

LEGISLATIVE ALERT WEEKLY BULLETIN

Week of May 11, 1981

* The LEGISLATIVE ALERT WEEKLY BULLETIN text will be placed on the CMS system on Friday. It will be available in Boston to be read on the screen or printed and xeroxed. Update items may appear throughout the week in preparation for the BULLETIN being ready on Friday.

* The Senate is expected to continue consideration of S. Con. Res. 19, the First Budget Resolution on Monday and until completed. Conference with the House is expected next week and is expected to be quick.

* The Senate Judiciary Subcommittee on the Constitution voted 3-0 on May 7th for a constitutional amendment to balance the budget. Under the bill, federal spending could not exceed federal income. Two members of the Subcommittee, Sens. Grassley and Leahy were not present for the vote and will be asked to vote subsequently.

* The Senate on Thursday, May 7, confirmed the nominations of Thomas Pauken and Loret Ruppe as Directors of ACTION and the Peace Corps respectively, by voice vote.

* Paul has become a member of the Advisory Board of The Environmentalist, a new journal on international environmental issues published in Switzerland.

* Energy Committee Tied Up on SPRO: That's the Strategic Petroleum Reserve. The Senate and now the House have assumed that the reserve will be funded off-budget and the Energy Committee is trying to figure out how to do it. The consensus is that direct appropriation on-budget, \$3 billion, is the best way. But, the Budget Committee has boxed the Energy Committee in. Off-budget options range from selling oil bonds, creating a new borrowing authority, levying a new tax, mere relabeling of accounts, to moving it into the Defense Department where there is plenty of money. Not one of these options is without serious problems.

Until the Committee figures out an approach to funding SPRO, it can't move on to the DOE budget for energy programs. Maybe we could hold a raffle or a bake sale? [Thanks to Mitch for the levity...not to mention levying!- ed]

* Paul has cosponsored Senate Amendment No. 38 to S.48, which would separate the Peace Corps from ACTION. The amendment was introduced by Sen. Cranston. Sens. Pell, Mathias, Biden, Sarbanes, Baucus, Kennedy, Dodd, Glenn and Bradley are cosponsors.

* Hearings are scheduled for May 13th before the Senate Small Business Committee on S.881, the Small Business Innovation Act. Paul, although not yet a cosponsor, plans to participate actively on this bill. Field hearings in Boston, co-chaired by Paul and Sen. Rudman are tentatively planned for July.

* Commercial and Multifamily Tax Credit Bill- Mitch and Marty are currently incorporating comments by Massachusetts reviewers. Introduction of the legislation is likely in the next two weeks.

* The Senate Judiciary Subcommittee on Separation of Powers, chaired by Sen. John East, will resume hearings on May 20 on a bill (S.158) that would allow states to enact anti-abortion laws.

* Warren S. Richardson, accused of being anti-Semitic and racist, denied the charges, but on April 24 asked that his nomination to be Assistant Secretary of HHS for Legislation be withdrawn. HHS Secretary Schweiker agreed to the request "with regret" and said a department investigation had uncovered "no evidence that Warren Richardson is or ever was anti-Semitic or racist."

Rep. Sam Gejdenson of Connecticut, and two Jewish organizations had challenged the nomination, noting that Richardson served as general counsel of the Liberty Lobby for four years during which the organization repeatedly denounced Jews and claimed there was an international Zionist plot to rule the world. Richardson said he learned the group was "anti-Jewish and racist" shortly after joining it in 1969, but did not quit until 1973 because he needed the money.

* Note: Paul's February letter to the President regarding enhanced equipment for Saudi Arabia's F-15 aircraft appeared in the Congressional Record on page S.1242.

* In a Harris Poll done in January, respondents were asked to rate the last eight Presidents of the United States. They were asked to name the one who was best in domestic affairs, the best in foreign affairs and the one who was least able to get things done. Results:

Best on Domestic Affairs

Roosevelt	24%
Kennedy	23%
Truman	10%
Johnson	10%
Eisenhower	9%
Nixon	5%
Ford	5%
Carter	2%

Best in Foreign Affairs

Nixon	30%
Kennedy	20%
Roosevelt	11%
Truman	11%
Eisenhower	10%
Carter	5%
- Ford	3%
Johnson	2%

Least Able to Get Things Done

Carter	44%
Ford	13%
Nixon	12%
Johnson	9%
Eisenhower	5%
Kennedy	4%
Truman	1%
Roosevelt	1%

The respondents were also asked to compare their expectations of Reagan's performance with the past eight Presidents: 12% said he will turn out to be one of the very best of the past eight presidents; 48% said he'll be better than most; 30% said not as good as most; and 10% said that he will turn out to be definitely worse than most.

* Last week, the House Appropriations Committee restored \$20.25 million to the CONSERVATION BANK for FY1981. The Administration has asked for a full rescission.

* On May 7th, the Senate Subcommittee on Immigration and Refugee Policy and the House Subcommittee on Immigration, Refugees and International Law held hearings on the report of the Select Commission on Immigration and Refugee Policy.

* The House Subcommittee on Courts, Civil Liberties, and the Administration of Justice has approved \$260 million for the Legal Services Corp. (a 25% cut from the Carter Administration's request) with a number of restrictive changes in the program's operation. For example, the Board of Directors of the Corporation (which Reagan will appoint) will have greater power to fire employees considered to be subverting the intent of Congress and to withhold funds from local programs. Employees engaged in illegal lobbying would be subject to criminal penalties. States would establish advisory councils to serve as buffers between the agency and state and local governments. Class-action suits against governmental units would be forbidden unless in accord with policies laid down by the Corporation's directors. The full House Judiciary Committee is expected to approve the recommendations of the Subcommittee.

