.16	0.72
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		---	---	---	---	---	---
Outlays		-0.22	-0.22	-0.24	-0.24	-0.25	-1.18

APPENDIX A

Spending/Revenue Options

IMPROVE PRICING FOR COMMERCIAL USES OF PUBLIC LANDS

Agency: Bureau of Land Mgmt.
Bureau of Reclamation
USDA Forest Service

Functional Code: 301 302

Enforcement:	PG-E
Source:	CBO RP HF
Structure:	CIB
Budget Fund:	TF
Category:	UF
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 -)		---	---	---	---	---	---
Outlays (+ or -)		-0.03	-0.09	-0.11	-0.11	-0.11	-0.45

Proposed Program - Would raise fees on hard rock mining claims, grazing fees, and charges for federal water assessed, respectively, by the BLM, the Forest Service, and the Bureau of Reclamation as suggested by the CBO option. The Heritage Foundation would go further by increasing the diligence requirement from $100 to $1,000 for hard rock mining claims, and ending all new Bureau of Reclamation water projects and federal water subsidies at a savings of $0.1b (FY 94), $0.2b (FY 95), $0.3b (FY 96), $0.5b (FY 97), $1.1b (FY 98), for a five-year total of $2.2 billion.

Arguments for Proposal - Numerous legislative proposals have been considered in recent years to increase government receipts for these fees for rights on federal land. Increased fees would provide a better return. Under current policy, the hard rock mineral industry pays no royalty to the federal government for the privilege of extracting resources from federal lands. Critics of this policy consider this a giveaway of publicly owned resources, because the charges associated with keeping a claim active and obtaining a patent are nominal. Introducing a royalty payment system would have an adverse economic effect on hard rock mineral producers but would tend to increase output in the rest of the economy and promote a more efficient use of natural resources. Legislation has been introduced in the House and Senate to increase revenues from hard rock mining on federal lands (H.R. 918, sponsored by Representative Rahall (D-WV), and S. 433, sponsored by Senator Bumpers (D-AR)). Critics of the current mining pricing system argue that the law is inconsistent with other federal natural resource policies, and that there is no evidence that without free access minerals would not be developed. Currently, mineral producers may hold mineral claims indefinitely without producing the minerals. In some instances, the claim on patented land has been used for purposes other than mineral development. Critics believe that many claims are held for speculative purposes. [CRS]

The law the governs the mining of gold, silver and other "hard rock" minerals from federal lands dates from 1872. Under the law, miners can stake claims on federal land and for minimal yearly fees, eventually take title for as little as $2.50 and acre, and then pay no royalty fees on the minerals they extract. Over the years, miners have taken possession of 3.2 million acres in this fashion. According to a "conservative" estimate by the GAO this year, $65 billion in hardrock reserves remain on federal land. [Washington Post]

Grazing fees do not cover the costs of Forest Service and BLM range management, leading some to believe that ranchers are being subsidized by low fees. Conservation groups support the increase of grazing fees which would decrease overgrazing and deteriorating range conditions. [CRS]

The cost to graze cattle and other stock on Forest Service and BLM land is now $1.92 a month per animal. By the BLM's own accounting, it cost more to administer the program than is gained in revenue. [Washington Post]

The water projects "are expensive and often cause enormous environmental disruption. Water subsidies, moreover, benefit a very few individuals at the great expense of all tax payers." [HF]

Arguments Against Proposal - Users would face greater costs. Profits and employment in the hard mineral industry would decrease. Mining industry officials argue that modern hard rock mineral exploration requires a continuous effort using vast tracks of land and sophisticated and expensive technology. The current government pricing system enhances a company's ability to bring an economic deposit into production. In the view of industry officials, if the pricing system were changed, the incentive to develop would be lost, long-run costs would increase, and the industry and the country would suffer. [CRS] Some ranchers may be put out of business. [CRS]

Opponents argue that many rural counties which would be most affected by these increased fees are heavily dependent on federally owned natural resources. Isolated and with only a tenuous rail link to the outside world, they can offer few inducements for industry beyond the quality of life. With few new employment opportunities, most of the students who grow up in these rural areas move and the population continues to age. [Washington Post]

State and Local Impact of Proposal - Parts of the U.S. which rely on hard mineral mining industries would be adversely affected. In many western states, federal lands are a large portion of the state and federal grazing is very important to local economies. [CRS] The cumulative effect on water, mining and grazing could cause serious economic distress in many rural towns, which could be eased by transition assistance.

Any Political Landmines Associated with Proposal? - Mining, livestock and water irrigation interests in the West would oppose.

Campaign Positions that Affect the Proposal - None. In his budget proposal, Ross Perot chose all four parts of the CBO proposal affecting user charges for commercial and recreational use of federal land. In addition to increased fees for hard rock mining claims, grazing fees and federal water, Perot would also include the CBO option of increasing recreational fees for national parks and other public lands. The Perot proposal would increase receipts by \$0.2b (first and second years), \$0.3b (third, fourth and fifth years), for a total of \$1.4 billion over five years.

Funding Summary - Change amounts shown above are from CBO, but with a one year delay. Current Services amounts will have to combine appropriate BLM, USDA Forest Service and Bureau of Reclamation trust funds as base.

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		---	---	---	---	---	---
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

ELIMINATE BELOW-COST TIMBER SALES FROM NATIONAL FORESTS

Agency: USDA Forest Service — Functional Code: 302

Enforcement: DOM
Source: CBO HF N-D
Structure: CIB
Budget Fund: GF
Category: SC
Rating: 3

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 -)		-0.03	-0.04	-0.05	-0.07	-0.08	-0.26
Outlays (+ or -)		-0.02	-0.03	-0.05	-0.06	-0.08	-0.23

<u>Proposed Program</u> - Would eliminate so-called "below-cost" timber sales in several regions. The U.S. Forest Service sells a substantial amount of timber, especially in the Rocky Mountains, at prices that do not recover the costs to administer sales. [CRS] This would reduce FS outlays by $110 million annually by 1997, including savings in the timber road budget. Annual timber receipts would be reduced by about $35 million for a net savings over the five years of about $230 million.

Arguments for Proposal - In seven of the nine National Forest System regions, annual cash receipts from federal timber sales have consistently failed to cover the FS's annual cash expenditures. On average over the past decade, cash expenditures in the Rocky Mountain, Northeastern, and Intermountain regions, for example, have exceeded cash expenditures by a ratio of 3 to 1. Below-cost timber sales increase the deficit, deplete federal timber resources through uneconomic harvests, diminish recreational uses, and interfere in private timber markets. [CBO] Could save $0.5 billion between 1993 and 2002. [N-D]

Arguments Against Proposal - Reducing timber sales will damage community stability in federal timber-dependent communities. [CBO]

State and Local Impact of Proposal - Reduced receipts would affect revenue sharing to timber-dependent communities. [CBO]

Any Political Landmines Associated with Proposal? - Expect regional opposition from timber areas, absent effective industry and employee transition assistance.

Campaign Positions that Affect the Proposal - *Putting People First* advocates worker retraining.

Funding Summary - Change amounts shown above are from CBO, but with one year delay. Current Services will have to include Forest Service road account and timber receipts account.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

SUBSTITUTE PRIVATE FINANCING FOR GOVERNMENT FINANCING OF THE SUPERFUND PROGRAM

Agency: EPA

Functional Code: 304

Enforcement:	DOM
Source:	CBO HF
Structure:	CIB
Budget Fund:	TF
Category:	UF
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 -)		-0.45	-0.47	-0.50	-0.37	-0.32	-2.10
Outlays (+ or -)		-0.08	-0.19	-0.31	-0.27	-0.28	-1.10

<u>Proposed Program</u> - Would draw on Superfund for cleanup only when the collective resources of a site's "potentially responsible parties" (PRPs) are insufficient to cover the total costs. The EPA would forgo the option of funding a cleanup and then seeking reimbursement and it would avoid PRP settlements that covered less than 100 percent of cleanup work and past costs.

Arguments for Proposal - Proponents of this approach argue that it would better reflect the "polluter pays" conception of fairness that is a guiding principle of the Superfund law and it would reduce the overall cost of hazardous waste cleanup by taking more full advantage of the efficiency of the private sector. [CBO]

Arguments Against Proposal - Opponents argue that further emphasis on leveraging private dollars will be inefficient because of enforcement costs, persistent health and environmental risks, and that all PRPs cannot be found for some sites, leaving an unfair burden for the remaining PRPs to bear the full cost. [CBO].

