NLWJC - Kagan

DPC - Box 003 - Folder 006

Budget Materials - Appropriations Letters FY99 [1]

Budget-approps letters FY99

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

Dear Mr. Chairman:

This letter provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as passed by the House and by the Senate. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates the Congress' support for many of the President's priorities within the 302(b) allocation. For example, we appreciate the funding levels provided by both the House and the Senate for 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 Balanced Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000.

However, the allocation is simply insufficient to make the necessary investments in other critical programs funded by this bill. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that would be used to increase high-priority discretionary programs, including those funded by this bill. In addition, we hope that the Congress will reduce funding for lower priority and unrequested discretionary programs, and redirect funding to programs of higher priority.

The Administration has very serious concerns, discussed below, with the Congress' inadequate funding of a number of priority programs, as well as with objectionable language provisions. If the bill presented to the President does not address these issues, the President's senior advisers would recommend that he veto the bill.

Legal Services Corporation

The Administration appreciates the funding level of $300 million provided for the Legal Services Corporation (LSC) in the Senate bill. While we acknowledge the House amendment to increase funding above the House Committee level, the resulting House funding level for LSC remains unacceptable. The House version of the bill would fund LSC at $250 million, $33 million below the FY 1998 level and $90 million below the President's request of $340 million. The House level is 38 percent below the FY 1995 level of $400 million and calls into question the Government's commitment to ensure that all Americans have access to the judicial system. In addition, the Supreme Court's recent ruling that interest on lawyer trust accounts cannot be used to generate resources for civil legal services eliminates a funding source that provided LSC programs with more than $57 million last year. We urge the conferees to fully fund the President's request.

Department of Commerce

Decennial Census. The language in the House bill that would release funds for only the first half of FY 1999 is unacceptable. It is critical that the Congress provide full-year funding for the Decennial Census without any restrictions on the use of statistical sampling. Delays or disruptions would unacceptably complicate the management of this massive operation. We strongly urge the conferees to remove the onerous House language restrictions and provide funding that will allow the Census Bureau to implement its current plan. This plan was developed by statistical experts and is based on recommendations from the National Academy of Sciences, which found that regardless of the resources committed, the methodologies employed in the past could not achieve satisfactory accuracy. The statistical methods incorporated in the Bureau's plan would produce the most accurate census possible and virtually eliminate the large undercounts of minorities, children, and other groups that occurred in the 1990 census.

National Oceanic and Atmospheric Administration. The Administration urges Congress to fully fund priority programs, including: the Clean Water Initiative, including the Coastal Non-point program, to protect coastal communities; the GLOBE program, to promote scientific discovery and student achievement; Endangered Species Act and Magnuson-Stevens Act implementation; the Global Change Program, to understand the implications of extreme weather events such as El Nino; and, the National Weather Service, to improve services that inform communities of severe weather.

The Administration objects to language in the House-passed bill that would impose severe personnel and funding limitations on NOAA's executive direction and central administrative support areas. These restrictions would result in a loss of accountability in the management of NOAA's operations.

The Administration urges the conferees to restore funding necessary to maintain existing contracts, particularly for geostationary spacecraft procurement and polar instrument development. Both the House and Senate bills fail to include adequate funding to fulfill contract obligations for the converged polar satellite program and the recently-awarded geostationary follow-on contract. Renegotiation of these contracts would jeopardize satellite continuity for both civilian and military weather operations and increase costs.

National Institute for Standards and Technology. The Administration is disappointed by reductions to the Advanced Technology Program (ATP), which fosters cutting-edge research. We urge the conferees to provide the President's request for new awards and to drop bill language placing restrictions on new awards that reduce ATP's ability to manage carryover balances effectively. Also, the Administration is concerned that Congress' exclusion of the requested advance appropriation for the Advanced Measurement Laboratory would increase costs and delay completion of the facility by at least a year.

Statistics Initiatives. The Administration is concerned that both the House and Senate bills do not include adequate funding for high-priority statistical initiatives, particularly the improvement of National Account measures, the Poverty Measure initiative, and the Continuous Measurement program, which will provide annual demographic information on the population and eliminate the need for the "long form" in the 2010 Census.

National Information Infrastructure Program. The Administration urges the conferees to fully fund the President's request for the National Information Infrastructure Grants Program, which provides seed money for innovative projects that deploy, use, and evaluate advanced information technology.

Economic Development Administration (EDA). The Administration is concerned about the funding level for EDA in the Senate-passed bill. EDA assists distressed communities in dealing with the burdens imposed by industry downsizing and international trade agreements and has achieved significant results in creating jobs, leveraging private sector dollars, and increasing local tax bases.

Agricultural Guest Workers

The Administration strongly urges the conferees to delete provisions in the Senate-passed bill that would create a new agricultural guest worker program. We believe that the Agricultural Job Opportunity, Benefits, and Security Act of 1998 is likely to increase illegal immigration to the U.S., reduce job opportunities for legal U.S. farm workers, and depress wages and work standards for U.S. farm workers. These provisions, therefore, are unacceptable. Consistent with the findings and recommendations of two bi-partisan commissions -- the Commission on Immigration Reform and the Commission on Agricultural Workers -- the President opposes a new guest worker program. However, the Administration shares the goal of assuring an adequate, predictable labor supply of farm workers and will work with the Congress to develop reforms to the current program to ensure that it responds to agricultural needs while protecting U.S. farm workers.

Small Business Administration

The Administration strongly objects to the funding levels for Small Business Administration (SBA) disaster loans and operating expenses. We urge the conferees to restore funding so that SBA may continue to provide vital services to the Nation's small business community and assistance to the victims of natural disasters.

The House's funding level for SBA's Salaries and Expenses account regular operating expenses represents a 29-percent reduction from the President's request and includes a requirement that all of the reduction be taken from headquarters functions. This funding level would require a reduction in staff of more than 1,300 staff years through severe reductions-in-force. Not even the elimination of all headquarters employees would satisfy the House Report's requirement that all reductions be taken solely from non-district Offices.

The Senate mark of $94 million to administer the Disaster Loan Program is a 43-percent reduction from the President's request. Such a drastic reduction in funding to originate and service disaster loans would result in the cessation of loans and services to the victims of natural disasters by the beginning of calendar year 1999.

Equal Employment Opportunity Commission

The Administration strongly urges the conferees to fully fund the President's request of $279 million for the Equal Employment Opportunity Commission (EEOC), $18.5 million above the House level and $25.4 million above the Senate level. The additional resources are essential and would allow EEOC to reduce the backlog of pending complaints and implement much-needed reforms in the way all complaints are managed, including an enhanced alternative dispute resolution program. We look forward to working with the Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

Department of Justice

The Administration appreciates the Congress' continued support for law enforcement and other Department of Justice activities. However, as discussed below, we are concerned about Congress' action in a number of areas.

Imposition of State Ethics Rules. The House-passed bill includes unacceptable language that would impose State ethics rules on Federal attorneys and establish an independent board that could fire Federal agents, prosecutors, and civil law enforcement attorneys. These provisions would undermine Federal law enforcement by subjecting Department of Justice attorneys to multiple and inconsistent State rules of conduct, transferring to the States the authority to regulate the conduct of Federal attorneys in the performance of their Federal law enforcement duties. For example, this legislation would hamper investigations of drug operations across State lines as well as other multi-jurisdiction investigations such as the Oklahoma City bombing investigation.

Brady Act Implementation. The Senate bill contains unacceptable language that would undermine implementation of the Brady Act and the National Instant Check System. The Administration urges the conferees to reject this language and to continue to work with the Administration to keep guns out of the hands of criminals, the mentally unstable, and other prohibited purchasers.

Immigration and Naturalization Service Examination and User Fees. The Senate bill inappropriately diverts $166 million in receipts from the Immigration and Naturalization Service's (INS's) Immigration Examination and User Fee accounts for expenses not directly related to the immigration services for which they are assessed. In addition, the Department of Justice has forwarded a reprogramming action for $171 million to address a funding shortfall in the Examination Fee account and provide necessary resources to reduce the citizenship application backlog and implement management reforms. The Senate recommendation would exacerbate this funding shortfall. The Administration urges the conferees to ensure that immigration fees are used to reduce the backlog of pending citizenship applications, as well as to approve the reprogramming of departmental resources for naturalization process reengineering and application backlog reduction.

Winstar. The Justice Department critically needs resources to fund the Winstar litigation, in which the Department is defending against $20 to $30 billion in claims against the Government. The Administration appreciates the Senate's willingness to fund Winstar, but opposes the Senate's approach to funding for Winstar, which would require substantial reductions to the litigating divisions' other activities, including Civil Rights, Civil, Criminal, and other legal divisions.

Title V -- At-Risk Children's Grant Program. The Administration urges the conferees to provide the $95 million requested for the At-Risk children's proposal. The At-Risk proposal supports community programs that prevent young people from becoming involved in the criminal justice system, including mentoring, truancy prevention, and gang intervention.

Drug Testing and Intervention. The Administration urges the conferees to provide the $85 million requested for the drug testing and intervention program. Systematic drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs.

Protection Against Chemical and Biological Weapons. We appreciate the Congress' support of the Administration's efforts to combat terrorism, particularly the use of chemical and biological weapons. However, we encourage the conferees to fully fund all of the items requested by the Administration, and, in particular, detection equipment for State and local bomb squads.

Protection Against Attacks on Critical Infrastructure. The Administration urges the conferees to provide the full $34 million requested for expenses related to protection of the Nation's critical infrastructure, including funding for potential transfer to the Department of Commerce's Critical Infrastructure Assurance Office and for the FBI's National Infrastructure Protection Center. Failure to provide requested funding for these initiatives would endanger the Government's efforts to fight cybercrime.

Indian Country. While the Senate mark for Indian Country criminal justice assistance is preferable to the House level, we urge the conferees to fully fund the Administration's request, including FBI and U.S. Attorneys resources. This initiative seeks to provide much-needed funds to address a serious public safety crisis.

International Affairs Programs

On September 22nd, the President transmitted an FY 1998 emergency supplemental funding request to address urgent needs relating to the terrorist bombings of the U.S. embassies in Nairobi, Kenya and Dar Es Salaam, Tanzania. In consultation with Congress, the Administration has prepared this request and looks forward to working with Congress to enact this proposal as quickly as possible. We are encouraged by the strong bipartisan support and commitment to protect U.S. citizens and U.S. interests around the world including our overseas official presence. In this regard, the Administration urges support for the FY 1999 request for various operating accounts, which are needed in addition to the Emergency Supplemental to support our overseas presence and provide the annual funds for security programs and other activities.

State Department Operations. The Administration appreciates the Congress' support for the Department of State's Diplomatic and Consular Programs and Salaries and Expenses accounts. However, both versions of the bill include reductions to, or unrequested earmarks in, these accounts totaling over $30 million. Such reductions would prevent the Department from meeting expected wage and price increases, covering critical overseas staffing gaps, and addressing other infrastructure shortfalls. Further, the exclusion of $38 million from the House-passed bill for information technology improvements in the Capital Investment Fund would jeopardize the Department's effort to achieve Y2K compliance. In addition, the administration supports the Senate's permanent extension of the Machine Readable Visa authority and opposes the cap on this authority in the House-passed bill. The House version would limit the Department's ability to execute the President's Border Security Program.

International Organizations and Peacekeeping. The Administration is concerned that funding reductions and earmarks, especially in the Senate version, for the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities (CIPA) accounts would increase arrears and impair the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping. Given uncertainties in the Balkan region and elsewhere, the Administration urges that the CIPA request level be provided. The Administration is also concerned that the CIO account be crafted in a manner that allows sufficient payments to be made to the United Nations before December 31st in order to avoid a loss of vote by the United States in the U.N. General Assembly.

The Administration appreciates the steps the Congress has taken to fund the request for arrearage payments this year. We want to work with the Congress to ensure that these funds are available in a timely fashion to retain our influence in these organizations and to identify reform measures that further U.S. interests. However, we strongly oppose the authorization requirement in both versions of the bill that is intended to subject this important foreign policy measure to the unrelated issue of family planning policy.

The Administration strongly believes that activities relating to the Comprehensive Nuclear Test Ban Treaty should be funded at the $29 million level, as requested in the Nonproliferation, Anti-terrorism, Demining, and Related Programs account. We oppose the House-passed bill's proposal to provide up to $15 million for these needs by transfer from the CIO account without any increase in funding.

United States Information Agency. The Administration is very concerned about reductions to the United States Information Agency (USIA), which both the House and Senate fund below the President's request, by $30 million and $68 million, respectively. Given that the USIA request is virtually at the FY 1998 level, any reductions would hurt core public diplomacy activities, Year 2000 compliance, critical broadcasting activities, including broadcasting to Africa, and important grant programs. The Senate-passed version of the bill is particularly problematic because it severely underfunds international information programs by $35 million (most of which is due to the bill's omission of funding for overseas administrative costs) and broadcasting programs by $46 million. For broadcasting, the reduction would require a personnel reduction-in-force, eliminate broadcast language services, and defer necessary capital and technical radio modernization improvements.

Jerusalem. The Administration strongly objects to provisions in the Senate bill concerning Jerusalem that would intrude impermissibly upon the President's constitutional authority to conduct diplomacy and determine recognition and would undermine ongoing efforts to promote a peaceful resolution of the Arab-Israeli conflict.

