

**FIRST CONCURRENT RESOLUTION ON
THE BUDGET—FISCAL YEAR 1978**

R E P O R T

OF THE

**COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES**

TO ACCOMPANY

H. Con. Res. 214

**SETTING FORTH THE CONGRESSIONAL BUDGET FOR THE
UNITED STATES GOVERNMENT FOR FISCAL YEAR 1978**

together with

SUPPLEMENTAL AND MINORITY VIEWS



**MAY 3, 1977.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed**

U.S. GOVERNMENT PRINTING OFFICE

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CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring),
That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1977—

(1) the recommended level of Federal revenues is \$398,094,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is \$1,073,000,000;

(2) the appropriate level of total new budget authority is \$502,092,000,000;

(3) the appropriate level of total budget outlays is \$464,302,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$68,208,000,000; and

(5) the appropriate level of the public debt is \$792,539,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is \$92,539,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1977, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

- (1) National Defense (050):
 - (A) New budget authority, \$117,136,000,000;
 - (B) Outlays, \$109,947,000,000.
- (2) International Affairs (150):
 - (A) New budget authority, \$9,543,000,000;
 - (B) Outlays, \$7,397,000,000.
- (3) General Science, Space, and Technology (250):
 - (A) New budget authority, \$4,930,000,000;
 - (B) Outlays, \$4,737,000,000.
- (4) Natural Resources, Environment, and Energy (300):
 - (A) New budget authority, \$20,950,000,000;
 - (B) Outlays, \$20,677,000,000.
- (5) Agriculture (350):
 - (A) New budget authority, \$2,153,000,000;
 - (B) Outlays, \$4,395,000,000.
- (6) Commerce and Transportation (400):
 - (A) New budget authority, \$20,569,000,000;
 - (B) Outlays, \$20,277,000,000.
- (7) Community and Regional Development (450):
 - (A) New budget authority, \$8,237,000,000;
 - (B) Outlays, \$10,926,000,000.

- (8) **Education, Training, Employment, and Social Services (500):**
 - (A) New budget authority, \$22,739,000,000;
 - (B) Outlays, \$27,756,000,000.
- (9) **Health (550):**
 - (A) New budget authority, \$47,685,000,000;
 - (B) Outlays, \$44,238,000,000.
- (10) **Income Security (600):**
 - (A) New budget authority, \$182,688,000,000;
 - (B) Outlays, \$148,309,000,000.
- (11) **Veterans Benefits and Services (700):**
 - (A) New budget authority, \$20,060,000,000;
 - (B) Outlays, \$20,028,000,000.
- (12) **Law Enforcement and Justice (750):**
 - (A) New budget authority, \$3,620,000,000;
 - (B) Outlays, \$3,820,000,000.
- (13) **General Government (800):**
 - (A) New budget authority, \$3,891,000,000;
 - (B) Outlays, \$3,991,000,000.
- (14) **Revenue Sharing and General Purpose Fiscal Assistance (850):**
 - (A) New budget authority, \$9,822,000,000;
 - (B) Outlays, \$9,783,000,000.
- (15) **Interest (900):**
 - (A) New budget authority, \$43,000,000,000;
 - (B) Outlays, \$43,000,000,000.
- (16) **Allowances:**
 - (A) New budget authority, \$1,069,000,000;
 - (B) Outlays, \$1,021,000,000.
- (17) **Undistributed Offsetting Receipts (950):**
 - (A) New budget authority, -\$16,000,000,000;
 - (B) Outlays, -\$16,000,000,000.

SEC. 3. In the Third Budget Resolution for Fiscal Year 1977, the Congress provided for revenue and spending proposals designed to stimulate the Nation's economy in order to reduce unemployment. These proposals, together with recent indications of more vigorous economic growth in the private sector, provide evidence that the Nation's economy may be returning to the levels needed to provide jobs to millions of our unemployed.

The Congress recognizes, however, that unusual uncertainties surround the current economic outlook for 1977 and 1978—primarily, the economic impact of the stimulus proposals and the likelihood of continued economic growth in the private sector—and that additional time and information are needed to make final determinations with respect to fiscal policy for fiscal year 1978; and declares that if, economic recovery does not proceed satisfactorily during the months immediately following adoption of the First Budget Resolution for Fiscal Year 1978, it will be necessary to provide additional stimulus to the economy in appropriate amounts to be determined in the Second Budget Resolution for Fiscal Year 1978. On the other hand, if the recovery continues to show signs of long-term renewed growth, it may be desirable to reduce some of the economic stimulus provided for fiscal year 1978 in order to make more rapid progress toward a balanced budget.

SEC. 4. Pursuant to section 304 of the Congressional Budget Act of 1974, the appropriate allocations for Fiscal Year 1977 made by Senate Concurrent Resolution 10 are revised as follows:

(1) the recommended level of Federal revenues is \$355,000,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is \$3,300,000,000;

(2) the appropriate level of total new budget authority is \$469,700,000,000;

(3) the appropriate level of total budget outlays is \$414,250,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is \$59,250,000,000;

(5) the appropriate level of the public debt is \$707,970,000,000; and

(6) based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of this section, the appropriate level of new budget authority and the estimated budget outlays for Income Security (function 600) is as follows:

(A) New budget authority, \$167,700,000,000;

(B) Outlays, \$138,100,000,000.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—
FISCAL YEAR 1978

MAY 3, 1977.—Committed to the Committee of the Whole House on the State of
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Mr. GIAIMO, from the Committee on the Budget, submitted the
following

REPORT

together with

SUPPLEMENTAL AND MINORITY VIEWS

[To accompany H. Con. Res. 214]

The Committee on the Budget submits the following report in explanation of the accompanying concurrent resolution (H. Con. Res. 214), setting forth the congressional budget for the United States Government for the fiscal year 1978, and recommends that it do pass.

