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Budget Materials - Appropriations Letters [4]

Budget materials - appropriations

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

DRAFT

July 22, 1997
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1033 -- AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Stevens (R), Alaska; Cochran (R), Mississippi)

This Statement of Administration Policy provides the Administration's views on S. 1033, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. As discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's requests. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Committee toward achieving acceptable funding levels.

The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, unrequested funds have been provided to the P.L. 480 Title I account, and the Administration's proposed user fees for meat and poultry inspection and new user fees for the Food and Drug Administration have not been adopted. In addition, while we commend the Committee for including the requested discretionary funds to operate the Crop Insurance program, the Committee has added $53 million more than requested for this purpose. These additional discretionary resources could be used to fund higher priority programs. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Women, Infants, and Children Program

The Committee bill would fund the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at $3.9 billion, $180 million below the President's request. The Committee's mark is intended to support a participation level of 7.4 million women, infants, and children, the anticipated FY 1997 end-of-year caseload level. The President's FY 1998 Budget request would allow program participation to grow modestly -- to 7.5 million by September 1998 -- and fulfills the bipartisan commitment to fully fund WIC. The request also includes a $100 million contingency reserve to ensure that unanticipated food price increases do not cause participation decreases.

The Administration appreciates the recent action by the Congress to provide supplemental funding to ensure stable WIC participation in FY 1997. We also appreciate that the Committee bill provides needed flexibility in allocating WIC funding to States. However, we are disappointed that the Committee mark does not provide funding for the contingency reserve and for the modest increase in participation proposed in the President's budget. These two provisions would allow WIC to reach and maintain the bipartisan commitment to full program participation.

The Administration shares the Committee's concern that WIC be able to maintain its successful cost containment efforts. The Administration strongly supports the Committee's inclusion of a provision to ensure competitive contracting of infant formula based on the lowest net wholesale cost. Without such a provision, infant formula costs could rise dramatically, increasing WIC's total costs and putting budgetary pressure on other programs funded by Agriculture appropriations.

Food Stamps

Unlike other major Federal entitlement programs such as Supplemental Security Income and Medicaid, the Food Stamp appropriation does not include an indefinite authority that would provide funding in the event of an economic recession or estimating errors. Instead, the Congress has traditionally provided a benefit reserve, or "cushion." While less than the requested level, the Administration appreciates that the Committee recognized the need for a benefit reserve by providing $1 billion for this purpose and urges the Senate to provide the requested level of $2.5 billion, to the extent possible.

Food and Drug Administration

The Committee action would result in a total program level for the Food and Drug Administration (FDA) of $1.0 billion: $913 million in budget authority and $113 million in user fees. This level of funding for fees is, in total, a net $132 million below the President's request. It is appropriate that regulated industries that derive valuable benefits from some FDA activities contribute an appropriate share of FDA's cost of ensuring the safety and effectiveness of their products. The Administration urges the Senate to fund FDA at the requested program level of $1.1 billion, offset by the proposed user fees.

The Administration is also very concerned that the Committee bill includes only $5 million of the $34 million requested to enforce FDA's rule intended to reduce children's access to tobacco products and make the public aware of the requirements. The Federal Government should move as quickly as possible to reduce children's access to tobacco, and not make enforcement contingent upon approval of a national settlement with the tobacco industry. Full funding of the requested $29 million increase is essential to meet the Administration's goal of significantly reducing under-age tobacco use.

Rural Housing Programs

We commend the Committee for including requested funds for single-family housing direct loans and for increasing funds above the House bill's level for the Rental Assistance Program (RAP). However, we ask the Senate to restore, to the extent possible, the $52 million requested for RAP to convert expiring HUD Section 8 rental assistance in USDA-financed rental properties to RAP assistance. While Section 8 assistance is renewed annually, RAP generally provides five-year contracts for rental assistance. On an annualized basis, RAP assistance costs less than Section 8 assistance, and over five years the conversion of these units in FY 1998 would save taxpayers $46 million.

Rural Development Programs

The Administration strongly supports and commends the Committee action that would adopt the Administration's request to implement the Rural Community Advancement Program (RCAP), as authorized in the 1996 Farm Bill. This flexible delivery mechanism would allow States and localities to tailor rural development assistance more effectively to meet unique local conditions and needs. However, we urge the Senate to include funds for grants to States, as authorized, in order to give States and localities the opportunity to better tailor a portion of this assistance to their particular priorities.

Agricultural Research Programs

While we commend the Committee for including $1.25 million of the $2 million requested for important Everglades restoration research, the Committee bill does not appear to provide sufficient funding for a number of important agricultural research initiatives. Only $8 million of the $12 million requested is included for the Administration's Human Nutrition Research Initiative, a multi-year initiative to improve the understanding of the nutrition needs of diverse populations, notably children, but also including the elderly, pregnant women, and healthy adults. The Committee bill provides $100 million for the National Research Initiative (NRI) competitive grants program, a $6 million increase over FY 1997 but a $30 million reduction from the President's request. In order to provide funding for these important activities, the Administration urges the Senate to reduce funds included for unrequested, earmarked research grants.

Food Safety Initiative

While we commend the Committee's action to fully fund the FDA portion of the request for the President's Food Safety Initiative that is within the Subcommittee's jurisdiction, only $5 million of the $9 million requested through the Department of Agriculture (USDA) has been funded. In May, the Administration announced a detailed plan to strengthen America's food safety through this initiative, including establishing a national early warning system for outbreaks of food-borne illnesses; improving meat, poultry, and seafood inspections; increasing research to develop new tests to detect food-borne pathogens and to assess risks in the food supply; and, establishing public-private partnerships to improve the public's understanding of safe food practices. We urge the Senate to fully fund this important initiative.

Food and Consumer Service Studies and Evaluations

The Administration appreciates the Committee action to provide the requested level for Food Stamp, Child Nutrition, and WIC program research. The challenge of ensuring the success of welfare reform has increased the importance of practical, applied, and timely research. The Committee's action would ensure that the Food and Consumer Service research function maintains its close connection to all facets of program operation, and its core of highly-skilled professional career researchers with a well-recognized track record of conducting and managing effective, objective program evaluations.

Outreach for Socially Disadvantaged Farmers and Ranchers

The Committee bill would significantly limit USDA's initiative to improve efforts to ensure equal access for all clientele to training, technical assistance, and other agriculture-related services intended to assist low-income farm families in becoming successful producers. The Secretary of Agriculture has stated his commitment to improving the Department's outreach to and relations with its minority and socially disadvantaged clientele. The Committee has provided only $2 million of the requested $4 million increase for this important component of USDA's Civil Rights initiative. We urge the Senate to increase funds for this priority program to the extent possible.

Micromanagement

The Administration objects to the inappropriate micromanagement of Executive Branch authorities that the Committee bill would impose, which would impede the ability of the Department to operate effectively. The Committee bill would block facility closings of the Agricultural Research Service (ARS), which are needed in order to channel resources effectively to improve the overall impact and quality of ARS research. The bill also would limit funds for advisory committees, task forces, panels, and commissions to $1 million, which is insufficient to support ongoing and new committees, including those required by the 1996 Farm Bill. We recommend that the limitation on expenditures for these purposes be lifted.

The Committee bill would also prohibit FDA from consolidating two laboratories: St. Louis and Baltimore. These consolidations are part of FDA's overall streamlining efforts and are consistent with FDA's goal to consolidate its field laboratory operations. The provision would force FDA to spend funds on infrastructure that could otherwise be used more directly to protect public health. The Administration urges the Senate to delete this provision.

Packer Concentration

The FY 1998 Budget proposes a $1.6 million increase for monitoring and analyzing meat packer market competition and the implications of structural changes and behavioral practices in the meat-packing industry. We urge the Senate to increase funds to the maximum extent possible so that USDA can maintain continuous, systematic collection and analysis of data along with aggressive investigative activities to address these issues effectively.

Nutrition Education and Training

The FY 1998 Budget proposes $10 million for the Nutrition Education and Training program. The Welfare Reform bill enacted last year replaced mandatory funding for this program with an authorization for discretionary appropriations. The Administration is disappointed that the Committee has not provided the requested funding for this valuable resource to the child nutrition programs. We urge the Senate to fund this important program to the maximum extent possible.

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

Budget materials – appropriations

July 21, 1997
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1034 – DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Stevens (R), Alaska; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on S. 1034, the Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Senate's efforts to fully fund many high priority requests. Regrettably, there are a number of specific provisions of the Bipartisan Budget Agreement that are not reflected in the Committee bill. As a result, the bill is unacceptable.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions below the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. We also note that in a number of accounts, funding levels exceed requests in the FY 1998 Budget. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Corporation for National and Community Service

The Administration is deeply concerned about the $146.5 million, or 27 percent, reduction to the President's request for the Corporation for National and Community Service. These funds support the President's America Reads Challenge, the national literacy campaign to ensure that every child can read well and independently by the third grade. This is one of the Administration's highest priorities. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and the concepts of the President's America Reads program." Without the requested funding, the Corporation would not be able to finance 11,000 AmeriCorps tutor coordinators to help recruit, organize, and manage the America Reads army of a million volunteers to tutor over three million children. The Administration strongly urges the Senate to fully fund the Corporation at the requested level of $549 million and to adopt the appropriation language included in the President's FY 1998 Budget.

Environmental Protection Agency

The Administration appreciates the Senate's continued efforts to keep the bill free from contentious legislative riders. However, the Administration believes that the Committee's overall $669 million, or 8.8 percent, reduction to the President's request for the Environmental Protection Agency (EPA) would significantly limit key activities and fails to meet the funding levels contained in the Bipartisan Budget Agreement.

In particular, the Committee's reduction of $213 million to the President's $3.4 billion request for EPA's Operating Program is a violation of the Bipartisan Budget Agreement that could severely impair the Agency's ability to protect the environment adequately. In addition to the overall funding level, the Administration is concerned that the Committee has reduced funding for key Administration priorities while funding numerous unrequested and unauthorized projects. In particular, the Administration strongly opposes the 38 percent reduction to the President's requests for the Climate Change Action Plan. These voluntary programs represent the most cost-effective method of achieving reductions in greenhouse gases that are needed to fulfill U.S. treaty commitments. The Administration also urges the Senate to restore funding for the President's Kalamazoo Right to Know initiative, which will make more environmental data available to the public in 75 major cities; the Montreal protocol program, which works to prevent depletion of the ozone layer; finishing construction of the Research Triangle Park lab, which will replace several antiquated facilities; and, the innovative GLOBE program.

The Administration also strongly objects to the Committee's $694 million, or 33 percent, reduction to the President's request for Superfund. It is especially troubling that the Committee has failed to fund this program at the level anticipated in the Bipartisan Budget Agreement. These funds are urgently needed to eliminate the backlog of Superfund cleanups and to double the pace of cleanups over the next four years. This will improve the quality of life for more than 27 million Americans, including over four million children, who live within four miles of a Superfund site. Congress should fully fund the President's request for Superfund, as anticipated by the Bipartisan Budget Agreement.

In addition, the Administration urges the Senate to restore the President's request of $100 million for Boston Harbor to help improve water quality and reduce the number of beach closings. This funding would continue to fulfill a bipartisan Federal commitment to Boston Harbor. The Administration strongly opposes the Committee's $4 million reduction to EPA's budget to fund the Chemical Safety and Hazard Investigation Board, and continues to support the EPA/OSHA Joint Accident Investigation Program to investigate chemical accidents and recommend action for their further prevention. Since it began, the EPA/OSHA program has successfully investigated numerous accidents; produced an independently reviewed accident report with more reports pending release; disseminated alerts to industry; and prompted OSHA to consider changing its process safety rule. Rather than creating a duplicative agency, the Administration supports the EPA/OSHA program, which combines and improves existing agency efforts, as the most effective strategy to prevent accidents.

Community Development Financial Institutions (CDFI) Fund

The Administration is very concerned about the Committee's decision not to fund the CDFI Fund. The Bipartisan Budget Agreement clearly indicates that funding for CDFI will be at the level projected in the FY 1998 Budget. The CDFI Fund has a demonstrated record of success. In the first round of the CDFI Program, the Fund awarded $37.2 million in loans, equity investments, grants, and technical assistance to 31 CDFIs serving 46 States and the District of Columbia. These investments have already leveraged more than $50 million in non-Federal matches and, over the long term, are estimated to leverage 10 to 20 times the amount awarded. Furthermore, under the Bank Enterprise Award Program, the CDFI Fund has awarded $13.1 million to 38 banks and thrifts. These awards have encouraged $126 million in support for CDFIs and direct lending and financial services in distressed neighborhoods. We strongly urge the Senate to fund CDFI at the requested level of $125 million, as agreed upon in the Bipartisan Budget Agreement, and as funded by the House in H.R. 2158.

Council on Environmental Quality

The Administration urges the Senate to restore the reduction from the request for the Council on Environmental Quality (CEQ). The Committee's reduction would severely affect CEQ's ability to perform its statutory obligations under the National Environmental Policy Act (NEPA) and, consequently, would cripple its ongoing effort to reinvent NEPA, a project designed to improve decision-making and raise efficiency in the performance of NEPA reviews. The results of the NEPA reinvention will reduce costs, time delays, and paperwork to the benefit of the general public. We also urge the Senate to include requested bill language concerning the number of CEQ council members.

Department of Housing and Urban Development

The Administration notes that the overall level of funding provided by the Committee for the Department of Housing and Urban Development (HUD) is generally consistent with the Administration's request. However, the Committee has failed to fund a number of Presidential initiatives, including Brownfields Redevelopment, Empowerment Zones, Homeownership Zones, Bridges to Work, and housing certificates to help families make the transition from welfare to work. The Administration strongly urges the restoration of funds for these priorities by eliminating some of the unrequested funds for several HUD programs.

The Administration seeks restoration of new incremental housing assistance funding in the Housing Certificate Fund to aid additional low-income families. These funds would be allocated to collaboratives consisting of State welfare agencies and housing authorities. The Administration objects to the Committee's inclusion of a three-month delay in rescinding housing vouchers, which would reduce the number of families assisted.

The Administration objects to the reduction in resources for the Office of Federal Housing Enterprise Oversight (OFHEO). OFHEO provides crucial taxpayer protection through its financial supervision of Fannie Mae and Freddie Mac.

The Administration also seeks restoration of requested funding for HUD Salaries and Expenses. The proposed Committee reduction would not allow HUD to implement critical phases of its management reform and restructuring plan.

Department of Veterans Affairs

The Administration appreciates the Senate's responsiveness to several of the President's key initiatives. We are pleased that the Administration's user fee proposal has been included in the bill. The Administration also appreciates the continued support the Senate has shown for the Veterans Equitable Resource Allocation (VERA).

The Administration urges the Senate to grant authority and provide related funding for the Veterans Benefits Administration to reimburse the Veterans Health Administration for medical examinations conducted in support of veterans' disability compensation claims. We believe that the establishment of a customer and service provider relationship between the two bureaus will result in higher quality medical exams. Improved medical exams are expected to translate into improved timeliness of claims processing, fewer appeals and remands, and better service to veterans.

Federal Emergency Management Agency

We are concerned that the Committee has chosen not to fund the Administration's proposal for a new pre-disaster mitigation program. Pre-disaster mitigation is important in reducing disaster damage, saving disaster relief expenditures, and preventing loss of life. We urge the Senate to provide funding for this important program, to the extent possible.

National Aeronautics and Space Administration (NASA)

We appreciate the Committee's efforts to fully fund the President's request for NASA. The Administration suggests that language concerning the $150 million in transfer authority provided by H.R. 2158 for the International Space Station be incorporated in the Senate bill. The

Administration will oversee the implementation of this transfer authority to ensure that it will not have adverse effects on other priority NASA programs. The Administration supports funding for Russian Program Assurance, which can be accommodated within the President's requested level for NASA.

Office of Consumer Affairs

The Administration opposes the Committee's proposed termination of the Office of Consumer Affairs (OCA). This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help-line and educational materials. The Administration requests that the Senate restore funding for OCA and, as requested in the FY 1998 Budget, restore OCA's authority to accept and expend donated funds.

NGA Resolutions

1. NGA Resolution -- Proposed Change in Policy on National and Community Service

Description:
The resolution amends the Governors' current support for national and community service by supporting the goal of the Presidents' Summit in Philadelphia -- that all children should have access to the five fundamental resources they need to be successful, including a caring adult, a safe place, a healthy start, marketable skills, and a chance to give back. The resolution also recommends that all federal support for community service pass through a gubernatorially appointed state commission, and include a 10% set-aside for state-determined program innovations.

The resolution does not mention AmeriCorps, although the Corporation for National Service tried to convince Gov. Carper's office to add a statement supporting AmeriCorps.