Anti-Ballistic Missile Treaty. The Administration strongly opposes the House provision that seeks to curtail funding for U.S. participation in the Anti-Ballistic Missile Treaty's Standing Consultative Commission (SCC). The Administration has made clear that the 1997 Memorandum of Understanding (MOU) referred to in the House language will be sent to the Senate for advice and consent as soon as Russia ratifies START II; while we will continue to meet with other states in the SCC to discuss Treaty-related issues, the MOU will not be implemented without Senate approval. (Twice-yearly meetings of the SCC are required under the Treaty, which was ratified by the Senate in 1972 by a vote of 96 to 3. The SCC deals with Treaty related issues and works to resolve disputes and ensure compliance.)

Property Claims. The Administration strongly opposes language in the House-passed bill that would prevent intervention by the Justice Department and other agencies in certain U.S. court proceedings to seize property of foreign governments designated as state sponsors of terrorism. Such a measure likely would result in seizures of property in direct violation of U.S. statutory and treaty law and in giving priority to certain U.S. claimants over long-standing, legitimate claims by other U.S. citizens. It could also lead to costs incurred by the United States in the event of judgments for foreign governments, retaliation against U.S. diplomatic properties abroad, and seizure of property where the United States is claiming an interest in actual ownership of the property. Moreover, this provision would undermine the Administration's ability to protect the interests of the United States in U.S. courts.

International Emergency Economic Powers Act. The Administration opposes language in the Senate-passed bill that would limit the President's ability to impose sanctions under the International Emergency Economics Powers Act. The provision would interfere with the President's authority to target sanctions in specific situations, restricting and important foreign policy tool.

Vietnam and Haiti. The Administration is concerned that language in both versions of the bill regarding Vietnam would unconstitutionally constrain the President's authority with respect to the conduct of diplomacy. In addition, language in the Senate-passed bill regarding Haiti purports, in some circumstances, to limit the President's unfettered constitutional authority to "receive ambassadors and other public ministers."

Federal Communications Commission

The Administration is concerned that both versions of the bill exclude funding for the Federal Communications Commission's (FCC's) scheduled move to the Portals complex, and that the House bill provides none of the FCC's requested increases. Denial of funding for Portals would impair the FCC's ability to implement the mandates of the Telecommunications Act of 1996 and carry out critical mission operations. The House's overall level could require an agency-wide furlough or reduction-in-force.

Internet Regulation

The Administration strongly supports the objectives of provisions in the Senate-passed bill regarding Internet regulation. However, the Administration has concerns about the provisions as currently drafted and urges the conferees to delete them. Instead, we look forward to working with Congress to develop legislation that will address our mutual goals through the authorization process. Specifically, the Administration supports legislation that would require every school and library using the e-rate to certify that it has developed a plan to protect its schoolchildren from inappropriate content. Such legislation cannot follow a "one-size-fits-all" approach that could interfere with local judgments about how to best address the problem. In addition, while we share the important goal of empowering parents and teachers to protect minors from harmful material that is distributed commercially over the World Wide Web, imposing Federal criminal penalties for such distribution is inadvisable at this time. Such a new criminal statute could divert investigative and prosecutorial resources from combating hard core traffickers in child pornography. Moreover, because such a provision could be subject to serious constitutional challenge, it is important to carefully address the constitutional questions before enacting any Internet content regulation. Given the progress that the private sector has made and is continuing to make in empowering parents and teachers to protect minors from harmful material, there is no need to rush an appropriations rider now without due consideration of these issues.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President requested more than $1 billion for Year 2000 (Y2K) computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for $3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a $3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements. It is essential to make Y2K funding available quickly and flexibly. Efforts to defer action on the emergency fund in the Treasury and General Government appropriations bill are very troubling, particularly in light of the fact that several appropriations bills -- including the House version of Commerce, Justice, State -- do not include funding for base Y2K requests.

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

Sincerely,

Jacob J. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Harold Rogers,
The Honorable Alan Mollohan, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Judd Gregg,
and The Honorable Ernest F. Hollings

Enclosure
(Conference)

ADDITIONAL CONCERNS
H.R. 4276 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999
(AS PASSED BY THE HOUSE AND BY THE SENATE)

Department of Commerce

- Minority Business Development Agency. Management reforms at the Minority Business Development Agency (MBDA) have improved delivery of programs and technical assistance, and MBDA has emerged as a stronger, more focused agency. The Administration objects to the reduction to MBDA's base made by both the House and the Senate and requests restoration of $2.8 million.

Department of Justice

- Bureau of Prisons/Abortion. The Administration urges the conferees to strike language that would prohibit the Bureau of Prisons from funding abortions except in cases of rape or where the life of the mother is endangered.

- Juvenile Justice Block Grant. The Administration is concerned that the Juvenile Justice Block Grant program, funded at $250 million in the House-passed bill and $100 million in the Senate-passed bill, may authorize a broad and unfocused range of spending. We urge the Congress to provide funding for more targeted activities, including direct funds for local prosecutors to address juvenile and quality of life crimes.

- Narrowband Communications. The Administration is disappointed that neither version of the bill would provide the $86 million requested to establish a fund for the consolidation and coordination of the Department's conversion to narrowband communications systems. We urge the conferees to establish such a fund and to restore the $24 million in base resources.

- Federal Bureau of Investigation. The Administration asks that the conferees provide the $50 million requested for the FBI's Information Sharing Initiative (ISI). The House level, $20 million below the request, would prevent the FBI from improving its electronic case file information, thereby increasing the effectiveness and efficiency of the FBI's investigations. Furthermore, the House reporting requirement on ISI would impede the FBI's ongoing efforts to provide critical information technology infrastructure support using existing resources.

- INS Border Management Strategy. The Administration appreciates Congress' support for the Administration's border control initiative. However, both the House and Senate marks are insufficient to support our comprehensive, bipartisan border management and enforcement strategy. We urge the conferees to fully fund the President's request for the border infrastructure and technology, detention support, and interior enforcement initiatives.

- Counterdrug Strategy. The Administration strongly opposes Senate Report language that would direct the Attorney General to create a new interagency counterdrug strategy. The Director of National Drug Control Policy is mandated by statute to perform this function; it should not be transferred to the Attorney General. However, we understand from a colloquy on the Senate floor that the intent of this language is to encourage the Justice Department to work closely with ONDCP on implementing the National Drug Control Strategy and ONDCP's Performance Measures of Effectiveness. The Report language should be dropped or clarified consistent with the colloquy.

- Controlled Substances Act. The Administration has serious concerns about sections 118 and 119 of the Senate-passed bill, which would weaken the Drug Enforcement Administration's authority to regulate the flow of drugs classified as controlled substances. The provisions would allow relief for recordkeeping and reporting violations. Careless, negligent, or unknowing violations, which are properly subject to misdemeanor penalties under current law, create an opportunity to divert drugs to illicit channels just as do knowing or intentional violations.

- Antitrust Division. The Administration opposes the Senate-passed bill's provision prohibiting Antitrust Division personnel from traveling abroad to encourage a foreign country to take an antitrust action. This provision would infringe upon the President's constitutional authority to conduct the foreign relations of the United States.

- Resources for Combating Terrorism. Section 117 of the Senate bill sets forth requirements for reporting resources devoted to combating terrorism. The Administration is pleased to provide data on these very important efforts. However, the bill proscribes a format and detail that will be difficult and burdensome to provide. In addition, there are other statutory requirements for reporting resources devoted to combating terrorism. Flexibility is essential in order to develop a meaningful report that can satisfy multiple requirements.

Nursing Relief for Disadvantaged Areas

- The Administration opposes the Nursing Relief for Disadvantaged Areas Act of 1998, which has been included in the Senate-passed bill. This legislation is unnecessary, since no national nursing shortage exists; it duplicates currently authorized employment visa programs; and, it fails to provide adequate protections for U.S. workers. We urge the conferees to drop this objectionable provision.

Environmental Riders

- The Administration objects to a provision of section 619 of the Senate bill that would require certain Exxon Valdez settlement funds to be spent only for grants for marine research and community and economic restoration. This language is contrary to the Clean Water Act and a court-ordered consent decree that require that the State and Federal natural resource trustees determine how these funds should best be used. In addition, section 208 of the Senate bill would create an executive committee within the North Pacific Research Board. The Board does not include a representative from the Department of the Interior. The Administration believes that the Department should be a member of the executive committee because of its major program responsibilities within the State of Alaska.

Department of State

- Emergencies in the Diplomatic and Consular Service. The Administration prefers the House version of the Emergencies in the Diplomatic and Consular Service and Representation Allowances accounts over the Senate version, which would transfer funds from the Emergencies account into the Representation Allowances account.

- Personnel Details. The Administration opposes language in the Senate report purporting to limit the detail of personnel by the Department of State. These details serve a variety of interests, including obtaining information on threats to U.S. missions abroad, recruiting of talented persons to the Foreign Service, and providing expertise to other agencies and offices in the U.S. Government that address foreign policy matters.

- U.N. Budget Certification. The Administration opposes the House version's semi-annual U.N. budget certification, which withholds $100 million of the $297 million payment to the U.N. which is funded in the CIO account. The withholding requirement is excessive and it exacerbates our funding problems with the U.N. The provision also ignores extraordinary requirements and is inconsistent with the U.N. budget process.

- Certification on International Organizations. The Administration opposes the certification process contained in the Senate report regarding the overhead costs of international organizations. The most critical work of many of these organizations is to support meetings of technical and policy experts from member states. This certification process could have the effect of creating additional arrears and detracting from the ability of the United States to achieve meaningful reforms. The Administration would consider an annual certification patterned after that contained in H.R. 1757.

Office of the United States Trade Representative

- The Administration urges the conferees to provide the Senate level -- full funding of the President's request -- for the Office of the United States Trade Representative (USTR) and to restore bill language giving USTR no-year funding availability for up to $2.5 million of the appropriation. In addition, we request that the conferees and strike the Senate provision directing four USTR employees to study the Canadian Wheat Board.

Other International Programs

- The Administration urges the conferees to provide the Senate-passed level for the Arms Control and Disarmament Agency and is concerned about potential reductions for the Asia Foundation, the American Institute in Taiwan, and the International Commissions. Such reductions would place a disproportionate burden on the operating budgets of these small agencies.

Budget - approps letter FY99

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 H.R 4380 and S. 2333, the District of Columbia Appropriations Bill, FY 1999, as passed by the House and as reported by the Senate Appropriations Committee, respectively. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

The Administration commends the Senate for producing a bill that is consistent with the goals of the National Capital Revitalization and Self-Government Improvement Act of 1997 and that is free of extraneous micromanagement provisions that would impose the will of Congress on the Government of the District of Columbia. Regrettably, the House-passed bill contains numerous instances of congressional micromanagement, provides insufficient funding for the D.C. economic development initiative, and includes three highly objectionable provisions. We urge the conferees to adopt a bill that addresses these concerns.

Objectionable Provisions

The House-passed bill contains three provisions that would seriously undermine local control. If these provisions were included in the bill presented to the President, his senior advisers would recommend that the President veto the bill. These unacceptable provisions are:

- A provision to provide for the use of private school vouchers in the District. The Administration would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools and would draw resources and attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public.

- A provision that would prohibit adoptions in the District by couples that are unmarried or not related by blood. The Administration supports section 149 of the Senate Committee bill, The District of Columbia Adoption Improvement Act of 1998. This legislation would provide much needed administrative and management reforms in the D.C. Child and Family Services Agency, including requiring Family Services to contract with private service providers to perform adoption and recruitment services and eliminating all administrative barriers to adoption.

- A provision that would prohibit the use of Federal and local funds for needle exchange programs and would prohibit private agencies from supporting needle exchange programs if they receive Federal or local funds (even if the funds used for the needle exchange programs are their own).

Economic Development Initiative

The House-passed bill does not contain funding for critically needed management reforms or funding to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC). The Senate Committee bill provides $500,000 to conduct a study and prepare a report on the feasibility of an economic development corporation in the District and $25 million in support of management reforms. Like the House, the Senate has not provided any of the $50 million requested in the FY 1999 Budget to capitalize the NCRC. The Administration believes that an independent economic development corporation is essential in order to ensure effective management coordination and oversight of projects in the District. Further, we believe that it is critical to the District's economic future to capitalize the NCRC in FY 1999. The Administration strongly urges the conferees to allocate additional resources for economic development.

D.C. Charter Schools

The Administration appreciates the House's full support of charter schools and public schools in the District and supports the appropriation of $32.6 million for D.C. charter schools. We are concerned that the Senate Committee bill does not provide sufficient funding to support educational services for all the students who wish to attend charter schools and other public schools in the District of Columbia. We look forward to working with the conferees and with D.C. Public Schools to ensure that there are adequate resources to allow all eligible charter schools and their students to receive sufficient funding.

Abortion

The Administration strongly opposes the language included in both the House-passed and Senate Committee-reported bills that would prohibit the use of Federal and local funds to pay for abortions in the District except in those cases where the life of the mother is endangered or in situations involving rape or incest. The Administration continues to view the prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District and would support striking this provision.

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

Sincerely,

Jacob J. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Charles H. Taylor,
The Honorable James P. Moran, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Lauch Faircloth,
and The Honorable Barbara Boxer

Budget - approps letters FY99

Kate P. Donovan
10/05/98 09:10:22 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message
Subject: URGENT: FOREIGN OPERATIONS CONFEREES LETTER

Please review the attached conferees letter on the Foreign Operations Appropriations bill and provide comments/clearance by **11:30am today (Mon. 10/5)**. Thank you.

