

**THE WHITE HOUSE**

**WASHINGTON**

September 13, 2002

Dear Mr. Speaker:

I ask the Congress to consider the enclosed requests for FY 2003 budget amendments for the Departments of Agriculture, Energy, Interior, and Transportation; International Assistance Programs; and the National Capital Planning Commission.

In total, these amendments would not affect the budgetary resources proposed in my FY 2003 Budget.

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" and a long, horizontal stroke extending to the right.

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

September 12, 2002

The President

The White House

Submitted for your consideration are requests for FY 2003 budget amendments for the Departments of Agriculture, Energy, Interior (DOI), and Transportation; International Assistance Programs; and the National Capital Planning Commission. The proposals contained in this transmittal would not affect the budgetary resources contained in your FY 2003 Budget.

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

**Department of Agriculture**

- \$60 million is proposed for salary and expense costs of the Farm Service Agency for administering and implementing programs established under P.L. 107-171, the Farm Security and Rural Investment Act of 2002. This increase is fully offset by a \$45 million reduction to the Small Watershed Rehabilitation Program and a \$15 million reduction to the Rural Strategic Investment Program. This proposal is necessary to reflect the increased costs of administering and implementing the programs in P.L. 107-171 not anticipated in the FY 2003 Budget.

**Department of Energy**

- \$10 million is proposed in the Energy Conservation account, fully offset by a corresponding reduction in the Fossil Energy Research and Development account. This proposal would establish a competitive solicitation program in support of your National Climate Change Technology Initiative (NCCTI). In total, the proposal would provide \$20 million for the NCCTI program funded by \$10 million from the Fossil Energy Research and Development account, and an additional \$10 million redirected from the Industry Sector program within the Energy Conservation account.

**Department of Transportation**

- Language is proposed to provide \$5 million for the Federal Highway Administration from the Transportation Infrastructure Finance and Innovation program to conduct a study, including necessary planning and environmental reviews and engineering designs, to examine the impact of the Pennsylvania Avenue and E Street closures to traffic in the vicinity of the White House and to develop transportation alternatives to alleviate congestion in that area.

- Language is proposed to allow the Secretary of Transportation flexibility to fund the appropriate mix of transportation projects for the Borough of Manhattan in response to the September 11, 2001, terrorist attacks.

### **International Assistance Programs**

- Language is proposed to allow the Administration to complete modification of loans and guarantees for Pakistan and Jordan.
- Language is also proposed to provide authorization to implement a new, no subsidy-cost Foreign Military Financing 15-year loan to the government of Poland for the purchase of 48 F-16 aircraft, weapons, and related logistics support. As a member of NATO, Poland is an essential component in our effort to strengthen the Trans-Atlantic Alliance and promote a robust round of enlargement at the NATO summit in Prague.

### **The National Capital Planning Commission/DOI**

- \$6.1 million is proposed for the National Capital Planning Commission for expenses related to the planning, design and initial construction activities of the project at Pennsylvania Avenue in front of the White House. The proposed amendment would provide \$2.8 million to the Commission to complete the design of Pennsylvania Avenue in front of the White House, as proposed in the Commission's Urban Design and Security Plan. The amendment would also provide \$0.8 million for structural testing of streetscape components and \$2.5 million for initial surveying and utility relocation. These last two activities would not be conducted by the National Capital Planning Commission, but the funds would be transferred to the Federal Highway Administration, which will be the construction manager for the project.
- To offset the \$6.1 million described above, reductions are proposed in three accounts within the DOI that are projected to have large amounts of unobligated funds carried into FY 2003. These reductions would not affect program goals or objectives in these agencies.

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 the amendments to the Congress.

Sincerely,



Mitchell E. Daniels, Jr.

Enclosures

Agency: DEPARTMENT OF AGRICULTURE  
Bureau: FARM SERVICE AGENCY  
Heading: Salaries and Expenses  
FY 2003 Budget Appendix Page: 102  
FY 2003 Pending Request: \$1,062,712,000  
Proposed Amendment: \$60,000,000  
Revised Request: \$1,122,712,000

This request would provide an additional \$60 million in funds for salary and expense costs of the Farm Service Agency for administering and implementing programs established under the Farm Security and Rural Investment Act of 2002 (the "Farm Bill"). This increase is fully offset by reductions to the Small Watershed Rehabilitation Program and the Rural Strategic Investment Program, as proposed in an accompanying budget amendment.

This proposal is necessary to reflect the increased costs of administering and implementing the Farm Bill programs not anticipated in the FY 2003 Budget. This additional funding would ensure that programs are delivered to customers in a timely and efficient fashion.

This proposal would increase FY 2003 outlays by \$54 million.

