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**Budget Materials - Appropriations
Letters FY99 [3]**

Lisa Zweig



09/03/98 10:48:48 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: SENATE INTERIOR FLOOR SAP - NEED CLEARANCE

We have just heard that the Senate may take up the Department of Interior FY99 Appropriations bill as early as **11:30 am today**. While major amendments are not expected until next week, we need your quick clearance within the hour. **Please note that there is a senior advisors veto threat over both funding and language issues.**

Please respond to Lisa Zweig (5-4790) by 11:30 am. Thank you for your cooperation.

September __, 1998
(Senate Floor)

**H.R. 4193 -- DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999**

(Sponsors: Stevens (R), Alaska; Gorton (R), Washington .)

This Statement of Administration Policy provides the Administration's views on H.R. 4193, the Department of the Interior and Related Agencies Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated. Due to inadequate funding levels for priority programs and at least 21 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 Committee.

The Administration appreciates efforts by the 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 Congress to consider such mandatory proposals for other priority discretionary programs, including those funded through this bill.

Departments of the Interior and Agriculture

The Administration strongly objects to inadequate funding provided by the Committee 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;

BIA education operations and construction, the Indian Country law enforcement initiative, and the land consolidation pilot project and other trust system reforms;

the Endangered Species Programs, including landowner incentive grants;

Forest Service General Administration account, thereby significantly complicating the Administration's efforts at financial reform;

Forest Service Ecosystem Planning, Inventory and Monitoring, Wildlife and Fisheries Management, Rangeland Management, Watershed Improvement, and Road Maintenance while effectively increasing the Forest System timber program by \$20 million; and,

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

The Administration urges the Senate 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 Committee bill contains at least 21 objectionable riders, 20 in bill language and two additional ones in report language. The Administration strongly objects to such language, including provisions that would:

- unwisely terminate the Interior Columbia Basin Ecosystem Management Project in six Northwest States;

- 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 sale 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 environmental protections for hardrock mining reclamation on Federal lands;

institute for the first time a means-test for tribes as a basis for redistributing Tribal Priority Allocation funding;

amend an authorizing statute, the 1992 Elwha Act, to significantly change 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-Bitterroot area of Idaho and Montana;

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

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;

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 thirty-five years, to the U.S. Forest Service, a disruptive change that would involve additional transition costs without improving service;

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, an adverse precedent that could devolve into a perpetual cycle of using logging to pay for land management;

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 risks and are ready to be removed;

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;

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 Administration strongly objects to the Committee's deep cuts in land acquisition funding to protect our national parks, forests, refuges, and public lands. The Committee has provided only \$233 million of the \$270 million requested, with Everglades land acquisition funds cut by half. 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 also objects to the Committee's continued inaction on the promised congressional release of the \$362 million appropriated in FY 1998 for Federal priority land acquisitions. As requested by Congress, the Administration has submitted a list of proposed land acquisitions. In response, the Committee has not only held back the FY 1998 Title V funding but also has funded some items on the Administration's 1998 list with FY 1999

funding, resulting in critical acquisitions planned for both years being delayed or unfunded.
Millennium Program

The Administration appreciates very much the \$13 million provided to the National Park Service and the Smithsonian 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 urgent and cannot be delayed.

Department of Energy

While higher than the House Committee mark, the Senate Committee's funding level represents a very objectionable \$162 million reduction to the President's request for Energy Conservation. The Committee mark 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 the Committee bill. The Administration prefers that this payment be appropriated consistent with the National Defense Authorization Act.

The Administration would like to work with the Congress to restore funding to these important Department of Energy programs as the bill moves through the process.

Indian Health Service

The Administration is concerned that the Committee bill does not include funding increases requested for the President's Race Initiative, alcohol and substance abuse initiative, and for first-year construction of the Fort Defiance Health Facility. The Administration intends to work with the Senate to fund these important initiatives within funds available for the Indian Health Service.

The Administration strongly objects to the Committee'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 Senate's support for the National Endowment for the Arts (NEA). We urge the Senate to provide funding for NEA and NEH at the President's requested level of \$136 million each and for the Institute for Museum and Library Services at

Likewise, the Administration appreciates the Senate's support for the other cultural agencies funded by this bill, including funding for the National Museum of the American Indian and the full request for the National Gallery of Art, the Holocaust Museum, and the Kennedy Center for the Performing Arts. However, the Administration urges the Senate 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.

