

# THE FEDERAL PAGE

## Senate Republicans' Blueprint to Balance the Budget

*Senate Republicans yesterday presented their plan to balance the federal budget by the year 2002 by slowing the growth of Medicare and Medicaid, and eliminating the*

*Commerce Department and more than 100 other programs. The plan, presented by Senate Budget Committee Chairman Pete V. Domenici (R-N.M.) calls for*

*about \$961 billion in savings over seven years and projects a budget surplus in 2002 of \$2 billion, the first since 1969. Here is how specific areas of the budget would be affected.*



### DEFENSE

*Military outlays will continue to decline in real terms through 1998, reflecting the ongoing downsizing of the military, followed by a rise though 2002 as*

*Pentagon procurement revives.*

**Total cost:** \$25 billion over seven years. Non-Defense discretionary spending will go down by \$190 billion.\*

- Provides military pay raises of 2.4 percent for 1996 and 3.1 percent for 1997
- Includes \$2.7 billion over the next 6 years for housing
- Upgrades weapons systems such as Patriot, Tomahawk and Trident II missiles.



### INTERNATIONAL AFFAIRS

*Funds State Department, Agency for International Development, United States Information Agency and the Arms Control and Disarmament Agency, trade*

*promotion, U.S. participation in multilateral development banks and the United Nations.*

**Total savings:** \$18.1 billion

- Reduces State Department funding by \$381 million over 5 years
- Reduces USIA programs by \$2.7 billion over 5 years
- Kills the Arms Control and Disarmament Agency saving \$53 million over 5 years
- Reduces export financing and trade promotion programs by \$404 million
- Limits voluntary peacekeeping funding to Israel and Egypt for Camp David Accords, saving \$268 million over 5 years
- Cuts contributions for U.N. peacekeeping to the 1991 level, saving \$1.2 billion over 5 years



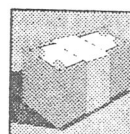
### HEALTH, MEDICARE, MEDICAID

*Includes mandatory spending for Medicare, Medicaid and the retiree portion of the Federal Employees Health Benefits programs, discretionary*

*spending for health services, the National Institutes of Health, the Centers for Disease Control and Prevention, the Indian Health Service, and consumer and occupational health and safety programs.*

**Total savings:** \$256 billion for Medicare; \$202.3 billion for Medicaid and other health areas.

- Transforms Medicaid into a block grant and slow annual growth rate from 10 percent to 5 percent, saving \$175 billion
- Reduces funding for the Agency for Health Care Policy and Research by 75 percent
- Reduces funding for OSHA and Mine Safety & Health Administration by 50 percent
- Medicare reform will be addressed under separate legislation calling for reductions in annual growth rates from 10.5 percent to 6.9 percent.



### FOOD STAMPS, FEDERAL RETIREMENT

*Includes Food Stamps and federal retirement programs implemented by various departments. Also includes housing and nutrition programs.*



**Costs are expected to grow** to \$82.9 billion due to more eligible beneficiaries in Food Stamps and the Earned Income Tax Credit.

- Limits welfare benefits for non-citizen immigrants
- Fully funds cost of living adjustments for federal retirees but changes the pension base from the five highest years of salaries to three
- Denies the Earned Income Tax Credit to undocumented workers
- Conforms Congressional retirement to federal civilian retirement



### EDUCATION, TRAINING, EMPLOYMENT, SOCIAL SERVICES

*Includes 321 educational, cultural and job training programs across departments and independent agencies.*

**Total savings:** \$59.4 billion

- Eliminates Americorps
- Reduces funds for 60 job training programs by 25 percent
- Cuts funding for National Endowment for the Arts and National Endowment for the Humanities by 50 percent
- Allows expanded advertising for Corporation for Public Broadcasting
- Privatizes Sallie Mae



### COMMERCE AND HOUSING CREDIT

*Includes discretionary housing programs, such as subsidies for single and multifamily housing, mortgage insurance provided by the Federal Housing*

*Administration; spending by the Postal Service; and discretionary funding for the Commerce Department.*

**Total savings:** \$12.5 billion

- Eliminates the Commerce Department, saving \$1 billion a year
- Reduces costs of the U.S. Census in the year 2000
- Privatizes or improves mortgage servicing on rural home loans held by USDA
- Expands user fees for the regulatory agencies



### TRANSPORTATION

*Includes the federal-aid highway program, mass transit operating and capital assistance, rail transportation, Amtrak, the Interstate Commerce*

*Commission; the FAA, aviation facilities; water transportation through the Coast Guard and the Maritime Administration.*

**Total savings:** \$51.3 billion

- Eliminates the Interstate Commerce Commission
- Phases out federal funding for Amtrak and mass transit
- Privatizes FAA air traffic control by 1997, saving \$14.7 billion