Agency: DEPARTMENT OF AGRICULTURE  
Heading: TITLE VII – GENERAL PROVISIONS  
FY 2003 Budget Appendix Page: 195 – 201  
FY 2003 Pending Request: ----  
Proposed Amendment: Language  
Revised Request: ----

(In the appropriations language under the above heading, insert after Sec. 722 the following new provisions.)

Sec. 723. Funds provided under subsection (h)(1)(A) of section 14 of the Watershed Protection and Flood Protection Act (16 U.S.C. 1012), as amended, are hereby cancelled.

Sec. 724. Section 385E of the Consolidated Farm and Rural Development Act (7 U.S.C. et seq.), as amended, is further amended--

(1) in subsection (a), by striking "\$100,000,000" and inserting "\$85,000,000"; and  
(2) in subsection (b)(2), by striking "\$87,000,000" and inserting "\$72,000,000".

Sec. 723 would cancel \$45 million in FY 2003 mandatory funding for the Natural Resources Conservation Service for the Small Watershed Rehabilitation Program. In an accompanying proposal, the \$45 million would be reallocated to the Farm Service Agency.

Sec. 724 would reduce funding made available by the Farm Security and Rural Investment Act of 2002 for the Rural Strategic Investment Program by \$15 million. In an accompanying proposal, the \$15 million would also be reallocated to the Farm Service Agency.

Taken together, these amendments would decrease FY 2003 outlays by \$32 million.

Agency:	DEPARTMENT OF ENERGY
Bureau:	ENERGY PROGRAMS
Heading:	Fossil Energy Research and Development
FY 2003 Budget Appendix Page:	400
FY 2003 Pending Request:	\$534,155,000
Proposed Amendment:	-\$10,000,000
Revised Request:	\$524,155,000

This proposal would reduce the pending request for the Fossil Energy Research and Development account for the Sequestration (R&D) program by \$10 million. In an accompanying proposal, the \$10 million would be provided to the Energy Conservation account, to support the Administration's National Climate Change Technology Initiative competitive solicitation program. This program would fund R&D projects to explore novel technologies or technical approaches that could contribute in significant ways to future reductions or avoidances of so-called "greenhouse gas" emissions, and/or their capture and sequestration (permanent storage).

This proposal would not impact the current Sequestration R&D program. Even with the \$10 million reduction, the growth in the program's budget request would be 37 percent over the FY 2002 level.

This amendment would decrease outlays in this account by \$4 million.

Agency: DEPARTMENT OF ENERGY  
Bureau: ENERGY PROGRAMS  
Heading: Energy Conservation  
FY 2003 Budget Appendix Page: 402  
FY 2003 Pending Request \$904,304,000  
Proposed Amendment: \$10,000,000  
Revised Request: \$914,304,000

(In the appropriations language under the above heading, delete "\$904,304,000" and substitute \$914,304,000; and insert the following before the colon after "until expended", of which \$20,000,000 shall be used to support research and development contracts on technological approaches to reduce, avoid, or capture greenhouse gas emissions, to be awarded pursuant to competitive solicitations.)

This proposal would provide \$10 million to the Energy Conservation account to establish a competitive solicitation program in support of the President's National Climate Change Technology Initiative (NCCTI). The proposal would also redirect \$10 million in this account from Industry Sector activities (\$8 million from the Industries of the Future (Specific) subprogram and \$2 million from the Cooperative Programs with States subprogram) to provide a total of \$20 million for the NCCTI competitive solicitation program.

The competitive solicitation is intended to complement and enrich the existing research and development portfolio and help ensure that all possible technology options are explored. Projects funded by the NCCTI competitive solicitation program would be consistent with projects typically supported by the Department's Energy Conservation account (e.g., a new approach to increasing the energy efficiency of a common industrial process), Energy Supply account (e.g., a renewable energy or nuclear energy project), or the Fossil Energy account (e.g., a new approach to sequestering carbon emissions from power plants). The NCCTI competitive solicitation program would require these diverse types of projects to compete for funding based on their potential to reduce, avoid, or capture greenhouse gas emissions, which would foster novel concepts to address climate change that may not comport with established research and development program plans.

The competitive solicitation program would be administered by the Office of Energy Efficiency and Renewable Energy. The Department would make competitive awards based on the recommendations of the NCCTI Interagency Working Group, who would seek external peer evaluation of proposals for advice on project selection.

The increase of \$10 million in budget authority would be offset by a corresponding decrease in the Fossil Energy Research and Development account, as proposed in an accompanying budget amendment.

This amendment would increase FY 2003 outlays in this account by \$3 million.