Administration Position:
- The Administration supports the goal of the Presidents' Summit.
- The Administration does not support running all federal service funds through the Governors. Currently, two-thirds of AmeriCorps funding goes directly to the Governors, while one-third is allocated nationally by the Corporation for National Service. The Governors have great flexibility in determining how to allocate their funding. We continue to support this 2/3-1/3 split for federal service funds, and believe that it is appropriate for some of the funds to be programmed by the Corporation.
- We would oppose creating a 10% set-aside for states if that requires new funding. We would not object to such a plan if the 10% set-aside were carved out of the current state pot.

2. The National Guard Youth Challenge Program (New policy Position HR-3)

Description
The proposed policy supports the National Guard Youth Challenge Program which is sponsored by the U.S. Department of Defense to help "at risk" males and females, ages sixteen to eighteen, acquire essential life skills, job skills, and a General Education Development diploma. States usually match the funding they receive through this program by contributing volunteer workers and armory facilities. The program was a five year pilot. This policy urges Congress to permanently authorize the program.

Administration Position
The Administration is supportive of the National Guard Youth Challenge Program: its focus on school-to-work skills and at-risk youth is complementary to our education priorities. In the current budget, the Administration requested a two-year extension of the authorization of this program (through 1999). OMB has not supported a permanent authorization, believing that this program ultimately should derive fiscal support at the state level or from interested foundations.

The Department of Defense requested $20 million for this program in 1998. The House authorized $50 million for fiscal year 1998. No other actions have been taken with respect to this program.

3. Individuals with Disabilities Education Act (IDEA) (Amendments to HR-23)

Description
The proposed policy supports many of the changes in the reauthorization of IDEA, including:

- allowing school districts to coordinate and link IDEA funds with other federal education programs that support state and local school reform activities, such as Goals 2000;
- encouraging the use of mediation in resolving disputes about the provision of services to disabled children;
- giving states the authority to simplify the application process for local school districts to apply for federal funding.

The policy, however, also proposes changes to IDEA that would minimize the number of federal mandates and provide additional funding to administer programs. The Governors also call upon the U.S. Department of Education to use a federal-state consensus process in implementing the reauthorized IDEA.

Administration Position
The Administration is not in favor of any additional changes to the reauthorized IDEA. We strongly supported the reauthorizing legislation in the form that it passed Congress and are not in favor of reponing this issue.

4. Welfare Reform -- Paternal Involvement in Child Rearing (HR-28)

Description
The resolution amends the NGA's current recommendations on what government can do to try to reduce the number of out-of-wedlock births and encourage the active participation by fathers in raising their children. The earlier version had encouraged the involvement "of the community, including the religious community, in addressing the problems of father absence." The new version encourages "the involvement of the community, including the religious community, civic community, and business community, in addressing the desirability of father involvement" and it adds a recommendation to "develop strategies that involve both parents in activities focused on children." Other parts of the resolution include providing education and information to the courts, to all levels of government, and to the public about the importance of fathers; developing strategies to educate youth about the responsibilities of fatherhood; working with private employers and the education community to provide opportunities to low-skilled fathers; strengthening paternity establishment and child support enforcement efforts; and other actions.

Administration Position
The Administration supports involving all sectors of society to help reduce the number of out of wedlock pregnancies and encourage active participation by fathers in raising their children.

5. Welfare Reform -- High Performance Bonuses and Outcomes (HR-41)

Description

This resolution describes the NGA's general recommendations for the high performance bonus created by the new welfare law. The welfare law provides $1 billion in bonuses to reward high performing states. The law charges the Department of Health and Human Services, in consultation with the National Governors' Association and the American Public Welfare Association, to develop a formula by which to measure performance and award the bonuses.

The NGA resolution recommends that the high performance bonus measure should: be simple, credible, and understandable to the public; focus on outcomes rather than process; take the varying state economic circumstances and policies into account; minimize double jeopardy or reward; avoid additional data collection requirements; avoid unintended consequences; focus on positive rather than negative measures; and reflect a strong emphasis on employment and self-sufficiency.

The NGA recommends that the high performance bonus system should reward both absolute achievement and progress. It should include core national measures, upon which all states will be judged, as well as state-selected measures. The national measures of performance should recognize the extent to which states help individuals make the transition from welfare to paid employment and self-sufficiency and help reduce teen births. In addition, the system should include a "menu" of optional, state-selected performance measures.

Administration Position

The Administration has consulted closely with NGA and APWA over the structure of the performance bonus, and has recently prepared a preliminary concept proposal which is generally consistent with the NGA resolution. Under the Administration's preliminary proposal, performance would be measured based on employment, job retention, earnings, and teen births. The Administration draft indicates a willingness to consider including optional, state-selected measures as well. Unlike the NGA resolution, the Administration draft states a clear preference for using state unemployment insurance records as an objective source of employment status of individuals, rather than administrative data collected by the welfare agencies.

6. Gang Violence -- National Governors' Association Resolution

Description

This proposed policy recognizes the substantial increase in gang membership over the past five to ten years and calls for a greater level of intergovernmental coordination and information sharing between the states and the federal government. The proposal:

- urges increased technical assistance from the federal government; and
- encourages U.S. Attorneys to increase their efforts to prosecute gang members for violating federal laws while opposing the federalization of criminal laws under state jurisdiction.

The resolution states that Governors are in the best position to provide for the proper coordination of criminal justice resources, including those needed to address gang activity.

Administration Position
Our position is essentially consistent with the Governors' resolution. We strongly agree with the Governors about the need to combat the gang problem at all levels of government and recognize the importance of partnerships with state and local law enforcement in the prosecution of gang-related crimes. To this end, our Anti-Gang and Youth Violence Act of 1997 contains increased penalties and new tools for U.S. Attorneys to crack down on gang violence and curb gang witness intimidation. It also provides new resources to fund state and local prosecutors and anti-gang task forces. We have supported increased information sharing on gangs through the creation of a gang tracking network demonstration project. In addition we have earmarked funds in our bill to provide needed technical assistance to states. However, we have not specifically embraced the NGA's position that Governors are best suited to coordinate federal, state, and local law enforcement efforts to combat gang activity.

7. Children's Health Care -- National Governor's Association Resolution

Description
The NGA's children's health proposal states that (1) any children's health investment must be structured to give states flexibility to administer a program tailored to their needs, including the ability to design their own eligibility standards and benefits package; (2) the investment must be structured so as not to encourage the private sector to stop covering children who are already insured; (3) the investment should not create a new entitlement program; (4) the Federal government must provide an adequate investment to ensure that states do not have to shoulder the burden of this program; (5) any efforts to enroll more children in Medicaid who are currently eligible but not enrolled should be done in close conjunction with states.

Administration Position
The Administration has worked closely with the National Governors' Association to ensure that any children's health investment in the balanced budget empowers states to address the particular needs of their populations. (1) We agree that states must have sufficient flexibility to design their own programs, including eligibility requirements and benefit packages. At the same time, we believe that states must provide assurances that they will spend this investment wisely to provide meaningful health care coverage, including a minimum benefits package, for as many uninsured children as possible. (2) We agree with the NGA that any children's health proposal must provide coverage for children who currently lack insurance rather than replace existing private or public spending. (3) There are no proposals in front of the Congress to make children's health care a new entitlement. (4) We are supporting a provision that would make the Federal matching rate higher than under Medicaid. States also would not have to meet a minimum threshold to access new funds. Moreover, participating in the children's health program is voluntary, so no state will be forced to participate in a program it cannot afford. (5) We agree that outreach efforts should be done in conjunction with the states.

8. Facilitating Innovation for Medical Devices and Drugs Research

Description
The NGA supports a reexamination of the policies and procedures at the Food and Drug

Administration to facilitate more rapid access to new therapies and cures. It advocates the development of policies that would allow for a rapid review and approval of new drugs while ensuring public safety.

Administration Position

We agree with the NGA and are working on acceptable comprehensive FDA reform that may pass the Senate before the August recess. It will balance the need for more responsiveness from FDA on these issues with the need to uphold the mission of the agency to preserve and protect public health and safety.

Budget materials - appropriations letters

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

July 23, 1997
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1033 – AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Stevens (R), Alaska; Cochran (R), Mississippi)

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The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, unrequested funds have been provided to the P.L. 480 Title I account, and the Administration's proposed user fees for meat and poultry inspection and new user fees for the Food and Drug Administration have not been adopted. In addition, while we commend the Committee for including the requested discretionary funds to operate the Crop Insurance program, the Committee has added $53 million more than requested for this purpose. These additional discretionary resources could be used to fund higher priority programs. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

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The Administration appreciates the recent action by the Congress to provide supplemental funding to ensure stable WIC participation in FY 1997. We also appreciate that the Committee bill provides needed flexibility in allocating WIC funding to States. However, we are disappointed that the Committee mark does not provide funding for the contingency reserve and for the modest increase in participation proposed in the President's budget. These two provisions would allow WIC to reach and maintain the bipartisan commitment to full program participation.

The Administration shares the Committee's concern that WIC be able to maintain its successful cost containment efforts. The Administration strongly supports the Committee's inclusion of a provision to ensure competitive contracting of infant formula based on the lowest net wholesale cost. Without such a provision, infant formula costs could rise dramatically, increasing WIC's total costs and putting budgetary pressure on other programs funded by Agriculture appropriations.

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Food and Drug Administration

The Committee action would result in a total program level for the Food and Drug Administration (FDA) of $1.0 billion: $913 million in budget authority and $113 million in user fees. This level of funding for fees is, in total, a net $132 million below the President's request. It is appropriate that regulated industries that derive valuable benefits from some FDA activities contribute an appropriate share of FDA's cost of ensuring the safety and effectiveness of their products. The Administration urges the Senate to fund FDA at the requested program level of $1.1 billion, offset by the proposed user fees.

The Administration is also very concerned that the Committee bill includes only $5 million of the $34 million requested to enforce FDA's rule intended to reduce children's access to tobacco products and make the public aware of the requirements. The Federal Government should move as quickly as possible to reduce children's access to tobacco, and not make enforcement contingent upon approval of a national settlement with the tobacco industry. Full funding of the requested $29 million increase is essential to meet the Administration's goal of significantly reducing under-age tobacco use.

Rural Housing Programs

We commend the Committee for including requested funds for single-family housing direct loans and for increasing funds above the House bill's level for the Rental Assistance Program (RAP). However, we ask the Senate to restore, to the extent possible, the $52 million requested for RAP to convert expiring HUD Section 8 rental assistance in USDA-financed rental properties to RAP assistance. While Section 8 assistance is renewed annually, RAP generally provides five-year contracts for rental assistance. On an annualized basis, RAP assistance costs less than Section 8 assistance, and over five years the conversion of these units in FY 1998 would save taxpayers $46 million.

Rural Development Programs

The Administration strongly supports and commends the Committee action that would adopt the Administration's request to implement the Rural Community Advancement Program (RCAP), as authorized in the 1996 Farm Bill. This flexible delivery mechanism would allow States and localities to tailor rural development assistance more effectively to meet unique local conditions and needs. However, we urge the Senate to include funds for grants to States, as authorized, in order to give States and localities the opportunity to better tailor a portion of this assistance to their particular priorities.

Agricultural Research Programs

While we commend the Committee for including $1.25 million of the $2 million requested for important Everglades restoration research, the Committee bill does not appear to provide sufficient funding for a number of important agricultural research initiatives. Only $8 million of the $12 million requested is included for the Administration's Human Nutrition Research Initiative, a multi-year initiative to improve the understanding of the nutrition needs of diverse populations, notably children, but also including the elderly, pregnant women, and healthy adults. The Committee bill provides $100 million for the National Research Initiative (NRI) competitive grants program, a $6 million increase over FY 1997 but a $30 million reduction from the President's request. In order to provide funding for these important activities, the Administration urges the Senate to reduce funds included for unrequested, earmarked research grants.

Food Safety Initiative

While we commend the Committee's action to fully fund the FDA portion of the request for the President's Food Safety Initiative that is within the Subcommittee's jurisdiction, only $5 million of the $9 million requested through the Department of Agriculture (USDA) has been funded. In May, the Administration announced a detailed plan to strengthen America's food safety through this initiative, including establishing a national early warning system for outbreaks of food-borne illnesses; improving meat, poultry, and seafood inspections; increasing research to develop new tests to detect food-borne pathogens and to assess risks in the food supply; and, establishing public-private partnerships to improve the public's understanding of safe food practices. We urge the Senate to fully fund this important initiative.

Food and Consumer Service Studies and Evaluations

The Administration appreciates the Committee action to provide the requested level for Food Stamp, Child Nutrition, and WIC program research. The challenge of ensuring the success of welfare reform has increased the importance of practical, applied, and timely research. The Committee's action would ensure that the Food and Consumer Service research function maintains its close connection to all facets of program operation, and its core of highly-skilled professional career researchers with a well-recognized track record of conducting and managing effective, objective program evaluations.

Outreach for Socially Disadvantaged Farmers and Ranchers

The Committee bill would significantly limit USDA's initiative to improve efforts to ensure equal access for all clientele to training, technical assistance, and other agriculture-related services intended to assist low-income farm families in becoming successful producers. The Secretary of Agriculture has stated his commitment to improving the Department's outreach to and relations with its minority and socially disadvantaged clientele. The Committee has provided only $2 million of the requested $4 million increase for this important component of USDA's Civil Rights initiative. We urge the Senate to increase funds for this priority program to the extent possible.

Micromanagement

The Administration objects to the inappropriate micromanagement of Executive Branch authorities that the Committee bill would impose, which would impede the ability of the Department to operate effectively. The Committee bill would block facility closings of the Agricultural Research Service (ARS), which are needed in order to channel resources effectively to improve the overall impact and quality of ARS research. The bill also would limit funds for advisory committees, task forces, panels, and commissions to $1 million, which is insufficient to support ongoing and new committees, including those required by the 1996 Farm Bill. We recommend that the limitation on expenditures for these purposes be lifted.

The Committee bill would also prohibit FDA from consolidating two laboratories: St. Louis and Baltimore. These consolidations are part of FDA's overall streamlining efforts and are consistent with FDA's goal to consolidate its field laboratory operations. The provision would force FDA to spend funds on infrastructure that could otherwise be used more directly to protect public health. The Administration urges the Senate to delete this provision.

Packer Concentration

The FY 1998 Budget proposes a $1.6 million increase for monitoring and analyzing meat packer market competition and the implications of structural changes and behavioral practices in the meat-packing industry. We urge the Senate to increase funds to the maximum extent possible so that USDA can maintain continuous, systematic collection and analysis of data along with aggressive investigative activities to address these issues effectively.

Nutrition Education and Training

The FY 1998 Budget proposes $10 million for the Nutrition Education and Training program. The Welfare Reform bill enacted last year replaced mandatory funding for this program with an authorization for discretionary appropriations. The Administration is disappointed that the Committee has not provided the requested funding for this valuable resource to the child nutrition programs. We urge the Senate to fund this important program to the maximum extent possible.

Budget materials - appropriations letters

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

July 24, 1997

THE DIRECTOR

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter provides the Administration's views on the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. These views are based on incomplete information and are, therefore, necessarily preliminary.

The Subcommittee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Subcommittee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, and Education Technology Programs. The Administration is also pleased that the Subcommittee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The Committee is urged to continue this practice. As discussed below, the Administration will seek restoration of certain of the Subcommittee's reductions.

The Administration is committed to working with the Committee to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Subcommittee bill provides nearly $1.5 billion more than the President has requested for three dozen authorities in the Department of Education, while cutting the President's request by almost $2 billion. Similar reallocations are made in other sections of the bill. We strongly urge the Committee to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly those specified in the Bipartisan Budget Agreement, as noted below.

Department of Education

The Administration appreciates the Subcommittee's efforts to provide substantial new funding for education activities. Unfortunately, the Subcommittee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $16 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Subcommittee has provided advance appropriations for America Reads to the Department of

Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that the full funding should be restored to both the Department of Education and the Corporation for National and Community Service for FY 1998.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1st for a program that would begin on July 1st, in time for summer activities and the 1998-1999 school year.

The Bipartisan Budget Agreement assumes a $1.7 billion increase over FY 1997 for Pell grants, to support both a $3,000 maximum award and expanded eligibility for independent students. The Subcommittee bill cuts the Pell request by over $700 million and thus does not fund the Administration's proposed independent student policy. The Administration is proposing to aid independent students in the Higher Education Act reauthorization proposal, but based on information from the authorizing committees, the Administration cannot expect the Act to be reauthorized in time to effect FY 1998 awards. Rather than withhold this benefit from independent students, the Administration proposes that the appropriation act include one year of authority while the reauthorization process is completed. This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. In accordance with the terms of the Bipartisan Budget Agreement, we urge the Committee to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Subcommittee bill funds Education Reform at $1.13 billion, $110 million below the level assumed under the Bipartisan Budget Agreement. Within the total, GOALS 2000 State and local grants are funded at only $500 million, $105 million below the request. GOALS 2000 funds provide essential support to virtually every State's education improvement strategy. We strongly urge the Committee to restore full funding for GOALS 2000.