(1)

GENERAL EXPLANATION OF H. CON. RES. 214

House Concurrent Resolution 214 revises House Concurrent Resolution 195, the First Budget Resolution for fiscal year 1978, which was rejected by the House on April 27. The Committee believes that the revised Resolution meets the overall objections of House members to adoption of the Resolution as amended by the House.

The House adopted the following amendments to House Concurrent Resolution 195:

(1) Committee amendments revising the Third Budget Resolution for fiscal year 1977 (S. Con. Res. 10) to eliminate the President's proposal for rebates and payments to individuals and to add approximately \$1.5 billion in fiscal year 1978 outlays for the agriculture function;

(2) Amendments to the fiscal year 1978 targets adding:

\$4.2 billion in budget authority and \$2.3 billion in outlays for the National Defense function,

\$249 million in budget authority and \$75 million in outlays for the Law Enforcement and Justice function, and

\$500 million in budget authority and outlays for the Veterans Benefits and Services function; and

(3) An amendment reducing budget authority and outlays by \$7 million in the General Government function.

The following table summarizes the President's budget requests, the Committee's original resolution as reported to the House (H. Con. Res. 195), the House's action on April 27, and the Committee's proposed revisions to House Concurrent Resolution 195:

FISCAL YEAR 1978 COMPARISON

(In millions of dollars)

	Carter request	H. Con. Res. ^a 195	House action		Revised resolution	
			Changes to H. Con. Res. 195 as reported	Resolution as amended	Changes to H. Con. Res. 195 as reported	Revised resolution totals
Revenues.....	401,624	398,094		398,094		398,094
Budget authority.....	507,254	500,764	+4,892	505,656	+1,328	502,092
Outlays.....	459,373	462,349	+4,383	466,732	+1,953	464,302
Deficit.....	57,749	64,255	+4,383	68,638	+1,953	66,208
Debt subject to limit.....	794,655	801,100	-6,132	794,968	-8,561	792,539
<hr/>						
050—National defense:						
Budget authority.....	120,136	115,986	+4,150	120,136	+1,150	117,136
Outlays.....	111,947	109,647	+2,300	111,947	+300	109,947
150—International affairs:						
Budget authority.....	10,293	9,543		9,543		9,543
Outlays.....	7,847	7,397		7,397		7,397
250—General science, space, and technology:						
Budget authority.....	4,930	4,930		4,930		4,930
Outlays.....	4,737	4,737		4,737		4,737
300—Natural resources, environment, and energy:						
Budget authority.....	20,462	20,950		20,950		20,950
Outlays.....	20,504	20,677		20,677		20,677
350—Agriculture:						
Budget authority.....	2,729	2,153		2,153		2,153
Outlays.....	2,333	2,880	+1,515	4,395	+1,515	4,395
400—Commerce and transportation:						
Budget authority.....	19,514	20,569		20,569		20,569
Outlays.....	20,093	20,277		20,277		20,277
450—Community and regional development:						
Budget authority.....	9,437	8,237		8,237		8,237
Outlays.....	10,101	10,926		10,926		10,926

500—Education, training, employment, and social services:						
Budget authority.....	26,679	22,739		22,739		22,739
Outlays.....	26,473	27,756		27,756		27,756
550—Health:						
Budget authority.....	47,847	47,685		47,685		47,685
Outlays.....	44,485	44,238		44,238		44,238
600—Income security:						
Budget authority.....	179,843	182,688		182,688		182,688
Outlays.....	146,549	148,309		148,309		148,309
700—Veterans benefits and services:						
Budget authority.....	19,062	19,935	+500	20,435	+125	20,060
Outlays.....	19,143	19,903	+500	20,403	+125	20,028
750—Law enforcement and justice:						
Budget authority.....	3,760	3,560	+249	3,809	+60	3,620
Outlays.....	3,862	3,800	+75	3,875	+20	3,820
800—General government:						
Budget authority.....	3,797	3,898	-7	3,891	-7	3,891
Outlays.....	3,816	3,998	-7	3,991	-7	3,991
850—Revenue sharing and general purpose fiscal assistance:						
Budget authority.....	10,692	9,822		9,822		9,822
Outlays.....	9,707	9,783		9,783		9,783
900—Interest:						
Budget authority.....	41,784	43,000		43,000		43,000
Outlays.....	41,785	43,000		43,000		43,000
Allowances:						
Budget authority.....	2,949	1,069		1,069		1,069
Outlays.....	2,651	1,021		1,021		1,021
950—Undistributed offsetting receipts:						
Budget authority.....	-16,660	-16,000		-16,000		-16,000
Outlays.....	-16,660	-16,000		-16,000		-16,000
Total:						
Budget authority.....	507,254	500,764	+4,892	505,656	+1,328	502,092
Outlays.....	459,373	462,349	+4,383	466,732	+1,953	464,302

The Committee believes that the House rejected H. Con. Res. 195 for one basic reason: that is, that although the House approved each individual amendment, the overall result of the adopted amendments was to increase the budget deficit to an unacceptable level and to establish budget priorities for the coming fiscal year that could no longer command the support of a majority of members. Consequently, the Committee's revisions are intended to accommodate, in part, each of the individual amendments adopted by the House in order that the budget deficit may be reduced to a reasonable level; and to propose a reasonably balanced set of national budget priorities, a critically important function of the new budget process.

