

THE WHITE HOUSE

WASHINGTON

July 12, 2002

Dear Mr. Speaker:

I ask the Congress to consider the enclosed requests for FY 2003 budget amendments for the Securities and Exchange Commission and for the Departments of Agriculture, Commerce, and Housing and Urban Development. The discretionary budgetary resources proposed in my FY 2003 Budget would not be increased by these requests.

This transmittal also contains FY 2003 budget amendments for the Legislative Branch. As a matter of comity, appropriations requests of the Legislative Branch are transmitted without change. These additional amendments would increase discretionary resources for the Legislative Branch by \$17.7 million.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert". The signature is written in a cursive style with a large, sweeping initial "J".

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 11, 2002

The President

The White House

Submitted for your consideration is an amendment for the Securities and Exchange Commission (SEC) that fulfills the commitment you made on July 9th to strengthen the SEC's investigative and enforcement capabilities. This transmittal also includes requests for FY 2003 budget amendments for the Departments of Agriculture, Commerce, and Housing and Urban Development^[JM2]. The discretionary budgetary resources proposed in your FY 2003 Budget would not be increased by these requests.

As described below and in more detail in the enclosures, the amendments include the following:

Securities and Exchange Commission/Department of Housing and Urban Development

- An increase of \$100 million for the SEC. The additional resources would provide for increased personnel, merit-based pay increases, and information technology costs. The increased funding is offset by an accompanying proposal that would rescind \$100 million of amounts recaptured from contract cancellations by the Department of Housing and Urban Development.^[JM3]

Department of Agriculture

- Language that clarifies the Federal Crop Insurance Corporation's method of calculating underwriting gains.

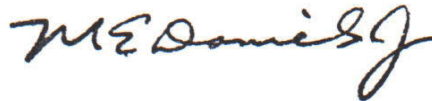
Department of Commerce

- Language that authorizes the Economic Development Administration to offer separation incentive payments to employees who voluntarily retire. This proposal would support a workforce restructuring plan that aligns the workforce with organization goals, eliminates redundancy and confusion, aligns competencies with activities, and deploys resources to serve best the needs of communities.

Also included in this transmittal are amendments to the FY 2003 Budget for the Legislative Branch. In a spirit of comity, appropriations requests of the Legislative Branch are transmitted without change. These amendments would increase discretionary resources included in your FY 2003 Budget by an additional \$17.7 million.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending that you transmit these proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "M E Daniels Jr", written in a cursive style.

Mitchell E. Daniels, Jr.
Director

Enclosures

Agency: SECURITIES AND EXCHANGE COMMISSION

Heading: Salaries and Expenses

FY 2003 Budget
Appendix page: 1178

FY 2003
Pending Request: \$479,900,000

FY 2003
Proposed Amendment: \$100,000,000

Revised Request: \$579,900,000

(In the appropriations language under the above heading, delete "\$479,900,000" and substitute \$579,900,000 wherever it occurs.)

This proposal would provide an increase of \$100 million for the Securities and Exchange Commission. The additional funds would provide for increased personnel, merit-based pay increases, and information technology costs^[JM4].

Taken together, with an accompanying proposal to rescind resources originally available for the Department of Housing and Urban Development, this proposal would not affect the proposed budget totals.

Agency: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Bureau: HOUSING PROGRAMS

Heading: Other Assisted Housing Programs

FY 2003

Budget Appendix page: 495

FY 2003

Pending Request: ----

FY 2003

Proposed Amendment: -\$100,000,000

Revised Request: -\$100,000,000

(Under the above heading, insert a subheading, (Rescission), and the following appropriations language:)

Up to \$100,000,000 of recaptured section 236 budget authority resulting from prepayment of mortgages subsidized under section 236 of the National Housing Act (12 U.S.C. 1715z-1) shall be rescinded in fiscal year 2003: Provided, That the limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 is reduced in fiscal year 2003 by not more than \$100,000,000 in uncommitted balances of authorizations of contract authority provided for this purpose in appropriations Acts.

This proposal would rescind up to \$100 million of amounts recaptured from contract cancellations in FY 2003 for interest reduction payments under section 236. Currently, these recaptured funds are available^[JM5] to make grants for rehabilitation as authorized by section 236(s), although to date no such grants have ever been awarded^[JM6].