A number of other high priority Education programs are funded significantly below the President's request. These include Adult Education, College Work-Study, Title I Targeted grants, Safe and Drug-Free Schools, Eisenhower Professional Development, Charter Schools, 21st Century Learning Centers, and educational research, statistics, and assessment. We urge the Committee to fully fund these activities at the levels requested in the President's FY 1998 Budget.

Department of Health and Human Services

The Administration is deeply concerned that the Subcommittee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The additional investment is small compared to the potential rewards of placing children in supportive and loving homes. The Administration strongly urges the Committee to fully fund this urgently-needed program at the President's requested level.

The Administration is pleased that the Subcommittee has provided the requested $40 million increase over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $41 million that could be used by grantees for the purchase of AIDS drugs. The Administration is also pleased to see that the Subcommittee has allocated these funds roughly as requested in the President's budget, with an additional $38 million in Title II grants to States which spend a large proportion of the Ryan White grants on primary care and drugs for people with HIV and AIDS.

The Administration is concerned that the Subcommittee bill does not appropriate a specific amount for AIDS research through a single appropriation as requested in the President's budget for the National Institutes of Health's (NIH's) Office of AIDS Research. The single appropriation helps NIH target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Administration is concerned that the Subcommittee has not provided the requested $28 million expansion of funding for the Substance Abuse and Mental Health Services Administration (SAMHSA) for the National Household Survey on Drug Abuse. This survey provides national estimates on substance abuse in the population, age 12 and older. The Administration believes that both national and State-level data will assist in monitoring the progress toward achieving the objectives of the President's National Drug Control Strategy. The Administration encourages the Committee to fund the President's request for this activity.

The Subcommittee has funded the Health Care Financing Administration (HCFA) program management activities at $1,739 million, $35 million below the President's request. The Subcommittee's level could hinder efforts to achieve year 2000 systems compliance and to implement the Medicare Transaction System. To the extent possible, we urge the Committee to fund HCFA program management at the requested level.

The Subcommittee has rescinded $21 million in mandatory research funds. The President's request assumes $18 million in discretionary and $21 million in mandatory welfare research funds, for a total of $39 million. The Subcommittee has provided only $26 million in the Administration for Children and Families and Assistant Secretary for Planning and Evaluation. In order to gauge the effects of welfare reform, research is needed now more than ever. The Administration urges the Committee to drop the rescission and to fund welfare research at the President's requested level.

While the Administration supports the Subcommittee's funding of Violence Against Women Act programs, the Subcommittee has not provided the $12.8 million requested for the Community Schools program within the Violent Crime Reduction Programs account. We urge the Committee to restore funding for this program.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Subcommittee mark provides the Administration's request for low-income youth training programs, dislocated workers, and the Job Corps. However, in order to be consistent with the

Agreement, we urge the Committee to provide an additional $285 million to fully fund the request for new adult training grants and new TES programs in FY 1998. The Subcommittee has provided $250 million in FY 1999 for the Youth Opportunity Area proposal, subject to passage of authorizing legislation. This program may be carried out under existing legislation, and a separate authorization is not necessary. The Committee is urged to provide resources for this initiative in FY 1998, without the restriction provided by the Subcommittee.

The Administration appreciates the Subcommittee's allocation of $150 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems. However, that amount is $50 million below the level needed to ensure that the year 2000 costs are met. In addition, the Subcommittee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Bipartisan Budget Agreement and would, over five years, achieve $763 million in mandatory savings assumed in the Agreement. The Committee is urged to provide this increase and the increase for year 2000 conversion costs.

The Subcommittee has provided $990 million, an increase of $41 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about 60 percent of the proposed increase. Funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the Committee to enact the Administration's request for these programs. Without the requested increases, the Department would not be able to carry out a balanced program of targeted enforcement, with expanded partnerships and compliance assistance in the regulated community. Nor would the Department be able to streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, the Committee is urged to provide the requested level for the Bureau of Labor Statistics to ensure the continued accuracy and reliability of all of the Bureau's statistical programs.

<u>Social Security Administration</u>

The Subcommittee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. The pending reconciliation bill contains a provision that would provide authority for a $290 million upward cap adjustment ($45 million more than current law) to the non-defense discretionary spending caps for funding provided by the Subcommittee for additional CDRs. This is consistent with the President's request. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the Committee to provide the additional $45 million.

The Subcommittee increases the fees States pay SSA for administering State payments that are supplemental to SSI benefits, and has provided for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is consistent with the Bipartisan Budget Agreement, and the Administration commends the Subcommittee's actions.

The Subcommittee has reduced funding for the Office of the Inspector General by $7 million from the President's request of $44 million and for research and demonstration projects by $9.7 million from the President's request of $16.7 million. The reduction to the IG request would hamper the IG's ability to perform audits and investigations needed to prevent fraud, waste, and abuse and to assure program integrity. The reduction in research and demonstration funding would reduce SSA's ability to understand the reasons for growth in the disability programs and implement initiatives intended to improve SSA's record in returning disabled beneficiaries to work. The Administration urges the Committee to restore funding to the maximum extent possible in these two key areas.

We look forward to working with the Committee to address our mutual concerns.

Sincerely,

Franklin D. Raines
Director

Identical Letter Sent to The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Arlen Specter,
and The Honorable Tom Harkin

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

July 24, 1997
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1022 – DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Stevens (R), Alaska; Gregg (R), New Hampshire)

This Statement of Administration Policy provides the Administration's views on S. 1022, the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. For example, we appreciate the Senate's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of $1.4 billion is consistent with the Bipartisan Budget Agreement and will enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000. While below the request, the Administration also appreciates the funding level provided for the Legal Services Corporation. We strongly urge full funding of the President's request.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, funding could be reduced for the Local Law Enforcement Block Grant and the new Juvenile Justice Block Grant. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Department of Commerce

- National Institute of Standards and Technology. The Administration urges the Senate to restore funding for the National Institute of Standards and Technology (NIST) to the level agreed upon in the Bipartisan Budget Agreement. The Committee mark of $604 million falls short of the agreed upon level by $89 million. The reduction is targeted to the Advanced Technology Program (ATP) and Manufacturing Extension Partnership (MEP), which work in partnership with industry to advance U.S. competitiveness. ATP is funded at $200 million,

$76 million below the President's request. This funding level would reduce the number of innovative technology development grants that NIST could award. MEP is funded at $111 million, $12 million below the request. The Committee's reduction would prevent funding for new initiatives designed to increase the synergy of our national network of centers. We strongly urge full funding of the President's Budget.

- National Oceanic and Atmospheric Administration. The Administration is disappointed that no funds have been provided for the President's Clean Water Initiative, which would help protect coastal communities from pollutants. The National Oceanic and Atmospheric Administration (NOAA) is the primary trustee of our Nation's coastal resources and, as such, plays an important role in this initiative. The $22 million initiative builds from NOAA's unique coastal responsibilities and partnerships with States and other Federal Trustee agencies. In addition, we are disappointed that the Committee has not included any funding for the Global Learning and Observations to Benefit the Environment Program (GLOBE). This program was developed to increase understanding of the Earth and has already formed partnerships with over 2,500 U.S. schools and 35 other countries, involving thousands of students across the U.S. and worldwide. The Committee is recommending over $100 million in funding for NOAA activities not requested by the Administration. We strongly urge that a portion of these funds should be redirected to continue the Clean Water Initiative, GLOBE, and other priorities.

- Census Sampling. While the compromise language that passed the Senate in the FY 1997 Emergency Supplemental Appropriations and Rescissions Bill would be workable, the Administration would strongly object to any prohibition on the use of sampling as part of the 2000 Decennial Census. Without the limited use of sampling, the accuracy of the census would decrease significantly, especially with regard to children and minority groups that have been traditionally undercounted. The National Academy of Sciences, the General Accounting Office, the Commerce Department Inspector General, and the vast majority of the professional statistical community support the use of sampling in the decennial census.

- National Information Infrastructure Grants Program. The Administration urges the Senate to reallocate resources between the National Information Infrastructure (NII) grants program and the Public Broadcasting Facilities program. The Committee mark substantially reduces funding for the former and provides a large, unrequested increase for the latter. The NII program is meritorious, providing seed money for innovative projects that deploy, use, and evaluate advanced telecommunications and information technology.

Department of Justice

- Drug Courts and Drug Testing. The Administration opposes the Committee's $40 million funding level for the drug courts program. The drug courts program is a proven, cost-effective means of using the coercive power of the courts to move non-violent offenders into drug treatment. Also, the President's budget provides a total of $30 million to offset the costs associated with drug testing State and local arrestees. The Administration is concerned that the Committee does not identify $30 million from the Byrne Grant program for the State and local portion of the drug testing program. The drug courts and drug testing programs could be restored to the requested levels by reducing the Committee's funding level for the Local Law Enforcement Block Grant program.

- Juvenile Justice Block Grant. The Administration appreciates the Committee's desire to provide additional support for juvenile justice programs. However, we are concerned that the block grant program may authorize a broad and unfocused range of activities. We urge the Senate to target $100 million for the prosecutorial grant program, which is designed to facilitate the cooperation and coordination of prosecutors and police with school officials, probation officers, youth social service professionals, and community members in an effort to reduce the incidence of gang activity and violent juvenile crime. The Administration also urges the Senate to target $50 million for the violent youth court program, which is designed to develop initiatives that courts and court-related entities, such as probation and parole offices and victim/witness centers, may use to enhance and expedite the handling of youth violence cases.

- FBI Recruitment. The Committee bill exempts the FBI from Title 5 personnel laws and regulations on the basis that the FBI is restricted in its ability to recruit and retain individuals with scientific and technical skills, and that pay flexibility under Title 5 is inefficient. We believe the Committee's action, while well intended, is flawed. There is insufficient evidence of a recruitment problem at the FBI that would be solved by exemptions from Title 5 provisions for employee classification, pay, and performance. Such exemptions would not address significant non-pay recruitment problems, such as the large number of applicants that fail drug and/or polygraph tests. The Federal agencies that have documented pay-related recruitment problems have successfully used the pay flexibility provided in Title 5. In addition, the provision would establish a personnel system not subject to Office of Personnel Management oversight; exempt all FBI employees, including support staff, from Title 5 in response to undocumented recruitment problems related to scientific and technical personnel; and, would address the Government-wide needs for scientific and technical employees, including the those of other law enforcement agencies, in an inconsistent manner. We recommend that this provision be deleted from the bill.

- Telecommunications Carrier Compliance. The Committee bill does not provide any FY 1998 funding for the Telecommunications Carrier Compliance program. The Administration has requested $100 million to reimburse communications equipment manufacturers for the cost of modifying equipment to ensure that law enforcement agencies would be able to conduct court-authorized wiretaps. As requested, the FBI has provided the Committee with a detailed implementation plan for the program. Implementation should not be delayed further for the creation of an FBI/industry working group and refinement of the implementation plan as the Committee's Report directs. The Administration strongly requests that funding for this program be provided.

- Bureau of Prisons. The Administration objects to language of the Committee Report concerning the Bureau of Prisons, Buildings and Facilities, appropriation. The Report mandates that unless a certain minimum funding level is included in the President's FY 1999 Budget for prison facilities, funding for INS political appointees will be restricted in FY 1998. This provision inappropriately attempts to encroach on the President's authority to determine the Administration's FY 1999 funding priorities and precludes an assessment of the Bureau's needs in favor of a pre-determined level set by Congress. Finally, this action would tie funding for prisons to a sanction in another, unrelated appropriation (INS).

  The Administration urges the Senate to strike section 103 of the Committee bill, which would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered. The Department of Justice believes that there is a great likelihood that this provision would be held unconstitutional.

Ounce of Prevention Council

The Administration opposes the Committee's termination of the Ounce of Prevention Council. Elimination of this program would hinder the Federal Government's ability to help neighborhoods implement balanced strategies to reduce crime through enforcement, prevention, and intervention. The Council awards discretionary grants for promising community collaborative crime prevention programs, publishes a catalog of crime prevention grants and programs, and provides information and technical assistance. It plays a critical role in helping communities gain access to information on crime prevention best practices. The Administration strongly urges the Senate to provide funding for the Council and has identified an appropriate offset.

The Judiciary: Ninth Circuit

The Administration opposes the provision in the Committee bill that would reorganize the Ninth Circuit by splitting it into two separate circuits. We understand that other substantive amendments to divide the Ninth Circuit may be offered on the Senate Floor. The Administration strongly objects to using the appropriations process to legislate on this important matter. The division of the Ninth Circuit is an important issue not just for the bench and the bar of the affected region, but also for the citizens of the Ninth Circuit. The Administration believes that a much better approach would be passage of legislation, H.R. 908 -- already passed by the House and currently pending at the desk in the Senate -- that would create a bipartisan commission to study this difficult and complex question and make recommendations to the Congress within a date certain. This would allow for substantive resolution of the issue in a deliberative manner, allowing all affected parties to voice their views.

Legal Services Corporation

Of the $300 million appropriated for the Legal Services Corporation (LSC), $17 million is earmarked for "pro se" legal education programs. Funding for the provision of legal services remains at the FY 1997 level. The Administration recommends full funding of the President's request.

Equal Employment Opportunity Commission

The Administration appreciates the Committee's desire to provide additional resources over the FY 1997 level for the Equal Employment Opportunity Commission (EEOC). However, we urge the Senate to go further and fully fund the President's request of $246 million, given the importance of the EEOC's work in addressing unlawful discrimination.

Department of State

The Administration appreciates the Committee's strong support for the State Department's accounts that fund diplomatic and consular activities, which would help reverse the erosion of the Department's worldwide operations. We are also pleased that the Committee provided the transfers as requested to support the International Cooperative Administrative Support Services (ICASS) program.

While the Administration welcomes the first-year funding of $100 million for arrears payments, we are greatly concerned about the funding levels for the FY 1998 annual assessments provided in Contributions to International Organizations and Contributions for International Peacekeeping Activities (CIPA). United States leadership in these organizations on a host of issues of importance to the American people will be compromised if we fail to meet our binding obligations to them. It is important that funding for these activities be protected so that the Administration can pay annual costs, avoid new arrears, and be given some flexibility to address unforeseen needs relating to peace and security around the world.

Funding for both accounts is significantly below what is necessary to pay annual costs, avoid new arrears, and provide some flexibility for the President to address unforeseen needs relating to peace and security around the world. We believe it is premature to direct that FY 1997 CIPA funds be reallocated given continuing uncertainties in some regions of the world. Further, we are disappointed that the bill does not provide a commitment for three years of arrears payments, consistent with the Senate-passed authorization bill. These appropriations levels are inconsistent with the extensive negotiations between the Administration and Congress on reform and funding of the U.N. system.

The Administration urges the Senate to strike two provisions that raise serious Constitutional concerns, sections 406 and 408. Section 406 would condition the use of funds for diplomatic relations with Vietnam on Presidential certification that Vietnam has satisfied specific conditions contained in this section. This unworkable requirement would unconstitutionally constrain the President's exercise of his power to recognize foreign governments. Section 408 would mandate that the United States withdraw from an international organization if the President determines that amounts appropriated for payment of all contributions to such organization are less than the actual amount of contributions to such organization. This congressional mandate would infringe on the President's constitutional power to conduct U.S. diplomatic affairs.

Arms Control and Disarmament Agency

The Administration strongly opposes the Committee mark of $32.6 million for the Arms Control and Disarmament Agency (ACDA), which would severely undercut the Administration's efforts to reduce the threat of nuclear and other weapons to the security of the American people. In addition to the $46.2 million request included in the FY 1998 Budget, a fully-offset budget amendment for Comprehensive Nuclear Test Ban Treaty requirements was transmitted on July 17th, bringing ACDA's FY 1998 request to $59.2 million. The full revised request is needed for these important national security activities.

National Endowment for Democracy

The Administration strongly objects to the Committee's elimination of funding for the National Endowment for Democracy (NED), particularly given the Committee's increases above the request for other USIA-funded grants. The President's request of $30 million is needed to support democracy-building programs throughout the world. We urge the Senate to provide funding for NED at the requested level of $30 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE SENATE COMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Department of Commerce

- Economic Development Administration. The Administration supports the restoration of funds for economic development public works grants and defense economic adjustment to levels that would provide sufficient funding for their effective administration. Both are funded at a level significantly below FY 1997 in the Committee bill. These grants foster the establishment or expansion of industrial and commercial businesses supporting the creation and retention of jobs and help rebuild and diversify communities affected by base closures.

- Economic and Statistical Analysis. The Committee mark for Economic and Statistical Analysis (ESA) is insufficient to make necessary improvements to important economic indicators. For the past four years, ESA has been denied funding for improvements to GDP and related regional, national, and international accounts data. In the past, ESA has dealt with funding constraints by eliminating important but non-core activities such as the Pollution Abatement Survey and Regional Economic Projections. ESA cannot sustain the quality of the Nation's basic economic indicators under continued funding constraints.