The revisions adopted by the Committee for fiscal year 1978, to the amounts recommended in H. Con. Res. 195, its original resolution, are as follows:

(1) An amendment increasing spending for *agriculture* by \$1.515 billion in outlays. This amendment would result in an outlay target of \$4.395 billion in fiscal year 1978. The increase in outlays is the result of a reestimate submitted by the Office of Management and Budget to accommodate higher spending by the Commodity Credit Corporation.

(2) An amendment increasing spending for *national defense* by \$1.150 billion in budget authority and \$300 million in outlays. This amendment would result in targets of \$117.136 billion in budget authority and \$109.947 billion in outlays for national defense in fiscal year 1978. These higher targets assume increases for defense purchases and ERDA spending. The Committee believes this increase is adequate to maintain a strong and balanced defense establishment.

(3) An amendment increasing spending for *veterans benefits and services* by \$125 million in budget authority and outlays in fiscal year 1978. This amendment would result in targets of \$20.060 billion in budget authority and \$20.028 billion in outlays for the veterans function. This increase is in addition to the \$1.2 billion in authority for new entitlement initiatives proposed in H. Con. Res. 195, and should be adequate to permit the House to adopt a reasonable number of new initiatives for veterans programs.

(4) An amendment increasing spending for *law enforcement and justice* by \$60 million in budget authority and \$20 million in outlays. This amendment would result in targets of \$3.620 billion in budget authority and \$3.820 billion in outlays for the law enforcement function in fiscal year 1978. This increase should be adequate to permit the House to adopt higher funding levels than originally proposed in H. Con. Res. 195 for activities within this function; and reflects the judgment of the Committee that the reductions below the President's budget for this function are not targetted to particular programs or activities.

(5) An amendment reducing spending for *general government* by \$7 million in budget authority and outlays. This amendment would result in targets of \$3.891 billion in budget authority and \$3.991 in outlays for the general government function in fiscal year 1978.

Adoption of the revised resolution would result in the following overall budget aggregates:

	<i>Billions</i>
Revenues.....	\$398. 094
Budget authority.....	502. 092
Outlays.....	464. 302
Deficit.....	66. 208
Public Debt.....	792. 539

The amendments adopted by the House would have resulted in a deficit of \$68.638 billion. The Committee's revised resolution would increase the deficit originally proposed in H. Con. Res. 195 from \$64.255 billion to \$66.208 billion.

The Committee wishes to point out that the explanation of H. Con. Res. 195 contained in House Report No. 95-189 is fully applicable to this Resolution, except to the extent that H. Con. Res. 195 is being revised by this Resolution and report.

Fiscal Year 1977.—This Resolution also makes necessary adjustments in the Third Budget Resolution for Fiscal Year 1977 (S. Con. Res. 10) to remove provision for the \$50 individual tax rebate and payment proposal. The effect of this adjustment is to reduce the fiscal year 1977 deficit by \$10.5 billion, from \$69.75 to \$59.25 billion.

This adjustment affects both the revenue and spending sides of the budget. Removal of the tax rebates to individuals increases estimated revenues by \$7.3 billion, from \$347.7 billion to \$355.0 billion. In addition, the budget authority and outlay totals and the allocations for the income security function each would be reduced by \$3.2 billion. These payments are accounted for on the spending side of the budget because they represent payments to individuals in excess of tax liability.

* * * * *

The Committee wishes to call to the attention of the House that its revisions do not reflect the revised estimates announced by the Administration on April 22 indicating a shortfall of approximately \$6 billion in outlays in fiscal year 1977. Under provisions of the Budget Act, the Administration submits four comprehensive revisions of the budget estimates during the course of the year: one as part of its formal budget submission, usually in January; one on April 10 to give Congress the latest information in its preparation of the First Budget Resolution; one on July 15 to give Congress the latest information in its preparation of the Second Budget Resolution; and finally on November 10, in connection with its submission of the Current Services Budget.

This revision is a result of a general concern of the Administration expressed in the February 22 budget that in recent years there appears to be a general tendency for estimates to be overstated. It is different from the four comprehensive revisions called for by the Budget Act in that this analysis does not deal with budget authority, and a number of the revisions are based on agency, bureau, or major program aggregates. The lack of line item and other detailed supporting materials inhibits the usual careful review to which the regular comprehensive reestimates are subjected before they are adopted for use by the Congress. The lack of these supporting materials also would make more difficult the distribution of these revisions among the Committees of the Congress, which is required by Section 302 of the Budget Act.

The Budget Estimates Revision Document states:

A cautionary note is important. Despite recent outlay underruns it would be erroneous to assume that outlays for programs that are now underrunning will continue to under-run indefinitely. The estimates of relatively uncontrollable outlays can easily swing to being low rather than high, and outlays that were anticipated in this or earlier fiscal years in programs with carryover budget authority (*e.g.*, major procurement) will generally be made in 1978 or later years.

With five months in the fiscal year still left, it seems possible that such a reversal could still take place—at least in part—in this fiscal year, and thus any adjustment at this time may prove premature.

It is also true that budget estimates in many respects are not merely forecasts, but involve a plan of the Congress. They reflect assumptions about spending rates that are crucial to the role of the budget as a fiscal tool related to the goals of reducing unemployment and promoting growth in the economy. Accordingly, the Committee believes that adjusting the FY 1977 ceilings to reflect the recent revisions is both unnecessary and unwise at this time.

