

Agencies Gird For Prolonged Belt-Tightening

30-Day Funding Plan Adds to Uncertainties

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Federal agencies facing tough Republican spending cuts worked yesterday to figure out how they would run programs with limited funds and how long they could go without layoffs if the budget impasse drags on for another month.

House Majority Leader Richard K. Armey (R-Tex.) said yesterday that the House will pass legislation to fund for an additional 30 days the nine departments and numerous agencies whose spending authority expires Friday. But they will face funding well below what the president wants, he said. White House Chief of Staff Leon E. Panetta—who appeared on NBC's "Meet the Press," as did Armey—said the president likely would sign a short-term funding bill similar to the one now in force.

Cabinet and agency officials said continued spending limits would disrupt the continuity of programs, create payroll problems and complicate efforts to catch up on backlogs of work from two earlier shutdowns.

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"This piecemeal funding has the effect of increasing costs and compounding inefficiencies in operations. You have to do everything just a little bit at a time," one Cabinet department official said. "You have to keep deferring everything but the most essential expenditures."

Officials at work this weekend offered several examples of problems they would face if forced to operate under year-long spending restraints or under an interim bill that cut spending by up to 25 percent. They said:

■ Money is running out on numerous contracts at the Environmental Protection Agency that have continued on funding from last year. Because they probably would not be replenished at levels planned by the

administration, work may not be restarted at several dozen "Superfund" toxic waste cleanup sites where contractors were sent home during the last shutdown.

■ The Head Start preschool program would normally make large annual grants next week. Officials were debating whether to pay them or fund them at a lesser amount.

■ Education and job training programs usually receive "forward funding" from Congress so that agencies can tell states and schools during February and March how much money will be available to spend in the next academic year. But the last shutdown prevented Education Department employees from calculating some formula allocations and the current budget uncertainty may create confusion about how much money will be available after July.

Without sufficient funding, processing the first wave of about 9 million financial aid applications for the 1996-97 academic year could be put at risk. In early February, the department normally tells colleges what funding they will receive for grants, loans and work study programs. Next month's Pell grant payment schedule, for example, may not be published because Congress has not specified the maximum award.

■ The Interior Department's National Biological Service would have to close three of its 16 science centers and curtail support services provided national parks, wildlife refuges and state land managers. About 100 employees are being laid off at the service, but continued spending curbs might force an additional 175 dismissals.

■ An agreement in the bill between the Interior Department and Congress to abolish the Bureau of Mines will be delayed or prevented because the Interior appropriations bill has not been enacted. The bureau shutdown could end up costing an additional \$64 million if Congress does not quickly ensure the bureau closes this year.

■ Commerce Department efforts to promote products overseas could be put on hold at month's end. The department's International Trade Administration has told its field staff to notify companies that the government cannot participate in trade events from Jan. 26 to Feb. 28 until funding uncertainties have been resolved.

In addition to the Commerce and Interior departments and EPA, several other agencies will run out of spending authority Jan. 26. They include the departments of Health and

Human Services, Housing and Urban Development, Justice, Labor, State and Veterans Affairs.

But Congress, in ending the last shutdown, also provided funding through Sept. 30 for favored programs in a number of those departments. The programs include veterans benefits, Meals on Wheels, state unemployment offices, the National Institutes of Health, passport offices and the national parks.

Many of these programs, however, were funded at last year's levels, which means officials will likely cut back on operations to cover mandatory costs such as 1996 pay raises.

At the National Park Service, for example, operating at 1995 levels will thwart expansion of bus service at the Grand Canyon to alleviate traffic congestion and may strain operations at the Martin Luther King Jr. National Historic Site, which plans to open a new visitor center to accommodate the crowds drawn to Atlanta for the summer Olympics.

If agencies are forced to operate for any length of time at significantly reduced spending levels, officials said, some agencies would have to consider layoffs or unpaid furloughs as early as the spring.

EPA, parts of Commerce and Interior, and some foreign affairs

agencies may have to find substantial payroll savings this year.

"We may have to seriously consider furloughs in the near future," one agency official said. "If we have budgets at draconian reductions . . . cutting overhead won't be enough."

The administration is well into the 1996 fiscal year, which began Oct. 1, and has fought to restore money to many programs that have been deeply cut. As a result, a number of agencies have waited to see how the budget fight plays out and not taken normal budget and managerial precautions, putting themselves at risk for significant work force cuts and program turmoil.

The Cabinet department official expressed frustration about the uncertainty facing his employees, saying, "It keeps your people on edge constantly."

He noted that many Americans never appreciate the program disruptions caused by erratic funding. "The nature of our people is such that they always rise to the crisis. They get the critical stuff done that has to be done. No great disaster occurs, but a lot of other important—but not critical in the time sense—work gets deferred."