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - Could delay some cleanups.

Campaign Positions that Affect the Proposal - *Putting People First* advocates "polluter pays" principles.

Funding Summary - Change amounts shown above are from CBO, but with one year delay. Current Services is the Hazardous Substance Superfund appropriation.

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		1.73	1.80	1.86	1.93	2.01	9.33
Outlays		1.51	1.64	1.74	1.80	1.91	8.60
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		1.28	1.33	1.36	1.56	1.69	7.23
Outlays		1.43	1.45	1.43	1.53	1.63	7.50

APPENDIX A

Spending/Revenue Options

CUT THE MARKET PROMOTION IN HALF OR ELIMINATE IT

Agency: USDA

Functional Code: 350

Enforcement:	PG-E
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 -)		-0.05	-0.10	-0.10	-0.10	-0.10	-0.45
Outlays (+ or -)		-0.05	-0.10	-0.10	-0.10	-0.10	-0.45

Proposed Program - (The figures shown above are those for cutting the program in half. Eliminating it saves twice that.)

The Market Promotion Program was established under the 1990 farm bill to assist the U.S. agricultural exporters. Payments are made to support the costs of market building and commodity promotion undertaken by state-related, private for-profit firms. The program is mainly targeted on crops such as fruit, oats, fruit grains, tobacco, meat, eggs, and others. The proposal would cut the program in half.

Arguments for Proposal - The assisted groups benefit directly from the market development activities and should bear more of the costs. Besides, marketing funds are also provided through other USDA activities, such as those of the Foreign Agricultural Service. Private activities promoting exports of nonagricultural goods do not receive similar support. This program has been criticized as a special interest subsidy, with a large share of the budget going to California.

Arguments Against Proposal - Redoing or eliminating the program could place U.S. exporters at a competitive disadvantage. The program is said by its proponents to be a useful tool in developing markets for these products.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Affected interests likely to resist, especially California agribusiness interests. It should be noted that a significant beneficiary of this program is Tysons Food, located in Arkansas.

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							

RESTRICT ELIGIBILITY FOR BENEFITS FROM PRICE SUPPORT PROGRAMS AND REDUCE THE PAYMENT LIMITATION

Agency: Agriculture — Functional Code: 351

Enforcement:	PG-E
Source:	CBO RP BR
Structure:	OPB
Budget Fund:	GF
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 -)		-0.07	-0.18	-0.15	-0.17	-0.16	-0.73
Outlays (+ or -)		-0.07	-0.18	-0.15	-0.17	-0.16	-0.73

Proposed Program - Would disqualify eligibility for federal price support programs for people whose gross revenue from commodity sales exceeds $500,000. Other options include limiting payments to $50,000 per person, limiting payments to $40,000 per person and disqualifying people whose adjusted gross income exceeds $100,000.

Arguments for Proposal - Support for these changes could be based on the belief that current payment limits are too high. If reductions in program spending are required, they should come from relatively large farming operations rather than relatively small ones. In addition, reducing the limit on direct government payments would reduce their influence on the production decisions of operators of large farms, causing them to be more responsive to market returns. Operators of smaller farms, who are more likely to need government assistance, would continue to receive program benefits as before. [CBO] Charles L. Schultze estimates that agricultural subsidies can be cut by $10 billion (1997 value) in the chapter "Paying the Bills" in the book, *Setting Domestic Priorities, What Can Government Do?*

Arguments Against Proposal - Large and possibly more efficient farmers could be harmed relatively. Until subsidies for foreign producers are reduced, exposure of the most efficient U.S. farmers to market forces could hurt the long term prospects for the farm sector. [CBO]

State and Local Impact of Proposal - None directly.

Any Political Landmines Associated with Proposal? - Again, as with other farm price reduction proposals, this proposal would be difficult.

Campaign Positions that Affect the Proposal - In his budget plan, Ross Perot selected the option of disqualifying eligibility for those with gross revenue exceeding $500,000. In *United We Stand*, under the heading "Eliminate Special Favors" he states, "We should eliminate our entire system of farm subsidies for giant agricultural corporations." Perot also chose the CBO option of limiting payments to $40,000 per person. This option would save in BA and outlays $0.13b (1st year), $0.32b (2nd year), $0.27b (3rd year), $0.30b (4th year), and $0.29b (5th year); for a 5-year total of $1.3 billion.

Funding Summary - Change amounts shown are from CBO, but with a one year delay. Current Services will have to combine several agricultural price support programs.

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							

REDUCE DEFICIENCY PAYMENTS TO FARMERS PARTICIPATING IN USDA COMMODITY PROGRAMS

Agency: Agriculture — Functional Code: 351

Enforcement:	PG-E
Source:	CBO RP
Structure:	OPB
Budget Fund:	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 -)		-0.44	-1.55	-2.15	-3.20	-5.95	-13.25
Outlays (+ or -)		-0.44	-1.55	-2.15	-3.20	-5.95	-13.25

__Proposed Program__ - Would reduce deficiency payments by reducing target prices by 3 percent per year starting with the 1994 crops.

Arguments for Proposal - An advantage of reducing target prices is that it would increase the degree to which farmers respond to market prices, rather than to government program benefits, in making production decisions. The bulk of deficiency payments go to larger, usually wealthier, farmers. Many economists believe our current farm policy benefits neither farmers nor consumers in the long-run. [CRS]

Arguments Against Proposal - Lower target prices would reduce farm income by reducing direct government payments. Despite an improved outlook for agricultural markets, many farmers are still facing financial difficulties. Further reductions in target prices would intensify these difficulties. [CBO]

State and Local Impact of Proposal - None directly.

Any Political Landmines Associated with Proposal? - Farm assistance programs are a political landmine, but the potential budget savings are great. Ross Perot suggested major reductions in several agriculture assistance programs. According to CBO, other options exist. Proposed cuts may be too large to be politically viable.

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

Funding Summary - Change amounts shown are from CBO, but with a one year delay. Current Services amounts shown are the Commodity Credit Corporation Public Enterprise Fund. True current services base probably should include other commodity programs.

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		9.58	7.58	8.14	8.34	8.01	41.65
Outlays		9.23	7.22	7.74	7.89	7.57	39.65
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		9.14	6.03	5.99	5.14	2.06	28.40
Outlays		8.79	5.67	5.59	4.69	1.62	26.40

REPLACE DEFICIENCY PAYMENTS WITH DECLINING DIRECT PAYMENTS

Agency: Agriculture	Functional Code: 351

Enforcement: PG-E
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 -)		-0.11	-0.28	-0.24	-0.26	-0.25	-1.15
Outlays (+ or -)		-0.11	-0.28	-0.24	-0.26	-0.25	-1.15

Proposed Program - Would replace deficiency payments in the wheat, feed grains, cotton and rice programs with declining direct payments.

Arguments for Proposal - Declining direct payments would reduce government influence on production decisions and increase responsiveness to market signals thereby avoiding excess production and increasing the predictability of agricultural budget costs. The U.S. economy would benefit from a more efficient use of farming resources. [CBO]

Arguments Against Proposal - Declining direct payments would lock in current distribution of benefits which is perceived as inequitable. "Most analysts feel that aggregate farm income would fall under [this program] and that landowners could experience losses on the value of their property." [CBO]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Problems resulting from declining farm income and/or land values may cause distress among farm area members of Congress.

Campaign Positions that Affect the Proposal - Included in Ross Perot's budget proposal.

Funding Summary - Change amounts shown 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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

ELIMINATE THE HONEY PROGRAM

Agency: Agriculture	Functional Code: 351

Enforcement:	PG-E
Source:	CG CBO HF
Structure:	OPB
Budget Fund:	EF
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 -)		-0.02	-0.02	---	---	---	-0.04
Outlays (+ or -)		-0.02	-0.02	---	---	---	-0.04

<u>Proposed Program</u> - Would eliminate federal government price support of honey. The Heritage Foundation also suggests the elimination of federal government price support for wool and mohair.

<u>Arguments for Proposal</u> - Critics of the program, including the GAO, claim that price supports are no longer necessary to provide crop pollination services. [CBO] The program lends beekeepers money at one rate and allows them to repay at a lower rate. The subsidy is about eight cents a pound.

Arguments Against Proposal - The program was founded in 1952, not as a prop for honey production, but to ensure enough bees to pollinate the nation's fruit and nut crops. There are an estimated 3,000 - 5,000 beekeepers, mostly in North Dakota, South Dakota, Montana, California, and Florida. [Washington Post] "Chinese beekeepers, who are paid a dollar a day, would put American apiaries out of business. Honey can be imported -- pollination cannot." [American Beekeeping Federation]

State and Local Impact of Proposal - None, directly.