* On May 6th, the House Select Education Subcommittee marked-up the ACTION Authorization legislation, H.R.3292. The Subcommittee agreed to an amendment offered by Congressman Simon to attach Congressman Panetta's Select Commission on Voluntary Service Opportunities proposal to the authorization measure. Two important changes were made. First, the membership of the Commission will be reduced from 21 to 15. Second, the funding for the Commission will be reduced from \$3.1 million to \$1 million.

* During consideration of the First Budget Resolution in the House the Massachusetts delegation voted 3-8 on the Black Caucus Substitute (Frank, Moakley, Studds); 9-2 on the Obey Substitute

(Heckler, Conte); and 2-9 on the Gramm-Latta Substitute (Heckler, Conte).

* The Senate is considering the First Concurrent Budget Resolution. As provided by the 1974 Congressional Budget Act, there is an overall time limitation of 50 hours.

Much of the confusion on various budget projections arises from differences in the economic assumptions on which the various programs are based. The Senate Budget Committee's Resolution is based upon the same assumptions as the President used with the exception of some adjustment in interest rates. These assumptions are based on an optimistic view of the economy and rely on as yet unproven economic responses to large personal income tax cuts. Historically, the Budget Committee, in preparing its budget, has relied upon the economic forecast of the Congressional Budget Office (CBO). However, this resolution ignores CBO's economic assumptions which project slower economic growth and higher inflation than does the Administration.

On April 9, the Committee rejected, by a vote of 8 to 12, a motion to report the budget resolution. This version of the budget, which was also based on the Administration's assumptions, predicted nearly twice the rate of growth in 1982 than that of any other major economic forecasters, projected unrealistic inflation and interest rates, contained the Kemp-Roth personal tax cut, and still left a \$44.8 billion deficit in FY1984 rather than the promised balanced budget.

Two weeks later, on April 29, the Committee adopted a Republican proposal to produce a balanced budget in FY1984. The accounting device used and endorsed by the Republican majority employs a number of assumptions to achieve savings. Based on the Administration's economic and spending assumptions the questionable savings in outlays employed to eliminate the deficit are (in billions of dollars):

1. Administration rather than CBO estimates of defense outlays (-5.1 in 1982; -2.1 in 1983; -7.4 in 1984)
2. 1% cut across-the-board for reductions in waste, fraud, and abuse (-7.2 in 1983; -7.7 in 1984)
3. 40% absorption of defense pay costs (-1.9 in 1983; -1.9 in 1984)
4. Assumed passage of legislation to increase presidential impoundment powers (-5.0 in 1983; -5.0 in 1984)
5. Unidentified savings to be proposed (-15.4 in 1983; -22.8 in 1984)

This totals to a net "savings" over the previous Republican proposal of \$5.1 billion in 1982; \$31.6 billion in 1983; and \$44.8 billion in 1984!

The Committee also adopted a revision of the cost-of-living adjustment (COLA) for Federal income security programs, military

pensions, and veterans pensions programs under which programs presently indexed by the CPI would be governed by the lower of the wage index or the CPI, effective July 1, 1981. Beginning in 1982, all COLA increments would be granted on October 1, instead of July 1. This revision is similar to an amendment offered by Senator Hollings during the Senate floor debate on S. Con. Res. 9, the Reconciliation bill, which the Senate defeated by a vote of 12-86 on April 1.

The additional outlay savings which would be achieved by the COLA revision are estimated at \$7.9 billion in FY1982, \$7.3 billion in 1984. These savings, when added to the savings mentioned above result in a total of \$13 billion in FY1982; \$38.9 billion in 1983; and \$52.2 billion in 1984.

The recommended budget provides for Federal pay increases consistent with the adoption of the President's Federal employee compensation reform proposal which would result in a FY1982 pay raise of 9.1% for military personnel and 4.8% for civilian personnel. It also provides for enactment of a 5.3% pay raise for military personnel during the last quarter of FY1981.

The resolution recommends defense spending which would increase at an average annual rate of 16.4% for FY1981-1985.

* Clinch River Unclinched:

The House Science and Technology Committee voted Thursday, 22-18, to deauthorize the Clinch River Breeder Reactor program. This is an important symbolic defeat for the program. Action will now shift to the House Appropriations Committee. In past years the program has suffered defeats on the House floor and in the Senate Energy Committee on the Department of Energy Authorization bill only to have that bill fail to be enacted by the Congress. Therefore the program has survived by virtue of continuing appropriations.

On the Science and Technology Committee vote, Rep. Claudine Schneider of Rhode Island led a group of conservative Republicans in opposition to Clinch River.

* Paul offered and the Foreign Relations Committee approved an amendment to add \$20 million in foreign military sales credits to Greece. This restored the critical 7 to 10 military aid ratio between Greece and Turkey and it helps to reassure the Greek government of continued American support for Greek security and an Eastern Mediterranean military balance.

*Lefever Update- The Committee is now setting the witness list. Paul is interviewing prospective witnesses.

* On Monday, the Foreign Relations Committee will continue mark-up of the Foreign Aid bill. Paul will offer an amendment on Angola to retain or modify the Clark Amendment and on South Africa (\$4.7 million for college fellowships for South African Blacks to study here in the United States).