

of Vietnam, Social Security Act trust funds, veterans' benefits, and interest. Another bill excluded TVA activities financed from power process and borrowing.

The amounts involved were \$36 billion for social security, \$26.3 billion for Vietnam, \$14.4 billion for interest, \$7.3 billion for veterans' benefits, and \$0.1 billion for TVA. If my arithmetic is correct that adds up to \$84.1 billion.

In effect the law reads that we must reduce the remainder, or \$101.9 billion, which is what you get—allowing for rounding—if you subtract \$84.1 from \$186.1. So, the law essentially says you must reduce this \$101.9 billion to \$95.9 billion, or \$6 billion.

Indeed this is the control. We have got to hold these programs to a \$95.9 billion level. That is the literal translation of the law.

Now, we are doing that. Let's go through the \$7 billion and the noncuts and so forth.

First, since January we have had a number of reestimates associated with these programs. There is a total increase due to reestimates of \$2.3 billion, while other programs are now reestimated down by \$1.4 billion, so they net out to an increase of \$900 million.

The major increases in the overall \$2.3 billion upward reestimates are CCC payments and public assistance and medicaid payments. We are now estimating CCC payments at around \$700 million higher than in January, and indeed there was a crop report 2 days ago which even looks a little more optimistic. You may want to add another \$100 million for that.

Public assistance, including medicaid, is up \$500 million due to a number of factors, including not only reestimates, but also the tax bill which suspended for 1 year the freeze on public assistance AFDC; that added \$125 million to estimated expenditures. There was also the "Man in the house" rule by the Supreme Court, which is a very tough one to cost out, but we think will require about \$75 million more than the budget. So \$200 million of the total increase for public assistance is essentially either due to congressional action or Supreme Court decisions.

The big upward reestimates that we have heard about are for CCC and public assistance. Now, as you know, the House Appropriations Committee, when it passed its resolution, the so-called \$10- \$8- \$4-billion resolution, put CCC and public assistance into the uncontrollable exempt category, and the conference rejected that and put them back under the limitation in the bill. If the House Appropriations Committee recommendation had been followed in the conference report, CCC and public assistance would have been exempt, and as you know, there is considerable sentiment to do that now.

Now, against those ups, we have got some downs, and when you net everything, you are only up \$900 million for reestimates, not \$1 billion. But that is the \$7 billion that people are basically talking about. And we do have to cut that \$6.9 billion, or \$7 billion. Either Congress cuts it or we have to cut it.

Our best guess at the moment is that Congress is going to cut about \$3.3 billion in these programs.

Senator PERCY. That is in what, defense?

Mr. ZWICK. No; that is in the programs that are covered by the law, so it is the non-Vietnam part of defense, and all the civilian agencies