

Deficit law makes first round of budget cuts

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The Balanced Budget and Emergency Deficit Control Act, popularly known as the Gramm-Rudman law, cut 4.3 percent of more than a third of the nation's nondefense spending and 4.9 percent of more than a third of its defense spending as the law went into effect Mar. 1.

Programs exempt from the cuts include Social Security, most welfare programs, interest on the national debt, military payroll, and research into the Strategic Defense Initiative "Star Wars" defense project. Health programs are not exempt from cuts, but are limited to one percent reductions in 1986 and two percent reductions thereafter.

The law requires \$11.7 billion in cuts across the nonexempt programs during the 1986 fiscal year to help reduce the federal deficit, which will total \$220.5 billion, the Office of Management Budget and the Congressional Budget Office jointly estimated in mid-January. Exempt programs together cost \$646.3 billion. The total budget was \$996.5 billion.

The law also sets maximum allowable deficits for the rest of the decade. Each subsequent allowable deficit is less than the previous year's, until the federal budget is balanced in 1991. The maximum allowable deficit for 1987 is \$144 billion. The maximum allowable deficits for 1988, 1989, and 1990 are, respectively, \$108 billion, \$72 billion, and \$32 billion.

President Ronald Reagan's proposed \$994 billion 1987 budget has a projected deficit of \$143.6 billion — just under the deficit ceiling. That budget increases defense spending by six percent and compensates for those increases with cuts in nondefense programs.

However, despite the proposal, an Office of Management and Budget spokesman predicted a 1987 budget deficit of \$31.9 billion more than Gramm-Rudman allows. That translates to a further 8.8 percent cut in 1987 spending.

Defense cuts. Unlike nondefense programs, the Defense Department can spare some programs from cuts and

transfer the burden to other areas — as long as the average is 4.9 percent. The Defense Department's Advanced Research Projects Agency is perhaps hardest hit by this shifting of cuts.

ARPA's original \$5.9 million budget for university research lost \$565,000 — after Congress reduced the budget in December. ARPA's total \$827.8 million budget was cut by \$76.7 million.

Because Reagan exempted the Strategic Defense Initiative, ARPA's share of the cuts rose to 9.4 percent to compensate. "With the SDI portions of R&D so large, other programs will actually have higher cuts," explained James Turner, a Defense Department spokesman.

The SDI budget is \$2.8 billion, \$241,954 of which goes to the program's software systems research office. Despite the exemption from Gramm-Rudman, the SDI research has not remained unscathed. In December, Congress had cut the SDI funds that Reagan had requested by nearly \$1 billion.

General defense research and development dropped from \$1.9 billion to \$0.9 billion, while Defense Department-sponsored general science and space research funds were cut from \$400 million to \$300 million. Total defense research, development, testing, and evaluation spending dropped \$1.7 billion from its original \$35.3 billion budget.

The Defense Department's software initiatives lost \$2.2 million, while advanced Ada development lost \$442,000.

Nondefense cuts. Nondefense areas did not suffer such severe cuts because the Gramm-Rudman law does not let the reductions be transferred from one agency to another. All nonexempt, non-defense programs lost 4.3 percent of their budgets.

The National Bureau of Standards science and technology research \$1.2 billion budget was cut by \$50 million. The Department of Energy's general science and research funds dropped by \$30 million from \$700 million.

The National Aeronautics and Space Administration — already financially hurt by the loss of the space shuttle *Challenger* in a January postlaunch explosion and by the subsequent investigative costs and loss in revenue from suspended commercial shuttle missions — saw its \$5.2 billion in funds cut by \$220 million.

The National Science Foundation's original \$1.3 billion budget dropped by \$58 million. Because the increase from 1985 to 1986 had been about three percent, the result is a slight decrease in available funds. "It means that every budget will be looked at a little harder," said Thomas Keenan, director of the NSF's software systems science office.

"The 4.3 percent is a nominal change. We can live with that," he said. "The great concern is next year," Keenan added, when the across-the-board cuts are predicted to be 8.8 percent. "That becomes serious."