

Chairman PROXMIRE. And it is conceivable that the President might request, or the Congress might provide, additional spending in the exempted areas?

Mr. ZWICK. That is correct.

Chairman PROXMIRE. And that would erode.

Mr. ZWICK. That would erode it.

Chairman PROXMIRE. The estimates that you have on the expenditure side.

Mr. ZWICK. That is right. In fact, the Senate passed, as you know, last Friday the impacted school aid entitlement for 1968 of \$91 million, and it will show up on the exempted side.

Chairman PROXMIRE. On the exempted side?

Mr. ZWICK. Yes, and the total reduction in outlays will drop to \$1.6 billion.

Chairman PROXMIRE. Right.

Mr. ZWICK. So to the extent that that happens, the total budget will keep growing and we will still be living with the change requiring us to hold the programs covered by the law to \$95.9 billion; which incidentally is \$2.5 billion less than these programs were held to during fiscal 1968. So this is a real cut in these programs that are covered by the law—in fiscal 1968, they ran at a rate \$2.5 billion higher than the law requires us to hold them to in 1969.

I may overlap a few of the comments we made there, but I will continue to read my statement.

The first responsibility to reduce this \$101.9 billion by the required \$6 billion rests with the Congress through the regular appropriations process. To the extent that this process does not produce \$6 billion of cutbacks in outlays, the President must determine where the remaining reductions will be made. As I noted earlier, a substantial portion of the appropriations has not yet received final congressional action and we have therefore not made final specific determinations of the further reductions which will be required. However, the machinery needed to accomplish the objectives of the act has been set in motion and tentative targets established for the agencies.

Briefly, our procedures—as outlined in Bureau of the Budget Bulletin No. 68-16—call for the Bureau to provide all agencies with planning figures. This has been done. Each agency is then required to prepare a plan for carrying out the reductions needed to come down to the planning figure. Where appropriations are not yet enacted, these plans are based on a judgment of the final outcome of congressional action, with revised information to be submitted after the appropriations involved are passed.

The preliminary steps have already been taken. The Bureau of the Budget is now in the process of reviewing the agency plans for conformity with the goals and priorities of the President. Following decisions by the President on the limitations to be applied, each agency head will be notified of these decisions and will be responsible for insuring that the limitations are not exceeded. Agency performance will be reviewed regularly throughout the year.

As you know, the figures for July 1968 are now available. Total outlays in that month—the first in fiscal year 1969—showed a significant drop from June and were even below the level in July of a year ago.