CLINTON'S 1995 SPENDING PLAN

CHANGES IN CROP INSURANCE, EMERGENCY PROGRAMS

New budget proposes $4.7 billion USDA cut

Meat inspections and farm credit programs will gain, but crop subsidies will lose.

By GEORGE ANTHAN
THE REGISTER'S WASHINGTON BUREAU CHIEF

Washington, D.C. — President Clinton's budget for the Agriculture Department proposes increases for some rural development and conservation programs, tries to reduce federal subsidies for rural electric systems and promotes child nutrition.

The administration also is expecting to spend significantly less on subsidies to the nation's farmers, but USDA officials emphasize this is because of estimates that the weather and market conditions in 1994 will result in less need for income, price support and disaster payments to these producers.

Deputy Secretary of Agriculture Richard Rominger called the budget a tough one because of congressionally imposed spending caps, and he emphasized that some lower priority research and other programs had to be cut or eliminated.

Seven Percent Cut

The president's fiscal 1995 budget for the USDA is being seen as highly conventional and provides little clue as to how the administration might seek to redirect national agriculture policy when congressional debate on a new farm bill begins, probably a year from now.

The budget forecasts that USDA cash outlays in the fiscal year that begins Oct. 1 will total $60.3 billion, $4.7 billion or 7 percent less than spending in the current fiscal period.

Fully 63 percent of the USDA's budget next fiscal year will help finance the department's many food and nutrition programs. The department has budgeted $38.5 billion for food and nutrition. Child nutrition programs would get $766 million more while outlays for food stamps rise by almost $1 billion. The administration also plans to reduce its purchases of commodities for an emergency food program by $84 million, although it will continue to donate surplus products to the operation.

The Commodity Credit Corp., which operates the USDA's farm programs, is budgeted at $8.5 billion, a cut of $3.6 billion, but officials said this reflects "an attempt to estimate a normal year and weather."

The administration allayed fears among some members of Congress by allocating $1 billion to the Export Enhancement Program, under which the United States seeks to compete for markets against highly subsidized European Union products. There had been reports the White House sought to end the program.

The USDA proposes a major reform of crop insurance by covering 50 percent of farmers' normal yields at 60 percent of market prices.

The budget would eliminate a program aimed at overseas sales of cottonseed and sunflower oil, but both would be eligible for other aid. An effort to help sell branded food products abroad would be cut by $25 million to $75 million.

The budget includes $241 million to enroll 300,000 new acres into the Wetlands Reserve Program, quadrupling the effort. The USDA also hopes to enroll 44,000 acres into an emergency wetlands reserve as an alternative to levee repair for land damaged by floods.

Citing controversy over repeated disaster aid bills in recent years, the USDA proposes a major reform of crop insurance by covering 50 percent of farmers' normal yields at 60 percent of market prices.

The USDA also expects to save $2.5 billion over five years through a consolidation of offices and a reduction of 7,500 employees from its current level of 108,500.

Increased Meat Inspection

The department's farm credit programs, which provide both operating and land ownership loans to farmers, would increase about $200 million to $3.8 billion, but would continue a trend of recent years in which the USDA provides fewer direct loans and relies more on guaranteeing private credit.

The administration would continue to make loans to rural electric cooperatives, but at somewhat higher interest rates. As a result, the cost of this program is seen as declining.

The USDA, reflecting priorities emphasized by Secretary Mike Espy, also proposes to boost rural housing assistance by about $300 million to $3.8 billion in various loan and grant programs. And a wide array of rural development efforts — including business and industry loans and water and sewer grants and credit for small towns — would increase by some $700 million.

Officials propose boosts for meat and poultry inspection, and higher industry user fees to help pay the cost.

Some winners and losers from the proposed budget

Washington, D.C. (AP) — A few key proposals in President Clinton's proposed $1.52 trillion budget for fiscal 1995:

TAXES, FEES

• Federal tobacco tax increases from 24 cents a pack to 99 cents a pack to help finance administration's proposed health care plan. Higher entrance fees at some national parks and user fees to offset the costs of some agriculture inspection programs.

SOCIAL WELFARE, HEALTH

• $673 billion for the Department of Health and Human Services, an increase of $41 billion, or 7 percent, over 1994. Some $888 million to purchase vaccines for poor children. Low Income Home Energy Assistance Program cut in half, from $1.437 billion to $730 million. Also, $2.7 billion — a 6 percent increase — for AIDS research, prevention and treatment.

DEFENSE

• $263.7 billion for national defense programs, an increase of nearly $3 billion over 1994. Active duty troop levels fall by 85,500, to 1.52 million. 1.6 percent pay raise for defense employees. Cuts some weapons programs and targets more money for training and support.