Any Political Landmines Associated with Proposal? - This program has been protected for years by House Agriculture Committee Chairman E. "Kika" de la Garza (D-TX). Congressional delegations from North Dakota, South Dakota, and Montana, and agricultural areas of California and Florida, would likely oppose this cut.

Campaign Positions that Affect the Proposal - Program elimination included in *Putting People First*.

Funding Summary - Change amounts shown above are from CBO, but with a one year later starting date. This program is subaccount, so identifying current services level will require special research.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

END FEDERAL CROP INSURANCE AND REPLACE IT WITH STANDING AUTHORITY FOR DISASTER ASSISTANCE

Agency: Agriculture	Functional Code: 351

Enforcement: PG-E
Source: CBO N-D
Structure: OPB
Budget Fund: EF
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 -)		-0.89	-0.63	-0.64	-0.65	-0.67	-3.50
Outlays (+ or -)		-0.27	-0.62	-0.64	-0.65	-0.66	-2.85

Proposed Program - Would end federal crop insurance.

Arguments for Proposal - Replacing federal crop insurance with disaster assistance would reduce expected federal outlays by providing benefits only in the case of sharp losses to a county. [CBO] Could save $3.2 billion between 1993 and 2002. [N-D] The federal crop insurance program has operated with a large operating loss in every year since 1980. Widespread dissatisfaction with the program among crop producers has led to the enactment of ad hoc disaster assistance bills which have authorized more than $6 billion in direct payments since 1988. [CRS] Many policy makers maintain that the federal budget cannot continue to support both a subsidized crop insurance program and ad hoc disaster payments. Many farmers waive insurance coverage, because they view the program as having inadequate coverage, expensive premiums, and administrative problems. Then, when a disaster occurs they apply strong political pressure for ad hoc disaster payments. [CRS] Losses have been particularly high in recent years, because the program attracts producers whose operations are susceptible to natural disasters, while those who are a marginal risk tend to waive insurance coverage. A primary advantage of permanent disaster assistance proposal is its potential for simplicity and relative ease of operation compared with the current crop insurance program. USDA analysts projected that a permanent disaster payments program would cost approximately $500 million a year, significantly less than the average $1.4 billion spent each year on crop insurance and disaster payments since 1980. [CRS]

Arguments Against Proposal - Individual farmers could no longer use crop insurance to control the risks they face in farming. Replacing crop insurance with disaster payments could strip producers of individual protection from disasters. Consequently, opponents question the validity of the contention that the plan would end political pressure for ad hoc disaster payments. Disaster relief payments may encourage farmers to put into production land which is particularly susceptible to disasters. [CRS]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - The Appropriations Committees would most likely oppose establishing permanent disaster assistance appropriations. Farmer advocacy groups, agricultural bankers, and private insurance companies oppose the program. [CRS]

Campaign Positions that Affect the Proposal -

Funding Summary - Current Services amounts are the sum of the Federal Crop Insurance Corporation's administrative and operating expenses account and the Federal Crop Insurance Corporation fund 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		0.55	0.57	0.58	0.60	0.62	2.92
Outlays		0.93	0.96	0.98	1.01	1.04	4.92
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		-0.34	-0.06	-0.06	-0.05	-0.05	-0.58
Outlays		0.66	0.34	0.34	0.36	0.38	2.07

REDUCE FEDERAL SUPPORT FOR AGRICULTURAL RESEARCH AND EXTENSION ACTIVITIES

Agency: Agriculture — Functional Code: 352

Enforcement:	DOM
Source:	CBO
Structure:	CIB
Budget Fund:	GF
Category:	SC
Rating:	5

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 -)		-0.17	-0.18	-0.18	-0.19	-0.20	-0.92
Outlays (+ or -)		-0.11	-0.18	-0.18	-0.19	-0.19	-0.85

__Proposed Program__ - Would reduce funding levels by 10 percent below current services for 3 USDA agencies: the Agricultural Research Service (ARS), the Cooperative State Research Service (CSRS), and the Extension Service.

Arguments for Proposal - ARS and CSRS research grants may, in some cases, be replacing funding from the private sector. The private sector would be forced to finance more of its own research. A reduction in federal funding for ES activities would have a relatively minor direct impact on farmers. [CBO] Enough land-grant institutions are doing basic and biotechnological research to keep U.S. agriculture competitive into the 21st century. [CRS] There is a trend towards Congressional earmarking of grants. There is great political pressure on legislators to steer federal research funds to their districts leading to "park spending." [CRS]

Arguments Against Proposal - Research and extension activities have long played important roles in the development of an efficient farm sector. A reduction in federal funding could compromise the sector's future development as well as its competitiveness in world markets. Many states are facing fiscal emergencies and are having difficulty maintaining state funding for research. [CRS] Some research on unglamorous but persistent weed, disease, and pest problems that plague production agriculture may go into decline without federal funding. [CRS]

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - Many of these research projects have been criticized as "pork", however in rural farm areas, research into special farm crop production, disease or marketing dilemmas have important effects on regional agriculture and economic development. This program provides opportunities for federal legislators to be "players" in resolving these dilemmas.

Campaign Positions that Affect the Proposal - None.

Funding Summary - Change amounts shown above are from CBO, but are delayed one year. Current Services base shown below is comprised of the appropriations for the ARS, CSRS and ES.

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		1.63	1.69	1.76	1.83	1.90	8.81
Outlays		1.61	1.68	1.73	1.80	1.87	8.69
<u>Proposed Level</u>							
Revenue		—	—	—	—	—	—
Budget Authority		1.46	1.51	1.58	1.64	1.70	7.89
Outlays		1.50	1.50	1.55	1.61	1.68	7.84

APPENDIX A

Spending/Revenue Options

STREAMLINE USDA FIELD OFFICES

Agency: Agriculture	Functional Code: 302, 351, 352, 371

Enforcement: DOM
Source: CG CBO HF RP
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 -)		-0.04	-0.08	-0.13	-0.14	-0.14	-0.53
Outlays (+ or -)		-0.02	-0.06	-0.12	-0.14	-0.14	-0.48

__Proposed Program__ - Would assume savings from consolidating or collocating local offices of USDA's Agricultural Stabilization and Conservation Service (ASCS), Soil Conservation Service (SCS), Farmers Home Administration (FmHA), and the Extension Service. The savings would allow a 5 percent cut in administrative funding.

Arguments for Proposal - A 1991 GAO report found that the ASCS and SCS have offices in more than 85 percent of the 3,150 counties in the United States, the FmHA has offices in over 60 percent, and the Extension Service has offices in nearly all of the countries. The GAO recommended extensive streamlining. [CBO]

Arguments Against Proposal - USDA responded to GAO report that many opportunities for sharing field offices has already been realized and that a reduction in funding would result in a reduction in services. [CBO]

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? - Office consolidations would reduce federal employment in rural areas. [CBO] Rural members of Congress likely to strongly oppose.

Campaign Positions that Affect the Proposal - Included in *Putting People First*. Included in Ross Perot's budget plan.

Funding Summary - Change numbers shown above are from CBO, but delayed one year. Current Services amounts combine ASCS, SCS, FmHA and Extension Service field costs.

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		1.85	1.92	1.99	2.08	2.16	10.00
Outlays		1.84	1.91	1.99	2.13	2.40	10.27
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		1.81	1.84	1.86	1.94	2.02	9.47
Outlays		1.82	1.85	1.87	1.99	2.26	9.79

ELIMINATE WOOL AND MOHAIR PROGRAM

Agency: USDA — Functional Code: 351

Enforcement: PG-E
Source: CBO
Structure: OPB
Budget Fund: GF
Category: SC
Rating: 3

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 -)	0.00	0.00	0.00	0.19	0.19	0.20	0.57
Outlays (+ or -)	0.00	0.00	0.19	0.19	0.20	0.20	0.76

Proposed Program - USDA supports the market price for wool and mohair. When wool price support payments were started in 1954, the program was intended to encourage increased production of wool, which was then considered a strategic material. Wool is no longer a strategic material. The proposal would eliminate the price support program.

Arguments for Proposal - First, wool is no longer a strategic material. Mohair was never considered a strategic material. Second, a 1990 GAO study was critical of this program, finding that the program does not greatly encourage wool productions or improve its quality in that the mohair program has no clear legislative objectives. A 1989 CRS study found that 41 percent of wool payments went to 1.5 percent of the sheep growers. Mohair payments show a similar pattern.