Message Sent To:

Jacob J. Lew/OMB/EOP
Sylvia M. Mathews/OMB/EOP
Martha Foley/WHO/EOP
John Podesta/WHO/EOP
Kathleen A. McGinty/CEQ/EOP
Todd Stern/WHO/EOP
Robert N. Weiner/WHO/EOP
Gene B. Sperling/OPD/EOP
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Jessica L. Gibson/WHO/EOP
Julie M. Anderson/WHCCTF/EOP



Kate P. Donovan
07/31/98 07:19:18 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: House C/J/S Floor SAP

The House C/J/S Floor SAP has been virtually cleared. Below is a revised version reflecting possible amendments. Please review the new language (in bold) and provide comments/clearance by 10:30am Monday. Floor action is expected Monday evening. Thanks.

**H.R. 4276 -- COMMERCE, JUSTICE, STATE, THE JUDICIARY,
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999** (Sponsors:
Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 4276, the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's support for many of the President's priorities within the 302(b) allocation. For example, we appreciate the Committee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the 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 House 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 Committee's inadequate funding of a number of priority programs, as well as with objectionable language

provisions. If the bill were presented to the President in its current form, the President's senior advisers would recommend that the President veto the bill.

Legal Services Corporation

The Committee bill funds the Legal Services Corporation (LSC) at \$141 million, \$142 million below the FY 1998 enacted level and \$199 million below the President's request of \$340 million. This funding level is unacceptable. It represents a 65-percent cut from the FY 1995 level of \$400 million, would severely cripple the program, and calls into question the Federal Government's commitment to ensuring that all Americans, regardless of income, have access to the Judicial system. The Supreme Court recently ruled that interest on lawyer trust accounts (IOLTAs) are the private property of clients and cannot be used to generate resources for civil legal services. This eliminates a funding source that provided LSC programs with more than \$57 million last year and underscores the importance of action to fully fund the President's request. The Administration strongly supports efforts to increase funding for the LSC.

Small Business Administration

The Administration strongly objects to the Committee's funding levels for the administration of the Small Business Administration's (SBA's) programs. The Committee's funding level for the Salaries and Expenses account regular operating expenses represents a 27-percent reduction from the President's request, and includes a requirement that all of the reduction be taken from headquarters functions. Such funding levels would require reductions in staff by more than 1,200 staff years through severe reductions-in-force. Not even the elimination of all headquarters employees would satisfy the Committee report requirement to take reductions solely from non-District Offices

Equal Employment Opportunity Commission

The Administration strongly urges the House to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$18.5 million above the Committee mark. 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 Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

Department of Commerce

Decennial Census. The language in the Committee bill 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 House to pass an amendment that removes these onerous language restrictions and

provides funding that will allow the Census Bureau to implement its current plan. This plan was developed by statistical experts and based on recommendations from the National Academy of Sciences, which found that regardless of cost, the methods of 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 objects to inadequate funding for Administration priorities within the National Oceanic and Atmospheric Administration (NOAA), including: the Clean Water Initiative to protect coastal communities; the GLOBE program, which promotes scientific discovery and student achievement; and, activities to implement the Endangered Species Act and Magnuson-Stevens Act. Reductions to the Climate and Global Change Program would slow research to understand the implications of extreme weather events such as El Nino. In addition, by not fully funding the request for the National Weather Service, the Committee threatens vital services. The Administration strongly opposes amendment language that extends state jurisdiction of fisheries from 3 miles to "3 marine leagues" for Alabama, Louisiana, and Mississippi. The extension of States' jurisdiction over marine resources beyond the currently drawn boundaries would undermine the current management regime and could have severe and detrimental effects on living marine resources in the Gulf. Finally, the Administration is concerned with funding restrictions in bill language that could limit NOAA's ability to fulfill its mission.

The Administration is also particularly concerned about inadequate funding to fulfill contract obligations for follow-on polar and geostationary weather satellite programs. Renegotiation or termination of these contracts would jeopardize satellite continuity for both civilian and military operations and increase costs. The recent failure of the GOES-9 satellite underscores the need to maintain production schedules.

National Institute for Standards and Technology. The Administration is concerned that the Committee's exclusion of the requested advance appropriation for the Advanced Measurement Laboratory would increase costs and delay completion by at least a year. We are also very disappointed by the reductions in the Advanced Technology Program, which fosters cutting-edge research. The Committee allowance would support only \$43 million in new awards, 54 percent below the President's request of \$94 million for new awards. **Any amendment to eliminate ATP funding for new awards would be unacceptable.**

Statistics Initiatives. The Administration is concerned about inadequate funding for high-priority statistical initiatives, especially 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.

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 and requests restoration of \$2.8 million.