FOCNF.W

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Gene B. Sperling/OPD/EOP
Sally Katzen/OPD/EOP
Elena Kagan/OPD/EOP
Martha Foley/WHO/EOP
Ron Klain/OVP @ OVP
Joshua Gotbaum/OMB/EOP
Lisa M. Kountoupes/WHO/EOP
Kathleen A. McGinty/CEQ/EOP
Wesley P. Warren/CEQ/EOP
Kerri A. Jones/OSTP/EOP
Jeffrey M. Smith/OSTP/EOP
Todd Stern/WHO/EOP
G. E. DeSeve/OMB/EOP
RUDMAN_M @ A1@CD@VAXGTWY
Michelle Peterson/WHO/EOP
Maria Echaveste/WHO/EOP

Message Copied To:

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 HR 4569, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as passed by the House and by the Senate. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the House and Senate to accommodate certain of the President's priorities within the 302(b) allocation. In addition, the Administration particularly appreciates the Senate's provision of full funding of our request for the International Monetary Fund (IMF) at this time of acute international monetary crisis. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a number of key programs are seriously under-funded in both the House and Senate versions of the bill.

The only way to achieve the appropriate investment level for the programs funded through this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill.

As discussed below, both the House- and Senate-passed bills are unacceptable in their current forms. As previously communicated to the Congress, the President would veto any bill that does not address the key concerns discussed below.

The major flaw in the Senate bill is the low level of funding, $1.15 billion below the President's request. As a consequence, several accounts, such as the assistance program to the New Independent States, are inadequately funded. There are, in addition, an excessive number of earmarks and directives that would hinder effective implementation of American foreign policy.

The House version of the bill also has several flaws. It provides even less funding -- $1.22 billion below the President's request -- than the Senate bill. Moreover, it includes "Mexico City" family planning provisions, does not fully fund the IMF, and deletes funding for the Korean Peninsula Energy Development Organization (KEDO). In addition, the House bill would also remove or reduce discretionary authorities that Presidents of both parties have used in advancing American foreign policy for at least two decades.

International Monetary Fund

While the Administration welcomes House and Senate efforts to provide funding for the International Monetary Fund's New Arrangements to Borrow (NAB), we are extremely concerned by the House's failure to include in its bill the requested appropriation for the $14.5 billion U.S. share of the IMF's critically needed quota increase. Since February of this year, the President has repeatedly called on Congress to approve the full amount of his $17.9 billion budget request for the IMF. To reject or delay this funding not only would undermine America's leadership in the world; it also would expose American workers, investors, farmers, and businesses to unacceptable economic risks.

The IMF's financial resources are nearing historic lows, necessitating the recent activation of the IMF's emergency credit lines, the General Arrangements to Borrow (GAB), for the first time in 20 years. Without the entire $17.9 billion in new funding, composed of the quota increase and the U.S. share of the New Arrangements to Borrow (NAB), the IMF -- and hence the United States and the world -- will remain vulnerable if new, escalating, or spreading systemic crises occur. To protect America's economic strength, Congress must act now to pass the full quota.

The House bill proposes several conditions on IMF funding that, while directed at objectives we share, are unworkable in their current form and, therefore, would have the effect of delaying indefinitely the availability of these critical resources to the IMF. The Senate bill includes provisions that are problematic as currently drafted but could serve as the basis for useful discussion. We urge the conferees to respond to these concerns in developing the final bill.

International Family Planning

The Administration strongly opposes the "Mexico City" restrictions that are included in the House bill, which would prohibit foreign non-governmental organizations from receiving U.S. family planning funds if the organization uses any of its own funding from non-U.S. Government sources for abortion-related services or advocacy. The House bill's "Mexico City" language is even more restrictive than the provision contained in the conference report on the Foreign Affairs Reform and Restructuring Act. 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. As stated in past Administration communications, should this language be included in the final bill presented to the President, the President would veto the bill.

Korean Peninsula Energy Development Organization (KEDO)

The Administration strongly objects to the House bill's deletion of U.S. funds for KEDO and inclusion of language prohibiting the President from exercising his authority to transfer funds from other sources for this purpose. While limited in scope, the Agreed Framework reached between the United States and the Democratic Peoples Republic of Korea in 1994 is the foundation we are using to engage the North on a range of issues of strategic concern, including those not specifically covered by the Agreement, such as missile tests. The House bill would allow North Korea to blame the United States for not fulfilling our commitment to the Agreed Framework. In essence, it would give the North an "out" to begin reprocessing fissile material currently monitored under international safeguards and allow them, not us and our allies, to choose the time for any possible confrontation. Such an action would seriously destabilize security on the Korean peninsula, place U.S. troops in greater danger, and exacerbate the Korean financial crisis.

New Independent States

As recent events have indicated, the incomplete, peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia highlights how great the stakes are for the United States to continue to help Russia achieve this peaceful transition. The enormous economic potential of the Caspian Basin represents one of the great opportunities to advance our mutual goals. Therefore, the cuts embodied in the both the House and Senate bills' funding level for USAID assistance programs to the NIS are especially unfortunate. These cuts, which are significantly more severe in the case of the House bill, would make it extremely difficult to push for the completion of market reforms and support democratic forces across the region.

In the Senate bill, the prohibition on all assistance to all entities -- not just the government -- in Russia, pending certification of termination of all nuclear reactor and ballistic missile technology cooperation with Iran, is so rigid as to impede the Administration's ability to ensure that termination. This prohibition would hold programs designed to foster the private sector across Russia hostage to central Government policy in Moscow. In addition, the numerous country earmarks would make it more difficult for the Administration to shift assistance to take advantage of new opportunities such as the election of reform-minded governments, peace agreements settling ethnic disputes, or helping leverage reforms by coordination of our assistance with international financial institutions.

The Administration welcomed and strongly supported the House Appropriations Committee's action to repeal restrictions on U.S. assistance to Azerbaijan. The final House bill, unfortunately, overturned the Committee's responsible action, and, like the Senate bill, included restrictions that have been a disincentive for securing peace in the Caucasus. This action does not serve U.S. national interests. Of the two sets of provisions, the Administration prefers the Senate language.

Foreign Assistance Act Authorities

The Administration strongly opposes the elimination of Foreign Assistance Act (FAA) section 451 authority -- which allows the US to respond to unanticipated contingencies -- and the per country reduction of FAA section 614 authority. Both sections provide the President with critical authorities to address urgent and complex foreign policy issues. Further diminution of these already limited authorities would unacceptably constrain the ability of the United States to respond to evolving global events.

Global Environment Facility

The Administration is concerned with the refusal of the House and Senate to fund the President's request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The $300 million request for GEF (of which $192.5 million is arrears) is needed to assure that the GEF does not run out of resources in FY 1999. Concerns that funding the GEF would prejudge debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the same level as the prior one, and the GEF will continue with precisely the same broad work program that it had prior to Kyoto. The GEF is among the best vehicles that the United States has to encourage developing countries to shoulder greater responsibility for protecting both the local and global environment. It is manifestly in our interests to clear our arrears and keep the GEF running, and that is why the Administration strongly urges the conferees to restore funding for this critical program.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)

The Administration is concerned with the House and Senate cuts to the $216 million request for NADR. This reduction would undermine the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would eliminate planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. At the levels proposed by the House and Senate, we would also be forced to reduce support for NIS science centers, demining efforts, and other non-proliferation related activities, possibly endangering our national security.

Middle East Assistance

The Administration welcomes the efforts of the House and Senate to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond.

We are very concerned about the deletion in the Senate bill of current authority to allow the Palestine Liberation Organization (PLO) to maintain an office in Washington, D.C. This would severely undermine our ability to facilitate dialogue between Israel and the Palestinians at what is an extremely sensitive juncture of the peace process.

Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF) account. At the levels in both the House and Senate bills, the account would not have sufficient resources to continue supporting economic and political stability in Latin America, and in other emerging democracies in Africa and Asia. We strongly encourage Congress to support a higher funding level for the ESF account as the bill moves forward. In addition, the House and Senate restrictions on assistance to Haiti need to be balanced with a national interest waiver to ensure that the President has sufficient flexibility to pursue our national interests.

Bosnia and Kosovo

The Administration prefers the House version of the bill on Balkans issues and strongly opposes three provisions of the Senate version that would codify the "outer wall of sanctions" on Serbia-Montenegro, prohibit lifting sanctions on Serbia-Montenegro unless certain conditions are met with respect to Kosovo, and tighten sanctions on entities harboring war criminals. Though the Administration's goals are the same as those of the Congress in each case, these provisions would unnecessarily prohibit us from using, or require cumbersome steps to use assistance in constructive ways to further Kosovo negotiations and Dayton implementation.

Peacekeeping Operations

Both the House and Senate bills reduce the $83 million request for Peacekeeping Operations (PKO) by significant percentages. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would severely limit the President's ability to respond to these and other evolving events.

Trade and Investment Financing

The Administration appreciates House and Senate efforts to increase substantially the funding for the Export-Import Bank and to support the Overseas Private Investment Corporation and the Trade and Development Agency (TDA). However, Export-Import Bank funding still falls short of the level needed to meet the expected demand of U.S. exporters in FY 1999. Support for TDA is insufficient to allow the agency to remain engaged around the world, especially given its growing program in the Caspian region.

U.S. Agency for International Development (USAID)

The Administration is concerned with the House and Senate cuts in the request for USAID Operating Expenses. These reductions would not only make it impossible for USAID to carry out Presidential initiatives in Africa and Latin America, but also would interfere with the agency's ability to manage its ongoing programs effectively, including congressional priorities in areas such as infectious diseases and child survival, as well as to address management priorities. In particular, these reductions, combined with the House action striking the emergency fund in the Treasury/General Government appropriation bill, would make it difficult for USAID to implement fully its Year 2000 conversion. Even if USAID were to begin closing missions and eliminating additional positions immediately, the associated fixed costs would prevent AID from achieving the savings necessary in FY 1999 to respond to this cut. For these reasons, we urge the conferees to restore funding for USAID Operating Expenses.

In light of the continuing needs created by both natural disasters and ongoing civil conflicts, we urge the conferees to provide a higher level of funding for international disaster assistance. The level in the House version of the bill would cripple our efforts to respond expeditiously and effectively to countries in transition from crisis caused by political and ethnic conflict and could undercut our ability to address man-made and natural disasters.

The Administration is concerned that the House has not funded the modest $6 million request for credit subsidy for the Urban Environment (UE) credit program, or provided transfer authority for USAID's Development Credit Authority (DCA). As the Congress and the Administration agreed in the FY 1998 appropriations legislation, USAID has taken substantial steps towards developing the capacity to manage both its existing and future credit portfolios. We urge the conferees to restore the transfer authority for the DCA and the subsidy request for the UE program. Failure to do so would limit the ability of USAID to use credit to promote development in urban areas and to encourage the development of needed private sector financial mechanisms.

The House prohibition on the use of funds from the Child Survival and Disease Programs Fund for non-project assistance, which is specifically authorized in the Foreign Assistance Act, would weaken USAID's current leadership position with bilateral and multilateral donors to encourage and support policy reforms in sub-Saharan African countries.

If the Senate's disproportionate earmarks for the Asian region were adopted, USAID would be required to terminate or significantly reduce funding for programs in all non-earmarked development assistance countries in Asia, such as the Philippines, and Bangladesh. The Administration is also concerned about the earmark for alternative crop programs. This type of activity is more appropriately funded by the International Narcotic Control account, not the already pressed agricultural development section. Finally, the Administration is concerned about new, onerous language related to climate change, including additional procedural requirements. The Administration appreciates the Senate's action to improve the provision that provides "notwithstanding" authority for activities intended to reduce global greenhouse gas admissions.

Exchange Stabilization Fund

The House bill contains a provision that would limit the President's flexibility to utilize the Exchange Stabilization Fund as necessary to protect America's economic and security interests. For this reason, and because the Exchange Stabilization Fund is not germane to the purposes of this appropriations bill, the Administration opposes this provision.

Treasury International Affairs Technical Assistance Program

The Administration appreciates the provision in the Senate bill that provides a substantial portion of the Administration request for this program, which will significantly enhance the transition to stronger private sector-led growth and more efficient, transparent, and better supervised financial institutions in emerging economies, including reforming countries in Africa and financial crisis countries in Asia We are disappointed, likewise, that the House has not funded any of the $5 million request for this program. Given the large potential benefits and modest cost of this program, which provides technical assistance in tax policy, development of domestic capital markets, and privatization of state enterprises, we urge the conferees to fund the request.

International Organizations and Programs

The House and Senate bills reduce the request for International Organizations and Programs by $55 million and $44 million, respectively. The House bill also eliminates funding for the U.N. Population Fund (UNFPA), which provides support for women in family planning matters in a number of countries not served by U.S. assistance programs. UNFPA does not fund abortions. The overall reduction in IO&P would limit U.S. ability to participate and support a number of international organizations.

Peace Corps

The Administration regrets that the bipartisan Peace Corps initiative to fund 10,000 volunteers by the year 2000 has not received the full request of $270 million from the Committee. However, we are heartened by House report language stating that it is prepared to approve a further increase should there be a reallocation of funds later in the appropriations process.

Community Adjustment and Investment Program (CAIP)

The Administration is concerned with the failure of both the House and Senate to fund the Community Adjustment and Investment Program, a program initially funded through the North American Development Bank, a multilateral development bank. The CAIP was established to help communities affected by adverse trade patterns associated with implementation of the North American Free Trade Agreement. To date, the program has assisted in more than 120 loans in 20 states, leveraging private sector financing of over $70 million. The $37 million requested would significantly bolster the CAIP's ability to continue this work, as well as to support technical assistance, grants, and micro-lending. The Administration urges the conferees to restore funding for this innovative program.