- Congressional Earmarking. The Administration is concerned about unrequested funds that are earmarked for low priority programs, particularly in the National Oceanic and Atmospheric Administration, the Economic Development Administration, the National Institute of Standards and Technology, and the International Trade Administration.

Department of Justice

- Immigration and Naturalization Service (INS) Fee Accounts. The Administration is very concerned that the Committee bill would underfund certain authorized discretionary programs and use mandatory funds from immigration examination and user fees for certain unauthorized discretionary activities. The bill directs the Department of Justice to use examination and user fee revenue -- classified as mandatory -- for discretionary activities that are not authorized. The bill further commits to unrequested discretionary activities collections and unobligated balances that are necessary for providing services or processing and adjudicating applications. The result of these actions would be that INS would not have sufficient resources available to process pending naturalization applications or properly provide other services and benefits.

- Executive Support. The Administration opposes the Committee's action to freeze legislative and public affairs activities at FY 1997 levels throughout the Department. Freezing these activities would inhibit the Department's ability to clear legislation in a timely and responsive manner and constrain its capacity to serve Congress. The Administration urges the Senate to increase funding for the Executive Support offices and to delete the Committee bill's restrictions on the use of detailees.

- United States Attorneys. The Judiciary appropriation contains a provision capping the amount that Federal Public Defenders may spend on representation of defendants in capital cases. It stipulates that any costs over this cap must be borne by the courts and prosecutors. This provision is an unacceptable restriction on defendants' right to legal representation, raising the prospect that the decisions of judges and prosecutors could be affected by monetary pressures. The Administration opposes any suggestion that the cost of defending a citizen should be a consideration in the litigation of any matter, especially in capital cases.

Legal Services Corporation

- Debarment of Grantees. The Administration is concerned about section 504(c)(5) of the bill, which would permit LSC to debar any grantee that files a lawsuit against the Corporation or any government agency. While existing law prevents LSC grantees from using LSC funds to sue the Corporation, the Administration opposes restricting grantees from using non-Federal funds to exercise their right to protect themselves from improper government actions.

Federal Communications Commission

- Relocation. The Committee bill provides no funds in support of the Federal Communications Commission's (FCC's) scheduled move to the Portals complex. Failure to provide these funds would delay the move, which could result in the Government unnecessarily paying for rent on an unoccupied building. The Administration urges the Senate to provide the $30 million required for the FCC move in FY 1998.

U.S. Information Agency

- International Broadcasting. The Administration urges the Senate to restore funding for the International Broadcasting Operations account to the President's requested level of $367 million, including funding for Radio and TV Marti. The restoration of the Committee's $5 million reduction is of particular concern given the Administration's agreement to support a congressional initiative to increase broadcasting to China significantly in FY 1998, an initiative proposed after the budget request was developed. In addition, the Administration objects to language in the bill that would tie the availability of direct appropriations for international broadcasting programs to the collection of revenues from advertising. We believe that it is unwise to link ongoing broadcasting services to an estimate of revenue that may not materialize.

DRAFT

Budget materials – appropriations letters

July 23, 1997
(Senate Floor)

S. 1022 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Stevens (R), Alaska; Gregg (R), New Hampshire)

This Statement of Administration Policy provides the Administration's views on S. 1022, the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. For example, we appreciate the Senate's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of $1.4 billion is consistent with the Bipartisan Budget Agreement and will enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000. While below the request, the Administration also appreciates and supports the funding level provided for the Legal Services Corporation. We strongly urge full funding of the President's request.

As discussed below, the Administration will seek restoration of certain of the Committee's reductions. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Senate toward achieving acceptable funding levels. The Administration is committed to working with the Senate to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, funding could be reduced for the Local Law Enforcement Block Grant and the new Juvenile Justice Block Grant. We urge the Senate to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Department of Commerce

- National Institute of Standards and Technology. The Administration urges the Senate to restore funding for the National Institute of Standards and Technology (NIST) to the level agreed upon in the Bipartisan Budget Agreement. The Committee mark of $604 million falls short of the agreed upon level by $89 million. The reduction is targeted to the Advanced Technology Program (ATP) and Manufacturing Extension Partnership (MEP), which work in partnership with industry to advance U.S. competitiveness. ATP is funded at $200 million, $76 million below the President's request. This funding level would reduce the number of innovative technology development grants that NIST could award. MEP is funded at $111 million, $12 million below the request. The Committee's reduction would prevent funding for new initiatives designed to increase the synergy of our national network of centers. We strongly urge full funding of the President's Budget.

- National Oceanic and Atmospheric Administration. The Administration is disappointed that no funds have been provided for the President's Clean Water Initiative, which would help protect coastal communities from pollutants. The National Oceanic and Atmospheric Administration (NOAA) is the primary trustee of our Nation's coastal resources and, as such, plays an important role in this initiative. The $22 million initiative builds from NOAA's unique coastal responsibilities and partnerships with States and other Federal Trustee agencies. In addition, we are disappointed that the Committee has not included any funding for the Global Learning and Observations to Benefit the Environment Program (GLOBE). This program was developed to increase understanding of the Earth and has already formed partnerships with over 2,500 U.S. schools and 35 other countries, involving thousands of students across the U.S. and worldwide. The Committee is recommending over $100 million in funding for NOAA activities not requested by the Administration. We strongly urge that a portion of these funds should be redirected to continue the Clean Water Initiative, GLOBE, and other priorities.

- Census Sampling. While the compromise language that passed the Senate in the FY 1997 Emergency Supplemental Appropriations and Rescissions Bill would be workable, the Administration would strongly object to any prohibition on the use of sampling as part of the 2000 Decennial Census. Without the limited use of sampling, the accuracy of the census would decrease significantly, especially with regard to children and minority groups that have been traditionally undercounted. The National Academy of Sciences, the General Accounting Office, the Commerce Department Inspector General, and the vast majority of the professional statistical community support the use of sampling in the decennial census.

- National Information Infrastructure Grants Program. The Administration urges the Senate to reallocate resources between the National Information Infrastructure (NII) grants program and the Public Broadcasting Facilities program. The Committee mark substantially reduces funding for the former and provides a large, unrequested increase for the latter. The NII program is meritorious, providing seed money for innovative projects that deploy, use, and evaluate advanced telecommunications and information technology.

Department of Justice

- Drug Courts and Drug Testing. The Administration opposes the Committee's $40 million funding level for the drug courts program. The drug courts program is a proven, cost-effective means of using the coercive power of the courts to move non-violent offenders into drug treatment. Also, the President's budget provides a total of $30 million to offset the costs associated with drug testing State and local arrestees. The Administration is concerned that the Committee does not identify $30 million from the Byrne Grant program for the State and local portion of the drug testing program. The drug courts and drug testing programs could be restored to the requested levels by reducing the Committee's funding level for the Local Law Enforcement Block Grant program.

- Juvenile Justice Block Grant. The Administration appreciates the Committee's desire to provide additional support for juvenile justice programs. However, we are concerned that the block grant program may authorize a broad and unfocused range of activities. We urge the Senate to target $100 million for the prosecutorial grant program, which is designed to facilitate the cooperation and coordination of prosecutors and police with school officials, probation officers, youth social service professionals, and community members in an effort to reduce the incidence of gang activity and violent juvenile crime. The Administration also urges the Senate to target $50 million for the violent youth court program, which is designed to develop initiatives that courts and court-related entities, such as probation and parole offices and victim/witness centers, may use to enhance and expedite the handling of youth violence cases.

- FBI Recruitment. The Committee bill exempts the FBI from Title 5 personnel laws and regulations on the basis that the FBI is restricted in its ability to recruit and retain individuals with scientific and technical skills, and that pay flexibility under Title 5 is inefficient. We believe the Committee's action, while well intended, is flawed. There is insufficient evidence of a recruitment problem at the FBI that would be solved by exemptions from Title 5 provisions for employee classification, pay, and performance. Such exemptions would not address significant non-pay recruitment problems, such as the large number of applicants that fail drug and/or polygraph tests. The Federal agencies that have documented pay-related recruitment problems have successfully used the pay flexibility provided in Title 5. In addition, the provision would establish a personnel system not subject to Office of Personnel Management oversight; exempt all FBI employees, including support staff, from Title 5 in response to undocumented recruitment problems related to scientific and technical personnel; and, would address the Government-wide needs for scientific and technical employees, including the those of other law enforcement agencies, in an inconsistent manner. We recommend that this provision be deleted from the bill.

- Telecommunications Carrier Compliance. The Committee bill does not provide any FY 1998 funding for the Telecommunications Carrier Compliance program. The Administration has requested $100 million to reimburse communications equipment manufacturers for the cost of modifying equipment to ensure that law enforcement agencies would be able to conduct court-authorized wiretaps. As requested, the FBI has provided the Committee with a detailed implementation plan for the program. Implementation should not be delayed further for the creation of an FBI/industry working group and refinement of the implementation plan as the Committee's Report directs. The Administration strongly requests that funding for this program be provided.

- Bureau of Prisons. The Administration objects to language of the Committee Report concerning the Bureau of Prisons, Buildings and Facilities, appropriation. The Report mandates that unless a certain minimum funding level is included in the President's FY 1999 Budget for prison facilities, funding for INS political appointees will be restricted in FY 1998. This provision inappropriately attempts to encroach on the President's authority to determine the Administration's FY 1999 funding priorities and precludes an assessment of the Bureau's needs in favor of a pre-determined level set by Congress. Finally, this action would tie funding for prisons to a sanction in another, unrelated appropriation (INS).

  The Administration urges the Senate to strike section 103 of the Committee bill, which would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered. The Department of Justice believes that there is a great likelihood that this provision would be held unconstitutional.

Ounce of Prevention Council

The Administration opposes the Committee's termination of the Ounce of Prevention Council. Elimination of this program would hinder the Federal Government's ability to help neighborhoods implement balanced strategies to reduce crime through enforcement, prevention, and intervention. The Council awards discretionary grants for promising community collaborative crime prevention programs, publishes a catalog of crime prevention grants and programs, and provides information and technical assistance. It plays a critical role in helping communities gain access to information on crime prevention best practices. The Administration strongly urges the Senate to provide funding for the Council and has identified an appropriate offset.

The Judiciary: Ninth Circuit

The Administration opposes the provision in the Committee bill that would reorganize the Ninth Circuit by splitting it into two separate circuits. We understand that other substantive amendments to divide the Ninth Circuit may be offered on the Senate Floor. The Administration strongly objects to using the appropriations process to legislate on this important matter. The division of the Ninth Circuit is an important issue not just for the bench and the bar of the affected region, but also for the citizens of the Ninth Circuit. The Administration believes that a much better approach would be passage of legislation, H.R. 908 -- already passed by the House and currently pending at the desk in the Senate -- that would create a bipartisan commission to study this difficult and complex question and make recommendations to the Congress within a date certain. This would allow for substantive resolution of the issue in a deliberative manner, allowing all affected parties to voice their views.

Legal Services Corporation

Of the $300 million appropriated for the Legal Services Corporation (LSC), $17 million is earmarked for "pro se" legal education programs. Funding for the provision of legal services remains at the FY 1997 level. The Administration recommends full funding of the President's request.

Equal Employment Opportunity Commission

The Administration appreciates the Committee's desire to provide additional resources over the FY 1997 level for the Equal Employment Opportunity Commission (EEOC). However, we urge the Senate to go further and fully fund the President's request of $246 million, given the importance of the EEOC's work in addressing unlawful discrimination. This level would enable the EEOC to maintain current staffing levels necessary to continue ongoing efforts to reduce the substantial backlog of employment discrimination complaints.

Department of State

The Administration appreciates the Committee's strong support for the State Department's accounts that fund diplomatic and consular activities, which would help reverse the erosion of the Department's worldwide operations. We are also pleased that the Committee provided the transfers as requested to support the International Cooperative Administrative Support Services (ICASS) program.

While the Administration welcomes the first-year funding of $100 million for arrears payments, we are greatly concerned about the funding levels for the FY 1998 annual assessments provided in Contributions to International Organizations and Contributions for International Peacekeeping Activities (CIPA). United States leadership in these organizations on a host of issues of importance to the American people will be compromised if we fail to meet our binding obligations to them. It is important that funding for these activities be protected so that the Administration can pay annual costs, avoid new arrears, and be given some flexibility to address unforeseen needs relating to peace and security around the world.

Funding for both accounts is significantly below what is necessary to pay annual costs, avoid new arrears, and provide some flexibility for the President to address unforeseen needs relating to peace and security around the world. We believe it is premature to direct that FY 1997 CIPA funds be reallocated given continuing uncertainties in some regions of the world. Further, we are disappointed that the bill does not provide a commitment for three years of arrears payments, consistent with the Senate-passed authorization bill. These appropriations levels are inconsistent with the extensive negotiations between the Administration and Congress on reform and funding of the U.N. system.

The Administration urges the Senate to strike two provisions that raise serious Constitutional concerns, sections 406 and 408. Section 406 would condition the use of funds for diplomatic relations with Vietnam on Presidential certification that Vietnam has satisfied specific conditions contained in this section. This unworkable requirement would unconstitutionally constrain the President's exercise of his power to recognize foreign governments. Section 408 would mandate that the United States withdraw from an international organization if the President determines that amounts appropriated for payment of all contributions to such organization are less than the actual amount of contributions to such organization. This congressional mandate would infringe on the President's constitutional power to conduct U.S. diplomatic affairs.

Arms Control and Disarmament Agency

The Administration strongly opposes the Committee mark of $32.6 million for the Arms Control and Disarmament Agency (ACDA), which would severely undercut the Administration's efforts to reduce the threat of nuclear and other weapons to the security of the American people. In addition to the $46.2 million request included in the FY 1998 Budget, a fully-offset budget amendment for Comprehensive Nuclear Test Ban Treaty requirements was transmitted on July 17th, bringing ACDA's FY 1998 request to $59.2 million. The full revised request is needed for these important national security activities.

National Endowment for Democracy

The Administration strongly objects to the Committee's elimination of funding for the National Endowment for Democracy (NED), particularly given the Committee's increases above the request for other USIA-funded grants. The President's request of $30 million is needed to support democracy-building programs throughout the world. We urge the Senate to provide funding for NED at the requested level of $30 million.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE SENATE COMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Department of Commerce

- Economic Development Administration. The Administration supports the restoration of funds for economic development public works grants and defense economic adjustment to levels that would provide sufficient funding for their effective administration. Both are funded at a level significantly below FY 1997 in the Committee bill. These grants foster the establishment or expansion of industrial and commercial businesses supporting the creation and retention of jobs and help rebuild and diversify communities affected by base closures.

- Economic and Statistical Analysis. The Committee mark for Economic and Statistical Analysis (ESA) is insufficient to make necessary improvements to important economic indicators. For the past four years, ESA has been denied funding for improvements to GDP and related regional, national, and international accounts data. In the past, ESA has dealt with funding constraints by eliminating important but non-core activities such as the Pollution Abatement Survey and Regional Economic Projections. ESA cannot sustain the quality of the Nation's basic economic indicators under continued funding constraints.

- Congressional Earmarking. The Administration is concerned about unrequested funds that are earmarked for low priority programs, particularly in the National Oceanic and Atmospheric Administration, the Economic Development Administration, the National Institute of Standards and Technology, and the International Trade Administration.

Department of Justice

- Immigration and Naturalization Service (INS) Fee Accounts. The Administration is very concerned that the Committee bill would underfund certain authorized discretionary programs and use mandatory funds from immigration examination and user fees for certain unauthorized discretionary activities. The bill directs the Department of Justice to use examination and user fee revenue -- classified as mandatory -- for discretionary activities that are not authorized. The bill further commits to unrequested discretionary activities collections and unobligated balances that are necessary for providing services or processing and adjudicating applications. The result of these actions would be that INS would not have sufficient resources available to process pending naturalization applications or properly provide other services and benefits.

- Executive Support. The Administration opposes the Committee's action to freeze legislative and public affairs activities at FY 1997 levels throughout the Department. Freezing these activities would inhibit the Department's ability to clear legislation in a timely and responsive manner and constrain its capacity to serve Congress. The Administration urges the Senate to increase funding for the Executive Support offices and to delete the Committee bill's restrictions on the use of detailees.

- United States Attorneys. The Judiciary appropriation contains a provision capping the amount that Federal Public Defenders may spend on representation of defendants in capital cases. It stipulates that any costs over this cap must be borne by the courts and prosecutors. This provision is an unacceptable restriction on defendants' right to legal representation, raising the prospect that the decisions of judges and prosecutors could be affected by monetary pressures. The Administration opposes any suggestion that the cost of defending a citizen should be a consideration in the litigation of any matter, especially in capital cases.

Legal Services Corporation

- Debarment of Grantees. The Administration is concerned about section 504(c)(5) of the bill, which would permit LSC to debar any grantee that files a lawsuit against the Corporation or any government agency. While existing law prevents LSC grantees from using LSC funds to sue the Corporation, the Administration opposes restricting grantees from using non-Federal funds to exercise their right to protect themselves from improper government actions.