Committee action on First Budget Resolution.—The Committee considered the Resolution in open executive session on Friday, April 29, 1977. The Resolution was ordered reported by *voice vote*, a majority of the Committee being present and voting.

APPENDIX A-1
COMPARISON OF BUDGET AGGREGATES

[In millions of dollars]

	Fiscal year 1977 3d budget resolution	Fiscal year 1977 3d budget resolution revised	Fiscal year 1978		
			President Carter's request	Committee views and estimates	Committee recommendation
Revenues.....	347,700	355,000	401,624	399,400	398,094
Budget authority.....	472,900	469,700	507,254	531,700	502,092
Outlays.....	417,450	414,250	459,373	482,100	464,320
Deficit.....	69,750	59,250	57,749	82,700	66,208
Debt subject to limit.....	718,400	707,970	794,655	NA	792,539

Note: Detail may not add to totals due to rounding.

APPENDIX A-2
COMPARISON OF BUDGET AUTHORITY

[In millions of dollars]

Function	Fiscal year 1977 3d resolution	Fiscal year 1977 3d resolution revised	Fiscal year 1978		
			President Carter's request	House committee's views and estimates	Committee recommendation
050—National defense.....	108,800	108,800	120,136	121,200	117,136
150—International affairs.....	7,900	7,900	10,293	10,300	9,543
250—General science, space, and technology.....	4,500	4,500	4,930	5,000	4,930
300—Natural resources, environment, and energy.....	18,700	18,700	20,462	31,700	20,950
350—Agriculture.....	2,300	2,300	2,729	2,900	2,153
400—Commerce and transportation.....	17,300	17,300	19,514	22,700	20,569
450—Community and regional development.....	14,800	14,800	9,437	9,700	8,237
500—Education, training, employment, and social services.....	30,400	30,400	26,679	29,900	22,739
550—Health.....	40,600	40,600	47,847	49,100	47,685
600—Income security.....	170,900	167,700	179,843	181,700	182,688
700—Veterans benefits and services.....	18,900	18,900	19,062	20,500	20,060
750—Law enforcement and justice.....	3,500	3,500	3,760	4,000	3,620
800—General government.....	3,500	3,500	3,797	4,000	3,891
850—Revenue sharing and general-purpose fiscal assistance.....	7,600	7,600	10,692	10,900	9,822
900—Interest.....	38,000	38,000	41,784	41,800	43,000
Allowances.....	800	800	2,949	2,900	1,069
950—Undistributed offsetting receipts.....	-15,600	-15,600	-16,660	-16,700	-16,000
Total.....	472,900	469,700	507,254	531,700	502,092

APPENDIX A-3
COMPARISON OF OUTLAYS
(In millions of dollars)

Function	Fiscal year 1977 3d budget resolution	Fiscal year 1977 3d resolution revised	Fiscal year 1978		
			President Carter's request	House committee's views and estimates	Committee recommendtion
050—National defense.....	100,100	100,100	111,947	112,600	109,947
150—International affairs.....	6,800	6,800	7,847	8,000	7,397
250—General science, space, and technology.....	4,400	4,400	4,737	4,800	4,737
300—Natural resources, environment, and energy.....	17,200	17,200	20,504	26,200	20,677
350—Agriculture.....	3,000	3,000	2,333	5,800	4,395
400—Commerce and transportation.....	16,000	16,000	20,093	21,800	20,277
450—Community and regional development.....	10,550	10,550	10,101	11,700	10,926
500—Education, training, employment, and social services.....	22,700	22,700	26,473	31,500	27,756
550—Health.....	39,300	39,300	44,485	45,500	44,238
600—Income security.....	141,300	138,100	146,549	147,800	148,309
700—Veterans benefits and services.....	18,100	18,100	19,143	20,600	20,028
750—Law enforcement and justice.....	3,600	3,600	3,862	4,100	3,820
800—General government.....	3,500	3,500	3,816	4,000	3,991
850—Revenue sharing and general-purpose fiscal assistance.....	7,700	7,700	9,707	9,900	9,783
900—Interest.....	38,000	38,000	41,785	41,800	43,000
Allowances.....	800	800	2,651	2,700	1,021
950—Undistributed offsetting receipts.....	-15,600	-15,600	-16,660	-16,700	-16,000
Total.....	417,450	414,250	459,373	482,100	464,302

APPENDIX A-4
HISTORICAL PERSPECTIVE OF FUNCTIONAL OUTLAYS

[In millions of dollars]