Year 2000 Conversion

In the FY 1999 Budget, the President requested more than $1 billion for Year 2000 (Y2K) computer conversion, including specific amounts in the requests for the agencies funded in this bill. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for $3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a $3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements. It is essential that this contingent emergency funding be enacted as quickly as possible, whether through the Treasury/General Government bill or another legislative measure, particularly since several appropriation bills, including this one, do not fully fund the base requests of a number of agencies for Y2K conversion. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs.

Infringement on Executive Authority

Several sections of the House and Senate bills 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, if enacted, would be construed as advisory.

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

Sincerely,

Jacob J. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Sonny Callahan,
The Honorable Nancy Pelosi, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Mitch McConnell,
and The Honorable Patrick J. Leahy

Budget - approps letters FY99

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 H.R. 4193 and S. 2237, the Department of the Interior and Related Agencies Appropriations Bill, FY 1999, as passed by the House and as reported by the Senate Appropriations Committee, respectively. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated. Due to inadequate funding levels for priority programs and at least 30 objectionable language riders, discussed below, the President's senior advisers would recommend that he veto the bill if it were presented to him as approved by the House and as reported by the Senate Committee.

The Administration appreciates efforts by the House and Senate to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas.

The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs together with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. The Administration urges the conferees to consider such mandatory proposals for other priority discretionary programs, including those funded through this bill.

The Administration's specific concerns with funding and language provisions of the House-passed and Senate Committee-reported bills are discussed below. The Administration recognizes that negotiations are ongoing, and that some of these issues may be resolved prior to conference.

Departments of the Interior and Agriculture

The Administration strongly objects to inadequate funding provided by the House-passed and Senate Committee bills for high priority programs within these two departments, including:

- Everglades restoration and other land acquisition funding from the Land and Water Conservation Fund;

- the Clean Water Action Plan to clean up America's ground and surface waterways;

- the Disaster Information Network providing enhanced data to protect Americans and reduce economic loss;

- BIA education operations and school construction, the Indian Country law enforcement initiative, and the land consolidation pilot project;

- Indian Trust System reforms under BIA and the Office of Special Trustee;

- the Endangered Species Programs, including landowner incentive grants;

- key Forest Service natural resource protection, road maintenance, and general administration programs, while increasing the timber program by $12 million in the House-passed bill and $20 million in the Senate Committee bill; and,

- finally, specific earmarks for many unrequested construction and land projects that would limit the land management agencies' ability to allocate funds for high priority needs.

The Administration urges the conferees to report a clean bill that does not attempt to roll back environmental protections and circumvent the public hearing process by attaching riders to appropriation bills. Unfortunately, the House-passed bill and Senate Committee bill contain at least 30 objectionable riders, 28 in bill language and two in report language. The Administration strongly objects to such language, including provisions in both bills that would:

- unwisely terminate the Interior Columbia Basin Ecosystem Management Project covering parts of six Northwest States;

- transfer the jurisdiction over the valued Land Between The Lakes National Recreation Area from the Tennessee Valley Authority, where it has been successfully managed for over 35 years, to the U.S. Forest Service, a disruptive change that would involve additional transition costs without improving service; and,

- establish specific terms and conditions for the abolishment of purchaser road credits, including the requirement to calculate payments to States based on the value of the road.

The Administration strongly objects to provisions of the House-passed bill that would:

- remove 75 acres in Florida from the coastal barrier protection system, providing taxpayer subsidies for private development of environmentally fragile barrier islands;

- impose a road easement across the Chugach National Forest in Alaska that is inconsistent with the 1982 agreement reached between the Government and the Chugach Alaska Corporation, thereby preventing the Government from making modifications to protect the environment while authorizing environmentally damaging management practices and undermining an ongoing discussion to determine road access options based on the latest survey and environmental analysis;

- shift $67 million from the General Administration to Wildland fire suppression operations;

- prohibit improvements -- even planning or design of improvements -- to Pennsylvania Avenue in front of the White House; and,

- prevent the BIA and the Indian Health Service from entering into any new or expanded self-determination ("638") contracts or self-governance compacts with tribes, contrary to our government-to-government policy.

The Administration commends the Senate for addressing many of the problems with section 129 concerning Tribal Priority Allocations but strongly objects to provisions of the Senate Committee bill that would:

- establish an unprecedented easement for the community of King Cove for a road and utilities across a wilderness area in Alaska in the Izembek National Wildlife Refuge;

- mandate a high timber offer level on the Tongass National Forest in Alaska, regardless of environmental impacts, other resource priorities, and the ongoing public process for finalizing the Tongass Forest Plan;

- continue to delay rules that would establish the fair market value for Federal and Indian oil leases, costing the Treasury $64 million a year in underpaid royalties;

- delay implementation of needed regulatory improvements of hardrock mining on public lands to protect the environment and the Federal treasury;

- amend an authorizing statute, the 1992 Elwha Act, to change significantly the congressionally approved plan for restoring Elwha River and Olympic National park and leave the National Park Service owning two non-compliant dams without the funds to remove them;

- hinder efforts to restore endangered and threatened Pacific salmon runs in the Columbia and Snake Rivers;

- require the Forest Service to maximize commercial wood harvesting before the agency conducts prescribed burning projects, effectively stopping most prescribed burns and endangering lives and property;

- prohibit Grizzly Bear reintroduction into the Selway-Bitteroot area of Idaho and Montana;

- prohibit the Secretary from promulgating and implementing regulations to provide procedures for class III casino operations on Indian lands and also prohibit the initiation of any new rule making (Senate floor amendment 3592);

- amend, in two different provisions, the National Forest Management Act, to prohibit forest plan revisions, thus requiring continued use of inadequate and dated forest plans -- even beyond their statutory 15 year lifespan;

- prohibit Park Service regulation of commercial fishing in Glacier Bay National Park in Alaska;

- place unnecessary limits on Federal land acquisitions in Alaska;

- prevent the Forest Service from charging fair market value for summer vacation homes in an Idaho national forest, undermining the current effort to reappraise all such leases nationwide;

- require the Forest Service to trade timber in return for restoration practices;

- require unauthorized four-wheel-drive roads to be obliterated before any other type of road can be decommissioned, virtually preventing work on regular roads that pose serious environmental and safety risks;

- waive environmental laws and automatically extend the term of grazing leases that are undergoing review by the Bureau of Land Management even though authority already exists to protect lease holders from termination of leases undergoing review;

- undermine the CFO Act and the responsibilities of USDA top management by encouraging the Forest Service to select and implement a financial computer system that is independent of the Department of Agriculture;

- force the Forest Service to sell all Alaskan timber sales using an outdated, impracticable appraisal method that undermines the public return on national forest management; and,

- prohibit the Department of the Interior from using FY 1999 funds to transfer land into trust status in Minnesota, setting a precedent for limitations on trust land acquisition.

In addition, the Senate Committee Report includes objectionable language, including language that would:

- require timber sale offers from national forests to be 3.8 billion board feet rather than the 3.4 billion board feet assumed in the FY 1999 Budget; and,

- direct the National Park Service to maintain aviation access to a gravel airstrip within the Denali National Park, effectively overturning a 1997 Environmental Impact Statement calling for eventually closing the airstrip and relying on a paved airstrip 10 miles away.

Land and Water Conservation Fund

The House-passed and Senate Committee bills have underfunded land acquisitions to protect our national parks, forests, refuges, and public lands. The House-passed bill provides only $139 million of the $270 million requested, with Everglades land acquisition funds cut by half. The Senate Committee has provided $233 million of the $270 million requested. This reduction in funding would prevent the Administration from making significant land acquisitions such as Cumberland Island National Seashore in Georgia and West Eugene Wetland in Oregon. The Administration urges the conferees to provide full funding of this important priority.

The Administration objects to the House and Senate Appropriations Committees' continued inaction in not yet approving the release of a substantial portion of the FY 1998 Title V priority land acquisition funds. We would like to work with you to resolve this expeditiously.

Millennium Program

The Administration is concerned that the House-passed bill does not provide any of the $50 million requested for the Millennium Program. The Administration appreciates very much the $13 million provided by the Senate Committee to the National Park Service and the Smithsonian Institution for Millennium Program projects. We strongly urge the Senate to provide full funding with maximum flexibility and discretion for allocation in order to preserve other important cultural and historic treasures for the next millennium that are in danger of deteriorating beyond repair. Many of these projects are time-sensitive and cannot be delayed.

Department of Energy

The Administration objects to cuts to the request for Energy Conservation made by the House and by the Senate Committee -- $177 million and $162 million, respectively. These cuts would be damaging to progress in partnerships with industry on improved industrial energy efficiency, development of more efficient autos and trucks, and designs and materials for more efficient buildings.

The President's budget requests $36 million for payment to the State of California for the Retired Teachers System associated with the sale of Elk Hills, which is not included in either the House or Senate bill. The Administration prefers that this payment be appropriated consistent with the FY 1996 Defense Authorization Act (P.L. 104-106).

The Administration would like to work with the conferees to restore funding to these important Department of Energy programs.

Indian Health Service

The Administration is concerned that the House-passed and Senate Committee bills do not include funding for many requested programs. In particular, neither the House nor Senate Committee bills include the $4 million increase requested for an alcohol and substance abuse initiative, nor a $10 million increase requested as a part of an HHS-wide effort to reduce health disparities in minority populations. In addition, the Senate Committee bill does not include the funding increase requested for first-year construction of the Fort Defiance Health Facility. We urge the conferees to provide the request levels for these activities.

The Administration strongly objects to the House and Senate's inclusion of authorizing language, without hearings or tribal consultation, that requires contract support costs to be distributed to tribes on a pro-rata (proportional) basis.

Cultural Agencies

The Administration appreciates the House and Senate's support for the National Endowment for the Arts (NEA). We urge the conferees to provide funding for NEA and the National Endowment for the Humanities at the President's requested level of $136 million each and for the Institute for Museum and Library Services at the requested level of $26 million.

Likewise, the Administration appreciates the House and Senate's support for the other cultural agencies funded by this bill, including the full request for the National Gallery of Art. However, the Administration urges the conferees to fully fund the John F. Kennedy Center for the Performing Arts and the Smithsonian's National Museum of the American Indian. The Administration also urges the conferees to provide the full $40 million request for repair and restoration in the Smithsonian Institution and the requested funding for digitization of the Smithsonian collections.

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

Sincerely,

Jacob J. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Ralph Regula,
The Honorable Sidney R. Yates, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, and The Honorable Slade Gorton

Budget- approps LHHS FY99

October __, 1998
(House Floor)

H.R. 4274 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 4274, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

Due to the very serious funding and language issues present in the Committee bill, discussed below, the President would veto the bill in its current form.

The only way to achieve the appropriate investment level for programs funded by this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and the Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill. In addition, we hope that the House will reduce funding for lower priority discretionary programs and redirect funding to programs of higher priority.

Department of Education

The Committee bill cuts $2 billion from the President's overall request for education program funding. As a result, the bill does not adequately support the Nation's efforts to raise student achievement, make schools safe, and improve the capabilities of teachers. High priority programs inadequately funded include (listed in bill order):

- Goals 2000. Funding for Goals 2000 is cut $255 million below the President's request, which would reverse momentum in all 50 States to raise academic standards and deny 6,000 schools serving over three million students the funds needed to implement innovative education reforms.

- School-to-Work. School-to-Work is cut by a total of $100 million (between the Departments of Education and Labor) below the President's $250 million request, which would seriously hamper all States' efforts to help young people of all backgrounds move from high school to careers or postsecondary training and education.

- Technology in Education. The Committee's $137 million reduction from the request would make it increasingly difficult for States to meet school children's education technology needs, especially in training teachers to integrate educational technology into their curriculum effectively.

- Title I (Education for the Disadvantaged) Grants to Local Educational Agencies. The Committee bill cuts $392 million from the request, which would leave nearly 520,000 students in high-poverty communities without the extra help they need to master the basics and develop the capability to reach high academic standards.

- Safe and Drug-Free Schools and Communities. The Committee's $50 million reduction would deny funding for School Coordinators in nearly one-half of the Nation's middle schools needed to implement effective drug and violence prevention programs.

- Education Opportunity Zones. The Committee bill does not provide the requested $200 million, which would deny high-poverty urban and rural districts the extra assistance they need to implement effective reforms with tough accountability for performance.

- America Reads. America Reads is denied the $210 million provided in last year's Bipartisan Budget Agreement for children's literacy and denied the additional $50 million the President requested. These funds would prevent thousands of young children from receiving the extra help they need to learn to read well and independently by the end of the third grade.

- Bilingual Education. The Committee has cut by $25 million the President's plan for training teachers to help limited-English proficient children.

- Work-Study. Roughly 57,000 needy students would be denied the opportunity to work to finance their college education because of the Committee's $50 million reduction.

- Higher Education Initiatives. No funds are provided for three Presidential initiatives for which the President has requested $237 million:

    - *High Hopes* to help prepare students at high poverty middle schools for college.

    - *Learning Anytime Anywhere Partnership grants* for pilot projects using distance learning technology.

    - New *teacher recruitment and preparation* programs.

- Eisenhower Professional Development. The Committee's $50 million reduction would leave over 100,000 teachers without the training they need to help them teach to rigorous academic standards.

- After School programs (21st Century Community Learning Centers). A $140 million cut from the President's request to this program, part of the President's child care initiative, would result in 3,000 fewer centers and no services to nearly 400,000 children.

- Hispanic Initiative. In the FY 1999 budget, the President proposed funding increases of $212 million for a series of programs to enhance the educational achievement of Hispanic Americans. The bill reduces the request by over $90 million, with significant decreases from the request in Adult Education, Bilingual Education, Hispanic Serving Institutions, and Comprehensive School Reform Demonstrations. Funding for these programs should be restored to the level of the President's request.