Agency: DEPARTMENT OF AGRICULTURE

Heading: GENERAL PROVISIONS

FY 2003 Budget
Appendix Page: 201

FY 2003
Pending Request: ----

Proposed Amendment: Language

Revised Request: ----

(In the appropriations language under the above heading, delete Sec. 722 and substitute the following:)

Sec. 722. (a) Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) is amended by adding the following new paragraph at the end:

"(8) Underwriting Gains. – The terms and conditions of the Corporation's Standard Reinsurance Agreement, for the 2003 and succeeding reinsurance years, shall be adjusted such that the ratio of overall underwriting gains to retained net book premium for each approved insurance provider shall not exceed 12.5 percent."

(b) Section 148 of the Agriculture Risk Protection Act of 2000 (Public Law 106-224) and section 536 of the Agricultural Research, Extension, and Education Reform Act of 1998 (Public Law 105-185) are rescinded.

This general provision is necessary to reflect correctly the policy proposed in the FY 2003 Budget by specifying that the proposed limit on underwriting gains that companies can collect for crop losses is applicable to "each insurance provider" rather than "all reinsured". In addition, this revised language clarifies that the actual ratio of overall underwriting gains will be used rather than an expected rate. The amendment also removes a section from the Agriculture Risk Protection Act of 2000, allowing the Government more than one opportunity to renegotiate between now and 2005.

This amendment would not affect the proposed budget totals.

Agency: DEPARTMENT OF COMMERCE

Heading: GENERAL PROVISIONS

FY 2003 Budget
Appendix Page: 243-244

FY 2003
Pending Request: ----

Proposed Amendment: Language

Revised Request: ----

(In the appropriations language under the above heading, insert the following new general provision^{[JM7]:})

Sec. 210. (a) For the period beginning on the date of enactment of this Act and ending on December 31, 2007, the Secretary of Commerce is authorized to pay a voluntary separation incentive payment under this section to an employee of the Economic Development Administration ("EDA") only as provided in this section. A voluntary incentive payment—

(1) shall be offered to EDA employees on the basis of organizational unit, occupational series or level, geographic location, specified periods during which eligible employees may elect a voluntary separation incentive payment, skills, knowledge, or other such job-related factors, or a combination of such factors;

(2) shall be paid in a lump sum after the employee's separation;

(3) shall be equal to the lesser of—

(A) an amount equal to the amount the employee would be entitled to receive under section 5595(c) of title 5, United States Code, if the employee were entitled to payment under such section (without adjustment for any previous payment made); or

(B) an amount determined by the Secretary, not to exceed \$25,000;

(4) may be made only in the case of an employee who voluntarily separates (whether by retirement or resignation) under the provisions of this section on or after the date of enactment of this Act and before December 31, 2007;

(5) shall not be a basis for payment, and shall not be included in the computation, of any other type of Government benefit;

(6) shall not be taken into account in determining the amount of any severance pay to which the employee may be entitled under section 5595 of title 5, United States Code, based on any other separation; and

(7) shall be paid from appropriations or funds available to EDA.

(b) (1) The Secretary of Commerce, prior to obligating any resources for voluntary separation incentive payments for employees of EDA under section 210(a), shall submit to the Director of the Office of Management and Budget a plan outlining the intended use of such incentive payments that provides such information as the Director may require, including the information specified in subsection (b)(2).

(2) The plan under subsection (b)(1) shall include –
(A) the positions and functions to be reduced or eliminated;
(B) a description of which categories of employees will be offered incentives;
(C) the time period during which incentives may be paid;
(D) the number and amounts of voluntary separation incentive payments to be offered; and
(E) a description of how the agency will operate without the eliminated positions and functions.

(3) The Director of the Office of Management and Budget shall review the plan and may condition the Director's approval of the plan upon the Secretary's acceptance of modifications. A plan under this section may not be implemented without the approval of the Director, and, upon the Secretary's request, the Director may approve for implementation changes to a plan previously approved by the Director.

(c) (1) An individual who has received a voluntary separation incentive payment under section 210(a) and accepts any employment for compensation with the Government of the United States (other than the Legislative Branch) within five years after the date of the separation on which the payment is based shall be required to repay^[JM8], prior to the individual's first day of employment, the entire amount of the incentive payment to EDA.

(2) (A) If the employment under this section is with an agency (other than the General Accounting Office), the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities, or, in the case of an emergency involving a direct threat to life or property, the individual has skills directly related to resolving the emergency and will serve on a temporary basis only so long as that individual's services are made necessary by the emergency;

(B) If the employment under this section is with the Judicial Branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(3) Employment under a personal services contract with the Government of the United States (other than the Legislative Branch) is included in the term 'employment' with respect to subsection (c)(1), but is excluded with respect to subsection (c)(2).

(d) (1) The total number of funded employee positions in EDA shall be reduced by one position for each vacancy created by the separation of any employee who has received, or is due to receive, a voluntary separation incentive payment under this section. For the purpose of this subsection, positions shall be counted on a full-time equivalent basis.