Federal Communications Commission

- Relocation. The Committee bill provides no funds in support of the Federal Communications Commission's (FCC's) scheduled move to the Portals complex. Failure to provide these funds would delay the move, which could result in the Government unnecessarily paying for rent on an unoccupied building. The Administration urges the Senate to provide the $30 million required for the FCC move in FY 1998.

U.S. Information Agency

- International Broadcasting. The Administration urges the Senate to restore funding for the International Broadcasting Operations account to the President's requested level of $367 million, including funding for Radio and TV Marti. The restoration of the Committee's $5 million reduction is of particular concern given the Administration's agreement to support a congressional initiative to increase broadcasting to China significantly in FY 1998, an initiative proposed after the budget request was developed. In addition, the Administration objects to language in the bill that would tie the availability of direct appropriations for international broadcasting programs to the collection of revenues from advertising. We believe that it is unwise to link ongoing broadcasting services to an estimate of revenue that may not materialize.

DRAFT

Budget materials - appropriations

DRAFT

(House Floor)

H.R. 2159 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED OPERATIONS APPROPRIATIONS BILL, FY 1998

(Sponsors: Livingston (R), Louisiana; Callahan (R), Alabama)

This Statement of Administration Policy provides the Administration's views on H.R. 2159, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1998, as reported by the House Appropriations Committee.

While the Administration is deeply concerned about funding reductions made by the Committee, we do not oppose House passage of the Committee bill. The Administration would strongly oppose any amendments that would further reduce the funding provided or that would restrict the President in carrying out U.S. foreign policy.

The Administration strongly opposes the "Mexico City policy" amendment proposed by Representative Smith of New Jersey, which would prohibit foreign non-governmental organizations from receiving U.S. population funds if the organization uses any of its own funding from non-U.S. Government sources for abortion-related services. The Administration continues to oppose these restrictions, which would deny funding to the most experienced and qualified family planning and maternal-child health care providers. Should this language be included in the final bill presented to the President, the President would veto the bill.

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Funding Reductions

The Administration is deeply concerned about the insufficient overall funding level provided by the Committee bill. Assuming funding at requested levels for International Affairs (function 150) programs outside the jurisdiction of the Foreign Operations Subcommittee, the bill is more than $700 million below the amount that is consistent with the total for function 150 programs provided by the Bipartisan Budget Agreement (excluding arrears payments). This reduction would seriously undercut U.S. leadership abroad in achieving foreign policy objectives that will significantly benefit the American people.

The Bipartisan Budget Agreement specifically details agreed-upon levels of spending for function 150, and this legislation clearly fails to comply with the agreement. The overall Committee level is unacceptable to the Administration and cannot be made acceptable within the current House 602(b) allocation. While the Administration is not actively opposing passage of this bill by the House, we will strongly urge that funding be restored to the budget request level in conference. Should the conference version of this bill contain the reduction proposed by the Committee, the Secretary of State, the Secretary of the Treasury, and the National Security Advisor would recommend that the President veto the bill.

Multilateral Programs

The Committee's $598 million reduction to the Administration's $1.5 billion request for multilateral development banks (MDBs) would cause a severe disruption in U.S. participation in several institutions. These institutions are playing a vital role in assisting the growth of the world's poorest countries, particularly in Africa, and addressing serious international environmental problems. In cutting $284 million from contributions scheduled to be made to three institutions in FY 1998, the Committee bill would add to the $862 million in arrears the United States now owes to the MDBs. Also, the bill fails to provide the requested $315 million to pay a portion of the arrears even though the Bipartisan Budget Agreement would permit the Committee's 602(b) level for the Foreign Operations Subcommittee to be increased by that amount. By deepening the arrears crisis, these actions would undermine U.S. credibility, policy influence, and international economic leadership.

Multilateral Bank Funding for the Poorest Countries. More than two-thirds of the total MDB reduction is accounted for by cuts in the scheduled FY 1998 payment to the International Development Association (IDA) and the failure to provide the proposed arrears payment to IDA. IDA's lending will support the adoption of market-oriented economic reforms to revitalize the economies of many countries in Africa and elsewhere. The reductions could cause a collapse in funding arrangements agreed upon with other donor countries covering the next two years, and they would completely undercut progress made in allowing U.S. firms to participate in projects financed by a special IDA fund, an action urged by the Congress. The poorest countries of Africa and Asia would also be adversely affected by the 50 percent cut in funding for the African Development Fund and the denial of arrears payments to the Asian Development Fund. Major reforms in the management of the African fund, including new senior managers and a 20 percent staff reduction, call for a clear show of U.S. support.

Global Environment Facility (GEF). The Administration's $100 million request for the Global Environment Facility has been cut by two-thirds. The GEF supports efforts of developing countries in areas such as biodiversity, rainforest preservation, and the reduction of ocean pollution and greenhouse gas emissions. At the upcoming Kyoto conference, U.S. efforts to encourage an assumption of greater responsibility to reduce emissions by these developing countries would be threatened by this action.

New Arrangements to Borrow (NAB). The bill contains no authorization for the New Arrangements to Borrow, a set of emergency credit lines for use by the IMF in the event of serious threats to global financial stability. The NAB was conceived in response to calls from many quarters, including key voices in Congress, for greater multilateral resources to combat systematic shocks after the 1995 Mexico peso crisis. The NAB is a vital tool for the safeguarding of international financial stability, and it will not be established without U.S. participation. Willingness to support the NAB represents a clear test of U.S. financial and political leadership in the post-Cold War world. The requested U.S. participation of $3.5 billion has no outlay impact, and, therefore, no impact on the deficit. Moreover, the Bipartisan Budget Agreement provides for the necessary adjustments to budget authority caps for the NAB to accomplish this important action.

Bilateral Economic Assistance

Assistance for the New Independent States of the Former Soviet Union. The Committee's mark of $625 million for the New Independent States (NIS), nearly one-third below the request, would cripple the President's Partnership for Freedom initiative. The initiative is intended to promote democratic and market reform at the regional and grassroots level, where it has the greatest impact. Cutting aid in this fashion would, in particular, damage our national interest in supporting economic reform in Russia at a time when reform is moving ahead. The initiative would also make available increased resources for two key areas, Central Asia and the Caucasus, that are of great geopolitical and commercial importance to the United States. For all NIS countries, the initiative supports economic growth and private enterprise, building on the macroeconomic progress these countries have achieved.

Economic Support Fund (ESF). The Administration is concerned that the Committee mark reduces ESF by $78 million below the President's request. The Committee has recommended that Egypt and Israel receive full funding and has established a separate ESF account for Ireland. Thus, $385 million would remain available to meet requests totaling $463 million. Important country and regional programs such as the Middle East Development Bank, Cyprus, Haiti, Jordan, Lebanon, and the Human Rights and Democracy Fund would have to be reduced, thereby undermining U.S. economic and political foreign policy interests. In addition, the Committee bill would limit ESF to Turkey to a level below the President's request.

Export and Investment Assistance

Overseas Private Investment Corporation (OPIC). The Administration strongly supports the reauthorization of the Overseas Private Investment Corporation and the full appropriations request. We recognize that authorization action is pending, which led the Committee not to provide the requested $60 million for OPIC's credit programs. We look forward to working with the Appropriations and Authorization Committees to address each Committee's concerns.

NEW

The Administration strongly opposes the Royce Amendment, which would cut OPIC's administrative budget by 35 percent, $11 million below the President's request. This amendment would severely undermine OPIC's stewardship role in protecting government financial resources. OPIC's operating costs are offset by program user fees. This amendment would seriously hamper OPIC's ability to manage its finance and insurance contingent liabilities, to monitor existing projects for environmental and worker rights compliance, and to ensure positive U.S. jobs and exports. The Administration supports the Committee bill which, as requested, would freeze OPIC's administrative expenses at the FY 1997 level of $32 million.

Other Reductions

In addition, the bill cuts requested amounts for other important programs: the Trade and Development Agency, debt restructuring, AID operating expenses, foreign military financing loans, peacekeeping operations, and voluntary contributions to international organizations and programs. The bill also does not include the President's request to allow up to $10 million in available development assistance funds for a new development credit authority, nor the requested $7 million for a contribution to the Enhanced Structural Adjustment Facility of the International Monetary Fund.

NEW

The Administration would strongly oppose any amendment that seeks to reduce or eliminate funding for the Korean Peninsula Energy Development Organization (KEDO).

Other Issues

Support for Needed Flexibility. While deeply concerned with the funding reduction, the Administration strongly commends the Committee for continuing its policy of great restraint in imposing funding earmarks. The Committee's recognition that flexibility is needed for the conduct of effective diplomacy in situations of rapid political and economic change is most welcome. Beyond limiting earmarks, the Committee has also generally avoided imposing foreign policy strictures that would micro-manage diplomatic activity. This is another commendable aspect of the bill. Three exceptions to this trend must be noted, however.

Restrictions on Aid to Russia. The Administration strongly opposes restrictions on assistance to Russia. The vast majority of our aid to that country does not go to its government, but instead supports reformers at the grassroots level and is critical to Russia's democratic transformation. It would be a mistake to suspend this aid, which is so clearly in the U.S. national interest. Meanwhile, the limited technical assistance we provide to the Russian Government is targeted to key areas, such as tax reform, that are of great concern to U.S. investors in Russia. Suspension of these programs would undercut our efforts to support the American business community there.

Restrictions on Aid to Ukraine. The Administration recognizes and shares the serious concerns Congress has about Ukraine's lack of progress in developing the necessary economic and legal institutions required to enable U.S. investors to overcome the serious problems they confront and the pervasive corruption that exists there. We have repeatedly raised these issues with senior Ukrainian government officials and have suspended some aid to the Ukraine due to lack of progress in implementing reforms. However, the Administration also opposes the restrictions on assistance to Ukraine contained in the bill. Ukraine is a country of great geopolitical importance whose continued independence the U.S. strongly supports. New restrictions on aid to Ukraine would remove the flexibility the Administration needs to respond quickly when conditions improve.

Restrictions on Aid to Haiti. The Administration has strongly encouraged economic and public sector reform in Haiti. However, the Administration opposes new restrictions on assistance, which condition its provision on privatization of three public enterprises. Such an approach puts at risk American interests in Haiti by conditioning assistance on a process that neither the Haitian Government nor the U.S. entirely control.

The Administration will work to eliminate these three restrictive provisions in subsequent stages of the appropriations process.

Infringement on Executive Authority. Several sections of the bill would require the United States to use its "voice and vote" to take particular positions in international organizations. The Constitution, however, commits to the President the responsibility for formulating the position of the United States in international fora. Therefore, these sections would, if enacted, be construed as advisory.

Budget materials - appropriations letters DRAFT

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

July 23, 1997
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2169 – DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Livingston (R), Louisiana; Wolf (R), Virginia)

This Statement of Administration Policy provides the Administration's views on H.R. 2169, the Transportation and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration is pleased with many aspects of the Committee bill, particularly funding support provided for transportation safety and transportation infrastructure programs. As discussed below, the Administration will seek restoration of certain of the Committee's reductions from the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels.

The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. The Administration suggests that virtually all of its priorities could be funded through limited reductions in infrastructure programs for which the Committee's funding levels are in excess of the Administration's requests. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

<u>NEXTEA</u>

The Administration realizes that the Committee has not funded several requested programs because they have not yet been authorized as part of the National Economic Crossroads Transportation Efficiency Act (NEXTEA). The Administration reiterates its support for State Infrastructure Banks, the Transportation Credit Enhancement program, and the Access to Jobs and Training program. These programs will significantly increase the impact of Federal transportation investment and help to make "welfare to work" a reality. They can be accommodated within the overall funding levels agreed to by the Committee.

Federal Aviation Administration

The Administration is concerned that the overall funding level provided by the Committee for the Federal Aviation Administration (FAA) Operations account is $36 million less than requested. Although the Committee has attempted to target its reductions to administrative and non-safety areas, certain reductions could indirectly affect safety-related programs. For example, the shortfall in contract maintenance funding would likely be absorbed within base resources, possibly to the detriment of other critical activities. In addition, the reduction to the Chief Counsel's office would eliminate the new positions established in 1997, in the aftermath of the Valujet accident, to implement the Dangerous Goods and Cargo Security initiative. To ensure that the FAA has adequate resources to maintain the safe and efficient operation of the Nation's airspace system, it is important that the request for FAA Operations be fully funded.

The Committee's $15 million reduction to Research, Engineering, and Development could delay deployment of explosive detection and anti-terrorism technology needed to assure the security of the traveling public at airports nationwide. In addition, for the Facilities and Equipment account, the House is encouraged to provide FY 1998 funding to accelerate the deployment of security enhancement equipment, with offsets from excess infrastructure funding. The Administration urges the House to provide the $100 million in advance appropriations requested for this equipment in FY 1999 so that continuity can be assured in the procurement process.

Amtrak

The Administration is deeply concerned about the level of funding provided for Amtrak. While we applaud the Committee's decision to provide Amtrak with total funding at a level close to the President's request, we strongly urge the House to reallocate some of those funds from capital to operating grants to address Amtrak's critical need for operating support as indicated in the President's FY 1998 Budget.

The budget justification prepared by the Department of Transportation notes that Amtrak requires $344 million in operating grants, plus $445 million in capital assistance, to meet its financial obligations and to continue reducing its need for operating grants. The Committee's decision to provide Amtrak with only $283 million in operating grants falls $61 million short of the amount needed. The Administration strongly supports the funding levels proposed in the President's budget, which are not affected by certain technical scoring issues raised during markup.

The Federal operating subsidy supports Amtrak's day-to-day operations. Even at the funding levels proposed by the President, Amtrak will be able to remain solvent only by further increasing revenues and reducing costs. If Congress appropriates an amount for operating grants that is less than the $344 million requested by the President, it is questionable whether Amtrak would have cash reserves sufficient to meet its obligations. In light of these considerations, we strongly urge the House to provide Amtrak with operating grants of $344 million in FY 1998.

The Administration is concerned with provisions of the Committee bill that would authorize an Amtrak Commission to review and recommend changes to Amtrak's route structure. Amtrak has cut routes substantially in the recent past, and enactment of the Administration's current reform proposal ("Amtrak Restructuring Act of 1997") would allow Amtrak even greater flexibility to restructure its operations as necessary.

The Administration objects to the Committee bill's prohibition against using Amtrak capital funds to pay debt service. As noted in the Administration's NEXTEA proposal, funds for capital investment are appropriately used to pay for expenses related to debt service (i.e., principal and interest).

Earmarking

The Administration commends the Committee for not funding highway demonstration projects. However, the Administration objects to the Committee's earmarking of 42 transit projects for which Full Funding Grant Agreements (FFGAs) have neither been signed nor are expected to be signed. More than half of these projects have yet to complete required planning and engineering studies to determine their costs and benefits. The Federal share of the cost to complete only those projects for which cost data is available would be more than $4 billion, and the cost for all of the projects could be as much as $29 billion. This is in addition to the $3.7 billion outstanding Federal share of projects with existing FFGAs. Such earmarking obviously risks creating expectations that may be difficult to meet under a balanced budget.

The Committee has provided substantial funding to conduct several earmarked operational tests within the Intelligent Transportation Systems (ITS) program. The Administration has requested funding in NEXTEA to support operational tests and would prefer that, rather than setting aside funds for specific projects, these projects compete on an equal basis with other potential proposals. Furthermore, the ITS program's focus is shifting from operational testing to integrated deployment. NEXTEA provides $100 million for a new Deployment Incentives program to encourage integrated deployment. The operational tests funded by the Committee could be duplicative of previous tests.

Language Provisions

The Administration opposes the provision of the Committee bill that would prevent the use of funds by the FAA for the Flight 2000 demonstration program. The Flight 2000 program was recommended by the White House Commission on Aviation Safety and Security to demonstrate the efficiencies and expanded aviation capacity that can result from the use of new technologies to manage air traffic.

The Administration also opposes the language in the Committee bill that would prohibit any funds from being used for the FAA to plan, finalize, or implement any regulation that would promulgate new aviation user fees not specifically authorized by law. The Administration considers cost-based user fees to be a viable and appropriate means of financing the FAA. Restricting the FAA from developing new user fee proposals is a threat to responsible planning for the future financing of the agency.