- Civil Rights Enforcement. Ensuring that civil rights laws and regulations are adequately enforced is a fundamental responsibility of government. The Committee fails to provide the increase of $6.5 million (for a total of $68 million) requested by the Office for Civil Rights in the Education Department and reduced by $2.4 million the request for $67.8 million for the Labor Department's Office of Federal Contract Compliance. Both activities should be restored to the full requests.

In addition to inadequate funding for priority education programs, the Administration is concerned with several language provisions of the Committee bill that would severely restrict the Administration's ability to continue the development of programs designed to raise academic standards.

- National Tests. The Administration strongly objects to the language limitation and $15 million funding cut that would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test. The Committee bill's language would prohibit the development, implementation, and administration of the tests unless explicitly authorized. The language prohibition should be deleted and the funding restored.

- Unfocused Block Grants. The Administration strongly objects to language that would, in effect, turn the Goals 2000 and the Eisenhower Professional Development programs into block grants by allowing those funds to be used under the broad Title VI block grant authority. Title VI has no performance or accountability standards. The language should be deleted so that these Federal funds can address national needs and continue to be guided by strong accountability measures.

- Special Education (Individuals with Disabilities Education Act -- IDEA). The bill contains two objectionable IDEA riders. One would undermine the due process protections and parental rights for disabled students who are regarded as violent. The other would, in effect, allow States to discontinue special education services for youth ages 18 to 21 in adult prisons, violating the principle that all disabled youth ages three to 21 have a right to a free, appropriate public education and undermining the Department of Education's ability to enforce the Individuals with Disabilities Education Act. Both provisions would unnecessarily re-open IDEA before last year's bipartisan reauthorization has had a chance to be implemented and fairly assessed. Both provisions should be stricken.

- Bilingual Education. While we agree with the Committee on the need for some reforms to Bilingual Education, we are opposed to any provision that would set an absolute limit on student participation in bilingual education or alternative programs. Such a step would deny help to students who need it and violate the civil rights of Limited English Proficient students to an equal education. Because of individual differences, students will vary in how long it takes to develop English proficiency. We are also opposed to provisions that would establish a two-year goal for becoming proficient in English, since research has shown that this timetable is unrealistically short.

- Internet Access in Schools and Libraries. The bill contains objectionable language that would deny Federal funds to schools and libraries that have not installed software on their computers to block Internet access to indecent materials to minors. While the Administration strongly supports efforts to ensure that schools and libraries protect minors from indecent materials, it objects to such overly prescriptive language. Many local education agencies have already developed their own acceptable-use policies that are not based on software. Instead, the Administration favors less burdensome and restrictive language that would require that schools and libraries develop their own acceptable-use plans at the local level and certify their implementation.

Department of Labor

The Administration has strong concerns with the inadequate funding levels provided for the following Labor programs (listed in bill order):

- Adult Job Training. The Committee has provided none of the requested increases for the Dislocated Worker ($100 million) and low-income adult ($45 million) job training programs. Freezing these programs would mean that some 67,000 fewer workers in need of assistance would be helped. Without the requested increases, early implementation of the Workforce Investment Act could be jeopardized.

- Summer Jobs Program. The Administration strongly opposes the Committee's elimination of the Summer Jobs program. The President's request of $871 million for this program could finance up to 530,000 summer jobs for economically disadvantaged youth. The unemployment rate for teens continues to far exceed the overall unemployment rate. The Summer Jobs program plays a vital role in supporting employment among these teens, especially among African-American youths --

approximately 25 percent of summer jobs held by African-American 14-15 year olds come through this program -- and serves as a valuable introduction to the world of work. We urge the House to restore the full request for this program.

- President's Youth Opportunity Areas Initiative. The Committee provides no funding for the President's Youth Opportunity Areas initiative and rescinds the $250 million appropriated last year for this program. This program would address the problem of pervasive joblessness in high-poverty neighborhoods by making large investments in these areas to effect community-wide change and help 50,000 out-of-school youth. We oppose elimination of this program, which is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. We strongly urge the House to fully fund this initiative that was recently enacted with strong bipartisan support as past of the Workforce Investment Act.

- Unemployment Insurance. The House Committee mark does not fund the $91 million requested for the Unemployment Insurance (UI) integrity initiative. This initiative was authorized in the Balanced Budget Act of 1997 and would, over the next five years, achieve $758 million in mandatory savings. Failure to fund this initiative would mean a continuation of errors in benefit payments and UI taxes. A similar initiative in the Social Security Administration's Disability Insurance program has proven to be a cost effective approach to achieving program savings.

- Worker Protection. The Committee has cut nearly in half the requested increase for programs that protect our workers on the job. For example, the Committee mark for the Occupational Safety and Health Administration (OSHA) redirects resources to State consultation and is nine-percent below the requested level for Federal enforcement, while funding for the Mine Safety and Health Administration (MSHA) is frozen at the 1998 level and virtually no funding is provided to the Pension and Welfare Benefits Administration (PWBA) for implementing the Health Insurance Portability and Accountability Act of 1996. We urge the House to restore financing for such critical workplace protection programs.

- Child Labor. The $5 million increase to combat international child labor abuses is inadequate in light of the magnitude of the problem, and provides only a small fraction of the $37 million requested.

- OSHA Peer Review. The Committee bill includes language that requires a peer review panel for all proposed OSHA regulations. This provision is unnecessary, overly broad, and would further delay OSHA's process for issuing regulations. OSHA already has an extensive public hearing process where any interested party may testify. OSHA must address all significant issues raised. The agency conducts peer reviews when appropriate. The Administration strongly urges the House to drop this provision.

The Committee bill contains several objectionable language riders addressing regulatory issues in the Department of Labor. These include language imposing new, unnecessary, and burdensome review procedures before the Department can issue Black Lung regulations and a continuation of the rider that prohibits MSHA from enforcing training requirements at certain mines, which have a growing numbers of deaths. These riders would make it more difficult for the Department of Labor to carry out its programs and should be dropped.

Department of Health and Human Services

The Administration appreciates the Committee's efforts to provide much needed funding for important programs crucial to the healthy lives of all Americans. Unfortunately, the Committee has not provided adequate funding for several important programs of the Department of Health and Human Services (HHS). The Administration has strong concerns with the inadequate funding levels provided for the following HHS programs (listed in bill order):

- Prevention Research. The Committee has provided only $10 million of the $25 million requested for the Centers for Disease Control to expand research in ways to prevent disease and reduce the need for medical care.

- Bio-Terrorism. The Administration urges the House to provide the full $111 million requested to improve HHS' ability to respond to attacks of biological and chemical terrorism.

- National Household Survey on Drug Abuse. The Committee mark eliminates funding for data collection activities of the Substance Abuse and Mental Health Services Administration, including the National Household Survey on Drug Abuse, which is our single best source of information on youth drug use and youth smoking and is important for evaluating the impact of substance abuse prevention, treatment, and enforcement efforts.

- Health Care Financing Administration (HCFA). Although the Committee has fully funded the President's program level request for HCFA Program Management (with the exception of the Medicare+Choice information campaign), no action has been taken on the $265 million in new discretionary HCFA user fees. We urge the House to enact the President's requested user fees to finance HCFA activities and to ensure that sufficient resources remain available for education and other priorities.

- Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate funding for LIHEAP. Over 36 percent of LIHEAP households have elderly residents, 32 percent have disabled residents, 27 percent have children under the age of six, and 27 percent are the working poor who do not receive any other public assistance. The Administration urges the House to restore funds to the President's requested level.

- Child Care. The Administration urges the House to provide the additional $174 million requested for a child care initiative that will improve the availability of affordable, quality child care for working parents. This initiative would provide States with resources to enhance child care health and safety standards enforcement, give child care workers scholarships to improve their skills, and increase our commitment to understand better and evaluate how our Nation's child care system is working. Likewise, we ask the House to restore funds to the President's requested level for a $5 million program designed to assist States in developing support systems for families of children with disabilities.

- Head Start. The Committee funds Head Start at $4.5 billion, $160 million below the President's request -- denying slots to up to 25,000 low-income children in FY 1999 and undermining efforts to serve one million children by the year 2002. Head Start has a track record of success in readying disadvantaged children for school, supporting working families by helping parents to get involved in their children's lives and providing services to the entire family. We urge the House to restore Head Start funding to the President's requested level.

- Foster Care and Adoption Assistance. The Committee bill fails to provide the Administration's request for a $200 million contingency reserve. This language is critical to ensure grant awards should the definite appropriations be insufficient for authorized eligible expenditures in either Foster Care or Adoption Assistance. The House should restore funding to the requested level of $200 million, or approximately four percent of total program costs.

- Health Disparities. The Committee has failed to include $30 million requested for demonstration projects to address racial and ethnic health disparities in infant mortality, cancer, diabetes, heart disease and stroke, HIV/AIDS, and immunizations.

In addition, the Committee bill contains several language provisions that are troubling to the Administration.

- Abortion. The Administration urges the House to strike sections 508 and 509 of the Committee bill, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 requires a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.

- Organ Donation. The Administration strongly opposes two provisions of the Committee bill that would suspend two HHS rules pertaining to organ donation: a HCFA rule that seeks to expand the number of organs available for donation through more vigorous procurement efforts; and, a Health Resources and Services Administration rule that would require the national organ transplant network to develop policies that would allocate organs based on patients' medical need, not their geographic location.

- Family Planning. The Administration strongly objects to language in the Committee bill that requires family planning grantees either to receive written parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages minors from seeking health care and reproductive services and leads to more unintended pregnancies, more abortions and more sexually transmitted diseases, including HIV. The Administration urges the Committee to use compromise language forged in last year's Act, ensuring that grantees will encourage minors to seek their family's participation in family planning decisions.

- Needle Exchange. The Committee includes a total ban on the use of funds appropriated in this Act for needle exchange programs rather than making the use of funds for such programs conditional upon the certification of the Secretary of Health and Human Services.

- Office of AIDS Research. 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. The single appropriation would help NIH plan and target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

- Medicaid Drug Coverage. The Committee bill would prohibit HCFA from paying for a specific pharmaceutical agent under Medicaid except for post-surgical treatment. We oppose the use of the appropriations process to make selective coverage determinations and judgments regarding how best to treat specific medical problems. Further, the provision is unnecessary because the Secretary already has authority to limit coverage for pharmaceutical agents if prescribed inappropriately, and States already have broad latitude to limit the use of drugs under Federal law through drug utilization review and prior authorization programs.

- Social Services Block Grant. The Administration opposes a provision that would restrict State authority to transfer Temporary Assistance to Needy Families (TANF) funds to SSBG in FY 1999 to no more than the amounts transferred by individual States in FY 1998. Enacting such a provision so late in FY 1998 would inequitably limit State flexibility for the future.

- Potential Health Riders. We understand that several amendments affecting Medicare, Medicaid, and public health programs may be introduced on the House floor that could have a detrimental effect on the Administration's ability to administer its responsibilities efficiently and equitably. We urge restraint in the consideration of these issues.

The Administration strongly objects to language in the House Committee bill, and to any related potential amendments, that would have the effect of requiring family planning or other health care grantees to receive parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages minors from seeking health care and reproductive

services and thus leads to more unintended pregnancies, abortions, and sexually transmitted diseases, including HIV. Federal health program costs could also increase if this amendment interferes with the prevention of teen pregnancy. The Administration urges the House to adopt the proposed Castle/Greenwood amendment, which will ensure that grantees will encourage minors to seek their family's participation in family planning decisions.

The Administration adamantly opposes the proposed Tiahrt amendment that would mandate onerous and troubling physical separation requirements between Title X supported family planning projects and non-Title X activities related to abortion. The Department of Health and Human Services already provides safeguards, as well as performs periodic rigorous site reviews, to ensure that no Title X funds are used to conduct abortions or abortion related activities.

Social Security Administration

The Committee bill does not provide $19 million for administrative expenses, contingent on the authorization of a user fee for services provided by the Social Security Administration to attorneys who represent claimants for benefits. These services include withholding money from certain past due benefits and issuing payments to certain claimant representatives. The Administration continues to support enactment of this user fee and appropriation of the anticipated collections for administrative expenses.

In addition, the Committee bill does not provide $50 million for administrative expenses for the conduct of additional non-disability Supplemental Security Income (SSI) redeterminations of eligibility. These resources and the resulting redeterminations are essential to ensuring the integrity of the SSI program and reducing unnecessary benefit payments. Failure to provide this funding would result in serious staffing shortfalls.

Other Agencies

- National Labor Relations Board (NLRB). The Committee provides funding for the NLRB at the FY 1997 level. This would result in a loss of over 100 staff, an increase in case backlogs, and could result in furloughs and office closings. This reduction would cripple an agency key to protecting workers' rights on the job, and we urge the House to restore the NLRB to the requested level.

  Section 516 amends the National Labor Relations Act to require the NLRB to adjust its dollar jurisdictional standards for inflation on October 1, 1998, and every five years thereafter. This change would deny workers in some small businesses the protection afforded to others to organize and bargain collectively. This change to substantive.law raising the jurisdictional thresholds more than five-fold should not be done through the appropriations process, but only after hearings and debate. The Administration urges the House to drop this provision.

- Corporation for National and Community Service. The Administration is deeply concerned about the Committee's $27 million reduction to the request for the Corporation for National and Community Service. This reduction freezes the Corporation's Senior Service program at the FY 1998 level and cuts VISTA $5 million below FY 1998. These reductions would deny more than 500 VISTA members the opportunity to serve in low-income communities Nation-wide and would reduce the number of seniors serving their communities by 15,000. The Administration urges the House to fully fund the Corporation at the $279 million level proposed in the FY 1999 Budget.