National Information Infrastructure Program and Restrictions on Export Controls. In the Committee bill, the National Information Infrastructure program is reduced by \$4 million (20 percent) below the FY 1998 enacted level. Such a reduction would substantially decrease seed money for innovative information technology projects. In addition, the Administration strongly objects to onerous reporting requirements that would require the Department to notify Congress before issuing satellite export licenses to China.

Year 2000 Computer Conversion

In the FY 1999 Budget, the President has requested more than \$1 billion for 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. It is essential to make Y2K funding available quickly and flexibly. The House effort to defer action on the emergency fund in the Treasury and General Government Appropriations bill is very troubling, particularly in light of several Subcommittees, including the Commerce, Justice, State Subcommittee, deciding to not fund the base Y2K requests.

Department of Justice

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

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

Drug Testing and Intervention. We are disappointed by the Committee's failure to provide any of 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.

Imposition of State Ethics Rules. The Administration strongly opposes the provisions in the bill 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.

Protection Against Terrorism, Including Use of Chemical and Biological Weapons.

We appreciate the Committee's support of the Administration's effort to combat terrorism, particularly the use of chemical and biological weapons. However, we ask that the Committee fully fund the request for the Attorney General's Counterterrorism Fund, including funding for local bomb squad equipment.

Protection Against Cybercrime and Attacks on Our Nation's Critical Infrastructures.

The Committee mark excludes Counterterrorism Fund support to combat cybercrime, including funding for potential transfer to other agencies and for the FBI's National Infrastructure Protection Center. The Department of Commerce has identified funding requirements for the interagency Critical Infrastructure Assurance Office, which coordinates the development and integration of a national critical infrastructure plan. Failure to provide funding would endanger the Government's efforts to fight cybercrime.

Indian Country. We appreciate the Committee mark for Indian Country. However, we urge the House to fully fund the Administration's request for Indian Country criminal justice assistance, including FBI and U.S. Attorneys resources.

Federal Bureau of Investigation. The Administration is disappointed that the Committee's level for the Federal Bureau of Investigation (FBI) is \$52 million below the President's request. We are particularly concerned about the proposed \$30 million funding level for the FBI's Information Sharing Initiative (ISI), which is \$20 million below the request, and would prevent the FBI from improving its electronic case file information and thereby increasing the effectiveness and efficiency of the FBI's investigations. Furthermore, the reporting requirement on ISI would impede the FBI's ongoing efforts to provide critical information technology infrastructure support using existing resources.

Immigration and Naturalization Service. We appreciate the Committee's support for the Administration's border control initiative. However, the Committee's \$2.567 billion mark, \$156 million below the President's request, is insufficient to support a comprehensive, bipartisan border management and enforcement strategy. The President's request supports increased border management funding for Border Patrol agents, critical infrastructure and technology, detention support, interior enforcement, and includes \$36 million more than the Committee's level for Border Patrol, detention,

and office construction. We urge the House to fully fund the President's request.

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

Juvenile Justice Block Grant. The Administration is concerned that the \$25 million Juvenile Justice Block Grant in the Committee bill may authorize a broad and unfocused range of spending, and urges the House to provide funding for more targeted activities, including direct funds for local prosecutors to target juvenile and quality of life crimes.

Narrowband Communications. The Administration is disappointed that the Committee has not provided 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 House to establish such a fund and to restore the \$24 million in base resources that are excluded from the Committee mark.

Potential Amendment Related to Presidential Executive Orders

The Administration would strongly oppose an amendment that may be offered prohibiting the use of funds in the Act for implementing Executive Order 13087, dated May 28, 1998. The purpose of Executive Order 13087 is to confirm and make uniform the existing bar preventing the Federal government from discriminating against members of the Federal civilian workforce based on sexual orientation. **The term "sexual orientation" has its common, limited and accepted meaning as in H.R. 1858, the Employment Non-Discrimination Act.** Executive Order 13087 does not authorize affirmative action policies, such as recruitment, reporting, or goal-setting based on sexual orientation. Nor does it create any rights to file a complaint alleging discrimination on the basis of sexual orientation with a court or with the EEOC. The order leaves intact the current procedures for dealing with such complaints. The Administration objects to any effort to scale back policies that ensure federal workers are treated fairly. In particular, we object to any amendment that would allow discrimination based on sexual orientation.

The amendment would also prohibit the Federal government from implementing Executive Order 13083 on Federalism. The Administration strongly opposes this effort, which would block our efforts to ensure that existing policies are consistent with recent Supreme Court decisions and unfunded mandates statutes and would inhibit our ongoing efforts to take into account important State and local concerns in Federal actions. After hearing concerns from representatives of State and local governments, the Administration last week announced it would delay implementation of the Executive Order for an additional 90 days in order to consult thoroughly with those groups about the content of the Order, and to

make changes where appropriate.