AGRICULTURE

• $60.3 billion, a reduction of 7 percent. Most of that comes from projected $3.6 billion decrease in spending on farm programs. About 64 percent, $38.5 billion, goes to food stamps, school lunches, other feeding programs. Adds 700,000 people to the Women, Infants and Children nutrition program. User fees to offset the costs of meat, poultry and egg inspections.

EDUCATION

• $53.5 billion, up 7 percent. $4 billion for Head Start, up $700 million over 1994. Boosts programs to ensure safe and drug-free schools by 40 percent, to $660 million. Cuts 33 programs totaling $639 million this year because they are low priority or have accomplished their goals.

LAW ENFORCEMENT

• $11.3 billion for the Justice Department, up slightly from $10.8 billion this year. Boosts aid for states and municipalities to put 50,000 more police officers on the street and increase the number of agents patrolling the border with Mexico. Envisions reaching full funding within five years for the 100,000 more police officers Clinton has called for.

COMMERCE

• Commerce Department budget would increase by 12.1 percent, or $391 million, to $3.2 billion. Included is $54.4 million for economic and statistical analysis programs, a 9.4 percent increase over the $49.7 million this year. Trims spending by the U.S. Travel and Tourism Administration to $20.4 million, a 10.6 percent drop from this year's $22.6 million.

SPACE

• NASA's first year-to-year decline in 21 years, with Clinton proposing to cut $260 million from the $14.5 billion it received last year. Slashes $49 million from eight shuttle flights planned in 1995. Biggest increase: "Mission to Planet Earth," environmental research from orbit, up 21 percent, or $213 million beyond this year's $1.2 billion.

VETERANS

• $39.2 billion, a $1.1 billion increase over 1994. Includes $500 million more for veterans' medical care, to $16.1 billion. Medical and prosthetic research cut $41 million, to $211 million.

JOBS AND LABOR

• Outlays for Labor Department jobs and training rise to $4.8 billion, from about $4.5 billion this year. Includes a summer jobs, education and training program for low-income youths; youth and adult training grants; Job Corps; and aid to workers displaced by foreign competition.

HOUSING

• Department of Housing and Urban Development gets $27.7 billion. Earmarks $1.76 billion for homeless aid, an increase of 85 percent. Another $514 million goes to five-year vouchers to help homeless families rent apartments. $130 million goes to an emergency food and shelter program. Cuts $23 million from public housing programs.

ENVIRONMENTAL PROTECTION

• $6.7 billion for the Environmental Protection Agency, up from $6.5 billion this year. Pollution-control research up by 25 percent, to $20 million. Water-treatment programs increase by 33 percent, to $1.6 billion.

ARTS

• National Endowment for the Arts cut by $1 million to $172 million. Library of Congress gets $20 million increase to $285 million. Smithsonian Institution receives $326 million, an increase of $18 million over 1994.

TRANSPORTATION

• Department of Transportation's budget increases from $36.7 billion to $37.3 billion. Programs to maintain 900,000 miles of highways up 4 percent, to $19.8 billion.

Mass transit: 40 percent increase in grants to help state and local governments buy equipment and rehabilitate systems. Operating assistance to cities drops from $802 million to $681 million.