Finally, the Administration opposes the provision of the Committee bill that would prohibit any funds from being used for changes in the Corporate Average Fuel Economy (CAFE) standards. The provision would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that any rulemaking related to CAFE standards should be addressed in an open proceeding in which relevant issues are considered and in which all interested persons and parties are able to participate in fashioning the appropriate outcomes.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 2169 – DEPARTMENT OF TRANSPORTATION
APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the House to address the following additional concerns:

Coast Guard

- NEXTEA. The Committee has not supported the Administration's NEXTEA proposals for fully mandatory funding for the Boating Safety program and for funding the Alteration of Bridges program from the Highway Trust Fund. The Administration reiterates its support for these proposals. Mandatory funding for Boating Safety would put it on equal footing with the Sport Fish Restoration program, which is also funded from the Aquatic Resources Trust Fund and is entitled to funds not appropriated to Boating Safety. Under the Alteration of Bridges proposal, $17 million from the Highway Bridge Replacement and Rehabilitation Program (HBRRP) would be set aside annually for the purpose of repairing bridges deemed hazardous to navigation. The funding would be administered in accordance with the Truman-Hobbs Bridge Act, rather than the HBRRP. The Coast Guard would continue to select the projects and determine their funding levels.

- Operating Expenses. The Committee has reduced funding for Coast Guard Operating Expenses by $32 million from the Administration's request. Included in the reduction are FTE staff-year savings of $19.6 million based on slow hiring rates and a cut of $1 million in active duty recruiting. The Administration believes that these reductions are shortsighted. The Coast Guard is implementing a plan to achieve the military workforce level requested by the Administration, but will be unable to do so without adequate funding for recruiting and pay.

- Governors Island. Also included in the Committee's Operating Expenses reduction is the elimination of $8.3 million for the FY 1998 caretaker costs of Governors Island, New York, which the Coast Guard will excess in FY 1997. The Committee assumes that these costs can be paid by the General Services Administration (GSA). Pursuant to Section 483(b) of the Federal Property and Administrative Services Act of 1949, the Administrator of GSA has established that disposing agencies will fund protection and maintenance of excessed property for the quarter in which the property is reported as excessed and not more than 12 months thereafter. Without the requested funding, the Coast Guard would be forced to absorb Governors Island caretaking costs within its Operating Expenses base.

Federal Railroad Administration

- Pennsylvania Station. The Committee has failed to provide the $23 million request for the Pennsylvania Station Redevelopment Project. The Administration reiterates its support for this request. These funds are needed to proceed with the expeditious redevelopment of this vital rail terminal.

- Proposed Relocation. The Administration objects to the language that would require the Federal Railroad Administration (FRA) to move back to the DOT headquarters building. The current rental rate paid by FRA at its Vermont Avenue space is exactly the same as that charged for rental of space in the Nassif Building, which is currently being fully utilized by DOT units. Any move would entail added expenses to the Government.

Federal Highway Administration

- National Motor Carrier Safety Program. The Committee has provided $85.3 million for the National Motor Carrier Safety Program, $14.7 million below the Administration's request. This funding shortfall would delay the progress DOT continues to make in reducing commercial motor vehicle crashes and fatalities and would hobble efforts to move the program towards performance-based criteria.

Budget materials - appropriations letters

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

DRAFT

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This letter provides the Administration's views on the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. These views are based on incomplete information and are, therefore, necessarily preliminary.

The Subcommittee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Subcommittee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, and Education Technology Programs. The Administration is also pleased that the Subcommittee has limited the number of appropriations riders, consistent with the terms of the Bipartisan Budget Agreement. The Committee is urged to continue this practice. As discussed below, the Administration will seek restoration of certain of the Subcommittee's reductions.

The Administration is committed to working with the Committee to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Subcommittee bill provides nearly $1.5 billion more than the President has requested for three dozen authorities in the Department of Education, while cutting the President's request by almost $2 billion. Similar reallocations are made in other sections of the bill. We strongly urge the Committee to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly those specified in the Bipartisan Budget Agreement, as noted below.

Department of Education

The Administration appreciates the Subcommittee's efforts to provide substantial new funding for education activities. Unfortunately, the Subcommittee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $16 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Subcommittee has provided advance appropriations for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and concepts of the President's

America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that the full funding should be restored to both the Department of Education and the Corporation for National and Community Service for FY 1998.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1st for a program that would begin on July 1st, in time for summer activities and the 1998-1999 school year.

The Bipartisan Budget Agreement assumes a $1.7 billion increase over FY 1997 for Pell grants, to support both a $3,000 maximum award and expanded eligibility for independent students. The Subcommittee bill cuts the Pell request by over $700 million and thus does not fund the Administration's proposed independent student policy. The Administration is proposing to aid independent students in the Higher Education Act reauthorization proposal, but based on information from the authorizing committees, the Administration cannot expect the Act to be reauthorized in time to effect FY 1998 awards. Rather than withhold this benefit from independent students, the Administration proposes that the appropriation act include one year of authority while the reauthorization process is completed. This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. In accordance with the terms of the Bipartisan Budget Agreement, we urge the Committee to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Subcommittee bill funds Education Reform at $1.13 billion, $110 million below the level assumed under the Bipartisan Budget Agreement. Within the total, GOALS 2000 State and local grants are funded at only $500 million, $105 million below the request. GOALS 2000 funds provide essential support to virtually every State's education improvement strategy. We strongly urge the Committee to restore full funding for GOALS 2000.

A number of other high priority Education programs are funded significantly below the President's request. These include Adult Education, College Work-Study, Title I Targeted grants, Safe and Drug-Free Schools, Eisenhower Professional Development, Charter Schools, 21st

Century Learning Centers, and educational research, statistics, and assessment. We urge the Committee to fully fund these activities at the levels requested in the President's FY 1998 Budget.

Department of Health and Human Services

The Administration is deeply concerned that the Subcommittee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The additional investment is small compared to the potential rewards of placing children in supportive and loving homes. The Administration strongly urges the Committee to fully fund this urgently-needed program at the President's requested level.

The Administration is pleased that the Subcommittee has provided the requested $40 million increase over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $41 million that could be used by grantees for the purchase of AIDS drugs. The Administration is also pleased to see that the Subcommittee has allocated these funds roughly as requested in the President's budget, with an additional $38 million in Title II grants to States which spend a large proportion of the Ryan White grants on primary care and drugs for people with HIV and AIDS.

The Administration is concerned that the Subcommittee bill does not appropriate a specific amount for AIDS research through a single appropriation as requested in the President's budget for the National Institutes of Health's (NIH's) Office of AIDS Research. The single appropriation helps NIH target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

The Administration is concerned that the Subcommittee has not provided the requested $28 million expansion of funding for the Substance Abuse and Mental Health Services Administration (SAMHSA) for the National Household Survey on Drug Abuse. This survey provides national estimates on substance abuse in the population, age 12 and older. The Administration believes that both national and State-level data will assist in monitoring the progress toward achieving the objectives of the President's National Drug Control Strategy. The Administration encourages the Committee to fund the President's request for this activity.

The Subcommittee has funded the Health Care Financing Administration (HCFA) program management activities at $1,739 million, $35 million below the President's request. The Subcommittee's level could hinder efforts to achieve year 2000 systems compliance and to implement the Medicare Transaction System. To the extent possible, we urge the Committee to fund HCFA program management at the requested level.

The Subcommittee has rescinded $21 million in mandatory research funds. The President's request assumes $18 million in discretionary and $21 million in mandatory welfare research funds, for a total of $39 million. The Subcommittee has provided only $26 million in the Administration for Children and Families and Assistant Secretary for Planning and

Evaluation. In order to gauge the effects of welfare reform, research is needed now more than ever. The Administration urges the Committee to drop the rescission and to fund welfare research at the President's requested level.

While the Administration supports the Subcommittee's funding of Violence Against Women Act programs, the Subcommittee has not provided the $12.8 million requested for the Community Schools program within the Violent Crime Reduction Programs account. We urge the Committee to restore funding for this program.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services (TES), including Job Corps. The Subcommittee mark provides the Administration's request for low-income youth training programs, dislocated workers, and the Job Corps. However, in order to be consistent with the Agreement, we urge the Committee to provide an additional $285 million to fully fund the request for new adult training grants and new TES programs in FY 1998. The Subcommittee has provided $250 million in FY 1999 for the Youth Opportunity Area proposal, subject to passage of authorizing legislation. This program may be carried out under existing legislation, and a separate authorization is not necessary. The Committee is urged to provide resources for this initiative in FY 1998, without the restriction provided by the Subcommittee.

The Administration appreciates the Subcommittee's allocation of $150 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems. However, that amount is $50 million below the level needed to ensure that the year 2000 costs are met. In addition, the Subcommittee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Bipartisan Budget Agreement and would, over five years, achieve $763 million in mandatory savings assumed in the Agreement. The Committee is urged to provide this increase and the increase for year 2000 conversion costs.

The Subcommittee has provided $990 million, an increase of $41 million over the FY 1997 enacted level, for the Department of Labor workplace protection programs, about 60 percent of the proposed increase. Funding for the independent National Labor Relations Board has been frozen, a cut of $11 million below the request. The Administration urges the Committee to enact the Administration's request for these programs. Without the requested increases, the Department would not be able to carry out a balanced program of targeted enforcement, with expanded partnerships and compliance assistance in the regulated community. Nor would the Department be able to streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements requested for the Office of Federal Contract Compliance. In addition, the Committee is urged to provide the requested level for the Bureau of Labor Statistics to ensure the continued accuracy and reliability of all of the Bureau's statistical programs.

Social Security Administration

The Subcommittee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. The pending reconciliation bill contains a provision that would provide authority for a $290 million upward cap adjustment ($45 million more than current law) to the non-defense discretionary spending caps for funding provided by the Subcommittee for additional CDRs. This is consistent with the President's request. Failure to provide the additional funds would mean that some 15 percent fewer individuals would have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the Committee to provide the additional $45 million.

The Subcommittee increases the fees States pay SSA for administering State payments that are supplemental to SSI benefits, and has provided for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is consistent with the Bipartisan Budget Agreement, and the Administration commends the Subcommittee's actions.

The Subcommittee has reduced funding for the Office of the Inspector General by $7 million from the President's request of $44 million and for research and demonstration projects by $9.7 million from the President's request of $16.7 million. The reduction to the IG request would hamper the IG's ability to perform audits and investigations needed to prevent fraud, waste, and abuse and to assure program integrity. The reduction in research and demonstration funding would reduce SSA's ability to understand the reasons for growth in the disability programs and implement initiatives intended to improve SSA's record in returning disabled beneficiaries to work. The Administration urges the Committee to restore funding to the maximum extent possible in these two key areas.

We look forward to working with the Committee to address our mutual concerns.

Sincerely,

Franklin D. Raines
Director

Identical Letter Sent to The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Arlen Specter,
and The Honorable Tom Harkin

Budget materials - appropriations letters

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

THE DIRECTOR

DRAFT

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Department of Transportation and Related Agencies Appropriations Bill, FY 1998, as reported by the Senate Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration is pleased with many aspects of the Subcommittee bill, particularly funding support provided for transportation safety and transportation infrastructure programs. As discussed below, the Administration will seek restoration of certain of the Subcommittee's reductions from the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Committee toward achieving acceptable funding levels.

The Administration is committed to working with the Committee to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. The Administration suggests that virtually all of its priorities could be funded through limited reductions in infrastructure programs, which the Subcommittee has funded at levels in excess of the Administration's requests. We urge the Committee to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

NEXTEA

The Administration realizes that the Subcommittee has not funded several requested programs because they have not yet been authorized as part of the National Economic Crossroads Transportation Efficiency Act (NEXTEA). The Administration reiterates its support for State Infrastructure Banks, the Transportation Credit Enhancement program, and the Access to Jobs and Training program. These programs will significantly increase the impact of Federal transportation investment and help to make "welfare to work" a reality. They can be accommodated within the overall funding levels agreed to by the Subcommittee.

Amtrak

The Administration strongly objects to the Subcommittee's proposed funding level for the National Railroad Passenger Corporation. The provision of $283 million in operating assistance falls $61 million short of the level requested in the President's budget. The Federal operating subsidy supports Amtrak's day-to-day operations. Even at the funding levels proposed by the President, Amtrak will be able to remain solvent only by further increasing revenues and reducing costs. If Congress appropriates an amount for operating grants that is less than the $344 million requested by the President, it is questionable whether Amtrak would have cash reserves or short term credit sufficient to meet its obligations. In light of these considerations, we strongly urge the Committee to provide Amtrak with operating grants of $344 million in FY 1998.

The Administration supports the request for $222 million in general capital funding and objects to the Subcommittee's decision to provide no funding. The Subcommittee did not provide Amtrak with general capital funding assuming that a proposal for an Intercity Passenger Rail Fund, currently in the Senate version of the Reconciliation bill, would provide Amtrak with over $600 million in general capital funding in FY 1998. The Intercity Passenger Rail Fund may not be enacted.

Federal Aviation Administration

The Committee is encouraged to provide additional funding for the deployment of security enhancement equipment, with offsets from other infrastructure spending. The Administration also urges the Committee to provide the $100 million in advance appropriations requested for this equipment in FY 1999 so that continuity can be assured in the procurement process.

Earmarking

The Administration commends the Subcommittee for not funding highway demonstration projects. However, the Administration objects to the Subcommittee's earmarking of 25 transit projects for which Full Funding Grant Agreements (FFGAs) have neither been signed nor are expected to be signed. Many of these projects have yet to complete required planning and engineering studies to determine their costs and benefits. Any future funding for these projects would be in addition to the $3.7 billion outstanding Federal share of projects with existing FFGAs. Such earmarking risks creating expectations that may be difficult to meet under a balanced budget. The Committee is urged to redirect theses funds to higher priority items.

The Subcommittee has provided substantial funding to conduct several earmarked operational tests within the Intelligent Transportation Systems (ITS) program. The Administration has requested funding in NEXTEA to support operational tests and would prefer that, rather than setting aside funds for specific projects, these projects compete on an equal basis with other potential proposals. Furthermore, the ITS program's focus is shifting from operational testing to integrated deployment. NEXTEA provides $100 million for a new Deployment Incentives program to encourage integrated deployment. The operational tests funded by the Subcommittee could be duplicative of previous tests.

Language Provisions

The Subcommittee bill would direct the Department of Transportation to interpret section 29 of Public Law 96-192 (the Wright Amendment) so that it would not preclude operations with any aircraft configured or reconfigured with 56 passengers or less. This provision is intended to reverse an interpretation made by the Department after thorough analysis. That issue is currently in litigation. The Administration is concerned that this provision would interfere with this litigation.

Additional Administration concerns with the Subcommittee bill are contained in the enclosure. We look forward to working with the Committee to address our mutual concerns.

Sincerely,

Franklin D. Raines
Director

Enclosure

Identical Letter Sent to The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Richard C. Shelby,
and The Honorable Frank R. Lautenberg

Enclosure
(Senate Committee)

ADDITIONAL CONCERNS
DEPARTMENT OF TRANSPORTATION
APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE SENATE SUBCOMMITTEE)

The Administration looks forward to working with the Congress to address the following additional concerns:

Coast Guard

- NEXTEA. The Subcommittee has not supported the Administration's NEXTEA proposals for fully mandatory funding for the Boating Safety program and for funding the Alteration of Bridges program from the Highway Trust Fund. The Administration reiterates its support for these proposals. Mandatory funding for Boating Safety would put it on equal footing with the Sport Fish Restoration program, which is also funded from the Aquatic Resources Trust Fund and is entitled to funds not appropriated to Boating Safety. Under the Alteration of Bridges proposal, $17 million from the Highway Bridge Replacement and Rehabilitation Program (HBRRP) would be set aside annually for the purpose of repairing bridges deemed hazardous to navigation. The funding would be administered in accordance with the Truman-Hobbs Bridge Act, rather than the HBRRP. The Coast Guard would continue to select the projects and determine their funding levels.

- Governors Island. The Subcommittee has not provided $8.3 million requested in the Operating Expenses account for the FY 1998 protection and maintenance of Governors Island, New York, which the Coast Guard will excess in late FY 1997. Also, the Subcommittee has included bill language that would relieve the Coast Guard of responsibility for maintenance of the property under caretaker status. Pursuant to Section 483(b) of the Federal Property and Administrative Services Act of 1949, the Administrator of GSA has established that disposing agencies will fund protection and maintenance of excessed property for the quarter in which the property is reported as excessed and for not more than 12 months thereafter. During this period, GSA requests funding for follow-on protection and maintenance costs. The Administration has not requested funding in the GSA appropriation for the protection and maintenance of Governors Island in FY 1998. Therefore, this language would force GSA to absorb Governors Island protection and maintenance costs within a budget that is already stretched thin.

Federal Highway Administration

- National Motor Carrier Safety Program. The Subcommittee has provided $84.3 million for the National Motor Carrier Safety Program, $15.7 million below the Administration's request. This funding shortfall would delay the progress DOT continues to make in reducing commercial motor vehicle crashes and fatalities and would hobble efforts to move the program towards performance-based criteria.

National Highway Traffic Safety Administration

- Airbag Regulation. The Administration objects to the requirement, as part of report language, to issue a notice of proposed rulemaking on the deactivation of airbags or the installation of an on/off switch for airbags. A notice of proposed rulemaking has already been issued on this subject. Additional proposed rules may be necessary, but the Administration objects to the mandate of the Committee to issue such a notice. While we commit to thoroughly reviewing the difficult issues surrounding airbag deactivation, a direction to submit a notice by a date certain is unrealistic and may be unnecessary.