### AGRICULTURE

*Includes farm income stabilization programs and agriculture research and services.*

**Total savings:** \$14 billion

- Reduces Agriculture Research Service and Cooperative State Research,

Education and Extension Service by 10 percent

- Cuts corporate subsidies for the Foreign Agriculture Service

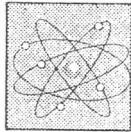


### GENERAL SCIENCE, SPACE AND TECHNOLOGY

*Includes NASA, Energy Department research and the National Science Foundation.*

**Total savings:** \$6.7 billion

- Reforms NASA contract management, saving \$2.7 billion
- Reduces NSF research by \$100 million

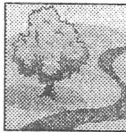


### ENERGY

*Includes the civilian activities of DOE, including solar, renewable fossil, and conservation research and development, civilian nuclear waste disposal, State energy conservation grants, Rural Utilities Service, the Nuclear Regulatory Commission (NRC), the Uranium Enrichment Corporation and the Tennessee Valley Authority's power program.*

**Total savings:** \$11.5 billion

- Consolidates and streamlines Energy Department programs, saving \$1.4 billion
- Privatizes and sells non-governmental assets such as the Naval Petroleum Reserves (\$6 billion), the Uranium Enrichment Corporation (\$1.6 billion) and four power marketing administrations (\$1.6 billion), and strategic petroleum reserves (\$900 million).



### NATURAL RESOURCES

*Includes funding for water resources, conservation and land management, recreational resources and pollution control.*

**Total savings:** \$23.7 billion

- Reduces scope of Army Corps of Engineers and Bureau of Reclamation, saving \$1.3 billion over 1996-2000
- Reduces NOAA outlays
- Reduces budgets of Forest Service, National Park Service, Fish & Wildlife Service, Bureau of Land Management by 10 percent
- Eliminates National Biological Service
- Leases 8 percent of 19 million Arctic National Wildlife Refuge, saving \$1.4 billion over 1996-2000
- Privatizes the Presidio
- Privatizes the helium reserve, saving \$27 million over 1996-2000

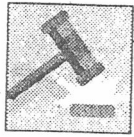


### COMMUNITY AND REGIONAL DEVELOPMENT

*Funds community and regional development and disaster relief, including programs administered by HUD, Appalachian Regional Commission, Tennessee Valley Authority, Economic Development Administration, Bureau of Indian Affairs, Federal Emergency Management Agency and the Department of Agriculture.*

**Total savings: \$20.1 billion**

- Reduces Community Development Block Grants by 50 percent, saving \$7.6 billion over 1996-2000
- Phases out the Appalachian Regional Commission, saving \$.5 billion over 1996-2000
- Cuts the flood insurance subsidy for buildings constructed before 1975, saving \$2 billion over 1996-2000

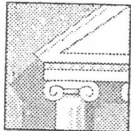


**LAW ENFORCEMENT, JUSTICE**

*Includes the Department of Justice, the judiciary, Customs and other law enforcement functions in the Department of the Treasury, as well as independent agencies, such as the Legal Services Corporation.*

**Total cost:** Spending will increase by \$27.4 billion over 7 years due primarily to enactment of the Violent Crime Reduction Trust Fund which funds prison construction and community police.

- Reduces funding for the Legal Services Corporation by 65 percent
- Increases funding for the FBI, DEA and INS by \$2.7 billion



**GENERAL GOVERNMENT**

*Activities of the Legislative Branch, the Executive Office of the President, U.S. Treasury fiscal operations (including tax collection), personnel and property management, and general purpose fiscal assistance to states, localities and U.S. territories.*

**Total savings: \$6.8 billion**

- Reduces spending for the Executive Office of the President by 25 percent
- Reduces construction and acquisition of federal buildings by 25 percent
- Saves \$1.4 billion from legislative branch spending through reductions in committee and support office staffs
- Eliminates the Office of Technology Assessment
- Freezes pay for Members of Congress until the budget is balanced in 2002
- Charges fees for parking at federal buildings



**VETERANS**

*Programs directed towards veterans of the armed services.*

**Total savings: \$15.1 billion**

- Phases out construction of VA facilities
- Limits future benefits to those injured while in the service, not afterward
- Phases in a higher co-payment for upper income vets

**MISCELLANEOUS**

**Total savings: \$73.6 billion**

- Repeals the David-Bacon Act to reduce federal construction costs
- Reduces the number of political appointees from 2,800 to 2,000
- Streamlines intra-governmental bookkeeping.

SOURCE: FY 1996 balanced budget resolution, chairman's mark, Republican staff of the U.S. Senate Budget Committee

\*When figure is adjusted for inflation it rises to \$446 billion. Savings are in outlays over seven years unless otherwise specified.