Arguments Against Proposal - These payments boost and stabilize producers' incomes, and producers agree that they are needed to maintain a healthy domestic industry. They also agree that the payments contribute significantly to the economic survival of some rural areas and to the welfare of many farmers and ranchers, including Native Americans. Also, it encourages lamb production, thus lowering meat prices for consumers.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - The largest losses from eliminating the wool program would be in Texas, Montana, Idaho, Colorado, California, New Mexico, and Wyoming. Mohair production is concentrated in Texas. Members of Congress from those areas -- and the Agriculture Committees -- would likely resist.

Campaign Positions that Affect the Proposal - None known. This could accompany the Honey Program.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

COMMERCE,

HOUSING/TRANSPORTATION/

COMMUNITY DEVELOPMENT

APPENDIX A

Spending/Revenue Options

INCREASE SEC REGISTRATION FEES

Agency: Securities and Exchange Commission	Functional Code: 370

Enforcement:	DOM
Source:	PO, Bush Budget
Structure:	OPB
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 -)		-0.10	-0.10	-0.10	-0.10	-0.10	-0.50

<u>Proposed Program</u> - To help offset SEC costs, the Bush FY 1993 budget proposed increasing the SEC registration fees from 1/50 to 1/32 of 1 percent of the value of an offering.

<u>Arguments for Proposal</u> - The increase in the fee is needed to offset SEC costs.

<u>Arguments Against Proposal</u> -

<u>State and Local Impact of Proposal</u> - Should not be any.

Any Political Landmines Associated with Proposal? - The key political issue, apart from likely opposition from the securities industry, involves John Dingell (D-MI), the Chairman of the House Energy and Commerce Committee. He might not oppose this option if he exercises control over the legislation and gets to spend the money from the increased fees. He might oppose raising these fees for deficit reduction purposes. He would need to be consulted on this, not surprised by it when the President's budget is unveiled.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

CHANGE BENEFICIARIES FOR THE TRADE PROMOTION ACTIVITIES OF THE INTERNATIONAL TRADE ADMINISTRATION OR ELIMINATE THE PROGRAM

Agency: Commerce Department	Functional Code: 370

Enforcement: DOM
Source: CBO
Structure: OPB
Budget Fund: GF
Category: UF 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 -)		-0.16	-0.17	-0.18	-0.19	-0.19	-0.89
Outlays (+ or -)		-0.11	-0.17	-0.18	-0.18	-0.19	-0.83

Proposed Program - Either charge fees to businesses that use the ITA's trade promotion activities in such an amount as to cover the costs of these activities -- or, alternatively, terminate these activities. The activities include export promotion, counseling U.S. businesses on exporting, and providing marketing services.

Arguments for Proposal - Businesses that profit from these activities should defray their costs. To the extent this is not done, the ITA effectively subsidizes the exports of the industries involved. These import subsidies may be an inefficient means of helping U.S. businesses because they are partially dissipated to foreigners in the form of lower prices for U.S. exports. CBO also states that these activities do not impose the current account balance and do not necessarily increase total exports.

Arguments Against Proposal -

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Needs to be checked out.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

EXTEND PATENT AND TRADEMARK FEES

Agency: Commerce Department — Functional Code: 370

Enforcement:	PG-E
Source:	PO
Structure:	OPB
Budget Fund:	GF TF EF
Category:	UF
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 -)							
Outlays (+ or -)				-0.10	-0.10	-0.10	-0.30

<u>**Proposed Program**</u> - Existing Patent and Trademark fees expire after 1995. This proposal would extend them.

<u>**Arguments for Proposal**</u> - These user fees are already in effect. Extending them should be politically feasible and secure "easy" savings.

<u>**Arguments Against Proposal**</u> -

State and Local Impact of Proposal - None known.

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - None known. This was also in the Bush FY 1993 budget.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

REDUCE NON-PROFIT POSTAL SUBSIDY BY 25%

Agency: U.S. Postal Service — Functional Code: 370

Enforcement:	DOM
Source:	CBO PO
Structure:	OPB
Budget Fund:	GF TF EF
Category:	UF SC
Rating:	3

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	-0.10	-0.10	-0.10	-0.10	-0.50

<u>**Proposed Program**</u> - Certain bulk mailings, including non-profit organizations and state and national political committees, receive reduced postal rates. Congress appropriated funds for the Postal Service to cover the lost postal revenues. This proposal moved to reduce the federal subsidy by one-fourth except that the subsidies supporting the blind and handicapped, libraries, and other select categories of users would be maintained at current levels.

Arguments for Proposal - Subsidies at the current level can no longer be afforded, given the deficit. Besides, non-profits overuse this privilege, flooding the Postal Service and the public with vast quantities of mail solicitations. Non-profits also receive favorable federal tax treatment. This modest reduction in the postal subsidy is not too much to ask as part of a shared sacrifice to reduce the deficit.

Arguments Against Proposal - Non-profits would pay higher postal rates on bulk mail. This could adversely affect some non-profits, especially those that depend dearly on mail solicitations for fund raising. It could also reduce education, cultural, and charitable mailings of general public interest.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - This will likely be opposed by the non-profit community, which is well organized. A modest reduction in the subsidy may likely be more politically feasible.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

REDUCE SBA BUSINESS LOANS

Agency: Small Business Administration — Functional Code: 370

Enforcement: DOM
Source: CBO PO
Structure: OPB CIB IRB
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 -)		-0.10	-0.20	-0.20	-0.25	-0.25	-1.00

Proposed Program - Reduce SBA business loans except for loan programs to minorities and disaster victims, which would be maintained at current levels.

Arguments for Proposal - The SBA loan programs have been widely criticized as being ineffective and often turning into pork-like business subsidies that do not serve the larger public interest. Loans go primarily to those rejected by conventional lenders as being too great a risk. Default rates are high on SBA loans. If loans are reduced, but not eliminated, the strongest candidates will still get loans.

Arguments Against Proposal - These loans help small businesses, which create jobs, especially in underdeveloped areas. When conventional lenders tighten credit standards or become more conservative in their lending practices, SBA assistance can help fill the financial gap.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

SCALE BACK THE RURAL RENTAL HOUSING ASSISTANCE PROGRAM

Agency: Farmers Home Admin. Functional Code: 371

Enforcement:	DOM
Source:	CBO HF
Structure:	OPB
Budget Fund:	GF
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 -)		-0.08	-0.08	-0.08	-0.09	-0.09	-0.41
Outlays (+ or -)		-0.01	-0.06	-0.08	-0.08	-0.09	-0.32

Proposed Program - Would increase the interest rate on loans to project developers to 5 percent.

Arguments for Proposal - The FmHA Section 515 housing program provides low-interest, 50-year mortgage loans to developers of multifamily rental projects in rural areas. These mortgages have interest credits that reduce the effective interest rate to 1 percent and, in turn, lower rental costs for Section 515 tenants. [CBO] Recent General Accounting Office studies show that this program has been a bonanza to developers, in some cases allowing them returns on investment as high as 970 percent. [HF] Analysts raising questions about this program note the lack of evidence that subsidies are in fact passed through to low-income renters.

Arguments Against Proposal - Developers would pass along the increased interest costs to tenants in the form of higher minimum project rents. An alternative might be to increase the minimum contribution toward rent to 35 percent, which would affect households in higher-income brackets among those considered eligible and those receiving RRHAP subsidies. [CBO] Advocates argue that this proposal would result in raising rents for a significant number of poor tenants, lowering disposable income available for other necessities. [CBO] They also note that the alternative to raise the contribution to 35 percent would exceed the Reagan-definition of affordable housing for low-income households (30 percent of income).

State and Local Impact of Proposal - None, directly.

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - None.

Funding Summary - Change amounts shown above are from CBO, but with a one year delay. Need to get estimated annual present value of subsidy for Current Services baseline.

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							

CHARGE FOR EXAMINATIONS OF STATE-CHARTERED BANKS

Agency: FDIC — Functional Code: 373

Enforcement:	PG-E
Source:	CBO RP
Structure:	OPB
Budget Fund:	PE
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 -)		-0.20	-0.28	-0.28	-0.29	-0.30	-1.35

<u>Proposed Program</u> - Would charge State-chartered banks regulated by the FDIC to cover the cost of examining them.

