Mr. Zwick. I really have to interpret as clearly as I can the statement of the conference managers. If on November 15 the Veterans' Administration goes below its June 1966 level, I have got to provide 800 more positions a month. Now, that may not be the highest priority use of those 800 positions. Maybe the VA should get 775 and 25 should be given to the Renegotiation Board. But the House-Senate conference report is quite clear on this point, the floor debate is quite clear on it, and I concurred in it on a letter on this action.

Now, I cannot ignore that legislative history.

Chairman Proxmire. I would like to review it a little more carefully, but it would seem to me you can act in these cases where you have a relatively modest number required and where there is an enormous amount of money involved and where procurement has increased so greatly to where it is now a level of $45 billion of procurement and only 185 people handling the entire renegotiation process, and it yields so very much for the Federal Government.

Mr. Zwick. You can make a distinction between IRS in this case and Renegotiation Board?

Chairman Proxmire. The distinction I would make is that the Renegotiation Board brings in more money for each man you hire, although I am all for the IRS. They only bring in 6 bucks for every buck you spend. That is fine. But it is $18 the other way.

I yield to Senator Percy. I will be back.

Senator Percy. Thank you, Mr. Chairman.

I would like to have some clarification on the $6 billion figure.

Mr. Zwick. Yes.

Senator Percy. There is a lot of conflict in the press and misunderstanding perhaps among ourselves.

Mr. Zwick. Yes.

Senator Percy. I had seen a press report recently that the administration really intended to go after $7 billion.

Mr. Zwick. That is correct.

Senator Percy. Rather than $6 billion. I have heard in the press also, I think as recently as this morning, that the $6-billion reduction is not going to be a real reduction. It is just sort of a delay and a series of back door reductions, that actually will not cut money out, and will not therefore have an impact on the inflationary effect of the size of the budget, which is what we are after.

This morning Senator Williams indicated to me that he had heard the administration might even send up a message indicating that they would want relief from the $6 billion, that they cannot make it. I wonder in the light of all of that conflict whether you can clarify this.

Mr. Zwick. Yes, sir.

Senator Percy. Once again what the position of the administration is.

Mr. Zwick. Yes, sir.

Senator Percy. And what we can expect.

Mr. Zwick. Yes, sir; let me try by working from this chart which I brought with me today, Senator Percy. I think it is the easiest way to explain the situation.

(See the table on p. 5.)

We started off with a January budget of $186.1 billion. The tax bill exempted four items from the budget limitation—special costs