Function	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972	Fiscal year 1973	Fiscal year 1974	Fiscal year 1975	Fiscal year 1976	Transition quarter	Fiscal year 1977 3d resolution	Fiscal year 1978		
										Ford	Carter (Feb. 22)	Committee
050—National defense.....	79,284	76,807	77,356	75,072	78,569	86,585	89,996	22,518	100,100	112,262	111,947	109,947
150—International affairs.....	3,564	3,093	3,868	3,504	4,821	5,862	5,067	1,997	6,800	7,281	7,847	7,397
250—General science, space, and technology.....	4,508	4,180	4,174	4,030	3,977	3,989	4,370	1,161	4,400	4,725	4,737	4,737
300—Natural resources, environment, and energy.....	4,043	4,941	5,521	5,947	6,571	9,537	11,282	3,324	17,200	19,747	20,504	20,677
350—Agriculture.....	5,164	4,288	5,279	4,855	2,230	1,660	2,502	584	3,000	2,333	2,333	4,395
400—Commerce and transportation.....	9,090	10,396	10,601	9,930	13,096	16,010	17,248	4,700	16,000	19,252	20,093	20,277
450—Community and regional development.....	3,166	3,632	4,325	5,529	4,911	4,431	5,300	1,530	10,550	7,868	10,101	10,926
500—Education, training, employment, and social services.....	7,888	9,045	11,694	11,874	11,598	15,248	18,167	5,013	22,700	19,358	26,473	27,756
550—Health.....	13,051	14,716	17,471	18,832	22,074	27,647	33,448	8,720	39,300	43,205	44,485	44,238
600—Income security.....	43,066	55,423	63,911	72,958	84,341	108,605	127,406	32,796	138,100	143,892	146,549	148,309
700—Veterans benefits and services.....	8,677	9,776	10,730	12,013	13,386	16,597	18,432	3,962	18,100	18,279	19,143	20,028
750—Law enforcement and justice.....	952	1,299	1,650	2,131	2,462	2,942	3,320	859	3,600	3,789	3,862	3,820
800—General government.....	1,940	2,159	2,466	2,682	3,327	3,089	2,927	878	3,500	3,930	3,816	3,991
850—Revenue sharing and general-purpose fiscal assistance.....	451	488	531	7,222	6,746	7,005	7,119	2,024	7,700	8,089	9,707	9,783
900—Interest.....	18,312	19,609	20,582	22,813	22,072	30,974	34,589	7,246	38,000	39,735	41,785	43,000
Allowances.....									800	2,651	2,651	1,021
950—Undistributed offsetting receipts.....	-6,567	-8,247	-8,137	-12,318	-16,651	-14,704	-14,704	-2,567	-15,600	-16,429	-16,660	-16,000
Total.....	196,588	211,425	232,021	247,074	269,620	326,105	366,466	94,746	414,250	439,967	459,373	464,302

¹ Includes committee amendment revising S. Con. Res. 10.

Note: Detail may not add to totals due to rounding.

APPENDIX A-5

HISTORICAL PERSPECTIVE OF FUNCTIONAL OUTLAYS AS A PERCENT OF TOTAL BUDGET OUTLAYS

Function	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972	Fiscal year 1973	Fiscal year 1974	Fiscal year 1975	Fiscal year 1976	Transition quarter	Fiscal year 1977 3d resolution ¹	Fiscal year 1978		
										Ford	Carter (Feb. 22)	Committee
050—National defense.....	40.3	36.3	33.3	30.4	29.1	26.6	24.6	23.8	24.2	25.5	24.4	23.7
150—International affairs.....	1.8	1.5	1.7	1.4	1.8	1.8	1.4	2.1	1.6	1.7	1.7	1.6
250—General science, space, and technology.....	2.3	2.0	1.8	1.6	1.5	1.2	1.2	1.2	1.1	1.1	1.0	1.0
300—Natural resources, environment and energy.....	2.1	2.3	2.4	2.4	2.4	2.9	3.1	3.5	4.2	4.5	4.5	4.5
350—Agriculture.....	2.6	2.0	2.3	2.0	.8	.5	.7	.6	.7	.5	.5	.9
400—Commerce and transportation.....	4.6	4.9	4.6	4.0	4.9	4.9	4.7	5.0	3.9	4.4	4.4	4.4
450—Community and regional development.....	1.6	1.7	1.9	2.2	1.8	1.4	1.4	1.6	2.5	1.8	2.2	2.4
500—Education, training, employment, and social services.....	4.0	4.3	5.0	4.8	4.3	4.7	5.0	5.3	5.5	4.4	5.8	6.0
550—Health.....	6.6	7.0	7.5	7.6	8.2	8.5	9.1	9.2	9.5	9.8	9.7	9.5
600—Income security.....	21.9	26.2	27.5	29.5	31.3	33.3	34.8	34.6	33.3	32.7	31.9	31.9
700—Veterans benefits and services.....	4.4	4.6	4.6	4.9	5.0	5.1	5.0	4.2	4.4	4.2	4.2	4.3
750—Law enforcement and justice.....	.5	.6	.7	.9	.9	.9	.9	.9	.9	.9	.8	.8
800—General Government.....	1.0	1.0	1.1	1.1	1.2	.9	.8	.9	.8	.9	.8	.9
850—Revenue sharing and general purpose fiscal assistance.....	.2	.2	.2	2.9	2.5	2.1	1.9	2.1	1.9	1.8	2.1	2.1
900—Interest.....	9.3	9.3	8.9	9.2	10.4	9.5	9.4	7.6	9.2	9.0	9.1	9.3
Allowances.....									.2	.6	.6	.2
950—Undistributed/offsetting receipts.....	-3.3	-4.0	-3.5	-5.0	-6.2	-4.3	-4.0	-2.7	-3.8	-3.7	-3.6	-3.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Includes committee amendment revising S. Con. Res. 10.

Note: Detail may not add to totals due to rounding.