- Corporation for Public Broadcasting. The Administration strongly objects to the lack of funding provided for the President's initiative to assist public broadcasters in converting to digital technology. The transition to digital technology promises to create tremendous opportunities for expanded and enhanced educational and public service programming while promoting innovative technology applications. Providing the Corporation with funding in FY 1999 will allow public broadcasting to convert to digital technology on a schedule similar to that of commercial stations. This will facilitate fundraising efforts and allow public broadcasters to participate in the establishment of digital standards.

- Railroad Retirement Board (RRB). The Committee bill does not include language to provide the RRB with authority to offer voluntary separation incentive payments (or "buyouts") through the end of calendar year 1998. RRB's experience has shown that reducing employment through buyouts is much less disruptive to agency operations than conducting a reduction-in-force. The Administration urges the House to provide this buyout authority.

  The Committee bill includes language prohibiting the RRB Inspector General from using funds for any audit, investigation, or review of the Medicare program. The Administration believes that this language should be dropped. RRB has statutory authority to administer a separate contract for RRB, Part B Medicare claims. 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 - approps letters

Kate P. Donovan
09/16/98 09:32:36 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message

Subject: DRAFT TREASURY/POSTAL APPROPS CONFEREES LTR

Below is the draft Treasury/Postal Appropriations conferees letter. Intense preconferencing began Wednesday (9/16), and it is possible the bill could go to conference Thursday evening (9/17). Please provide comments/clearance by 11am tomorrow. Thank you.

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 H.R. 4104, the Treasury and General Government Appropriations Bill, FY 1999, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by Congress to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with Congress on mutually agreeable mandatory and other offsets that could be used to increase high priority discretionary programs, including those funded by this bill. In addition, we hope the conferees will reduce funding for lower priority and unrequested discretionary programs.

Below is a discussion of our specific concerns with the House and Senate versions of the bill. We look forward to working with the conferees to resolve our concerns as the bill moves forward.

<u>Year 2000 Computer Conversion</u>

In the FY 1999 Budget, the President requested more than $1 billion for Year 2000 (Y2K) computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for $3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a $3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements.

It is essential that Y2K contingent emergency funding be enacted as quickly as possible, whether through the Treasury/General Government bill or another legislative measure moving through the process earlier. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs. In addition, the Administration opposes the principle of earmarking the Y2K emergency funds. Such earmarking would interfere with our ability to efficiently allocate the funds to address Y2K emergency funding needs.

Federal Election Commission

The Administration urges the conferees to fully fund the Federal Election Commission (FEC) at the $36.5 million level requested by the President and approved by the House and Senate.

The Administration appreciates the modifications made to the Senate term limits language in part because the revised language would retain the current practice that requires a vote of four commissioners to remove the staff director and general counsel. The Senate provision would appoint the staff director and general counsel for six-year terms that are renewable by a vote of three of the six members of the Commission. However, the Senate provision could raise constitutional questions under the separation or powers clause of the Constitution. The Administration would strongly oppose any attempt to return to the original House Committee language.

Obligation Delays

The Administration strongly objects to language in the Senate bill that would impose $592 million in obligation delays on Treasury programs. These provisions would prevent expenditure of funds before September 30, 1999, effectively reducing program levels for FY 1999 and seriously hindering Treasury program operations. For example:

> For the IRS, the obligation delay of $175 million for Tax Law Enforcement would result in a six-percent reduction in personnel and a loss of substantial tax collections. The $69 million obligation delay for Information Systems would effectively halt IRS' modernization efforts until the following fiscal year,

jeopardizing efforts to refocus the IRS on providing good customer service for taxpayers.

For Treasury Enforcement, the obligation delay of $28 million for Customs' Salaries and Expenses would hinder Customs' efforts to combat drug smuggling across the southern tier of the United States and to detect shifts in trafficking patterns, and it would inhibit maintenance of essential equipment. The $23 million obligation delay against Customs' Operations and Maintenance, Air and Marine Interdiction Programs account would lead to a reduction in interdiction flight hours, cripple essential maintenance for air and marine fleets, and result in a deterioration of air and marine fleet assets. The $14 million in obligation delays for the Secret Service would cause unacceptable risks to Presidential safety.

We urge the conferees to reject the use of obligation delays that postpone the expenditure of necessary funds.

Internal Revenue Service

The Administration appreciates the Congress's efforts to fund the President's request for the Internal Revenue Service (IRS) and looks forward to working closely with the Congress to identify ways in which full funding of the President's request can be achieved.

The Administration appreciates Congressional support for business-line investment that would sharply increase the productivity of the IRS. We urge the conferees to provide the full $125 million requested by the President for such investments. The Administration also appreciates congressional support for IRS information technology investments and urges the conferees to adopt the $210 million for the Information Technology Investments account provided in the House bill. We are concerned with House language that would condition the use of IRS funds. Tying the obligation of IRS funds to GAO review of expenditure plans, as contained in the House bill, is objectionable since the Administration has no control over the nature or timing of any prospective GAO review.

U.S. Customs Service

The Administration is concerned about the funding levels in both bills for Customs' Automated Commercial Environment. Without major revisions to the existing system, Customs cannot keep up with increasing trade volumes nor can it be responsive to the requirements stated in the 1993 Modernization Act and the needs articulated by industry. The House- and Senate-passed bills have funded only $8 million of the requested $56 million and have imposed obligation delays against the $8 million provided, which would cause the modernization effort to come to a halt. We urge the conferees to provide full funding at the $56 million level requested to allow Customs to continue its modernization effort. We also suggest that the conferees seriously consider the user fee proposed by the Administration as a potential source of this necessary funding.

Bureau of Alcohol, Tobacco and Firearms (ATF)

The Administration appreciates the efforts of the House and the Senate to fully fund the President's Youth Crime Gun Interdiction Initiative. This initiative is an important part of the Administration's overall strategy to curb youth gun violence. The Administration requests consideration by the conferees of funding for the Violent Crime Coordinator initiative that was not funded in the House bill. The U.S. Attorneys have requested additional ATF support for bringing cases involving violent criminals to the Department of Justice for prosecution.

U.S. Secret Service

The Administration appreciates the Senate's attempt to provide $13 million to Secret Service travel needs. However, the Senate-passed bill would effectively undermine other Secret Service funding needs, resulting in a probable deterioration of critical equipment and an undermining of the Service staffing needed to provide for the protection of the President and foreign dignitaries. The House bill does not redirect funds in this way, and the Administration urges the conferees to adopt the House position.

Interagency Crime and Drug Enforcement

The Administration objects to the Senate's $30.9 million reduction to the request for Interagency Crime and Drug Enforcement. These resources are needed for continuation of interagency investigations to target, investigate, and prosecute criminals associated with high-level illegal drug trafficking enterprises. The transfer of these funds to other activities in the Senate bill would eliminate funding for ongoing investigations and weaken Treasury's ability to target resources to high priority investigations.

Law Enforcement Vehicles

The Administration objects to the Senate's elimination of funding for Treasury law enforcement vehicle replacement. Replacement funds are important from a public safety perspective, as aging vehicles present a greater risk to the lives of both Treasury personnel and the public. We urge the conferees to adopt the House position on this issue.

Federal Law Enforcement Training Center

The Administration urges the conferees to adopt the funding level for the Federal Law Enforcement Training Center (FLETC) proposed by the President and in the House bill. In particular, the conferees are urged to fund the Administration's request for $32.5 million for FLETC's acquisition and construction, rather than providing transfer authority for $20.3 million as provided for in the Senate bill. This funding is needed to help FLETC absorb the increased law enforcement training needs of the Immigration and Naturalization Service and the Bureau of Indian Affairs.

Executive Residence

The Administration urges the conferees to provide the full amount requested for the Executive Residence as provided in the Senate bill, without restriction. Reduced or restricted funding for domestic staff overtime would be harmful to the three-fold mission of the Executive Residence as the home of the President, museum of our American heritage, and the site of official and ceremonial activities of the Presidency.

Health Care Task Force

The Administration strongly urges the conferees to strike House language that would finance the costs of fines associated with the Health Care Task Force litigation only from the White House Office of Salaries and Expenses account.

Unanticipated Needs

Both the House and Senate-passed bills fail to provide the requested $1 million to enable the President to meet unanticipated needs in furtherance of the national interest, security, or defense. The Administration urges the conferees to include this amount to ensure that the President has the same ability to meet such needs as previous Presidents have had.

Pay Raise for Federal Judges and Senior Executives

The Administration is disappointed that both the House and Senate bills include a proposal to eliminate the 1999 pay raise for Federal judges and employees paid under the Executive Schedule. Failure to provide pay raises for senior executives is eroding the value of their pay and causing severe pay compression in the executive ranks. Pay adjustments have been made for such individuals only once in the last five years. If continued, this failure will affect the Government's ability to attract and retain the executive talent that it needs. We urge the conferees to restore the pay raise for Federal judges and employees paid under the Executive Schedule.

Federal Employee Pay Raise

The Administration supports, and urges enactment of, the provision in the Senate-passed bill that would provide a total pay increase of 3.6 percent for Federal white-collar employees. This increase, which would essentially allow Federal pay to match the growth in private sector wages, recognizes Federal employees for their higher productivity and their essential contribution to a Federal Government that now operates more efficiently and better serves the American people. We urge the conferees to consider technical changes to the legislation provided by the Office of Personnel Management.

Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support that both the House and the Senate have provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the conferees to provide the full amount requested for ONDCP's Special Forfeiture Fund, especially the national youth anti-drug media campaign. The conferees could fully fund the budget request for the media campaign by reducing amounts earmarked for unrequested ONDCP programs. The Administration opposes Senate-passed bill language that would place unnecessary restrictions and limitations on the expenditure of funds for the media campaign.

Federal Buildings Fund

Neither the House nor the Senate has provided the $14 million requested for the design of a new Department of Transportation (DOT) headquarters. Instead, GSA is directed to enter into a lease transaction. The Administration requests that the conferees provide funding for the design of a new DOT headquarters. Providing for a Government-owned building would save taxpayers approximately $190 million, in present value terms, compared to the cost of entering into a lease.

The House- and Senate-passed bills would delay until September 30, 1999, the availability of funding for the repair and alterations program, rental of space program, and building operations program. The Administration is concerned that a delay in obligations would impede GSA's ability to operate and maintain Federal facilities under its control.

The Administration is concerned that the House- and Senate-passed bills provide over $500 million for 15 unrequested Federal courthouse construction projects.

Morris K. Udall Foundation

The Administration is concerned about the lack of funding for the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation, particularly the lack of funding in the Senate-passed bill for the U.S. Institute for Environmental Conflict Resolution, as authorized in PL 105-156. The Administration believes that the Institute would provide valuable assessment, mediation, and training services to Federal agencies to resolve environmental disputes, thus reducing expenses due to lengthy litigation costs. We urge the conferees to adopt the House position of full funding of $4.25 million for the U.S. Institute for Environmental Conflict Resolution.

United States Postal Service

The Administration is concerned about the provisions in the House-passed bill aimed at limiting the activities of the Postal Service. An appropriations bill should not be used to legislate restrictions on Postal Service operations, or to hamper the Postal Service from performing its legitimate and necessary role in international postal matters.

Language Provisions

The Administration strongly objects to section 117 of the Senate-passed bill. This provision would undermine the authority of the President to use assets of countries under economic sanctions as leverage in efforts to normalize relations with or to modify the behavior of those foreign states. Such a measure is strongly opposed and would likely give preference to certain U.S. claimants over longstanding, legitimate claims by other U.S. citizens, and result in an erosion of the Administration's ability to protect the interests of the United States in the U.S. courts.

The Administration objects to language in the Senate-passed bill tying obligation of funds for Customs automation modernization improvements to GAO certification to Congress that measures have been established "to enforce compliance with the architecture." The Administration has no control over the nature or timing of any prospective GAO review and certification. Moreover, the Department of Justice advises that making the availability of funds contingent upon GAO action is unconstitutional under the Supreme Court's decisions in Synar vs. Bowsher and INS vs. Chadha.

The Administration is concerned that section 115 of the Senate-passed bill's Treasury General Provisions could limit the Secretary's discretion in determining how best to stimulate increased electronic tax filing, which reduces IRS errors, permits more timely refunds to taxpayers, and lowers IRS tax processing costs.

The Administration supports the Joint Financial Management Improvement Program and urges the conferees to include language in Title VI that was included in the House Committee-reported version of the bill that would provide up to $3 million from Government-wide credit card rebates in support of that program.

The Administration urges the conferees to adopt the version of reprogramming language included in the House Committee Report.

The Administration opposes the provision in the Senate-passed bill requiring "family impact" assessments for Federal regulations and policies. While the provision pursues laudable goals, it would unduly interfere with agency rule-making and would be virtually impossible to implement due to its vague language.

With regard to the firefighter pay reform provision, the Administration has no objection an effective date of October 1, 1998.

Federal Employees Health Benefits Program

The Administration strongly opposes the provisions of both the House- and Senate-passed bills that would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions. The House-passed version is particularly onerous in that it does not even retain current law exceptions for situations where the life of the mother is endangered or where the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, Federal employees and their families should not be precluded from choosing to purchase health insurance policies with broader coverage.

The Administration supports the provisions of the House- and Senate-passed bills that require coverage of prescription contraceptives by health plans participating in the Federal Employees Health Benefits Program (FEHBP). The Administration prefers the Senate provision to the House-passed version because the Senate language not only exempts five specifically named religious plans but also exempts any other existing or future religiously-based plans.

