



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 12, 1984

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill, H.J. Res. 648 -- Continuing
Appropriations for the Fiscal Year 1985
Sponsor: Rep. Whitten (D), Mississippi

Last Day for Action

October , 1984

Signature as soon as possible is recommended in order to avoid disruption of agency operations dependent on the authority and appropriations contained in the continuing resolution. Current appropriations provided in a short-term continuing resolution expired on October 11, 1984.

Purpose

This resolution provides funds for continuing the activities of the Federal government for the full fiscal year or the date of enactment of pending appropriation bills. In addition, the resolution provides for supplemental appropriations for some programs and contains important substantive legislation.

Highlights

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- The continuing resolution provides funding for eight appropriation bills.

- Funding for the Defense and Military Construction appropriation bills supports the funding level agreed to by the Administration and reflected in the budget resolution and the defense authorization bill.
- Funding for foreign assistance is consistent with the discretionary cap.
- Funding for the domestic appropriation bills is generally consistent with the deficit downpayment plan cap on discretionary spending.
- Appropriations for construction of new water projects, as well as the new starts authorization bill -- that would have eventually required more than \$20 billion to complete -- have been deleted from the bill.
- The Comprehensive Crime Control Act of 1984 -- a top legislative priority -- is also incorporated in the enrolled bill.

Agency Recommendations

Office of Management and Budget	Approval
Other affected agencies	Approval assumed

Summary of Congressional Action

	(in billions of dollars)		
	<u>Benchmark 1/</u>	<u>Enrolled Bill</u>	<u>Difference</u>
Defense and Military Construction.....	291.9	286.1	-5.8
Foreign Assistance.....	13.8	14.4	+0.6



Domestic Bills (8)..... 34.5 34.4 -0.1

* \$50 million or less.

1/ Reflects the proposal of May 2, 1984 for defense **and** military construction. For foreign assistance and domestic bills, the benchmark reflects the cap on discretionary spending (freeze-based programs only) agreed to by the Administration and the leadership of the Senate.

Major Features of the Resolution

1. Funding Levels

Three appropriation bills are funded at the rate provided for in a separate conference agreement:

Agriculture
District of Columbia
Treasury/Postal

Five appropriation bills have been included in their entirety in the continuing resolution with funding specified for each account:

Interior
Transportation
Defense
Foreign Assistance
Military Construction

The Labor/HHS/Education appropriation bill, originally covered by the continuing resolution, has been passed separately and will be enrolled shortly.

In addition, the enrolled resolution provides \$1.1 billion of supplementals for activities for which a regular appropriation bill has already been enacted (or which is

funded in the continuing resolution at the conference rate), \$0.7 billion of which was requested by the Administration.

Funding for the eight appropriation bills is generally consistent with your policy.

- o Funding for defense and military construction reflects the agreement worked out with the House and Senate leadership on defense spending and reflects 5 percent real growth.
- o Funding for foreign assistance is generally consistent with the deficit downpayment plan cap on discretionary spending.
- o Total funding for the five domestic bills covered in the continuing resolution is also generally consistent with the discretionary cap.

While the Interior bill continues to be almost \$300 million above the benchmark, it is slightly below the Senate-reported bill and incorporates a 2 percent across-the-board reduction. In addition, the off-budget Strategic Petroleum Reserve, for which funds are provided by the bill, has been reduced by \$300 million below the House and Senate levels. The Interior bill also includes a \$5.4 billion rescission in the Synthetic Fuels Corporation.

2. Defense Provisions.

The enrolled bill restricts defense spending, as follows:

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- Testing for the Space Defense System (anti-satellite weapon/ASAT) is limited to three tests during 1985, none of which may occur prior to March 1, 1985.

- The Sea-Launch Cruise Missile (SLCM) may proceed as directed in the defense authorization bill; restrictive language contained in the House bill has been deleted.

- No military aid may be provided to Nicaragua prior to March 1, 1985.

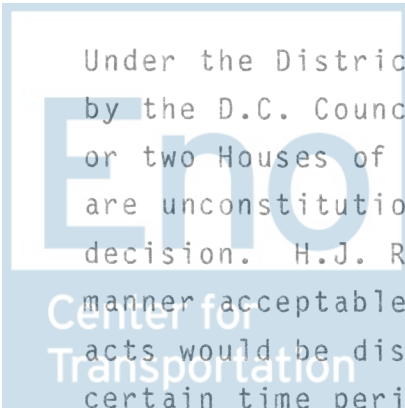
Although there is no reason to consider veto, there are some concerns in the Strategic Defense Initiative (SDI) and the ASAT areas.

3. Comprehensive Crime Control Act of 1984

The Comprehensive Crime Control Act of 1984 is designed to revise and reform the Federal criminal statutes in a thorough and complete manner. The enrolled bill includes many of the relatively "non-controversial" portions of the bill you originally proposed, as well as a number of other important reforms. Areas that are addressed include bail, sentencing, the insanity defense, juvenile justice, credit card fraud, computer crime, narcotics enforcement, and victims' compensation. A summary of major provisions is found at Attachment A.