FOREIGN AFFAIRS

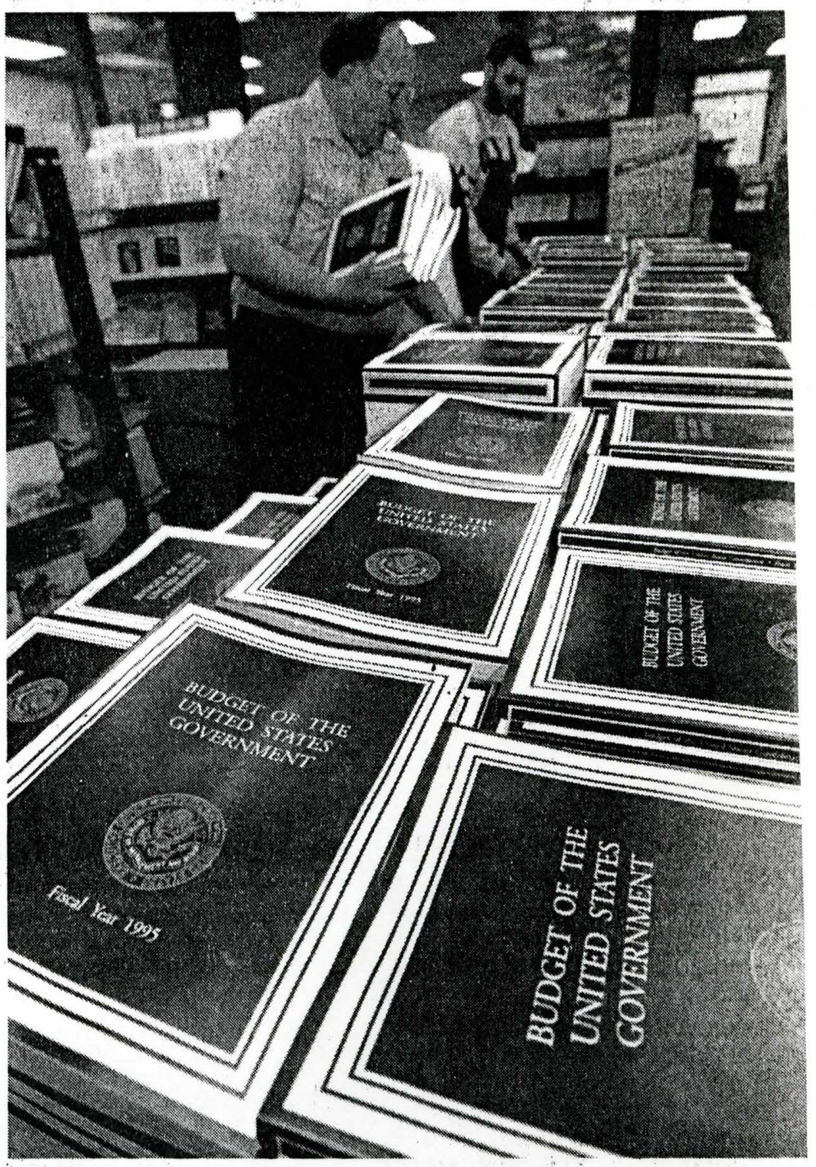
• Total of $20.8 billion, down $1 billion from this year. Spending of $5.4 billion proposed for State Department. $2.9 billion to help former Soviet states and Central European countries convert to market economies and democracy.

ENERGY

• $15.7 billion, down $1.5 billion from this year. Nuclear weapons-related activities cut nearly $863 million. Money to maintain weapons stockpile pared by 19 percent. $6.28 billion to clean up pollution from weapons production, a slight increase.

INTERIOR

• Unchanged overall, with $7.2 billion in outlays. Envisions additional income from higher fees from private grazing and mining on public lands, and proposed increase in entry and recreational fees at national parks. Latter expected to generate $32 million in fiscal 1995.



ASSOCIATED PRESS

Mike Dinenna, left, puts out copies of President Clinton's 1995 federal budget in the government bookstore at the Government Printing Office in Washington, D.C., on Monday.

President takes hatchet to programs, '95 budget

BUDGET

Continued from Page 1A

cord level, as always. But all of the increase reflected higher spending on such mandatory programs as Social Security and interest payments on the national debt.

Spending on the one-third of the budget affected by annual appropriations — everything from paper clips to battleships — would actually decline by $7.7 billion below the current level, something that has not happened for a quarter of a century.

And for the first time since Truman was president, the deficit will have shrunk for three consecutive years, if Clinton's forecasts prove accurate. The president projected that the deficit for 1995 would drop to $176.1 billion. That would be down from a projected deficit of $234.8 billion this year. When Clinton took office, it was expected that the 1995 deficit would be $302 billion.

Tight Spending Caps

But as the price for cutting the deficit, Clinton had to work with tight spending caps that forced him to reduce other government programs in order to free money for his favored "investment" initiatives.

Clinton did manage to come up with a token $8.2 billion to support such programs as building more prisons and finding living places for the homeless.

To help pay for the new spending, Clinton proposed cutting spending for more than 200 programs and eliminating 115 others altogether.

The program that pays heating bills for millions of poor Americans would be cut by $707 million, and several of the largest public housing programs would be sharply reduced as well.

The National Alliance to End Homelessness welcomed Clinton's 60 percent increase in spending on the homeless but it said the increase was financed "by taking funds from permanent housing programs that are, for many Americans, the only safety net between them and homelessness."

Clinton also proposed shrinking the federal work force by 118,000, as a step toward an eventual overall reduction of 252,000.

Belittled by GOP

Republicans belittled the size of Clinton's cuts and charged that the document virtually ignored the true costs of his health-care and welfare proposals.

Senate Republican leader Bob Dole said that Clinton's program eliminations amounted to only "about one-fifth of 1 percent of the federal budget."

The budget is based on a projection that the economy, as measured by the gross domestic product, will expand by 3 percent this year, a forecast the administration insisted was not jeopardized by Friday's decision by the Federal Reserve to begin boosting short-term interest rates to battle inflation.

While avoiding any new general tax increases, the Clinton budget proposed raising $11.6 billion in 1995 by increasing the tax on tobacco products. It would raise another $1.5 billion by increasing more than 30 fees for such things as meat inspections, bankruptcy filings and admission to national parks.