<u>Arguments for Proposal</u> - Other depository institutions such as thrift, credit unions and nationally chartered banks currently pay the cost of examinations. [CBO] This savings would not receive credit under the rules of the 1990 Budget Enforcement Act, but nevertheless, it would result in real, permanent deficit reduction. [CBO]

Arguments Against Proposal - The banking industry has been weakened by structural change as well as the effects of the recession. Such additional costs could result in more bank failures and more losses to the Bank Insurance Fund. [CBO]

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - Included in Ross Perot's budget proposal.

Funding Summary - Change amounts shown are from CBO, but with a one year later starting date. Current Services amounts are FDIC Bank Insurance Fund account. Straight line method was used to estimate the 1998 current services numbers.

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		8.90	1.70	0.00	0.00	0.00	10.60
Outlays		6.40	2.50	-5.40	-8.10	-12.93	-17.53
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		---	---	---	---	---	---
Outlays		6.20	2.22	-5.65	-8.39	-13.23	-18.88

APPENDIX A

Spending/Revenue Options

IMPOSE A ROYALTY PAYMENT ON COMMUNICATIONS USERS OF THE RADIO SPECTRUM

Agency: FCC

Functional Code: 376

Enforcement: PG-E
Source: CBO
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 -)		-1.50	-1.60	-1.80	-1.90	-2.00	-8.80

Proposed Program - Would institute a royalty payment on scarce portions of the radio spectrum used for private communications by those users who earn revenues from generating or relaying a signal. They would be charged an annual royalty payment equal to 4 percent of their gross revenues.

Arguments for Proposal - Although the FCC already charges user fees to cover the cost of the application and licensing process, license holders have profited from using this scarce public resource without compensating the public. [CBO] Would increase the productive use of scarce spectrum by imposing on spectrum users a financial incentive not to retain under utilized assets. [CRS]

Arguments Against Proposal - Arguments against a royalty payment note that the radio spectrum had little value at the time most spectrum licenses were issued and that value was created by the license holders. In many cases, where one private party has sold licenses to another, the buyer paid the original licensee a price based on expected rents. License holders in some markets will increase their prices and pass on the additional payment to customers. [CBO]

State and Local Impact of Proposal - None.

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - None. The Bush administration, in its summer 1990 budget negotiations with congressional representatives, introduced a proposal to charge a 4-5 percent-of-revenues spectrum use fee. [CRS]

Funding Summary - Change amounts shown above are from CBO, but with a one year later starting date. Current Services amounts shown are the FCC receipts account required by COBRA.

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		-0.04	-0.04	-0.04	-0.04	-0.04	-0.20
Outlays		-0.04	-0.04	-0.04	-0.04	-0.04	-0.20
Proposed Level							
Revenue		—	—	—	—	—	—
Budget Authority		—	—	—	—	—	—
Outlays		-1.54	-1.64	-1.84	-1.94	-2.04	-9.00

APPENDIX A

Spending/Revenue Options

AUCTION LICENSES TO USE THE RADIO SPECTRUM

Agency: FCC	Functional Code: 376

Enforcement: PG-E
Source: CBO RP
Structure: OPB
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 -)		-1.70	-1.80	0.00	0.00	0.00	-3.50

Proposed Program - Would establish a scheme for auctioning unused or reallocated radio spectrums. Advanced radio technologies today make possible new types of communications systems, such as personal cellular telephones, digital and audio broadcasting, and advances in television. Applications of such advanced wireless communications technology to a variety of communications services in the U.S. have become increasingly important to the competitiveness of the U.S. industries that sell communications services and equipment, and even goods and services industries in general. These applications usually require new domestic allocations and assignments of radio frequency spectrum, and current users dislike giving up their spectrum assignments. [CRS]

Arguments for Proposal - Would increase federal receipts and decrease FCC administrative expenses. Representative Dingell (D-MI) and Senator Inouye (D-HI) introduced bills that would transfer radio frequency spectrum -- equivalent to 33 television channels -- from government to non-government use, to provide for new types of wireless communications systems and perhaps for more competitors in some communications services. The committees on Commerce favorably reported the Dingell and Inouye bills to the House and Senate. The Bush administration supported the bills' purposes, but warned that it would oppose the bills, perhaps by veto, unless an administration proposal is included to authorize spectrum license assignments by competitive bidding or "auctions," in addition to the comparative hearing and lottery methods already authorized (which are seen as costly and time consuming). The House bill was passed by the House without dissent July 9, 1991. In the Senate, Senator Stevens (R-AK) published a planned floor amendment in the nature of a substitute, which blended the congressional and administration proposals. House and Senate hearings were held October 9 and 17, respectively, on proposals for license assignments by competitive bidding, including those offered by Representative Ritter (R-PA) and Senator Stevens. [CRS]

The Dingell and Inouye bills were reintroduced in the 102d Congress. An administration bill was introduced by Ritter which included both the Dingell/Inouye spectrum transfer and the administration's assignment-by-auction or competitive bidding proposal. [CRS]

Some competitor nations -- particularly those whose communications media have been developed by government-sponsored monopolies -- have more spectrum available for new mobile and personal communications systems now, because these nations lack the highly developed systems of commercial radio and television broadcasting. This puts the U.S. at a disadvantage in developing the new communications service industries that make and sell the communications equipment for the new services. This disadvantage has led some to propose new approaches to domestic allocation and assignment of spectrum so that new efficiencies of spectrum use and more rapid means of spectrum allocation and assignment can relieve the spectrum bottleneck. [CRS]

The National Association of Broadcasters supports the program, because it expects that new availability of spectrum will facilitate new broadcasting applications such as digital audio broadcasting and high definition television. Spectrum users in general seem to favor the program as likely to provide more of a resource which they see as in short supply. Manufacturers of radio equipment stand to gain sales of radio equipment for new and innovative radio services. [CRS] Cellular telephone interests are said to have signalled support for auctions for new entrants.

Could be packaged with other telecommunications initiatives such as the royalty fee for spectrum use and the National Information network.

Arguments Against Proposal - Critics claim that an auction process would preclude small, less wealthy applicants -- for example, local telephone cooperatives -- from expanding their use of the spectrum. Wealthy applicants already benefit relatively, due to the high cost of participating in the hearing process and the secondary market in spectrum allocation from the FCC lottery process. Public-sector emergency providers fear that the revenue temptation from an auction process would result in too small an allocation to public sector uses. An auction would not provide a stable, continuous flow of revenues. [CBO] In Congressional hearings, only the National Telecommunications and Information Administration and the Department of Defense expressed any reservations about the program. They assert that government spectrum is heavily used and necessary. [CRS]

One possible response to some of these problems is to reserve a portion of the new bands (such as one-quarter of them) for public and community uses. This would reduce the savings by a corresponding percentage.

State and Local Impact of Proposal - None, directly.

Any Political Landmines Associated with Proposal? - Rural telephone cooperatives and legislators who support them may oppose.

Campaign Positions that Affect the Proposal - Ross Perot recommended this proposal in *United We Stand*.

Funding Summary - Change amounts above are from CBO, but with a one year later starting date. Current service amounts shown are FCC receipts account required by COBRA. It may be possible to defer implementation of this option so that savings are achieved in FY 1996 and FY 1997 to help his deficit goals in those years.

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		-0.04	-0.04	-0.04	-0.04	-0.04	-0.20
Outlays		-0.04	-0.04	-0.04	-0.04	-0.04	-0.20
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		---	---	---	---	---	---
Outlays		-1.74	-1.84	-0.04	-0.04	-0.04	-3.70

APPENDIX A

Spending/Revenue Options

CONTINUE TO PHASE-DOWN THE AMTRAK SUBSIDY

Agency:	Functional Code: 401

Enforcement: DOM
Source: 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 -)		-0.05	-0.10	-0.15	-0.25	-0.30	-0.85

Proposed Program - The Amtrak subsidy, somewhat over the past decade, would be phased-down further. It could be dropped 10 percent per year over five years. This is a slower, more gradual cut than the Bush Administration proposed.

Arguments for Proposal - Amtrak customers should not receive such a substantial subsidy from the government and should pay more of their own way. In addition, Amtrak can reduce operating costs through efficiencies.

Arguments Against Proposal - Ticket fares would rise, affecting customers. If customer usage declined too much, Amtrak's financial viability could be jeopardized.

State and Local Impact of Proposal - The principal impacts would be in the Northeast corridor and mid-Atlantic states, as well as in Illinois, Ohio and Indiana. Customers in these states would bear a substantial share of buyer costs.

