

BUDGET OUTLAYS

In total, including both programs covered and excepted under Public Law 90-364, budget outlays are currently estimated at \$184.4 billion, down \$1.7 billion from the January estimate of \$186.1 billion. Congressional action when finally completed is estimated to result in net reductions totaling \$3.1 billion. Largely as a result of upward revisions in estimated outlays for programs excepted from the provisions of Public Law 90-364 and for uncontrollable covered programs, total reestimates—upward and downward—indicate a net increase over the original budget estimate of \$5 billion. The current agency target reductions under Public Law 90-364 total \$3.5 billion to reach the required \$6 billion cutback.

Table 7 shows the estimates and changes for each agency in total.

Major *decreases* from the January estimates, based on assumptions concerning incomplete congressional action, are:

[Millions of dollars]

Department of defense (military) and military assistance: Estimated congressional appropriation reductions in military personnel, operation and maintenance and procurement will be more than offset by the upward reestimate of outlays for Vietnam. An additional reduction is planned, under the Public Law 90-364 requirements, in non-Vietnam outlays—including steps already taken to inactivate 50 Navy ships and 8 naval air squadrons, to close 23 Army Nike-Hercules air defense sites and 7 Army headquarters installations, and the decision not to complete activation of the 6th Infantry Division-----	—542
Corps of Engineers: Congressional reductions and the target Public Law 90-364 reduction will hold the corps' water resource projects to the level of outlays indicated by the action on appropriations by the House of Representatives-----	—100
Housing and Urban Development: Almost all of the reduction reflects reestimates, including (1) an <i>increase</i> for FNMA mortgage purchases and financing of FHA sales, reflecting mortgage market conditions, more than offset by decreases for (2) an earlier than originally expected completion of the transfer of FNMA's secondary market operations to private ownership, (3) the transfer of the urban mass transit program to the Department of Transportation, and (4) slower than estimated outlays in other grant and loan programs-----	—414
Interior: The decrease represents mainly (1) reductions by the Congress for the Bureau of Reclamation, the land and water conservation fund, Indian programs, and other activities and (2) a higher estimate of receipts from mineral leases on the Outer Continental Shelf, which are offset against the Department's disbursements-----	—415
Post Office: The reduction reflects a decrease by Congress, a reestimate of transportation costs, and further administrative reductions made possible through additional improvements in operating efficiency-----	—100
Transportation: Congressional reductions are largely for the supersonic air transport and for the highway beauty and safety programs. An upward reestimate is included for the transfer of the urban mass transit program from HUD. The major Public Law 90-364 reduction is for highway construction-----	—300
Foreign economic assistance: The decrease mainly represents anticipated congressional action and a slower rate of outlays in Vietnam because of slower progress in AID programs caused by the Tet offensive-----	—201