Agency: DEPARTMENT OF THE INTERIOR  
Bureau: FISH AND WILDLIFE SERVICE  
Heading: Cooperative Endangered Species Conservation Fund  
FY 2003 Budget Appendix Page: 563  
FY 2003 Pending Request: \$91,000,000  
Proposed Amendment: -\$2,100,000  
Revised Request: \$88,900,000

This proposal would reduce the pending request for the Fish and Wildlife Service's Cooperative Endangered Species Conservation Fund by \$2.1 million. The account is projecting over \$100 million in unobligated balances to be carried over from FY 2002 to FY 2003. The proposed reduction would not affect program goals or objectives.

This amendment would not affect FY 2003 outlays.

Agency:	DEPARTMENT OF THE INTERIOR
Bureau:	NATIONAL PARK SERVICE
Heading:	Construction and Major Maintenance
FY 2003 Budget Appendix Page:	572
FY 2003 Pending Request:	\$323,901,000
Proposed Amendment:	-\$2,000,000
Revised Request:	\$321,901,000

This proposal would reduce the pending request for the National Park Service's Construction and Major Maintenance account by \$2.0 million. This amount would be derived from the \$12.5 million requested for the employee housing replacement program, which is expected to carry over \$20 million in unobligated balances from FY 2002 into FY 2003. The reduction would not affect program goals or objectives.

This amendment would not affect FY 2003 outlays.

Agency:	DEPARTMENT OF THE INTERIOR
Bureau:	BUREAU OF INDIAN AFFAIRS
Heading:	Operation of Indian Programs
FY 2003 Budget Appendix Page:	579
FY 2003 Pending Request:	\$1,858,986,000
Proposed Amendment:	-\$2,000,000
Revised Request:	\$1,856,986,000

This proposal would reduce the pending request for the Bureau of Indian Affairs (BIA's) Operations of Indian Programs (OIP) account by \$2.0 million. OIP funds most of BIA's non-construction activities, including education, social welfare, and natural resource management. The account received \$1.8 billion in FY 2002, of which \$436 million is forward funding for the school year beginning in September 2002. The Department of the Interior estimates that this account will carryover significant non-education unobligated balances from FY 2002 into FY 2003. This reduction would not affect program goals or objectives.

This amendment would not affect FY 2003 outlays.

Agency: DEPARTMENT OF TRANSPORTATION  
Bureau: FEDERAL HIGHWAY ADMINISTRATION  
Heading: Federal-Aid Highways  
FY 2003 Budget Appendix Page: 744 – 745  
FY 2003 Pending Request: ----  
Proposed Amendment: \$5,000,000  
Revised Request: ----

(In the appropriations language under the above heading, insert the following before the period at the end:)

: Provided further, That from the funds available pursuant to section 188 of title 23, U.S.C., \$5,000,000 shall be available until expended to conduct transportation planning studies, environmental studies, and engineering design to alleviate congestion resulting from street closures in the District of Columbia in the vicinity of the White House.

This proposal would provide \$5 million for the Federal Highway Administration from the Transportation Infrastructure Finance and Innovation program to conduct a study, including necessary planning and environmental reviews and engineering designs, to examine the impact of the Pennsylvania Avenue and E Street closures to traffic in the vicinity of the White House and to develop transportation alternatives to alleviate congestion in that area. The study would examine the alternatives of constructing a tunnel under E Street and/or Pennsylvania Avenue; transit options, including a mass transit "connector"; and traffic management options related to the street closures due to increased security concerns.

This amendment would not affect FY 2003 outlays.

Agency: DEPARTMENT OF TRANSPORTATION

Heading: TITLE III – GENERAL PROVISIONS

FY 2003 Budget  
Appendix Page: 787 – 794

FY 2003  
Pending Request: ----

Proposed Amendment: Language

Revised Request: ----

(In the appropriations language under the above heading, insert after Sec. 335 the following new section:)

Sec. 336. From funds made available under the heading, "Capital Investment Grants," Federal Transit Administration, in Public Law 107-206, the Secretary of Transportation is authorized to transfer such sums as may be necessary to "Federal-aid Highways," Federal Highway Administration, for surface transportation projects serving the Borough of Manhattan, eligible under section 133(b) of title 23, United States Code: Provided, That the Federal share for any such project shall be 100 percent: Provided further, That these projects must be developed and selected in accordance with the comprehensive transit and public transportation plan adopted by the locally designated planning and decision-making body.

This proposal would allow the Secretary of Transportation flexibility to fund the appropriate mix of transportation projects for the Borough of Manhattan in response to the September 11, 2001, terrorist attacks. The transportation system, including transit and roads, were badly damaged by the attacks. As local planning agencies and transportation providers continue to refine the rebuilding plan for lower Manhattan, several transportation projects may require different funding levels. This amendment would allow the Secretary to alter the funding mix among eligible highway and transit projects.

This amendment would not affect FY 2003 outlays.

