

HEW APPROPRIATIONS BILL

When the United States Senate went home for Christmas last month, it left behind an especially important piece of unfinished business. It deferred action on a \$19.7 billion appropriations bill, legislation which is needed to provide operating money for the rest of this fiscal year to the Department of Health, Education, and Welfare, the Department of Labor, and the Office of Economic Opportunity.

While the Nixon Administration has no great quarrel with most of this bill's provisions, it does object strenuously to an extra \$1.26 billion which Congress added to the HEW appropriation even though it was not requested. Because of that objective, the President has indicated that he will veto the bill if it is passed in its present form. In fact, by the time you read this he may already have done so.

Why does the Administration feel so strongly about this matter? Essentially, because the bill would require the government to spend a considerable sum of money in the next five months in ways which are both wasteful and inflationary.

When the \$1.26 billion which is in dispute is compared to the bill's entire appropriation — or to the entire Federal budget, for that matter — it may seem to be a modest amount. It is worth remembering, however, that \$1.26 billion is more than the first twelve Presidents of the United States spent on *all* of their budgets put together. It is more than the Federal government spent for all purposes in any single year up to 1917. It is more than the entire 1970 budget for the Department of Commerce and more, too, than the combined budget outlay levels for the Departments of Justice and State. To spend that much money foolishly, at a time when there are so many pressing needs and so little money available for meeting them, would surely constitute a most irresponsible use of our nation's resources.

Why do we believe these funds would be misdirected? First, because a large share

of this money would be used to expand a program which many believe should be contracted, the program which aids schools in so-called federally impacted areas. Such aid goes to districts where federal employment is particularly high; it has long been criticized by national Administrations and educational experts alike, and Congress itself has mandated a review of the program. The reason for all of these doubts is that many of the federally impacted areas are among the richest areas in the country. Federal funds for other than educational purposes already pour into them in generous amounts. The school grants they receive were originally designed to relieve unfair burdens created by federal installations. But the zeal of local leaders in trying to attract *new* federal installations to their communities indicates that such installations are scarcely considered a burden any longer.

In practice, the impacted areas program often helps the rich grow richer, at the expense of the poor. In 1968, for example, this program granted \$5.8 million to the nation's single most wealthy county, while sending a total of only \$3.2 million to the 100 poorest counties put together. Now the Congress wants to expand this program by almost 1/2 billion dollars, spending twice as much on it as even President Johnson requested and thus aggravating an already serious maldistribution of resources.

The appropriations bill as it now stands would misdirect resources in a second way as well, one which has to do with its timing. It would force HEW to spend an additional \$540 million for educational aid that we did not plan on spending, and it would require us to spend it in the next five months. We know from Department reports and audits over the years that such large sums for education cannot be spent wisely in such a brief time. The school year is already half over. It is too late to hire new teachers, too late to plan new classes, too late to institute new programs. Nor can construction projects be carefully planned and wisely funded in such a short period. Just as a slow and

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steady rainfall will soak into the ground while a sudden, torrential downpour will run off uselessly, so expenditures which are thoughtfully considered will do far more good than those which are poured out suddenly with no time for preparation or planning.

There are other smaller expenditures which are also misdirected. For example, over \$100 million has been added to the appropriation for community in-patient hospitals. Yet medical experts — and, indeed, the Appropriations Committee itself — have recognized that the crying need today is not for more poorly staffed and poorly utilized small hospitals which are very expensive to maintain, but rather for more out-patient and ambulatory care facilities. A similar pattern holds with respect to the appropriations for vocational education and for aid to the disadvantaged: In both programs, increased grants would go to old programs which ought to be updated and repaired before they are so dramatically expanded.

The fact that a great deal of money will be spent less productively than it should be is itself sufficient reason for objecting to the appropriations bill. The objection is compounded, however, by the impact of these budget increases on the economy. This nation simply cannot tolerate another unnecessary \$1.26 billion worth of inflationary pressure. The President has been battling for a year now to cut the federal budget and has trimmed away some \$7.5 billion from the projected budget of the previous administration. Last July, the Congress passed a bill establishing its own budget ceiling, one which was consistent with Administration planning. Yet on one occasion after another, the Congress has ignored those plans and has sharply increased federal spending, reducing our anticipated budget surplus and frustrating the Administration's efforts to fight inflation. The time has come when the Congress must show more concern for the victims of inflation. Those who are most seriously hurt by rising prices, after all, are those who are least able to afford them.

Some supporters of the present bill have contended that it has already been reduced by \$1.6 billion in response to the President's threatened veto. That contention is extremely misleading. To be sure, \$1.6 billion was trimmed from the appropriation by the Conference committee. But over 2/3 of that amount — some \$1.1 billion — was 1971 money! It has nothing to do with 1970 spending. The President's concern with present inflation, therefore, has not been met by the Congress; 1970 HEW expenditures are still \$1.26 billion higher than they should be.

Some people have also suggested the President could sign the bill in its present form and then simply refuse to spend the extra money. But this is impossible. There are certain kinds of appropriations which can be impounded by the President, but almost all of the disputed money in this particular bill falls into the formula-grant category. This means that states and localities apply for the money and — if they meet certain specifications — the Federal government must give it to them. Legal advisors to the Administration tell us that the money in question could not be impounded and would have to be spent during the rest of this fiscal year.

If the President were to sign this bill in its present form, or if the Congress were to pass it over his veto, then the only way to keep spending in line would be by impounding *other* funds which are not in this mandatory-spending category. Unfortunately, such cuts would probably have to come in such areas as bio-medical research and other important health programs.

Some of those who support the present bill are said to be seeking a political gain by forcing the Administration to fight against social expenditures while it appears to favor expenditures for defense. I believe they sadly underestimate the perceptiveness of the American public. In point of fact, this Administration has substantially *increased* social expenditures while substantially *cutting* defense spending. The Nixon budget for HEW in the current fiscal year is some

\$2.1 billion larger than the HEW budget last year. At the same time, the Nixon Administration has cut some \$5.5 billion from this year's defense budget.

What is at issue then is that \$1.26 billion which the Congress has added beyond the increases which were requested by the Administration. These Congressional additions, it should be noted, are some \$700 million in excess of what President Johnson projected for education in his last budget a year ago. The question now is whether we can afford these additions and whether we can spend them effectively. Our answer to both questions is no. The sheer dollar amounts of these excess expenditures are inflationary and their specific purposes are ill considered. The appropriations bill as it now stands would spend too much money in the next six months and, more than that, it would *misspend* that money at a time when there is no money to waste.

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