Any Political Landmines Associated with Proposal? - Opposition would come from affected states and cities and probably from rail unions.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

ELIMINATE INTERSTATE COMMERCE COMMISSION

Agency: Interstate Commerce Commission — Functional Code: 401

Enforcement:	DOM
Source:	CBO PO
Structure:	OPB
Budget Fund:	GF
Category:	SC
Rating:	3

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 -)		-25.00	-25.00	-25.00	-30.00	-30.00	-135.00
Outlays (+ or -)		-20.00	-25.00	-25.00	-30.00	-30.00	-130.00

<u>Proposed Program</u> - The ICC regulates rates, operating rights, and mergers and acquisitions of interstate motor carriers and railroads. Abolishing the ICC would complete the motor carrier deregulation process begun a year ago. Ending the ICC would eventually eliminate all remaining ICC economic regulation of trucking and intercity bus companies (the Federal Highway Administration could continue to regulate motor carrier safety) and eliminate requirements for railroads to fill applications for routine matters.

Arguments for Proposal - Current regulations impose costs on carriers and shippers, as well as the federal government. In 1990, motor carriers filed 20,000 applications for operating authority and more than 1 million tariffs. Railroads filed 185,000 tariffs. Estimates of deregulation savings to the private sector are high, running into the billions. The trucking industry is highly competitive and does not need regulation.

Arguments Against Proposal - Regulation has been reduced since 1980 and the remaining regulation is not overly burdensome. The rail industry is not sufficiently competitive to protect the interests of shippers. Some shippers have access to only one rail line, and some communities are economically dependent on rail service.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

CUT HIGHWAY DEMONSTRATIONS IN HALF

Agency: Transportation — Functional Code: 401

Enforcement:	DOM
Source:	PO, modified
Structure:	CIB
Budget Fund:	GF TF EF
Category:	SC
Rating:	5

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 -)		-0.58	-0.73	-0.76	-0.79	N/A	-2.86

Proposed Program - A substantial category of highway spending consists of so-called "highway demonstrations." Most are not true demonstration projects, but rather highway projects earmarked by the Public Works or Appropriations Committees to a particular member's district.

The proposal is to cut these projects in half, using cost-benefit analysis and related means to select and retain the lead half of the projects.

Arguments for Proposal - These projects may not represent the best application of the new infrastructure investments in the Clinton Administration plans.

Arguments Against Proposal - Eliminating these projects conflicts with the Clinton call to rebuild America and strengthen our infrastructure.

State and Local Impact of Proposal - There clearly will be an impact in areas where projects are cancelled or not started.

Any Political Landmines Associated with Proposal? - The Public Works and Appropriations Committees will resist. In addition, existing projects are cancelled, affected areas and their representatives will complaint.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

ELIMINATE AIRPORT GRANTS IN AID

Agency: Transportation FAA	Functional Code: 402

Enforcement: DOM
Source: CBO HF
Structure: CIB
Budget Fund: TF
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 -)		-1.95	-2.05	-2.10	-2.15	-2.25	-10.50
Outlays (+ or -)		-0.30	-0.75	-1.60	-1.85	-2.05	-6.55

<u>Proposed Program</u> - Would eliminate FAA grants to airports for expanding capacity and improving terminals.

Arguments for Proposal - Up to 49.5 percent of grants are reserved for primary, commercial service airports; another 12 percent goes to the states for distribution to general aviation airports, while the remainder is allocated among all airports on a discretionary basis. Larger airports would have little trouble financing capital improvements from fees collected or additional bonds issued if airport grants were eliminated. Passenger facility charges alone are estimated to bring in total annual revenues of about $1 billion to the 30 busiest airports. This revenue could be leveraged to support over $12 billion in borrowing. Small "reliever" airports, financed with the expectation that they would draw general aviation aircraft away from major airports, have not done so. [CBO] Prior federal spending has had limited effect on the capacity problems of airports. [CRS] Airport grants in aid are particularly susceptible to "park spending." In some cases, members of Congress have attempted to influence the distribution process by setting priorities in appropriating legislation. [CRS]

Some argue that existing airport capacity could be used more efficiently by altering airline schedules with price incentives. This might be accomplished with so-called "congestion fees" or "peak-hour pricing." Additionally, it has been suggested that making better use of smaller hubs would reduce traffic at larger, more heavily used airports. [CRS]

Capital expansion may not lead to increased capacity, because the air traffic control system may not be able to handle a significant increase in the number of flights.

Arguments Against Proposal - Small airports would have less funds for development. The adequacy of the nation's airports and airways is of ongoing Congressional concern. Among the most prominent problems is the sufficiency of airport capacity, or the ability of airports to accommodate demand for takeoffs and landings. Capacity problems are particularly acute during peak operating hours at major hub airports. The federal government takes an interest in airport capacity, in order to meet commercial, safety, and military needs. [CRS]

State and Local Impact of Proposal - States may have to pick up the cost of general aviation airports.

Any Political Landmines Associated with Proposal? - Aviation authority supporters are a powerful lobby as are general aviation supporters.

Campaign Positions that Affect the Proposal - None.

Funding Summary - Change amounts above are from CBO, but with a one year delay. Current services amounts shown are Grants-In-Aid for airports from the airport and airway trust fund.

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		2.03	2.09	2.16	2.24	2.31	10.83
Outlays		1.88	1.96	2.04	2.11	2.19	10.18
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		0.08	0.04	0.06	0.09	0.06	0.33
Outlays		1.58	1.21	0.44	0.26	0.14	3.36

APPENDIX A

Spending/Revenue Options

ESTABLISH USER FEES FOR AIR TRAFFIC CONTROL SERVICES

Agency: Transportation FAA	Functional Code: 402

Enforcement: PG-E
Source: CBO RP
Structure: OPB
Budget Fund: TF
Category: UF
Rating: 3

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 -)		-0.70	-1.45	-1.55	-1.65	-1.70	-7.05

<u>Proposed Program</u> - Users of air traffic control services would be charged according to the number of facilities they used on a flight and the marginal costs of their usage at each facility.

Arguments for Proposal - Currently, about half of FAA operations are financed through annual appropriations from the general fund, whereas revenues from aviation excise taxes are used for a variety of purposes: facilities and equipment, research engineering and development and such non-ATC activities as airport improvement. Levying efficient fees presumably would oblige users to moderate their demands. Small users who are required to pay these costs would cut back on their consumption of ATC services, freeing controllers for other tasks and increasing the overall capacity of the system. [CBO] "Since the FAA has clearly identifiable users, there is no reason taxpayers should subsidize this service." [HF]

Arguments Against Proposal - The main argument against this option is that flying could become too costly for some general aviation users, causing demand for small airplanes produced in the United States to decline.

State and Local Impact of Proposal - None directly.

Any Political Landmines Associated with Proposal? - The Kansas delegation, particularly Senator Dole (R-KS), have been strong supporters of general aviation and would likely oppose.

Campaign Positions that Affect the Proposal - Included in Ross Perot's budget plan.

Funding Summary - Change amounts shown above are from CBO, but with a one year later starting date. Current Services amount shown is FAA operations appropriation account.

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		2.48	2.59	2.72	2.85	2.99	13.63
Outlays		2.45	2.57	2.69	2.82	2.96	13.49
Proposed Level							
Revenue							
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		1.75	1.12	1.14	1.17	1.26	6.44

APPENDIX A

Spending/Revenue Options

ESTABLISH CHARGES FOR AIRPORT TAKEOFF AND LANDING SLOTS

Agency: Transportation FAA — Functional Code: 402

Enforcement:	PG-E
Source:	CBO RP
Structure:	CIB
Budget Fund:	TF
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 -)		-0.30	-0.30	-0.30	-0.30	-0.30	-1.50

<u>Proposed Program</u> - Would impose charges for the use of slots for taking off or landing at the four airports where the FAA has established capacity controls: Kennedy International, La Guardia, O'Hare, and Washington National, or some similar scheme targeting $300 million in annual receipts. Receipts could be greater if this option were extended to other airports or if slots now reserved for commuter carriers and general aviation were also included in the proposal.

Arguments for Proposal - The main argument for establishing these charges is that the slots reflect the right to use scarce public airspace, airports, and air traffic control capacity, and therefore the public owners should share in these rights.

Arguments Against Proposal - Implementing the proposal at this time would worsen the already bleak financial condition of the airline industry.

State and Local Impact of Proposal - None directly.

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - Included in Ross Perot's budget plan.

Funding Summary - Change amounts shown above are from CBO, but with a one year later starting date. . Current Services is the sum of the Grants-in-aid for airports, and Facilities and equipment accounts of the FAA.