4. District of Columbia Chadha Amendments

Under the District Home Rule Act, virtually all acts passed by the D.C. Council are subject to disapproval by either one or two Houses of Congress. Such legislative veto provisions are unconstitutional in light of the Supreme Court "Chadha" decision. H.J. Res. 648 amends the Home Rule Act, in a manner acceptable to the Administration, so that D.C. Council acts would be disapproved only if Congress enacts within certain time periods (60 days for criminal laws, 30-35 days for non-criminal matters) a joint resolution of disapproval



which is then signed by the President. This is a constitutionally acceptable procedure. The provision will facilitate the District's attempts to obtain financing in the private bond market rather than borrowing from the U.S. Treasury.

5. Provisions Affecting Programs

The continuing resolution contains dozens of provisions that deal with issues other than appropriations, including provisions that would:

- eliminate the 99% cap on the Food Stamp thrifty food plan during 1985;
- allow subsidized housing agencies to retain rental subsidy contracts on properties in foreclosure;
- extend the crime insurance program for one year through September 30, 1985;
- make fishermen who suffered from El Nino eligible for disaster assistance from the Small Business Administration; and
- require the Administration to provide guaranteed loans at the level required by law, subject to the availability of qualified applicants.

Language is also included restricting U.S. diplomatic activity with the Palestine Liberation Organization (PLO).

This raises constitutional issues.

While these provisions are objectionable, none of them warrants a veto of the continuing resolution.

Discussion

This year the Congress made substantial progress early in the year on appropriation bills. Late in the summer, lack of agreement on funding levels for defense in the budget resolution impeded further progress. The enrolled resolution is the culmination of months of negotiation, providing funding for eight of the thirteen regular appropriation bills. Negotiations on the continuing resolution itself have also been lengthy and difficult. Four short-term continuing resolutions have been enacted since October 1 in order to avoid continual shutdown of agency activities while the Congress continued work on this full-year continuing resolution.

In the end, the enrolled bill provides most of what you asked for in the way of funding levels.

A major piece of crime legislation, proposed by the Administration, is included. In addition, the continual threat to veto a bill that provided funding for construction of new water projects in the absence of cost-sharing and user fee legislation forced the Congress to delete these provisions from the bill.

While there continue to be objectionable provisions and restrictions in the bill, most notably regarding aid to Nicaragua, the bill represents an achievement for the Administration. A veto of the bill is not warranted.

Recommendation

I recommend that you sign the enrolled resolution. ~~A signing statement is attached.~~



A handwritten signature in black ink that reads "David A. Stockman".

David A. Stockman
Director

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THE WHITE HOUSE
WASHINGTON

October 12, 1984

MEMORANDUM FOR RICHARD G. DARMAN

FROM: FAITH RYAN WHITTLESEY *FRW*
SUBJECT: Proposed Presidential Statement re H.J.Res. 648

The language concerning the funds for Nicaragua creates the false impression that Congress was unable to resolve this issue. It also holds out the false hope of restoration of these funds. Congress did resolve the issue of funding by denying the funds and by creating provisions to insure that funds will not be authorized in the next Congress. No serious person believes there is any chance of both houses of Congress voting to authorize these expenditures in the new year. The Continuing Resolution, if signed, means not just a lack of appropriations for certain activities in Nicaragua, it means a prohibition against the use of any United States government funds from any other account for this purpose. As such, the legislation is a negation of the President's inherent authority as Commander in Chief and as steward of this country's foreign relations. This prohibition, if agreed to, would further erode the President's ability to conduct foreign policy.

The acceptance of this prohibition would also undermine what other support the freedom fighters have been able to generate from other quarters. The "bridge loans" will dry up as soon as it is seen that the United States is unable to continue aid. The other Central American countries will be left to accommodate themselves as best they can to the reality of Sandinista military power and predominance. Recall simply the behavior of the Honduran government toward the FDN last June when funds were cut off. Furthermore, the acquiescence of the President in this prohibition of aid to the freedom fighters will be a signal around the world that America cannot be counted on as a reliable ally. The action also would strike a telling blow for those who would characterize the United States as lacking sufficient political will to resist Soviet expansion in our own hemisphere.

Therefore, the recommended response is a veto.

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MEMORANDUM FOR RICHARD G. DARMAN

FROM: JOHN A. SVAHN

SUBJECT: Enrolled Bill H.J. Res. 648

The proposed statement on the signing of the continuing resolution is another clear cut case of OMB being unable to see the forest for the trees. A continuing resolution, by the very fact that it exists, is a failure. I think we should point that out...Congress was unable to enact appropriations as required. The budget process failed and Congress, one week later, staggered home.

I would also leave out the ridiculous talk about veto threats on water projects. These are popular in some places - let Congress take the blame.