Strategic Petroleum Reserve

The Administration does not support the Senate-passed provision that would provide an emergency supplemental of $420 million for purchase of oil for the Strategic Petroleum Reserve. The provision would require a determination by the President that an emergency exists as a result of market conditions that are imperiling domestic oil production from marginal and small producers. Although low prices and oversupply appear to be having an effect on domestic oil production, current market conditions are unlikely to qualify as an emergency under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. However, we will continue to track market conditions on an ongoing basis. If such an emergency develops, an emergency supplemental could be requested under current law.

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

Sincerely,

Jacob J. Lew
Director

Message Sent To: ______________________________

Budget - approps: letters 99

Kate P. Donovan
09/16/98 07:43:18 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message

Subject: URGENT: FOREIGN OPS SAP

House Floor action is expected **tomorrow morning around 10am** (Thurs. 9/17) on the Foreign Operations Appropriations bill. We still need to come to closure on the veto language at the beginning of the SAP (3 options numbered). The rest of the letter is identical to the conferees letter that was released last week except for the International Family Planning language (Mexico City) and the KEDO language has been made stronger. Please provide your comments by **9:30am tomorrow** (sorry for the short notice). Thanks.

September __, 1998
(House Floor)

H.R. 4569 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1999

(Sponsor: Callahan (R), Alabama;)

This Statement of Administration Policy provides the Administration's views on H.R. 4569, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated

1) **[The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. The bill, however, is unacceptable to the Administration for a number of reasons. First, the major portion of the request for the International Monetary Fund is not approved, putting needlessly at risk U.S. and global prosperity. Second, the allocation is simply insufficient to make necessary investments in a number of key programs, including a complete lack of funding for the Korean Peninsula Energy Development Organization (KEDO). Third, there are a number of objectionable provisions in the bill, such as the restrictions on international voluntary family planning programs (the "Mexico City" restrictions) and the limitation on the President's authority to transfer funds for KEDO. For these reasons, the President would veto the bill if it were presented to him in its current form.]**

2) **[The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. The bill, however, is unacceptable to the Administration for the reasons described in this letter.**

Therefore, the President would veto the bill if it were presented to him in its current form.]

3a) [The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. The bill, however, is unacceptable to the Administration for a number of reasons. First, the major portion of the request for the International Monetary Fund is not approved, putting needlessly at risk US and global prosperity. Second, the allocation is simply insufficient to make the necessary investments in a number of key programs, including a complete lack of funding for the Korean Peninsula Energy Development Organization (KEDO). Third, there are number of objectionable provisions in the bill, such as the limitation on the President's authority to transfer funds for KEDO. For these reasons, if the bill were presented to the President in its current form, the President's senior advisors would recommend that he veto the bill.

3b) The Administration strongly opposes the inclusion by the Committee of the " Mexico City" restrictions on international voluntary family planning programs in this bill. As stated in past communications on this issue, should this language be included in the final bill presented to the President, the President would veto the bill.]

This legislation is a critical element of America's national security budget. At the dawn of a new century, America faces unique challenges and unprecedented opportunities to strengthen our national security, enhance our global leadership, extend the reach of our democratic values, and deepen our own prosperity. The challenges we face are formidable. If this bill in its current form were to become law, however, it would erode our ability to promote effectively critical American interests at home and abroad. It would require us to walk away from problems that can and must be solved. The responsibility for safeguarding our national security and exercising U.S. leadership must be foremost when allocating scarce fiscal resources. We urge the Congress to provide the leadership needed to keep America safe, strong, and prosperous.

The only way to achieve the appropriate investment level for the programs funded through this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill.

<u>International Monetary Fund</u>

While the Administration welcomes the Committee's efforts to provide funding for the International Monetary Fund's (IMF's) New Arrangements to Borrow (NAB), we are extremely concerned by the Committee's failure to include in its bill the requested appropriation for the $14.5 billion U.S. share of the IMF's critically needed quota increase. Since February of this year, the President has repeatedly called on Congress to approve the full amount of his $18 billion budget request for the IMF. To reject or delay this funding not only would undermine America's leadership in the world; it also would expose American workers, savers, farmers, and businesses to unacceptable economic risks.

The IMF's financial resources are nearing historic lows, necessitating the recent activation of the IMF's emergency credit lines, the General Arrangements to Borrow (GAB), for the first time in twenty years. Without the entire $18 billion in new funding, composed of the quota increase and the U.S. share of the New Arrangements to Borrow (NAB), the IMF -- and hence the United States and the world -- will remain vulnerable if new, escalating, or spreading systemic crises occur. To protect America's economic strength, Congress must act now to pass the full quota.

The Committee's bill proposes several conditions on IMF funding that, while directed at objectives we share, are unworkable in their current form and, therefore, would have the effect of delaying indefinitely the availability of these critical resources to the IMF. We urge the Congress to respond to these concerns as the bill moves through the process.

International Family Planning

The Administration strongly opposes the "Mexico City" restrictions that are included in the Committee bill, which would prohibit foreign non-governmental organizations from receiving U.S. family planning funds if the organization uses any of its own funding from non-U.S. Government sources for abortion-related services or advocacy. The Committee bill's "Mexico City" language is even more restrictive than the provision contained in the conference report on the Foreign Affairs Reform and Restructuring Act. 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.

Korean Peninsula Energy Development Organization (KEDO)

The Administration strongly objects to the Committee action deleting U.S. funds for KEDO and including language prohibiting the President from exercising his authority to transfer funds from other sources for this purpose. The Agreed Framework reached between the United States and the Democratic Peoples Republic of Korea in 1994 remains the key tool with which we are able to engage with North Korea on a range of bilateral and multilateral issues, including missile tests. The Committee's actions would allow North Korea to blame the United States for not fulfilling our commitment to the Agreed Framework and, in essence, give the North an "out" to begin reprocessing fissile material currently monitored under international safeguards. Such an action would seriously destabilize security on the Korean peninsula, place U.S. troops in greater danger, and exacerbate the Korean financial crisis.

New Independent States

As recent events have indicated, the incomplete, peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia highlights how great the stakes are for the United States to continue to help Russia achieve this peaceful transition. The enormous economic potential of the Caspian Basin represents great opportunities to advance our mutual goals. Therefore, the cuts embodied in the Committee's funding level for USAID assistance programs to the NIS are especially unfortunate. These cuts would make it extremely difficult to push for market reforms and support democratic forces across the region. The Administration welcomes and strongly supports the Committee's action to repeal restrictions on U.S. assistance to Azerbaijan and would strongly oppose any efforts to overturn the Committee's action. These restrictions have been a disincentive for securing peace in the Caucasus and do not serve U.S. national interests.

Middle East Assistance

The Administration welcomes the efforts of the Committee to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond. However, due to the very constrained funding levels for international affairs programs, the Administration has proposed an accelerated approach to the reduction of Israel's ESF. We would encourage the Committee to give strong consideration to such an approach as the bill proceeds through the process.

Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF) account. At the Committee mark, the account would not nearly have sufficient resources to continue supporting economic and political stability in Latin America, and in other emerging democracies in Africa and Asia. We strongly encourage the Committee to support a higher funding level for the ESF account as the bill moves forward. In addition, the restrictions on assistance to Haiti need to be balanced with a national interest waiver to ensure that the President has sufficient flexibility to pursue our national interests.

Global Environment Facility

The Administration is concerned with the refusal of the Committee to fund the President's request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The $300 million request for GEF (of which $192.5 million is arrears) is needed to assure that the GEF does not run out of resources in FY 1999. Concerns that funding the GEF would prejudge debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the same level as the prior one, and the GEF will continue with precisely the same broad work program that it had prior to Kyoto. The GEF is among the best vehicles that the United States has to encourage developing countries to shoulder greater responsibility for protecting both the local and global environment. It is manifestly in our interests to clear our arrears and keep the GEF running, and the Administration strongly urges the Committee to restore funding for this critical program.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)

The Administration is concerned with the $64 million, or 30 percent, cut to the $216 million request for NADR. This reduction would undermine the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would eliminate planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. As well, we would be forced to reduce support for NIS science centers, demining efforts, and other related activities.

Peacekeeping Operations

The Committee has reduced the $83 million request for Peacekeeping Operations (PKO) by 25 percent. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would severely limit the President's ability to respond to these and other evolving events.

Trade and Investment Financing

The Administration appreciates the Committee's effort to increase substantially the funding for the Export-Import Bank and to support the Overseas Private Investment Corporation and the Trade and Development Agency (TDA). However, Export-Import Bank funding still falls short of the level needed to meet the expected demand of U.S. exporters in FY 1999. Support for TDA, at 17 percent below the President's request, is insufficient to allow the agency to remain engaged around the world, especially given its growing program in the Caspian region.

U.S. Agency for International Development (USAID)

The Administration is concerned with the $24 million cut in the request for USAID Operating Expenses. This reduction would not only make it impossible for USAID to carry out Presidential initiatives in Africa and Latin America, but also would interfere with the agency's ability to manage its ongoing programs effectively, including congressional priorities in areas such as infectious diseases and child survival, as well as to address management priorities. In particular, this reduction, combined with the House action striking the emergency fund in the Treasury and General Government Appropriation bill, would make it difficult for USAID to implement fully its Year 2000 conversion. Even if USAID were to begin closing missions and eliminating additional positions immediately, the fixed costs of doing so would prevent AID from achieving the savings necessary in FY 1999 to respond to this cut. For these reasons, we urge the Committee to restore funding for USAID Operating Expenses.

In light of the continuing needs created by both natural disasters and ongoing civil conflicts, we urge the Committee to provide a higher level of funding for international disaster assistance. The Committee mark would cripple our efforts to respond expeditiously and effectively to countries in transition from crisis caused by political and ethnic conflict and could undercut our ability to address man-made and natural disasters.

The Administration is concerned that the Committee has not funded the modest $6 million request for credit subsidy for the Urban Environment (UE) credit program, or provided transfer authority for USAID's Development Credit Authority (DCA). As the Congress and the Administration agreed in the FY 1998 appropriations legislation, USAID has taken substantial steps towards developing the capacity to manage both its existing and future credit portfolios. We urge the Committee to restore the transfer authority for the DCA and the subsidy request for the UE program. Failure to do so would limit the ability of USAID to use credit to promote development in urban areas and to encourage the development of needed private sector financial mechanisms.

The prohibition on the use of funds from the Child Survival and Disease Programs Fund for non-project assistance, which is specifically authorized in the Foreign Assistance Act, would weaken USAID's current leadership position with bilateral and multilateral donors to encourage and support policy reforms in sub-Saharan African countries.

Exchange Stabilization Fund

The Committee bill contains a provision that would limit the President's flexibility to utilize the Exchange Stabilization Fund as necessary to protect America's economic and security interests. For this reason, and because the Exchange Stabilization Fund is not germane to the purposes of this appropriations bill, the Administration opposes this provision.

Treasury International Affairs Technical Assistance Program

The Administration is disappointed that the Committee has not funded the $5 million request for this program, which could significantly enhance the transition to stronger private sector-led growth and more efficient, transparent, and better supervised financial institutions in emerging economies, including reforming countries in Africa and financial crisis countries in Asia. Given the large potential benefits and modest cost of this program, which provides technical assistance in tax policy, development of domestic capital markets, and privatization of state enterprises, we urge the Committee to fund the request.

International Organizations and Programs (IO&P)

The Committee bill reduces the request for IO&P by $55 million and, unfortunately, eliminates funding for the U.N. Population Fund (UNFPA), which provides support for women in family planning matters in a number of countries not served by U.S. assistance programs. UNFPA does not fund abortions. The overall reduction in IO&P would limit U.S. ability to participate and support a number of international organizations.

Peace Corps

The Administration regrets that the bipartisan Peace Corps initiative to fund 10,000 volunteers by the year 2000 has not received the full request of $270 million from the Committee. However, we are heartened by report language stating that the Committee is prepared to approve a further increase should there be a reallocation of funds later in the appropriations process.

Community Adjustment and Investment Program (CAIP)

The Administration is concerned with the Committee's failure to fund the Community Adjustment and Investment Program, a program initially funded through the North American Development Bank, a multilateral development bank. The CAIP was established to help communities affected by adverse trade patterns associated with implementation of the North American Free Trade Agreement. To date, the program has assisted in more than 120 loans in 20 states, leveraging private sector financing of over $70 million. The $37 million requested would significantly bolster the CAIP's ability to continue this work, as well as to support technical assistance, grants, and micro-lending. The Administration urges the Committee to restore funding for this innovative program.

Year 2000 Conversion

In the FY 1999 Budget, the President requested more than $1 billion for Year 2000 (Y2K) computer conversion, including specific amounts in the requests for the agencies funded in this bill. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for $3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a $3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements. It is essential that this contingent emergency funding be enacted as quickly as possible, whether through the Treasury/General Government bill or another legislative measure moving through the process earlier, particularly in light of the decision of several Subcommittees, including the Subcommittee on Foreign Operations, not to fully fund the base requests of a number of agencies for Y2K conversion. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs.