(2) The Director of the Office of Management and Budget shall monitor the agency and take any action necessary to ensure that the requirements of this subsection are met.

(3) At the request of the Secretary, the Director of the Office of Management and Budget may waive application of subsection (d)(1) if the Director determines that the plan required by section 210(b) satisfactorily demonstrates downsizing or other restructuring within the agency would produce a cost-effective result.

This proposed general provision would authorize the Economic Development Administration (EDA) to offer separation incentive payments to employees who voluntarily retire. This proposal would support a workforce restructuring plan that aligns the workforce with organization goals, eliminates redundancy and confusion, aligns competencies with activities, and deploys resources to serve best the needs of communities.

The restructuring centralizes core headquarters functions, reduces management layers, and reduces higher-level positions for redistribution of positions to service delivery in the regions. Centralizing administrative support functions would enhance EDA's ability to reach out to potential grantees, to respond to its constituency, and to partner more effectively with the economic development community.

This proposal would not affect the proposed budget totals.

Agency: LEGISLATIVE BRANCH
Bureau: SENATE
Heading: Contingent Expenses of the Senate, Inquiries and Investigations
House Document 107-189
Pages: 8-9 \$111,398,000
Proposed Amendment: \$2,067,000
Revised Request: \$113,465,000

This proposal would increase the pending request by \$2,067,000, for inquiries and investigations of the Senate. FY 2003 outlays would increase by the same amount.

Agency: LEGISLATIVE BRANCH
Bureau: SENATE
Heading: Contingent Expenses of the Senate, Miscellaneous Items
House Document 107-189
Page: 9 \$18,514,000
Proposed Amendment: \$1,000,000
Revised Request: \$19,514,000

This proposal would increase the pending request, by \$1,000,000, for miscellaneous items of the Senate. FY 2003 outlays would increase by the same amount.

Agency: LEGISLATIVE BRANCH
Bureau: SENATE
Heading: Contingent Expenses of the Senate, Senators' Official Personnel
and Office Expense Account
House Document 107-189
Page: 9 \$318,048,000
Proposed Amendment: \$341,000
Revised Request: \$318,389,000

This proposal would increase the pending request, by \$341,000, for the Senators' Official Personnel and Office Expense Account. FY 2003 outlays would increase by the same amount.

Agency: LEGISLATIVE BRANCH
Bureau: ARCHITECT OF THE CAPITOL
Heading: Capitol Buildings and Grounds, General Administration,
Salaries and Expenses
FY 2003 Budget
Appendix Page: 27
FY 2003
Pending Request: \$69,110,000
Proposed Amendment: \$200,000
Revised Request: \$69,310,000

This proposal would increase the pending request, by \$200,000, for the Architect of the Capitol to fund the Department of Labor's administrative surcharge for workers' compensation. FY 2003 outlays would increase by the same amount.

Agency: LEGISLATIVE BRANCH
Bureau: ARCHITECT OF THE CAPITOL
Heading: Capitol Buildings and Grounds, House Office Buildings
FY 2003 Budget Appendix Page: 29
FY 2003 Pending Request: \$49,924,000
Proposed Amendment: \$400,000
Revised Request: \$50,324,000

This proposal would increase the pending request, by \$400,000, for the Architect of the Capitol to support the House Office Building's Day Cleaning Program, including an additional 22 FTEs. FY 2003 outlays would increase by the same amount.

Agency: LEGISLATIVE BRANCH
Bureau: ARCHITECT OF THE CAPITOL
Heading: Library Buildings and Grounds, Structural and Mechanical Care
FY 2003 Budget Appendix Page: 31
FY 2003 Pending Request: \$28,232,000
Proposed Amendment: \$13,404,000
Revised Request: \$41,636,000

(In the appropriations language under the above heading, delete "\$28,232,000" and substitute \$41,636,000 and delete "\$6,163,000" and substitute \$18,479,000.)

This proposal would increase the pending request, by \$13,404,000, for the Library of Congress to support five construction projects. This amendment would increase FY 2003 outlays by \$2 million.

Agency: LEGISLATIVE BRANCH

Bureau: BOTANIC GARDEN

Heading: Salaries and Expenses

FY 2003 Budget
Appendix Page: 33

FY 2003
Pending Request: \$5,766,000

Proposed Amendment: \$300,000

Revised Request: \$6,066,000

This proposal would increase the pending request, by \$300,000, to support the Botanic Garden's programs and exhibits. FY 2003 outlays would increase by the same amount.