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		4.58	4.74	4.90	5.07	5.22	24.51
Outlays		4.05	4.30	4.53	4.73	4.97	22.58
Proposed Level							
Revenue		—	—	---	---	---	—
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		3.75	4.00	4.23	4.43	4.67	21.08

APPENDIX A

Spending/Revenue Options

RAISE COAST GUARD FEES

Agency: Coast Guard — Functional Code: 403

Enforcement: DOM
Source: CBO HF
Structure: OPB
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 -)		-0.70	-0.70	-0.75	-0.75	-0.80	-3.70

<u>Proposed Program</u> - Would recover 100 percent of the costs for Coast Guard services provided to commercial and pleasure boats.

Arguments for Proposal - While much of the Coast Guard's budget can be attributed to activities performed in the public interest -- such as coastal defense, drug interdiction, and other law enforcement -- significant costs are also incurred providing services directly to individuals or businesses. These services account for nearly half of the agency's operating budget. The costs of navigational aids could be recovered through user fees from the shipping industry. The costs of search and rescue missions could be recovered from the beneficiaries, the majority of which are recreational boaters. [CBO - 1990] "Studies have found that 80 percent of the Coast Guard's total search and rescue operations are non-emergency, with 72 percent involving recreational boats within 3 miles of shore." [HF]

Arguments Against Proposal - Shipping interests and recreational boaters would have to pay higher fees. Moreover, recreational boating fees are being phased out.

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Shipping and recreational boating interests are a powerful lobby. States with large boating interests such as Maine, Louisiana and Michigan were very active in effort to phase out recreational fees.

Campaign Positions that Affect the Proposal -

Funding Summary - Change amounts shown above are from the Heritage Foundation's Deficit Reduction Plan. These amounts correspond very closely to CBO annual estimates made in 1990. Current Services amounts are the operating expenses account for the Coast Guard.

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		2.44	2.53	2.63	2.74	2.85	13.19
Outlays		2.41	2.51	2.60	2.71	2.82	13.05
Proposed Level							
Revenue							
Budget Authority		N/A	N/A	N/A	N/A	N/A	N/A
Outlays		1.71	1.81	1.85	1.96	2.02	9.35

END FUNDING FOR THE ECONOMIC DEVELOPMENT ADMINISTRATION

Agency: Economic Dev. Admin. Functional Code: 452

Enforcement:	DOM
Source:	CBO HF N-D
Structure:	CIB
Budget Fund:	GF
Category:	SC
Rating:	5

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 -)		-0.27	-0.27	-0.28	-0.29	-0.30	-1.40
Outlays (+ or -)		-0.05	-0.13	-0.21	-0.26	-0.28	-0.93

Proposed Program - Would disband operations of the EDA.

Arguments for Proposal - A criticism of EDA programs is that federal assistance should not be provided for activities whose benefits are primarily local and, therefore, whose responsibility should be that of state and local governments. EDA programs have been criticized for substituting federal credit for private credit and luring businesses from one distressed community to another through competition among communities for federal funds. [CBO] Could save $2.3 billion between 1993 and 2002. [N-D]

Arguments Against Proposal - Would curtail economic development activities in financially distressed communities that have no other available resources.

State and Local Impact of Proposal - States and localities, the private sector, or other programs would have to provide assistance to avoid a reduction in the economic benefit of the public works, technical assistance, job programs and business development provided by EDA programs.

Any Political Landmines Associated with Proposal? - Elimination of EDA funding has been proposed in many past budgets.

Campaign Positions that Affect the Proposal - *Putting People First* Rebuild America proposals will have to substitute for phased out EDA funding.

Funding Summary - Change amounts above are from CBO, but with one year delay. Current services amounts shown are the Economic Development Administration grants and loan administration account.

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		.03	.03	.03	.05	.06	.20
Outlays		.03	.03	.03	.04	.04	.17
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		-0.24	-0.24	-0.25	-0.24	-0.24	-1.20
Outlays		-0.02	-0.10	-0.18	-0.22	-0.24	-0.76

ELIMINATE CERTAIN RURAL DEVELOPMENT PROGRAMS

Agency: Farmers Home Admin. Functional Code: 452

Enforcement: DOM
Source: CBO
Structure: CIB
Budget Fund: GF
Category: SC
Rating: 5

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 -)		-0.53	-0.54	-0.57	-0.58	-0.61	-2.84
Outlays (+ or -)		-0.02	-0.12	-0.27	-0.40	-0.40	-1.31

<u>Proposed Program</u> - Would eliminate FmHA direct loans, loan guarantees and grants.

<u>Arguments for Proposal</u> - An argument for terminating these programs is that federal funds should be targeted toward activities whose benefits are national in scope, with state and local governments funding rural development. The Center for Community Change found that two of the largest programs -- the water and waste disposal program, and the business and industry program -- are not well targeted toward low-income or distressed communities. [CBO] Use a portion of these savings to fund increased federal enterprise zone tax abatement.

Arguments Against Proposal - Supporters of federal funding for rural development argue that these programs spark economic growth and increase rural incomes. Private credit may simply not be available in some areas to offset the loss of federal grants and interest subsidies. Assistance to such communities is often needed to comply with federal safe drinking water/waste water requirements.

State and Local Impact of Proposal - State and local applicants would no longer receive this assistance.

Any Political Landmines Associated with Proposal? - Communities not served under a replacement program would react unfavorably.

Campaign Positions that Affect the Proposal - Could be used in part to fund enterprise zone activities.

Funding Summary - Change amounts above are from CBO, but with a one year delay. Current services amounts are from the Farmers Home Administration rural development grants account, the rural water and waste disposal grants account, the rural community fire protection grants account, the rural loan program account, and the rural development insurance fund program account.

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		0.59	0.61	0.63	0.65	0.67	3.15
Outlays		0.44	0.51	0.53	0.60	0.67	2.75
Proposed Level							
Revenue		—	—	—	—	—	—
Budget Authority		0.06	0.07	0.06	0.07	0.06	0.31
Outlays		0.42	0.39	0.26	0.20	0.27	1.44

APPENDIX A

Spending/Revenue Options

ELIMINATE THE APPALACHIAN REGIONAL COMMISSION

Agency: Appalachian Regional Commission — Functional Code: 452

Enforcement:	DOM
Source:	CBO HF N-D
Structure:	CIB
Budget Fund:	GF
Category:	SC
Rating:	3

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	-0.20	-0.21	-0.22	-0.22	-1.05
Outlays (+ or -)		-0.01	-0.06	-0.12	-0.16	-0.19	-0.54

<u>Proposed Program</u> - Would dissolve the activities of the ARC.

<u>Arguments for Proposal</u> - Those in favor of termination argue that the programs duplicate activities funded by other federal agencies, such as Transportation's federal highways program and HUD's Community Development Block Grant program. Critics also contend that the poor communities in the Appalachian counties are no worse off than poor communities in other areas. [CBO] Could save $1.5 billion between 1993 and 2002. [N-D]

Arguments Against Proposal - The Appalachian counties in 13 states would receive reduced federal economic development assistance if not replaced with some other economic development assistance.

State and Local Impact of Proposal - Those states and localities in the Appalachian region would be affected.

Any Political Landmines Associated with Proposal? - Senators and Congressmen from the Appalachian states, including the influential Senators Robert C. Byrd (D-WV) and Jay Rockefeller (D-WV) would have to agree to some package arrangement with another proposal.

Campaign Positions that Affect the Proposal - Could be part of a consolidated approach of *Putting People First*'s "Rebuild America" agenda.

Funding Summary - Change amounts above are from CBO, but with a one year delay. Current services amounts shown are from the Appalachian Regional Commission's appropriation account.

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		0.20	0.21	0.22	0.22	0.23	1.08
Outlays		0.18	0.19	0.20	0.20	0.21	0.98
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		0.00	0.01	0.01	0.00	0.01	0.03
Outlays		0.17	0.13	0.08	0.04	0.02	0.44

APPENDIX A

Spending/Revenue Options

REDUCE FEDERAL SUPPORT FOR THE TENNESSEE VALLEY AUTHORITY

Agency: Tennessee Valley Auth. Functional Code: 452

Enforcement:	DOM
Source:	CBO HF
Structure:	CIB
Budget Fund:	GF
Category:	SC
Rating:	3

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 -)		-0.14	-0.15	-0.15	-0.16	-0.16	-0.76
Outlays (+ or -)		-0.04	-0.12	-0.14	-0.15	-0.16	-0.60

Proposed Program - Would end federal funding of many of the activities of the TVA beyond the scope of providing power and water resources and would shift the cost of some dam and reservoir stewardship expenses to the user of the power.