Agency: INTERNATIONAL ASSISTANCE PROGRAMS  
Bureau: INTERNATIONAL SECURITY ASSISTANCE  
Heading: Economic Support Fund  
FY 2003 Budget Appendix Page: 963  
FY 2003 Pending Request: \$2,490,000,000  
Proposed Amendment: Language  
Revised Request: \$2,490,000,000

(In the appropriations language under the above heading, after the phrase, ": Provided, That", insert the following:)

not to exceed \$200,000,000 of the funds appropriated under this heading in this Act for foreign operations, export financing, and related programs, may be made available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying direct loans and guarantees for Pakistan: Provided further, That not to exceed \$15,000,000 of the funds appropriated under this heading in P.L. 107-206, the Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States, FY 2002, may be made available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying direct loans and guarantees for Jordan: Provided further, That.

This proposal would allow the Administration to complete modification of loans and guarantees for Pakistan and Jordan, consistent with the President's commitment to provide assistance to these countries.

This amendment would not affect FY 2003 outlays.

Agency: INTERNATIONAL ASSISTANCE PROGRAMS

Bureau: INTERNATIONAL SECURITY ASSISTANCE

Heading: Foreign Military Financing Program

FY 2003 Budget

Appendix Page: 964 – 965

FY 2003

Pending Request: \$4,107,200,000

Proposed Amendment: Language

Revised Request: \$4,107,200,000

(In the appropriations language under the above heading, insert the following new paragraph after the first paragraph:)

During fiscal year 2003, direct loans under section 23 of the Arms Export Control Act may be made available for Poland, gross obligations for the principal amounts of which shall not exceed \$3,800,000,000: Provided, That such loans shall be repaid in not more than fifteen years, including a grace period of up to eight years on repayment of principal: Provided further, That no funds are available for the subsidy costs of these loans: Provided further, That the Government of Poland shall pay the full cost, as defined in section 502 of the Federal Credit Reform Act of 1990, as amended, associated with the loans, including the cost of any defaults: Provided further, That any fees associated with these loans shall be paid by the Government of Poland prior to any disbursement of loan proceeds: Provided further, That no funds made available to Poland under this or any other Act may be used for payment of any fees associated with these loans.

This proposal would provide appropriate legislative authorization to implement a new, no subsidy-cost \$3.8 billion Foreign Military Financing (FMF) 15-year loan to the government of Poland for the purchase of 48 F-16 aircraft, weapons, and related logistics support. The FMF loan financing is essential to ensure that Poland is able to purchase the combat-proven F-16 aircraft, rather than European competitors. Poland's acquisition of the F-16 would greatly improve the interoperability of its air force with NATO and the U.S., an important objective of the United States for Central Europe. The F-16 acquisition would also promote stronger strategic ties between our militaries and our aircraft industries. As a valued partner in NATO, Poland is essential to our efforts to strengthen the Trans-Atlantic Alliance and promote a robust round of enlargement at the NATO summit in Prague.

Under the proposal, the government of Poland would assume all the costs or fees associated with the loan, including any associated with non-payment exposure risks. Thus, there will be no U.S. subsidy costs, and this request entails no new appropriations.

This amendment would not affect FY 2003 outlays.

Agency: NATIONAL CAPITAL PLANNING COMMISSION

Heading: Pennsylvania Avenue Restoration Fund

FY 2003 Budget  
Appendix Page: 1148

FY 2003  
Pending Request: ----

Proposed Amendment: \$6,100,000

Revised Request: \$6,100,000

(Insert the above heading and the appropriations language that follows immediately after the material under the heading "Salaries and Expenses".)

For planning and design activities and initiation of construction of the project at Pennsylvania Avenue in front of the White House, as proposed in the National Capital Planning Commission's Urban Design and Security Plan, \$6,100,000, to remain available until September 30, 2005, of which \$2,800,000 is for planning and design of the project: Provided, That \$3,300,000 shall be transferred to "Federal-aid Highways," Federal Highway Administration, to conduct structural testing of streetscape components and initial surveying and utility relocation for the project.

This proposal would provide \$6.1 million for the National Capital Planning Commission for expenses related to the planning, design and initial construction activities of the project at Pennsylvania Avenue in front of the White House. The proposed amendment would provide \$2.8 million to the Commission to complete the design of Pennsylvania Avenue in front of the White House as proposed in the Commission's Urban Design and Security Plan. The proposal would also provide \$800,000 for structural testing of streetscape components and \$2.5 million for initial surveying and utility relocation. These last two activities would not be conducted by the National Capital Planning Commission, but would be transferred to the Federal Highway Administration, which will be the construction manager for the project.

The proposed increase in budget authority would be offset by corresponding decreases in the Bureau of Indian Affairs' Operations of Indian Programs account, the Fish and Wildlife Service's Cooperative Endangered Species Fund account, and the National Park Service's Construction account, as proposed in accompanying budget amendments.

This amendment would increase FY 2003 outlays by \$3.7 million.