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Gene B. Sperling/OPD/EOP
Sally Katzen/OPD/EOP
Elena Kagan/OPD/EOP
Martha Foley/WHO/EOP
Ron Klain/OVP @ OVP
Joshua Gotbaum/OMB/EOP
Lisa M. Kountoupes/WHO/EOP
Kathleen A. McGinty/CEQ/EOP
Wesley P. Warren/CEQ/EOP
Kerri A. Jones/OSTP/EOP
Jeffrey M. Smith/OSTP/EOP
Todd Stern/WHO/EOP
G. E. DeSeve/OMB/EOP
RUDMAN_M @ A1@CD@VAXGTWY
Michelle Peterson/WHO/EOP

Message Copied To:

Budget - Approps Letters 99

Kate P. Donovan
09/16/98 09:32:36 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: See the distribution list at the bottom of this message
Subject: DRAFT TREASURY/POSTAL APPROPS CONFEREES LTR

Below is the draft Treasury/Postal Appropriations conferees letter. Intense preconferencing began Wednesday (9/16), and it is possible the bill could go to conference Thursday evening (9/17). Please provide comments/clearance by 11am tomorrow. Thank you.

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 H.R. 4104, the Treasury and General Government Appropriations Bill, FY 1999, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by Congress to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. We want to work with Congress on mutually agreeable mandatory and other offsets that could be used to increase high priority discretionary programs, including those funded by this bill. In addition, we hope the conferees will reduce funding for lower priority and unrequested discretionary programs.

Below is a discussion of our specific concerns with the House and Senate versions of the bill. We look forward to working with the conferees to resolve our concerns as the bill moves forward.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President requested more than $1 billion for Year 2000 (Y2K) computer conversion. In addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs. On September 2nd, the President transmitted to the Congress a request for $3.25 billion in FY 1998 contingent emergency funding for Y2K computer conversion activities. This supplemental request would create a funding mechanism that is consistent with both the needs anticipated in the President's budget and the Senate's action creating a $3.25 billion contingent emergency reserve to provide the resources and the flexibility necessary to respond to critical unanticipated Y2K-related requirements.

It is essential that Y2K contingent emergency funding be enacted as quickly as possible, whether through the Treasury/General Government bill or another legislative measure moving through the process earlier. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs. In addition, the Administration opposes the principle of earmarking the Y2K emergency funds. Such earmarking would interfere with our ability to efficiently allocate the funds to address Y2K emergency funding needs.

Federal Election Commission

The Administration urges the conferees to fully fund the Federal Election Commission (FEC) at the $36.5 million level requested by the President and approved by the House and Senate.

The Administration appreciates the modifications made to the Senate term limits language in part because the revised language would retain the current practice that requires a vote of four commissioners to remove the staff director and general counsel. The Senate provision would appoint the staff director and general counsel for six-year terms that are renewable by a vote of three of the six members of the Commission. However, the Senate provision could raise constitutional questions under the separation or powers clause of the Constitution. The Administration would strongly oppose any attempt to return to the original House Committee language.

Obligation Delays

The Administration strongly objects to language in the Senate bill that would impose $592 million in obligation delays on Treasury programs. These provisions would prevent expenditure of funds before September 30, 1999, effectively reducing program levels for FY 1999 and seriously hindering Treasury program operations. For example:

> For the IRS, the obligation delay of $175 million for Tax Law Enforcement would result in a six-percent reduction in personnel and a loss of substantial tax collections. The $69 million obligation delay for Information Systems would effectively halt IRS' modernization efforts until the following fiscal year,

jeopardizing efforts to refocus the IRS on providing good customer service for taxpayers.

For Treasury Enforcement, the obligation delay of $28 million for Customs' Salaries and Expenses would hinder Customs' efforts to combat drug smuggling across the southern tier of the United States and to detect shifts in trafficking patterns, and it would inhibit maintenance of essential equipment. The $23 million obligation delay against Customs' Operations and Maintenance, Air and Marine Interdiction Programs account would lead to a reduction in interdiction flight hours, cripple essential maintenance for air and marine fleets, and result in a deterioration of air and marine fleet assets. The $14 million in obligation delays for the Secret Service would cause unacceptable risks to Presidential safety.

We urge the conferees to reject the use of obligation delays that postpone the expenditure of necessary funds.

Internal Revenue Service

The Administration appreciates the Congress's efforts to fund the President's request for the Internal Revenue Service (IRS) and looks forward to working closely with the Congress to identify ways in which full funding of the President's request can be achieved.

The Administration appreciates Congressional support for business-line investment that would sharply increase the productivity of the IRS. We urge the conferees to provide the full $125 million requested by the President for such investments. The Administration also appreciates congressional support for IRS information technology investments and urges the conferees to adopt the $210 million for the Information Technology Investments account provided in the House bill. We are concerned with House language that would condition the use of IRS funds. Tying the obligation of IRS funds to GAO review of expenditure plans, as contained in the House bill, is objectionable since the Administration has no control over the nature or timing of any prospective GAO review.

U.S. Customs Service

The Administration is concerned about the funding levels in both bills for Customs' Automated Commercial Environment. Without major revisions to the existing system, Customs cannot keep up with increasing trade volumes nor can it be responsive to the requirements stated in the 1993 Modernization Act and the needs articulated by industry. The House- and Senate-passed bills have funded only $8 million of the requested $56 million and have imposed obligation delays against the $8 million provided, which would cause the modernization effort to come to a halt. We urge the conferees to provide full funding at the $56 million level requested to allow Customs to continue its modernization effort. We also suggest that the conferees seriously consider the user fee proposed by the Administration as a potential source of this necessary funding.

Bureau of Alcohol, Tobacco and Firearms (ATF)

The Administration appreciates the efforts of the House and the Senate to fully fund the President's Youth Crime Gun Interdiction Initiative. This initiative is an important part of the Administration's overall strategy to curb youth gun violence. The Administration requests consideration by the conferees of funding for the Violent Crime Coordinator initiative that was not funded in the House bill. The U.S. Attorneys have requested additional ATF support for bringing cases involving violent criminals to the Department of Justice for prosecution.

U.S. Secret Service

The Administration appreciates the Senate's attempt to provide $13 million to Secret Service travel needs. However, the Senate-passed bill would effectively undermine other Secret Service funding needs, resulting in a probable deterioration of critical equipment and an undermining of the Service staffing needed to provide for the protection of the President and foreign dignitaries. The House bill does not redirect funds in this way, and the Administration urges the conferees to adopt the House position.

Interagency Crime and Drug Enforcement

The Administration objects to the Senate's $30.9 million reduction to the request for Interagency Crime and Drug Enforcement. These resources are needed for continuation of interagency investigations to target, investigate, and prosecute criminals associated with high-level illegal drug trafficking enterprises. The transfer of these funds to other activities in the Senate bill would eliminate funding for ongoing investigations and weaken Treasury's ability to target resources to high priority investigations.

Law Enforcement Vehicles

The Administration objects to the Senate's elimination of funding for Treasury law enforcement vehicle replacement. Replacement funds are important from a public safety perspective, as aging vehicles present a greater risk to the lives of both Treasury personnel and the public. We urge the conferees to adopt the House position on this issue.

Federal Law Enforcement Training Center

The Administration urges the conferees to adopt the funding level for the Federal Law Enforcement Training Center (FLETC) proposed by the President and in the House bill. In particular, the conferees are urged to fund the Administration's request for $32.5 million for FLETC's acquisition and construction, rather than providing transfer authority for $20.3 million as provided for in the Senate bill. This funding is needed to help FLETC absorb the increased law enforcement training needs of the Immigration and Naturalization Service and the Bureau of Indian Affairs.

Executive Residence

The Administration urges the conferees to provide the full amount requested for the Executive Residence as provided in the Senate bill, without restriction. Reduced or restricted funding for domestic staff overtime would be harmful to the three-fold mission of the Executive Residence as the home of the President, museum of our American heritage, and the site of official and ceremonial activities of the Presidency.

Health Care Task Force

The Administration strongly urges the conferees to strike House language that would finance the costs of fines associated with the Health Care Task Force litigation only from the White House Office of Salaries and Expenses account.

Unanticipated Needs

Both the House and Senate-passed bills fail to provide the requested $1 million to enable the President to meet unanticipated needs in furtherance of the national interest, security, or defense. The Administration urges the conferees to include this amount to ensure that the President has the same ability to meet such needs as previous Presidents have had.

Pay Raise for Federal Judges and Senior Executives

The Administration is disappointed that both the House and Senate bills include a proposal to eliminate the 1999 pay raise for Federal judges and employees paid under the Executive Schedule. Failure to provide pay raises for senior executives is eroding the value of their pay and causing severe pay compression in the executive ranks. Pay adjustments have been made for such individuals only once in the last five years. If continued, this failure will affect the Government's ability to attract and retain the executive talent that it needs. We urge the conferees to restore the pay raise for Federal judges and employees paid under the Executive Schedule.

Federal Employee Pay Raise

The Administration supports, and urges enactment of, the provision in the Senate-passed bill that would provide a total pay increase of 3.6 percent for Federal white-collar employees. This increase, which would essentially allow Federal pay to match the growth in private sector wages, recognizes Federal employees for their higher productivity and their essential contribution to a Federal Government that now operates more efficiently and better serves the American people. We urge the conferees to consider technical changes to the legislation provided by the Office of Personnel Management.

Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support that both the House and the Senate have provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the conferees to provide the full amount requested for ONDCP's Special Forfeiture Fund, especially the national youth anti-drug media campaign. The conferees could fully fund the budget request for the media campaign by reducing amounts earmarked for unrequested ONDCP programs. The Administration opposes Senate-passed bill language that would place unnecessary restrictions and limitations on the expenditure of funds for the media campaign.

Federal Buildings Fund

Neither the House nor the Senate has provided the $14 million requested for the design of a new Department of Transportation (DOT) headquarters. Instead, GSA is directed to enter into a lease transaction. The Administration requests that the conferees provide funding for the design of a new DOT headquarters. Providing for a Government-owned building would save taxpayers approximately $190 million, in present value terms, compared to the cost of entering into a lease.

The House- and Senate-passed bills would delay until September 30, 1999, the availability of funding for the repair and alterations program, rental of space program, and building operations program. The Administration is concerned that a delay in obligations would impede GSA's ability to operate and maintain Federal facilities under its control.

The Administration is concerned that the House- and Senate-passed bills provide over $500 million for 15 unrequested Federal courthouse construction projects.

Morris K. Udall Foundation

The Administration is concerned about the lack of funding for the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation, particularly the lack of funding in the Senate-passed bill for the U.S. Institute for Environmental Conflict Resolution, as authorized in PL 105-156. The Administration believes that the Institute would provide valuable assessment, mediation, and training services to Federal agencies to resolve environmental disputes, thus reducing expenses due to lengthy litigation costs. We urge the conferees to adopt the House position of full funding of $4.25 million for the U.S. Institute for Environmental Conflict Resolution.

United States Postal Service

The Administration is concerned about the provisions in the House-passed bill aimed at limiting the activities of the Postal Service. An appropriations bill should not be used to legislate restrictions on Postal Service operations, or to hamper the Postal Service from performing its legitimate and necessary role in international postal matters.

Language Provisions

The Administration strongly objects to section 117 of the Senate-passed bill. This provision would undermine the authority of the President to use assets of countries under economic sanctions as leverage in efforts to normalize relations with or to modify the behavior of those foreign states. Such a measure is strongly opposed and would likely give preference to certain U.S. claimants over longstanding, legitimate claims by other U.S. citizens, and result in an erosion of the Administration's ability to protect the interests of the United States in the U.S. courts.

The Administration objects to language in the Senate-passed bill tying obligation of funds for Customs automation modernization improvements to GAO certification to Congress that measures have been established "to enforce compliance with the architecture." The Administration has no control over the nature or timing of any prospective GAO review and certification. Moreover, the Department of Justice advises that making the availability of funds contingent upon GAO action is unconstitutional under the Supreme Court's decisions in Synar vs. Bowsher and INS vs. Chadha.

The Administration is concerned that section 115 of the Senate-passed bill's Treasury General Provisions could limit the Secretary's discretion in determining how best to stimulate increased electronic tax filing, which reduces IRS errors, permits more timely refunds to taxpayers, and lowers IRS tax processing costs.

The Administration supports the Joint Financial Management Improvement Program and urges the conferees to include language in Title VI that was included in the House Committee-reported version of the bill that would provide up to $3 million from Government-wide credit card rebates in support of that program.

The Administration urges the conferees to adopt the version of reprogramming language included in the House Committee Report.

The Administration opposes the provision in the Senate-passed bill requiring "family impact" assessments for Federal regulations and policies. While the provision pursues laudable goals, it would unduly interfere with agency rule-making and would be virtually impossible to implement due to its vague language.

With regard to the firefighter pay reform provision, the Administration has no objection an effective date of October 1, 1998.

Federal Employees Health Benefits Program

The Administration strongly opposes the provisions of both the House- and Senate-passed bills that would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions. The House-passed version is particularly onerous in that it does not even retain current law exceptions for situations where the life of the mother is endangered or where the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, Federal employees and their families should not be precluded from choosing to purchase health insurance policies with broader coverage.

The Administration supports the provisions of the House- and Senate-passed bills that require coverage of prescription contraceptives by health plans participating in the Federal Employees Health Benefits Program (FEHBP). The Administration prefers the Senate provision to the House-passed version because the Senate language not only exempts five specifically named religious plans but also exempts any other existing or future religiously-based plans.

Strategic Petroleum Reserve

The Administration does not support the Senate-passed provision that would provide an emergency supplemental of $420 million for purchase of oil for the Strategic Petroleum Reserve. The provision would require a determination by the President that an emergency exists as a result of market conditions that are imperiling domestic oil production from marginal and small producers. Although low prices and oversupply appear to be having an effect on domestic oil production, current market conditions are unlikely to qualify as an emergency under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. However, we will continue to track market conditions on an ongoing basis. If such an emergency develops, an emergency supplemental could be requested under current law.

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

Sincerely,

Jacob J. Lew
Director

Message Sent To: ____