APPENDIX A-6

COMPARISON OF PRESIDENT CARTER'S REQUEST AND HOUSE BUDGET COMMITTEE RECOMMENDATION
FOR THE FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1978

Function	President Carter's request (Feb. 22, 1977)		Changes recommended by the committee		Committee recommendation	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
050—National defense.....	120,136	111,947	-3,000	-2,000	117,136	109,947
150—International affairs.....	10,293	7,847	-750	-450	9,543	7,397
250—General science, space, and technology.....	4,930	4,737			4,930	4,737
300—Natural resources, environment, and energy.....	20,462	20,504	488	173	20,950	20,677
350—Agriculture.....	2,729	2,333	-576	2,062	2,153	4,395
400—Commerce and transportation.....	19,514	20,093	1,055	184	20,569	20,277
450—Community and regional development.....	9,437	10,101	-1,200	825	8,237	10,926
500—Education, training, employment, and social services.....	26,679	26,473	-3,940	1,283	22,739	27,756
550—Health.....	47,847	44,485	-162	-247	47,685	44,238
600—Income security.....	179,843	146,549	2,845	1,760	182,688	148,309
700—Veterans benefits and services.....	19,062	19,143	998	885	20,060	20,028
750—Law enforcement and justice.....	3,760	3,862	-140	-42	3,620	3,820
800—General Government.....	3,797	3,816	94	175	3,891	3,991
850—Revenue sharing and general purpose fiscal assistance.....	10,692	9,707	-870	76	9,822	9,783
900—Interest.....	41,784	41,785	1,216	1,215	43,000	43,000
Allowances.....	2,949	2,651	-1,880	-1,630	1,069	1,021
950—Undistributed offsetting receipts.....	-16,660	-16,660	660	660	-16,000	-16,000
Total.....	507,254	459,373	-5,162	4,929	502,092	464,302

APPENDIX B

COMPARISON OF FISCAL YEAR 1978 DEFICITS

Most of the \$8.5 billion difference between President Carter's deficit as reflected in his February 22 budget amendments and the deficit recommended by the Budget Committee as reflected in this revised first concurrent resolution as reported is accounted for by economic assumptions and estimating differences.

Budget Committee economic assumptions and estimates:	<i>Billions</i>
Revenues.....	\$2.5
Outlays.....	3.6
	+6.1
	+6.1
 Budget Committee program differences:	
Revenues.....	1.0
Outlays.....	1.4
	+2.4
	+2.4
 Total difference in deficit.....	8.5

(In millions of dollars)

	Carter, Feb. 22	1st budget resolution revised	Change
Outlays.....	459,373	464,302	+4,929
Revenue.....	401,624	398,094	-3,530
	57,749	66,208	+8,459

¹ This figure does not include the \$1,975,000,000 outlay increase for Commodity Credit Corporation which was submitted by President Carter in his Apr. 22 budget revisions and was assumed by the Budget Committee as a reestimate for CCC.

Selected major items explaining change in the deficit

I. Revenues

	<i>Millions</i>
Reestimates due to economic assumptions.....	-2,500
Tax cut larger than President's proposal in House-passed bill, including an increase in the standard reduction for single taxpayers and a new jobs tax credit.....	-1,030
	-3,530
Subtotal, Revenues.....	-3,530
Net effect, all revenue changes.....	-3,500

*Selected major items explaining change in the deficit—Continued***II. Outlays****Reestimates due to economic assumptions:**

Interest.....	+ 1, 215
Social security retirement.....	+ 782
Countercyclical.....	+ 120
Unemployment benefits.....	+ 550
Medicare-medicaid.....	- 646
Other.....	- 495
Subtotal, reestimates due to economic assumptions.....	+ 1, 526

Other reestimates and financial transactions:

Outer Continental Shelf.....	+ 1, 500
Social security—Goldfarb.....	+ 518
Commodity Credit Corporation.....	+ 1, 975
Foreign Military Sales.....	- 500
Reestimate of GI bill participation rates.....	- 407
Transportation (Highway Trust Fund).....	- 400
EX-IM Bank.....	- 350
Other.....	- 319
Subtotal, other reestimates and financial transactions.....	+ 2, 017

Net effect, all reestimates and financial transactions..... + 3, 600

Changes in funding levels:

Defense.....	- 1, 200
Allowances (unidentified contingencies).....	- 1, 630
Education, training, and social services.....	+ 901
Veterans.....	+ 1, 292
Community and regional development.....	+ 825
Commerce and transportation.....	+ 584
Natural resources.....	- 87
Health.....	+ 191
Other.....	+ 500

Subtotal, changes in funding levels..... + 1, 386

Net effect, all changes in funding levels..... + 1, 400

SUPPLEMENTAL VIEWS OF HONS. PARREN J. MITCHELL AND LOUIS STOKES

The Budget Committee has adopted a "compromise" budget resolution that circumvents the national budget priorities. In the process of preparing the "compromise" budget resolution, an unacceptable balance between human needs and other needs has been established. This approach of establishing national budget priorities is highly suspect. We further contend that the House's failure to adopt the initial proposal was a justifiable response to a budget that relegated human needs to an unacceptable rung on the budget ladder.

Perhaps, the rejection of the initial budget proposal was not strong enough indication of the pervasive mood of the Congress. However, it is patently obvious that unless an acceptable balance is made, the budget process will be rendered inoperative. We must reemphasize that the "Declaration of Purposes," Public Law 93-344, sets forth the purpose of the Budget Committee: "The Congress declares that it is essential to establish *national budget priorities*." Moreover, it seems extremely difficult to accomplish this objective, if external pressures are placed on the Budget Committee.

The "compromise" budget resolution proposes to increase the Defense function 050 by 1.150 billion dollars but no equitable increases are put in place for education, health, employment, and other basic human needs. We submit emphatically that the revisions in defense are not justifiable. These increases in defense demonstrate the unwillingness of the Committee to recognize the national priorities. Are we not specifically targeting funds to national defense while other national priorities seem to be neglected? The "compromise" budget clearly answers the question.