- Youth, Drugs, and Driving Initiative. The Administration objects to the failure to fund the Youth, Drugs, and Driving Initiative. This demonstration program will develop and implement effective pre-licensure drug testing to deter drug use, reduce drug-impaired driving, and promote public safety. The Subcommittee's decision is unfortunate, and the Administration would like to work with the Committee to restore this program.

Budget materials – appropriations letters

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

July 23, 1997
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2169 – DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Livingston (R), Louisiana; Wolf (R), Virginia)

This Statement of Administration Policy provides the Administration's views on H.R. 2169, the Transportation and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration is pleased with many aspects of the Committee bill, particularly funding support provided for transportation safety and transportation infrastructure programs. As discussed below, the Administration will seek restoration of certain of the Committee's reductions from the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels.

The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. The Administration suggests that virtually all of its priorities could be funded through limited reductions in infrastructure programs for which the Committee's funding levels are in excess of the Administration's requests. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

NEXTEA

The Administration realizes that the Committee has not funded several requested programs because they have not yet been authorized as part of the National Economic Crossroads Transportation Efficiency Act (NEXTEA). The Administration reiterates its support for State Infrastructure Banks, the Transportation Credit Enhancement program, and the Access to Jobs and Training program. These programs will significantly increase the impact of Federal transportation investment and help to make "welfare to work" a reality. They can be accommodated within the overall funding levels agreed to by the Committee.

Federal Aviation Administration

The Administration is concerned that the overall funding level provided by the Committee for the Federal Aviation Administration (FAA) Operations account is $36 million less than requested. Although the Committee has attempted to target its reductions to administrative and non-safety areas, certain reductions could indirectly affect safety-related programs. For example, the shortfall in contract maintenance funding would likely be absorbed within base resources, possibly to the detriment of other critical activities. In addition, the reduction to the Chief Counsel's office would eliminate the new positions established in 1997, in the aftermath of the Valujet accident, to implement the Dangerous Goods and Cargo Security initiative. To ensure that the FAA has adequate resources to maintain the safe and efficient operation of the Nation's airspace system, it is important that the request for FAA Operations be fully funded.

The Committee's $15 million reduction to Research, Engineering, and Development could delay deployment of explosive detection and anti-terrorism technology needed to assure the security of the traveling public at airports nationwide. In addition, for the Facilities and Equipment account, the House is encouraged to provide FY 1998 funding to accelerate the deployment of security enhancement equipment, with offsets from excess infrastructure funding. The Administration urges the House to provide the $100 million in advance appropriations requested for this equipment in FY 1999 so that continuity can be assured in the procurement process.

Amtrak

The Administration is deeply concerned about the level of funding provided for Amtrak. While we applaud the Committee's decision to provide Amtrak with total funding at a level close to the President's request, we strongly urge the House to reallocate some of those funds from capital to operating grants to address Amtrak's critical need for operating support as indicated in the President's FY 1998 Budget.

The budget justification prepared by the Department of Transportation notes that Amtrak requires $344 million in operating grants, plus $445 million in capital assistance, to meet its financial obligations and to continue reducing its need for operating grants. The Committee's decision to provide Amtrak with only $283 million in operating grants falls $61 million short of the amount needed. The Administration strongly supports the funding levels proposed in the President's budget, which are not affected by certain technical scoring issues raised during markup.

The Federal operating subsidy supports Amtrak's day-to-day operations. Even at the funding levels proposed by the President, Amtrak will be able to remain solvent only by further increasing revenues and reducing costs. If Congress appropriates an amount for operating grants that is less than the $344 million requested by the President, it is questionable whether Amtrak would have cash reserves sufficient to meet its obligations. In light of these considerations, we strongly urge the House to provide Amtrak with operating grants of $344 million in FY 1998.

The Administration is concerned with provisions of the Committee bill that would authorize an Amtrak Commission to review and recommend changes to Amtrak's route structure. Amtrak has cut routes substantially in the recent past, and enactment of the Administration's current reform proposal ("Amtrak Restructuring Act of 1997") would allow Amtrak even greater flexibility to restructure its operations as necessary.

The Administration objects to the Committee bill's prohibition against using Amtrak capital funds to pay debt service. As noted in the Administration's NEXTEA proposal, funds for capital investment are appropriately used to pay for expenses related to debt service (i.e., principal and interest).

Earmarking

The Administration commends the Committee for not funding highway demonstration projects. However, the Administration objects to the Committee's earmarking of 42 transit projects for which Full Funding Grant Agreements (FFGAs) have neither been signed nor are expected to be signed. More than half of these projects have yet to complete required planning and engineering studies to determine their costs and benefits. The Federal share of the cost to complete only those projects for which cost data is available would be more than $4 billion, and the cost for all of the projects could be as much as $29 billion. This is in addition to the $3.7 billion outstanding Federal share of projects with existing FFGAs. Such earmarking obviously risks creating expectations that may be difficult to meet under a balanced budget.

The Committee has provided substantial funding to conduct several earmarked operational tests within the Intelligent Transportation Systems (ITS) program. The Administration has requested funding in NEXTEA to support operational tests and would prefer that, rather than setting aside funds for specific projects, these projects compete on an equal basis with other potential proposals. Furthermore, the ITS program's focus is shifting from operational testing to integrated deployment. NEXTEA provides $100 million for a new Deployment Incentives program to encourage integrated deployment. The operational tests funded by the Committee could be duplicative of previous tests.

Language Provisions

The Administration opposes the provision of the Committee bill that would prevent the use of funds by the FAA for the Flight 2000 demonstration program. The Flight 2000 program was recommended by the White House Commission on Aviation Safety and Security to demonstrate the efficiencies and expanded aviation capacity that can result from the use of new technologies to manage air traffic.

The Administration also opposes the language in the Committee bill that would prohibit any funds from being used for the FAA to plan, finalize, or implement any regulation that would promulgate new aviation user fees not specifically authorized by law. The Administration considers cost-based user fees to be a viable and appropriate means of financing the FAA. Restricting the FAA from developing new user fee proposals is a threat to responsible planning for the future financing of the agency.

The Administration opposes the provision of the Committee bill that would prohibit any funds from being used for changes in the Corporate Average Fuel Economy (CAFE) standards. The provision would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that any rulemaking related to CAFE standards should be addressed in an open proceeding in which relevant issues are considered and in which all interested persons and parties are able to participate in fashioning the appropriate outcomes.

Finally, a provision in Title I of the bill purports to require congressional approval before Executive Branch execution of the Transportation Administrative Service Center provisions in the bill. The Administration will interpret this provision to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 2169 – DEPARTMENT OF TRANSPORTATION
APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the House to address the following additional concerns:

Coast Guard

- NEXTEA. The Committee has not supported the Administration's NEXTEA proposals for fully mandatory funding for the Boating Safety program and for funding the Alteration of Bridges program from the Highway Trust Fund. The Administration reiterates its support for these proposals. Mandatory funding for Boating Safety would put it on equal footing with the Sport Fish Restoration program, which is also funded from the Aquatic Resources Trust Fund and is entitled to funds not appropriated to Boating Safety. Under the Alteration of Bridges proposal, $17 million from the Highway Bridge Replacement and Rehabilitation Program (HBRRP) would be set aside annually for the purpose of repairing bridges deemed hazardous to navigation. The funding would be administered in accordance with the Truman-Hobbs Bridge Act, rather than the HBRRP. The Coast Guard would continue to select the projects and determine their funding levels.

- Operating Expenses. The Committee has reduced funding for Coast Guard Operating Expenses by $32 million from the Administration's request. Included in the reduction are FTE staff-year savings of $19.6 million based on slow hiring rates and a cut of $1 million in active duty recruiting. The Administration believes that these reductions are shortsighted. The Coast Guard is implementing a plan to achieve the military workforce level requested by the Administration, but will be unable to do so without adequate funding for recruiting and pay.

- Governors Island. Also included in the Committee's Operating Expenses reduction is the elimination of $8.3 million for the FY 1998 caretaker costs of Governors Island, New York, which the Coast Guard will excess in FY 1997. The Committee assumes that these costs can be paid by the General Services Administration (GSA). Pursuant to Section 483(b) of the Federal Property and Administrative Services Act of 1949, the Administrator of GSA has established that disposing agencies will fund protection and maintenance of excessed property for the quarter in which the property is reported as excessed and not more than 12 months thereafter. Without the requested funding, the Coast Guard would be forced to absorb Governors Island caretaking costs within its Operating Expenses base.

Federal Railroad Administration

- Pennsylvania Station. The Committee has failed to provide the $23 million request for the Pennsylvania Station Redevelopment Project. The Administration reiterates its support for this request. These funds are needed to proceed with the expeditious redevelopment of this vital rail terminal.

- Proposed Relocation. The Administration objects to the language that would require the Federal Railroad Administration (FRA) to move back to the DOT headquarters building. The current rental rate paid by FRA at its Vermont Avenue space is exactly the same as that charged for rental of space in the Nassif Building, which is currently being fully utilized by DOT units. Any move would entail added expenses to the Government.

Federal Highway Administration

- National Motor Carrier Safety Program. The Committee has provided $85.3 million for the National Motor Carrier Safety Program, $14.7 million below the Administration's request. This funding shortfall would delay the progress DOT continues to make in reducing commercial motor vehicle crashes and fatalities and would hobble efforts to move the program towards performance-based criteria.

Budget materials - appropriations letters

DRAFT

July 29, 1997
(House Rules)

H.R. 2264 -- DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 2264, the Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We are pleased that the Committee has fully funded Bilingual and Immigrant Education, School to Work, Head Start, Technology Literacy Challenge, 21st Century Community Learning Centers, the targeted portion of the Title I formula, and education statistics and assessment. The Administration is also pleased that the Committee has limited the number of appropriations riders consistent with the terms of the Bipartisan Budget Agreement. The House is urged to continue this practice. However, as discussed below, the Administration will seek restoration of certain of the Subcommittee's reductions.

The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. For example, the Committee bill provides nearly $1 billion more than the President has requested for more than two dozen authorities in the Department of Education, while cutting the President's request by over $1 billion. We strongly urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority, particularly those contained in the Bipartisan Budget Agreement as noted below.

Department of Education

The Administration appreciates the Committee's efforts to provide substantial new funding for education activities. Unfortunately, the Subcommittee has failed to provide the $260 million necessary for the President's America Reads Challenge in the Department of Education, and the bill provides only $10 million of the $42 million requested for America Reads in the portion of the Corporation for National and Community Service budget funded by this bill. The Committee has provided advance funding for America Reads to the Department of Education for FY 1999, pending new authorization, which would produce a full year's delay in getting needed reading assistance to millions of children. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and concepts of the President's America Reads program" at the levels proposed in the President's FY 1998 Budget. America Reads is one of the Administration's highest funding priorities. The Administration believes that the full funding should be restored to both the Department of Education and the Corporation for National and Community Service for FY 1998.

The Administration is working closely with the authorizing committees to develop legislation effective for FY 1998. There is ample time to enact legislation, as needed, by April 1 for a program that would begin on July 1, in time for summer activities and the 1998 - 1999 school year.

The Bipartisan Budget Agreement calls for a $1.7 billion increase over FY 1997 for Pell grants, to support both a $3,000 maximum award and expanded eligibility for independent students. The Committee bill underfunds the independent student policy by $197 million, contingent on authorization during the year. The Administration is proposing to aid independent students in the Higher Education Act reauthorization proposal, but based on information from the authorizing committees, the Administration cannot expect the Act to be reauthorized in time to make FY 1998 awards. Rather than withhold this benefit from independent students, the Administration proposes that the appropriation act include one year of authority while the reauthorization process is completed. This authorization is no different from the Committee's annual procedure of authorizing the maximum Pell grant award. In accordance with the terms of the Bipartisan Budget Agreement, we urge the House to fully fund Pell grants and to authorize both the maximum award and the independent student change.

The Committee bill funds Education Reform at $1.13 billion, $110 million below the level assumed under the Bipartisan Budget Agreement. Within the total, GOALS 2000 is funded at only $475 million, $145 million below the request. GOALS 2000 funds provide essential support to virtually every State's education improvement strategy. We strongly urge the House to restore full funding for GOALS 2000.

We appreciate the Committee's support for development of voluntary national tests for 4th grade reading and 8th grade math. We support the bill's requirement that the Department of Education contract with the National Academy of Sciences to conduct a study and report on the testing initiative. We are seriously concerned, however, that the bill fails to provide adequate FY 1998 funding for development of the tests within the Fund for the Improvement of Education.

NEW

The Administration urges the House to provide the funds necessary for this important national effort to make sure our students are mastering the basics and meeting challenging standards in reading and math and would strongly oppose an amendment that may be offered that would restrict the Administration's ability to move forward on our plan for educational testing.

The Committee has included language amending the definition of an eligible lender in the Federal Family Education Loan Program. The language would provide a broad exception to the current limitation on how much of a bank's portfolio can be guaranteed student loans, including loans that a bank holds as a trustee for a third party. It would also allow finance companies, the financial solvency of which is not regulated by a public entity as are banks, to be eligible lenders. Both of these provisions would increase the Federal exposure to financial risk and weaken parts of the statute that have been passed specifically in response to prior abuses. The provision should be stricken from the bill

A number of other high priority Education programs are funded significantly below the President's request. These include Adult Education, Safe and Drug-Free Schools, Eisenhower Professional Development, and Charter Schools. We urge the House to fully fund these activities at the levels requested in the President's FY 1998 Budget.

Department of Health and Human Services

The Administration is deeply concerned that the Committee has failed to provide $21 million for the Administration's new Adoption Initiative. The goal of this program is to double the number of children adopted or permanently placed outside of child welfare systems by FY 2002. The additional investment is small compared to the potential rewards of placing children in supportive and loving homes. The Administration strongly urges the House to fully fund this urgently-needed program at the President's requested level.

We understand that an amendment may be made in order that would expand the current "Hyde Amendment" prohibition on Medicaid payment for abortion services to include a prohibition on the purchase of health benefit coverage that includes abortion. The President believes that abortion should be safe, legal, and rare. We believe that the amendment could curtail the availability of State-only and privately funded abortion services. Most States purchase health coverage for Medicaid beneficiaries from managed care organizations (MCOs). Under this amendment, States may be prohibited from contracting with MCOs that offer abortion services to any woman, even using private or State funds. This provision could limit States' ability to negotiate contracts with providers, limiting access to quality care for Medicaid beneficiaries. This prohibition could also limit States' flexibility to purchase abortion services with their own funds and may even have the effect of causing MCOs to drop all coverage of abortion services for women with private health insurance so the MCO may continue to participate in the Medicaid program. The Administration opposes this attempt to constrain further the availability of abortion services and strongly urges House not to adopt this amendment.

The Administration supports efforts to encourage minors to discuss their health care needs with their families. However, it would oppose a potential amendment on the House floor requiring parental consent for minors to receive reproductive health services in Title X Family Planning clinics. Mandating parental consent could discourage sexually active minors from seeking health care and reproductive counseling services and thus lead to more unwarranted

new

pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth. As an alternative, the Administration supports the amendment adopted in Committee that requires clinics to certify that they encourage family participation in the decision of minors to seek family planning services and provide counseling to minors on resisting attempts to coerce minors into engaging in sexual activities.

New

The House Committee has not provided funding for the Medicare Transaction System (MTS), noting criticisms of the MTS design. The President's $89 million request would fund consolidation of HCFA's current contractor systems, which needs to occur prior to, and independent of, final resolution of MTS design issues. The Committee also notes that funding for the Medicare Integrity Program, established by the Kassebaum-Kennedy legislation, could be used to fund MTS. We believe that using Medicare Integrity Program funding for this purpose would be inappropriate since it was established specifically to combat fraud and abuse. The Administration urges the House to restore funding to the requested level to the extent possible.

The Administration is pleased that the Committee has provided the requested increase of $40 million over FY 1997 for Ryan White AIDS Treatment Grants, and an additional $132 million to help States purchase drugs. However, the Subcommittee has not allocated the $40 million increase among the Titles of the Ryan White CARE Act toward primary care as proposed in the FY 1998 Budget. The Administration's proposed allocation targets additional resources to those Titles that emphasize the delivery of primary care, a particularly important priority now that the prospects for medical care for people infected with HIV have improved dramatically. The Administration looks forward to working with Congress to ensure that the resources provided to the Ryan White AIDS Treatment Grants are distributed consistent with the priorities placed on primary care in the President's budget.

The Administration is concerned that the Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested in the President's budget. The single appropriation would help NIH plan and target NIH research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research

The Administration is concerned that the Committee has not provided the full increase requested for HIV prevention programs of the Center for Disease Control and Prevention. The Budget proposes a $17 million increase for this activity to target HIV prevention for intravenous drug users at risk of developing the virus. The Administration urges the Committee to provide the full requested amount to the extent possible.

