

FORD AD

PENTAGON BUDGET REPORTED PADDED

FEB 4 1976

White House Memo Tells of
\$3 Billion Cushion Against
Expected Congress Cut

NYTimes

By LESLIE H. GELB
Special to The New York Times

WASHINGTON, Feb. 3—The Pentagon's budget request for the fiscal year 1977 has been padded by \$3 billion as a cushion against expected Congressional cuts, according to a memorandum prepared in the President's Office of Management and Budget.

The \$3 billion figure, labeled in the memorandum as "cut insurance," was contained in the budget office's recommendation to Mr. Ford to set military spending authority at \$110 billion—a figure that President Ford increased by \$2.7 billion.

A copy of the memorandum has been obtained by The New York Times.

Budget Fight Recalled

Spokesmen for the Pentagon and the Office of Management and Budget denied any padding in the budget request. Donald G. Ogilvie, head of the National Security Division of the budget office, said that he could not recall this memorandum, but added that no such memorandum had been given to the President.

"I have heard the concept of cut insurance discussed in connection with the defense budget, but there is no such concept included in the President's budget," he said.

President Ford decided to ask Congress for \$112.7 billion for the Pentagon in the fiscal year beginning in October after a long struggle between his budget office and the Pentagon, a struggle in which he dismissed Defense Secretary

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Continued From Page 1, Col. 4

James R. Schlesinger. Mr. Schlesinger had publicly described arms cuts as "deep, savage and arbitrary."

While the proposed Pentagon budget is widely supported in the Administration, some Administration officials have expressed displeasure over the President's decision to ask for \$2.7 billion more than recommended by the Office of Management and Budget. To these few officials, the Pentagon's request is now padded by a total of \$5.7 billion.

However, the Defense Department's spokesman, William I. Greener Jr., said in a telephone interview, "Defense secretary Rumsfeld is perfectly prepared to defend the budget

in its entirety."

Speaking for Budget Director James T. Lynn, Mr. Ogilvie said, "I can assure you that the President reviewed each major defense program at length and has recommended only what he believes is needed for national security."

The memorandum, written last October in the budget office, says that "cut insurance" of \$3 billion is provided as a cushion for Congressional action.

Anticipating Congressional reductions—and sometimes increases—is standard executive branch technique in preparing the Federal budget. A variety of officials, however, found it difficult to recall it's ever being awritten down in an official paper.

IN 1974, Representative George H. Mahon, the chairman of the House Appropriations Committee, told Mr. Schlesinger in open hearings that he had it "on good authority" that the President had increased the

over-all Federal budget by \$5 billion. In response, Mr. Schlesinger, in effect, acknowledged that as part of this \$5 billion, the Pentagon's budget had been increased by more than \$1 billion as a stimulus to a lagging domestic economy.

This year's defense budget could rise by an additional \$2.8 billion that the Pentagon did not include in its request. These funds—including commissary and base closings—were left the assumption that Congress would be willing to agree to the omissions. This is generally regarded as highly unlikely, because these funds are important to a number of local economies.

The memorandum prepared in the budget office is entitled "Explanation of Annual Increases in the Defense Budget Levels 1976-78." It shows a budget office recommendation of \$122.6 billion in spending authority for the fiscal year 1978, including an additional \$3 billion in "cut insurance."

Continued on Page 6, Column 4