The "Mitchell Transfer Amendment" was not merely an attempt to answer this question but would have reordered national priorities to make them consistent with the needs of the American people. Although the Amendment was not adopted, it created a profound conceptual argument for establishing national budget priorities. Furthermore, as Chairman of the Task Force on Human Resources and Chairman of the Task Force on Community and Physical Resources of the Budget Committee, we anticipate that adjustments to accommodate education, health, employment, and other basic needs will be necessary. The proposed increases in the defense budget do not allow for the necessary resources to correct the imbalance. This is not fair.

We must; therefore, oppose this "compromise" budget resolution on the basis that it continues to ignore pertinent issues and employs irrational economics to solve critical problems. We would also reiterate our concern for the policy approach that was taken to draft the "compromise" budget resolution.

PARREN J. MITCHELL.
LOUIS STOKES.

MINORITY VIEWS OF HONS. DELBERT L. LATTA, JAMES T. BROYHILL, BARBER B. CONABLE, JR., MARJORIE S. HOLT, JOHN H. ROUSSELOT, JOHN J. DUNCAN, CLAIR W. BURGNER, RALPH S. REGULA

After the crushing defeat suffered in the House by the original First Concurrent Resolution on the fiscal year 1978 Budget, the Minority Members had assumed the message would have been abundantly clear to the leadership of the Majority: namely, that economic conditions and pure common sense dictated that 1978 spending plans had to be revised downward to get the country back on the track towards a balanced budget in 1981. But rather than heeding that message, the Democratic leadership has devised a slightly altered Resolution which eliminates the one Floor amendment supported by a wide coalition of moderate Republicans and Democrats alike—restoration of the arbitrary cuts made by the Committee Majority in the National Defense—and then proceeds, after a handful of cosmetic changes, to give us back the very same document which was rejected so overwhelmingly on the House floor last week. Instead of seeking a middle ground with the moderate forces within the Congress, the Majority leadership capitulated to the demands of a small segment of the Democratic party that our Nation's defense budget be slashed while simultaneously financing substantial increases in social programs with borrowed money. It is incredible to us that with such a lopsided majority in the Congress, the Democratic leadership somehow believes such a sell-out is the only way to capture a bare majority vote for its budget resolution.

We also find it incredible that the Majority has adopted unquestioningly the dangerous and inaccurate line of those Democrats who claim that past budgets have bloated military spending and short-changed social spending. The very opposite is true and we offer in proof this simple and irrefutable chart:

DEFENSE SPENDING VERSUS SOCIAL SPENDING

	Fiscal year 1970		Fiscal year 1978		Percent increase 1970-78
	Defense outlays	Percent of total outlays	Defense outlays	Percent of total outlays	
Defense.....	\$79	40	\$110	24	39
Social.....	73	37	239	52	227

The Minority Members of this Committee are left, then, with no alternative but to resist approval of this new resolution. We are not being churlish, nor are we being obstructionists. Indeed, while we have been outspoken in our support of President Carter's goal to balance the budget by fiscal year 1981, there has been a noticeable

lack of enthusiasm and support coming from Members of the President's own party.

It is ironic that the same Majority leaders who so bitterly criticized the Republicans for not voting in favor of the Resolutions are the same ones who then promptly turned around and made no effort whatsoever to consult with the Minority prior to unveiling what was heralded as a "compromise" resolution. Since the Majority seems so eager to have our votes but not our views, we must use this forum to ask the Majority a series of questions they seem intent on ignoring:

How, in the face of a literal blizzard of evidence showing the economy is recovering at a strong and rapid rate, can the Majority insist on enormously costly stimulus programs which are the sort of responses which might be used when the economy is at the bottom of a recession, not one into its third full year of recovery?

How, when inflation is accelerating and causing capital investment to be sluggish, can the Majority decide that what the economy needs is more "stimulation" at a cost of a deficit just short of the all-time record high?

How can we reach President Carter's balanced budget when the Majority pushes for a budget deficit which goes up (by \$18 billion) not down, over the one we will run in 1977?

How can the Majority continue to shortchange the defense of all our people, while at the same time approving substantial increases in programs which must be paid for by the taxpayers but do not benefit them?

How can the Majority support tax relief for some people, but then raise taxes for the remainder—including most middle-income homeowners—by not adjusting the tax rates to reflect inflation?

How can the Majority refuse to give the American people the Republican-sponsored 10% across-the-board tax reduction on the grounds that we can't afford it, but then routinely approve spending increases which will push the country another \$66 billion into debt?

We Minority Members of the Budget Committee do not intend to let these questions go unanswered. There is simply no excuse to force on the American people a budget replete with pork barrel spending programs, a near record deficit and built-in tax increases for all taxpayers during a time when the economy is recovering at a strong, sustainable rate. We pledge to do our part in seeing that the Federal budget is balanced no later than 1981, that the Nation's defense capabilities are not sacrificed to a vociferous minority within the Democratic party, and that the American people get the tax relief they so desperately need and so richly deserve.

DELBERT L. LATTA.
 JAMES T. BROYHILL.
 BARBER B. CONABLE, Jr.
 MAJORIE S. HOLT.
 JOHN H. ROUSSELOT.
 JOHN J. DUNCAN.
 CLAIR W. BURGNER.
 RALPH S. REGULA.

SUPPLEMENTAL VIEWS OF HON. MARJORIE S. HOLT

The House voted by a large margin on April 27 to restore \$4.1 billion in budget authority and \$2.3 billion in outlays to the National Defense function after this Committee had cut those amounts from President Carter's defense requests.

I believe that vote, 225-184, represented the voice of the people of the United States. They are concerned about the adequacy of our national security, and there are compelling reasons for such concern.