Arguments for Proposal - Some critics of the certain TVA activities, such as providing recreational facilities, feel they are beyond the scope of the TVA and should not be federally supported. They could be underwritten by state or local governments, or by fee-for-service mechanisms. Critics also argue that most activities of the TVA's national fertilizer and environmental research center benefit the private sector and should be supported by private funds. [CBO]

Arguments Against Proposal -

State and Local Impact of Proposal -

Any Political Landmines Associated with Proposal? - Senators and Representatives from States affected would have to be consulted as part of a broader strategy.

Campaign Positions that Affect the Proposal - Would have to conform to other *Putting People First* "Rebuild America" strategies.

Funding Summary - Change amounts above are from CBO, but with one year delay. Current services amounts shown are from the Tennessee Valley Authority fund account.

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		0.15	0.15	0.16	0.16	0.16	0.78
Outlays		0.14	0.15	0.15	0.16	0.17	0.77
Proposed Level							
Revenue		---	---	---	---	---	---
Budget Authority		0.01	0.00	0.01	0.00	0.00	0.02
Outlays		0.10	0.03	0.01	0.01	0.01	0.17

EDUCATION, TRAINING,

SOCIAL SERVICES

CONTINUE TO DELAY CHILD CARE OBLIGATIONS

Agency: HHS — Functional Code: 500

Enforcement:	DOM
Source:	PO
Structure:	OPB
Budget Fund:	GF
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 -)							
Outlays (+ or -)		-0.27	-0.25	-0.25	-0.25	-0.25	-1.27

Proposed Program - Legislation enacted in the fall of 1990 created the Child Care Block Grant program, under which states receive grants to defray costs of child care services for low- and moderate-income families. Because the program was authorized so late in 1990 and could not start overnight -- and also because the Appropriations Committees were struggling to stay within the outlay ceiling for discretionary programs in FY 1991 -- the Committees requested that block grant funds appropriated for FY 1991 not be obligated until September 30, 1991. This shifted outlays into the following year, a practice which has be repeated since. According to the Panetta options, simply continuing this practice could be scored as a savings against the baseline.

Arguments for Proposal - Not continuing this practice would result in a huge outlay bulge when the practice ended. There is no reason not to continue to operate the block grant as a "forward-funded" program.

Arguments Against Proposal - The obligation of funds was delayed in FY 1991 to help meet outlay caps, but children need child care help now. The obligation of these funds should not have been delayed in FY 1991 and should not continue to be delayed each year.

State and Local Impact of Proposal - There should not be a significant impact.

Any Political Landmines Associated with Proposal? - No.

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							
Outlays							
Proposed Level							
Revenue							
Budget Authority							
Outlays							

APPENDIX A

Spending/Revenue Options

ELIMINATE FUNDING TO SCHOOL DISTRICTS FOR IMPACT AID PART B

Agency: Education — Functional Code: 501

Enforcement:	DOM
Source:	CBO HF
Structure:	CIB
Budget Fund:	GF
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 -)		-0.14	-0.15	-0.15	-0.16	-0.16	-0.75
Outlays (+ or -)		-0.12	-0.14	-0.15	-0.15	-0.15	-0.72

<u>**Proposed Program**</u> - Would end funding for Impact Aid Part B children -- those whose parents either live <u>or</u> work on federal property. (Part A is for those who both work and live on federal property.) Local school districts are eligible to receive assistance if at least 400 children or 3 percent of their total number of students are federally connected children. [CRS]

Arguments for Proposal - Opponents of Impact Aid argue that the economic benefits from federal installations outweigh the demands placed on schools. Payments for "b" children have been found to be relatively evenly distributed across school districts with high and low expenditures per pupil. School district operations do not generally depend on "b" payments, which constitute less than one-half of 1 percent of total expenditures in more than half of the school districts receiving them. The parents of "b" children pay state and local taxes, which fund educational expenditures, at almost the same rate as the parents of children who are not federally connected. [CBO] "This program is based on the premise that military bases are a 'cost' for local communities. The benefits to the communities of these installations make this program unnecessary." [HF] The HF proposal would eliminate all of Impact Aid at an estimated savings of $0.63 b (FY 94), $0.78b (FY 95), $0.84b (FY 96), $0.87b (FY 97), $0.90b (FY 98); for a five-year total estimated savings of $4.02 billion.

Arguments Against Proposal - Opponents argue that "b" payments are important for a few school districts -- for example, where large numbers of military families live in the community but shop at military exchanges, which do not collect state and local sales taxes. [CBO] Supporters of "b" payments argue that the federal government, because its property is exempt from state and local taxation, has a responsibility to pay its share of educating federally connected children. Some school districts, especially those in close proximity to federal military installations, enroll large numbers of 3(b) students, many of whom live on property generating minimal tax revenues. [CRS]

State and Local Impact of Proposal - Some communities would be more heavily impacted by this proposal.

Any Political Landmines Associated with Proposal? -

Campaign Positions that Affect the Proposal - Savings could be used for *Putting People First* educational reform.

Funding Summary - Change amounts above are from CBO, but with a one year delay. Current services amounts are from the account total for Impact Aid.

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		0.82	0.85	0.88	0.91	0.95	4.41
Outlays		0.82	0.85	0.87	0.90	0.93	4.37
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		0.68	0.70	0.73	0.75	0.79	3:66
Outlays		0.70	0.71	0.72	0.75	0.78	3.65

APPENDIX A

Spending/Revenue Options

CONSOLIDATE SOCIAL SERVICE PROGRAMS

Agency: HHS Functional Code: 506

Enforcement: DOM
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 -)		0.0	-0.27	-0.27	-0.27	-0.28	-1.10
Outlays (+ or -)		0.0	-0.22	-0.27	-0.27	-0.28	-1.05

Proposed Program - Would consolidate 8 social service programs into block grants and reduce their funding by 5 percent. The 8 programs are: Social Services Block Grant (SSBG), Community Services Block Grant, Title IV-A "At-Risk" Child Care, Child Care and Development Block Grant, and two Human Development Services (HDS) programs - Title III services and meals for the aging, and Dependent Care Planning and Development Grants.

Arguments for Proposal - With consolidation, localities could provide social services more efficiently. Duplicate services could be eliminated, and administrative costs would decline because of simpler rules and regulations plus a reduction in administrative personnel. States and localities would have more freedom to tailor programs to local needs. Moreover, different services provided to the same individual or family could be integrated more easily, improving service delivery from the client's perspective. [CBO]

Arguments Against Proposal - Despite improved administrative efficiency, a 5 percent cut in funding could lead to a reduction in services. Consolidation would also diminish federal control over the spending. [CBO] Consolidation can lead to efficiencies when the same state or local agency runs the different federal programs. However, in many cases, the programs in question are administered by different agencies and serve different populations. In addition, many of these programs, as well as other programs which reach the same target groups -- the elderly, children and the disabled, have sustained deep cuts. SSBG and CSBG have each been cut 40 to 50 percent in real terms since FY 1981 and the aging programs have been cut more than 20 percent.

State and Local Impact of Proposal - Several of the HDS programs have state matching requirements, and state spending might decline with their removal. [CBO]

Any Political Landmines Associated with Proposal? - Block grant proposals have long been associated with Republican Administrations. In addition to this proposal, the Heritage Foundation proposed a 50% reduction in the SSBG to be replaced by voucher for a savings of $280 million in the first year, $1.4 billion by the 5th year, and $4.2 billion over 5 years. [HF] May set powerful elderly interests against children's interests in an effort to stave off cuts to a particular program. Children's interests have not been shy about taking on even long-standing allies who are perceived to be threatening programs important to children. Elderly advocates and community based organizations are also likely to be angered. Finally, overlapping committee responsibility for the SSBG program could lead to jurisdictional conflicts.

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

Funding Summary - Current services amounts shown are from the selected Community Services Block Grant Act programs account total, the Social Services Block Grant appropriation, and the ACF account total.

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		7.41	7.59	7.75	7.92	8.08	38.75
Outlays		7.45	7.53	7.68	7.85	8.01	38.52
<u>Proposed Level</u>							
Revenue		---	---	---	---	---	---
Budget Authority		7.41	7.32	7.48	7.65	7.80	37.65
Outlays		7.45	7.31	7.41	7.58	7.73	37.47