The Committee has rescinded $21 million in mandatory research funds. The President's request assumes $18 million in discretionary and $21 million in mandatory welfare research funds, for a total of $39 million. The Committee has provided only $26 million in Administration for Children and Families and Assistant Secretary for Planning and Evaluation. In order to gauge the effects of welfare reform, research is needed now more than ever. The Administration urges the House to drop the rescission and to fund welfare research at the President's requested level.

Department of Labor

The Bipartisan Budget Agreement specifies funding at the levels proposed in the President's budget for Training and Employment Services, including Job Corps. The Committee mark provides the Administration's request for low-income youth and adult training programs, dislocated workers, and the Job Corps. However, in order to be consistent with the Agreement, we urge the House to provide an additional $233 million to fully fund the request for new and existing TES programs in FY 1998. The Committee has provided $100 million in FY 1999 for the Youth Opportunity Area proposal subject to passage of authorizing legislation. This program may be carried out under existing legislation, and a separate authorization is not necessary. The House is urged to provide resources for this initiative in FY 1998 without the restriction provided by the Subcommittee.

The Administration appreciates the Committee's allocation of $200 million to help finance the year 2000 conversion of State Unemployment Insurance (UI) systems. However, the Committee has failed to provide $89 million for spending on UI "integrity" initiatives (e.g., increased eligibility reviews, tax audits). This spending is explicitly assumed in the Bipartisan Budget Agreement, and would, over five years, achieve $763 million in mandatory savings assumed in the Agreement. The House is urged to provide this increase.

On July 17, 1997, the President sent to Congress a budget amendment for $6.2 million for the Labor Department to administer the $3 billion Welfare to Work program. This program is agreed to by Congress in the Bipartisan Budget Agreement and will be included in the final Reconciliation bill, effective October 1, 1997. We urge the House to add these funds to this appropriation bill so that the administrative resources needed to move long-term welfare recipients off of welfare and into lasting unsubsidized employment are available on a timely basis.

New

Social Security Administration

The Committee has provided $245 million for additional Continuing Disability Review (CDR) funding and SSI reforms implementation, $45 million less than the President's request. The pending reconciliation bill contains a provision that would provide authority for a $290 million upward cap adjustment ($45 million more than current law) to the non-defense discretionary spending caps for funding provided by the Subcommittee for additional CDRs.

This is consistent with the President's request. Failure to provide the additional funds means some 15 percent fewer individuals will have their status reviewed in FY 1998, potentially costing hundreds of millions of dollars in benefits to individuals who would have been found no longer eligible. We urge the House to provide the additional $45 million.

The Committee has included language to authorize increases to the fee States pay SSA for administering State payments that are supplemental to SSI benefits, and provide for such funds to be available, subject to appropriations action, upon collection for SSA administrative expenses. This provision is consistent with the Bipartisan Budget Agreement, and the Administration commends the Committee's actions.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

Attachment
(House Rules)

ADDITIONAL CONCERNS
DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1998
(AS REPORTED BY THE HOUSE COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns.

All Agencies Covered by the Bill

- Operating Plans. The Committee report calls for all agencies covered in the bill to provide to the Committee "operating plans" for appropriations. We are prepared to work with the Committee to discuss the purpose of this request and determine how to address it.

Department of Health and Human Services

- Community Schools: Violent Crime Reduction. While the Administration supports the Committee's funding of Violence Against Women Act programs, the Committee has provided no funding for the Community Schools program within the Violent Crime Reduction Programs account or for the Community-Based Resource Centers and Developmental Disabilities Special Projects activities. We urge the House to restore funding for these programs.

- Aging Services Programs. Within the Administration on Aging, the Committee has provided no funding for certain Aging Services Programs, including Preventive Health Maintenance, Alzheimer's Initiative, and Research, Training, and Discretionary activities. These important programs provide critical resources for the elderly.

- Medicare Survey and Certification User Fees. The President's budget proposes total funding of $158 million for the surveys and certification program, $148 million in budget authority and $10 million in user fees. The Committee has provided $148 million in budget authority which is $10 million below the President's request. On March 27, 1997, the Administration transmitted legislation to Congress for the authorization of $10 million in new survey and certification user fees. The Administration believes that health care providers who derive considerable benefit from the Medicare program should fund the cost of conducting initial surveys required for entry into the program. We urge Congress to enact the Administration's survey and certification user fee proposal and to fully fund the President's request for this activity.

- Hansen's Disease. The bill includes language that would transfer HHS's Hansen Disease treatment facility at Carville, Louisiana, to the State of Louisiana. The Administration supports this transfer, but objects to how the language transfers property to the State of Louisiana and how it handles personnel issues. We believe that the General Services Administration, the Federal government's property asset manager, should handle the transfer as authorized in the Federal Property and Administrative Services Act of 1949. In addition, the Administration strongly opposes those provisions pertaining to the computation of employee annuities and disability retirement benefits. The Administration urges the House to delete these provisions. There are a variety of ways to ensure the well-being of and retirement benefits for these employees, and the Administration wants to work with the House to draft language that is consistent with current law.

- Additional Health Concerns. The Administration is concerned that the Committee has not provided the full request for the Office of Emergency Preparedness, HRSA Organ Transplantation, the Office for Civil Rights, CDC's National Center for Health Statistics, and SAMHSA Data Collection activities. To the extent possible, we urge that the requested funding level be provided.

Department of Labor

- Worker Protection and Enforcement Funding. The Committee has provided $981 million, an increase of $32 million over the FY 1997 enacted level for the Department of Labor workplace protection programs, about half of the proposed increase. The independent National Labor Relations Board was frozen, a cut of $11 million below the request. The Administration urges the House to enact the Administration's request for these programs. Without the requested increases, the Department will not be able to carry out a balanced program of targeted enforcement with expanded partnerships and compliance assistance in the regulated community, or streamline its operations to provide assistance to small businesses in complying with various workplace laws and related executive orders, such as the systems and technical assistance improvements, requested for the Office of Federal Contract Compliance.

Social Security Administration

- Official Time. Language of the Committee bill would bar the expenditure of trust fund money for employees who conduct union activities on official time. Paying for such expenses is consistent with both Federal law and SSA's collective bargaining agreements. Restricting certain funding sources from paying for this activity would unfairly shift costs to the general fund and not reduce the amount of Federal funds expended on this legitimate activity. This limitation should be stricken from the bill.

Railroad Retirement Board

- Inspector General. The Committee has included language prohibiting the use of any funds other than those in the Inspector General (IG) account for the provision of supplies, space, and services by other offices of the Railroad Retirement Board (RRB) to the IG. The language should be stricken from the bill. The Administration believes that the current means of financing centralized services provided to the IG is consistent with the provisions of the IG Act and that the RRB should not be singled out in this respect. The administration also notes that, once the amount specified in report language related to these support services is factored into the total for the IG, the Committee would effectively reduce the IG budget by 17 percent from the FY 1997 enacted level. The President's request is for level funding; the Committee's reduction is excessive.

- Inspector General. The Committee bill includes language prohibiting the Railroad Retirement Board (RRB) Inspector General from using funds for any audit, investigation, or review of the Medicare program. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. The Administration believes that this language should be dropped. As long as RRB has authority to negotiate and administer a separate Medicare contract, the RRB Inspector General ought not to be prohibited from using funds to review, audit, or investigate activity related to that contract.

Budget materials -
appropriations letters

DRAFT

The Honorable Bob Livingston
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Treasury, Postal Service, and General Government Appropriations Bill, FY 1998, as reported by the Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Subcommittee bill provides requested funding for many of the Administration's priorities. However, as discussed below, the Administration will seek restoration of certain of the Subcommittee's reductions to the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the Committee toward achieving acceptable funding levels. The Administration is committed to working with the Committee to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the Committee to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding for programs of higher priority.

Federal Election Commission

The Administration appreciates Subcommittee action to provide the President's request of $34 million for the Federal Election Commission (FEC). However, funds have not been provided to support enforcement actions and audits of the 1996 campaign as requested in the President's April 7th budget amendment. Instead, the Subcommittee has provided funding for accelerating various modernization initiatives. While modernization improvements are welcome, and are part of the FEC's long-term agenda, the immediate need is for staff and resources to address the workload generated by the 1996 election cycle.

The Administration strongly objects to the limitations included in appropriations language that would condition the availability of $4.2 million of the funding on filling all current Commission vacancies and on enactment of legislation prohibiting the reappointment of Commissioners. Both of these restrictions would place unwarranted and intrusive limitations on the Commission's ability to meet its current workload demands and are unrelated to the

Commission's current performance. These provisions would amend underlying law without the benefit of hearings or debate. Therefore, we urge the Committee to drop these restrictions and amendments to underlying Federal Election Campaign law.

Internal Revenue Service

The Administration requests restoration of the Subcommittee's $73 million reduction to the requests for the Internal Revenue Service's (IRS's) Processing, Assistance, and Management and Tax Law Enforcement accounts. The Subcommittee bill would not provide the funding necessary for the inflationary increases requested in the President's budget. At this reduced level, we project that IRS would have to reduce FTE funded through these two accounts by approximately 1,500. This would lead to reduced taxpayer service assistance and an IRS projected five-year revenue loss of $1.1 billion.

The Administration urges the House to fund the IRS Year 2000 needs without jeopardizing other critical information technology projects. The absence of funding for these projects would undermine the IRS's ability to improve customer service and compliance.

"Winstar" Funding

The Administration is very concerned that the Subcommittee bill does not include the President's request to authorize the Secretary of Treasury to transfer $33.7 million from the Federal Deposit Insurance Corporation's FSLIC Resolution Fund to the Department of Justice for expenses related to the ongoing Winstar litigation. This funding is vital to the Government's defense in this litigation, which involves over 120 cases and potential claims against the Government of about $20 billion. Without sufficient litigation support, the taxpayers are likely to be held liable for much larger damages.

Bureau of Alcohol, Tobacco and Firearms

The Administration requests restoration of $19 million to avoid compromising the Bureau of Alcohol, Tobacco and Firearms' (ATF's) ability to combat the Nation's most violent criminals. The reductions made by the Subcommittee would force ATF to make FTE reductions at the same time that it is responding to recent congressional and Administration initiatives such as the Brady Law, church fires, Youth Crime Gun Interdiction, arson and bombing investigations, criminal firearms trafficking, and other anti-violent crime initiatives.

Consistent with Department of Justice security guidelines, the Administration believes that the ATF headquarters relocation is a high priority, which will be addressed when the design process is more fully underway.

Secret Service

The Administration strongly objects to the Subcommittees's $15.5 million reduction to the request for White House security funding (in the Secret Service Salaries and Expenses account and the Violent Crime Reduction Trust Fund). This funding is needed to implement fully all of the security requirements identified in the White House Security Review. We also request restoration of the $12 million reduction to the President's request for funds to ensure the ability of the U.S. Secret Service to continue providing adequate Presidential and dignitary protection, as well as maintain financial crime enforcement efforts.

Government Agency Provision of Commercially Available Goods and Services

The Administration understands that an amendment may be offered that would insert bill language requiring cost comparisons and benchmarks for inter-agency support agreements. The Administration would oppose such language. The Administration fully supports cost comparison requirements in an agency's decision to obtain commercially available goods and services. This support is amply demonstrated in the recently issued Revised Supplemental Handbook to OMB Circular No. A-76, which requires cost comparisons for the conversion of work to or from in-house or contract (private sector) performance. In addition, inter-service support agreements (ISSAs) between agencies are also subject to cost comparison requirements, except for consolidations of work prior to October 1, 1997. Over 40,000 FTE are currently under OMB Circular No. A-76 review in the Department of Defense alone. As a result of constrained discretionary budget resources, we expect this effort to expand in the near future.

By codifying a requirement for OMB to prescribe regulations stipulating cost comparison requirements (and cost and performance benchmarks) in the provision of property or services by one Government agency to another, this amendment, if adopted, could very well result in a significant new level of litigation. Such litigation would be caused by the conversion of what are currently management implementation decisions (already guided by the cost comparison requirement of OMB Circular No. A-76) into a statutory obligation that could be subject to judicial review. Rather than increasing contracting out to the private sector, the potential litigation resulting from this unnecessary codification could well impede both the current large-scale cost-comparison efforts in the Department of Defense and the anticipated increase in cost-comparison competitions throughout the Federal Government.

We urge the Committee not to include this language in its version of the bill.

Cooperative Purchasing

The Administration opposes the repeal of section 1555 of the Federal Acquisition Streamlining Act (FASA) of 1994. This section would allow State and local governments, nonprofit organizations, and Indian tribes to buy products off of the General Services Administration's Federal supply schedule contracts, often at advantageous prices. We urge the

Committee to support a compromise provision that would permit such purchases for a limited number of specified product categories in demand by State and local governments and whose affected producers have not objected. We would further urge that this authority include a limited pilot program for pharmaceuticals, beginning with drugs used to treat HIV and HIV-related conditions and, following a study on the impact of this pilot, possible expansion to drugs used to treat other life-threatening conditions. GSA's total collection of administrative fees will not increase by more than the incremental increase in the cost of administering the program.

Office of National Drug Control Policy

The Administration appreciates the Subcommittee's support for the Office of National Drug Control Policy's (ONDCP's) national media campaign to prevent drug abuse among America's youth. However, we are concerned that the funding level provided is not adequate to accomplish our goals. Prohibiting the obligation during FY 1998 of $46 million of the $195 million appropriated to the media campaign would limit available funding for the campaign to $149 million. The Administration's request for $175 million is based upon recommendations from experts in the field and is the amount necessary to fund four media exposures per week to the 9-17 age group. Funding the campaign at significantly lower levels than requested would limit the number of media exposures or restrict the scope of the campaign, thus hindering its success.

In addition, the Administration is particularly concerned about the legislative veto provisions in the bill that seek to condition the obligation of funds provided for the national media campaign upon the approval of a strategy by the Appropriations Committees. Such consultation with Congress can be achieved without this specific language.

Finally, the bill would create two new High Intensity Drug Trafficking Areas. The designation of High Intensity Drug Trafficking Areas in the appropriations bill would undermine ONDCP's statutory authority to designate such areas based on its review of the larger picture of drug use, availability, and trafficking in specified areas of the country, in consultation with other Federal and State officials.

Executive Office of the President

The Subcommittee bill fences funds for information technology for the White House and several other Executive Office of the President accounts pending the submission of an information technology architectural blueprint. The Office of Administration has devoted significant personnel and fiscal resources to complying with the wishes of the Congress. A plan has been submitted that we believe will fully satisfy the Appropriations Committees' requirements.

Unanticipated Needs

The Subcommittee bill fails to provide the requested $1 million to enable the President to meet unanticipated needs in furtherance of the national interest, security, or defense. We urge the House to include this amount to ensure that the President has the same ability to meet such needs as previous Presidents have had.

Infringement on Executive Authority

There are several provisions in the Subcommittee bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisions to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

Additional Administration concerns with the Senate bill are contained in the enclosure. We look forward to working with the House to address our mutual concerns.

Sincerely,

Franklin D. Raines
Director

Enclosure

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Jim Kolbe,
and The Honorable Steny H. Hoyer

Enclosure
(House Committee)

ADDITIONAL CONCERNS
TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1998
(AS MARKED UP BY THE HOUSE SUBCOMMITTEE)

The Administration looks forward to working with the Committee to address the following additional concerns:

Department of the Treasury

- Departmental Offices. The Administration is concerned that funding for the Treasury's Departmental Offices, at $3 million below the request of $116 million, would adversely affect the Secretary's policy and analytical capacity. High priority workload demands include: GSE privatization, law enforcement oversight, international affairs operations, Electronic Funds Transfer, and the preparation of government-wide financial statements. Major policy analysis needs include: entitlements reform, tax simplification, and pension reform and retirement security.
- Treasury Forfeiture Fund. The Administration is concerned about the earmarking of $17.3 million in the Treasury Forfeiture Fund. These earmarks would undercut the Secretary's discretionary authority to route available funds to critical law enforcement priorities, such as the Youth Crime Gun Interdiction Initiative.

- United States Customs Service. The reduction of $18.2 million from the President's request for Customs drug interdiction resources would impair Customs' ability to improve the inspection of cargo and passengers and achieve more effective interdiction. Customs would be unable to deploy 119 additional cargo inspectors along the southern border, would have to delay installation of reliable data terminals for flagging suspicious passengers, and would have to leave 115 positions, mostly at the borders, unfilled.

- Office of Inspector General. The Administration opposes the transfer of ~~$26,034~~ funds from the Treasury Office of Inspector General to the Departmental Offices appropriation to reimburse Secret Service agents for legal costs incurred during a review by the Treasury Office of Inspector General. The Administration is concerned about the precedent that would be created by congressional action requiring an Office of Inspector General to pay these legal costs.