But we all know what happened to that budget resolution on the House Floor. It was defeated for a variety of reasons, and the Committee is now sending this revised resolution to the Floor with some compromise provisions. Unfortunately, the sums for the National Defense function remain inadequate, cutting \$3 billion in budget authority and \$2 billion in outlays from President Carter's defense requests.

You will hear some speakers saying that even with these cuts, the defense function will have an increase from the current fiscal year. This resolution provides defense budget authority of \$117.1 billion, an increase of \$8.3 billion, and estimated outlays of \$109.9 billion, an increase of \$9.8 billion from the current fiscal year.

It sounds great until you review it from a historic perspective. As a member of the House Armed Services Committee and its Intelligence Subcommittee, I am terribly alarmed by the trends. The United States will be in mortal danger if we allow the Soviet Union to achieve significant military superiority. The Soviet rulers are determined to achieve that goal, imposing rigorous hardships on their own people to finance the extreme cost. The United States has been relaxing its defenses, allowing our military strength to erode, and reducing the defense share of our total budget.

Comparing the projected 1978 outlays in this resolution with actual outlays in 1970, we find that spending for human resources programs will have soared by 227 percent while defense spending will have increased by 39 percent. Because defense outlays have not even kept pace with inflation, we have experienced a net reduction in defense effort.

In 1970, outlays for defense were 40 percent of federal spending and human resources programs took 37 percent. In this proposed fiscal 1978 budget, defense will have 24 percent and human resources programs will get 52 percent. The priorities have changed dramatically.

Let us not hear anybody complain that social programs have been sacrificed for defense. It is just the other way around. I offer the following chart that tells the story:

DEFENSE AND HUMAN RESOURCES OUTLAYS

[In billions of dollars]

	1970	Percent of total outlays	Estimated, 1978	Percent of total outlays	Percent increase, 1970-78
Defense.....	\$79	40	\$110	24	39
Human resources ¹	73	37	239	52	227

¹Includes these functional budget categories: Education, training, employment, and social services; health, income security; veterans' benefits, and services.

The function of the budget process is to establish national priorities, and I cannot believe that any priority is more important than national security. Without it, our lives, liberty and property are risked. This is the issue of survival, and none other can be as important.

The question before the House is not whether the defense budget should be increased by some finite amount for the next fiscal year, but whether the amount is adequate for the defense of our nation.

President Carter submitted a realistic defense request to the Congress. It was not all that the Pentagon would have liked, but it provided for some real growth in our defense effort. The Armed Services Committee concluded that it was the minimum necessary to provide some real and desperately needed growth in our strength.

It is clear that the priority attention has gone to federal social programs in recent years at the expense of defense. But the threat that now confronts us should cause us to reverse that trend.

President Carter recently warned us of the gravity of our energy crisis, but he also recognizes the military balance-of-power crisis that looms before us. We confront an empire that is engaged in an enormous buildup of military power for aggressive purposes.

If we fail to respond to the challenge, if we choose the course of weakness instead of strength, we will be inviting aggression. This is the lesson of American history and world history, and we must head it.

MARJORIE S. HOLT.

SUPPLEMENTAL VIEWS OF HON. JOHN H. ROUSSELOT

In addition to the sentiments expressed in the body of the Minority views I feel it is noteworthy to point out that the defeat of H. Con. Res. 195 marks a dissatisfaction shared by many Members not only with the record high deficits which the resolution called for, but also the use of the process by which the budget was derived. For a full two days the resolution was debated while Members wrangled over self-serving amendments to accommodate pet programs and special interests. Even though the Budget Control Act was never designed to permit "line-item" consideration of individual programs, many hours were devoted to increasing various functions for numerous spending boondoggles which, in the end, provided us with a record deficit of nearly \$69 billion. Then, after seeing what their combined "efforts" had produced, the Members of the House voted down the resolution overwhelmingly.

Almost three years ago, the 93d Congress passed the Budget Control and Impoundment Act of 1974. The law was hailed by many as a "great step forward" in budgetary control. After many years without a formal method by which Congress could monitor its spending procedures, the Budget Control Act was greeted as the answer to our problems. In the opinion of many, we were finally on our way to fiscal integrity and balanced budgets. Unfortunately, however, as was evidenced by last Wednesday's debacle, our dreams for true budget reform are far from being fulfilled. As I recently stated during a Special Order on the Budget Act sponsored by Representative Holt:

Under the Budget Control and Impoundment Act, we all hoped that progress would be made toward restricting the tremendous escalation in budget expenditures that has taken place in recent years. It took the U.S. Government 181 years to reach its first \$200 billion budget. In 1977, only 6 years later, Congress approved a budget that was more than twice that size: \$417 billion. And the increases continue. This week, the Budget Committee will report out the first concurrent resolution on the budget for fiscal year 1978, by far the largest budget in the history of the Union—\$462 billion. Since 1974 alone, the year the Budget Control Act was passed, the U.S. Government has spent well over \$1 trillion, and the size of the Federal budget has almost doubled. It is plain to see that the restraints in increases that many of us had hoped for simply have not materialized . . . It seems clear by considering such figures that the act, rather than controlling deficits, has "legitimized" them.

In summary, it is my belief that the Budget Control and Impoundment Act of 1974 has not been effectively used to deal with the problems of restraining increases in spending, working towards balanced budget practices, or adhering to and respecting its own expenditure ceilings. It is only by vigorous discipline and hard-nosed collective *restraint* that we will finally eliminate red ink financing and put our fiscal house in order.

JOHN H. ROUSSELOT.