International Affairs Programs

The Administration appreciates the Committee's support for the Department of State's Diplomatic and Consular Programs and Salaries and Expenses accounts. However, we are concerned about the Committee's reduction of \$26 million for the Department's operating requirements. Further, the Committee's reduction of \$38 million to the request for information technology improvements in the Capital Investment Fund would jeopardize the Department's effort to achieve Y2K compliance. In addition, limits placed on the amount of fees to execute the President's Border Security Program that can be used in FY 1999 could slow urgently needed border security improvements.

The Administration is very concerned about the Committee's \$245 million reduction to the request for Security and Maintenance of U.S. Missions. The Committee's mark does not fund construction of needed Embassy projects in Beijing and Berlin and would require offsets against regular security and maintenance activities to fund initial design work for these important projects. We request that the Committee provide a funding level consistent with the President's budget for urgently needed embassy facilities and ongoing security and maintenance programs, including Y2K-related activities.

The Administration appreciates the steps the Committee has taken to fund the request for arrearage payments this year. The Administration wants 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 bill's authorization requirement that is intended to subject this important foreign policy measure to the unrelated issue of family planning policy. There is legitimate disagreement over this issue, but none of the U.N. and related international organizations arrears payments is related to this issue. Therefore, it is wholly inappropriate to hold the payment of U.S. arrears hostage to the family planning issue.

Further, although the Committee has provided significant funding for the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities for FY 1999, the Administration is concerned that reductions in these accounts would increase arrears and impair the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping.

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

The Administration is concerned about the \$21 million overall reduction to the request

for the U.S. Information Agency (USIA). Given that the USIA request is virtually at the FY 1998 level, the Committee's reduction would hurt core public diplomacy activities, Year 2000 compliance, critical broadcasting activities including broadcasting to Africa, and important grant programs. We urge the House to provide funding for USIA's operating and special accounts at the requested level.

The Administration is concerned about the Committee's reductions for the Arms Control and Disarmament Agency, 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.

In addition, the Administration would strongly oppose an amendment that may be offered 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 longstanding, legitimate claims by other U.S. citizens. It may also lead to judgements against the United States in favor of 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.

Finally, the Administration would oppose an amendment that may be offered that would restrict efforts to challenge State, local, or tribal laws on the grounds that the law is inconsistent with an international commercial agreement, including any trade or investment agreement. The Administration is committed to cooperating closely with State, local, and tribal governments and taking into account their views in implementing agreements with respect to any matter that directly affects their interests. Further, neither World Trade Organization (WTO) dispute settlement panels, nor the WTO itself, has any power to compel the United States to change its laws or regulations, and such trade panel reports cannot form the basis for bringing suit in U.S. courts.

Federal Communications Commission

The Administration is very concerned about the lack of funding for any of the requested increases for the Federal Communications Commission (FCC). The Committee's funding level could require an agency-wide furlough or reduction-in-force, impairing the FCC's ability to implement the mandates of the Telecommunications Act of 1996 and to carry out critical mission operations.

Teamsters Election

The Administration objects to the continuation of last year's rider that prohibits the use of funds for supervising the Teamster's election, despite a court order requiring the Federal Government to pay for a supervised election.

Potential Objectionable Amendments

The Administration would strongly oppose the inclusion of the amendments discussed below. If the bill presented to the President were to include such language, the President's senior advisors would recommend that he veto the bill.

The Administration understands that an amendment may be offered that would prevent the Federal Communications Commission from enforcing collections for the e-rate program to connect schools and libraries to the Internet. This amendment is unacceptable, for it could effectively end the e-rate program. The e-rate is a critical component of Universal Service, and promises to revolutionize American education and make access to the information age universal.

The Senate bill includes language that would undermine implementation of the Brady Act and National Instant Check System (NICS), and are unacceptable to the Administration. If offered, we urge the House to reject this language and continue to work with the Administration to keep guns out of the hands of criminals the mentally unstable and other prohibited purchasers.

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
William P. Marshall/WHO/EOP
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Message Copied To:



Kate P. Donovan
08/04/98 07:50:38 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: NEED CLEARANCE: DC HOUSE RULES SAP

The House Rules Committee is scheduled to meet Wednesday at 11:30am on the District of Columbia Appropriations bill. Please review the draft and provide comments/clearance no later than 10am tomorrow. Thanks.

H.R. 4380 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1999

(Sponsors: Livingston (R); Louisiana; Taylor (R), North Carolina)

This Statement of Administrative Policy provides the Administration's views on H. 4380, the District of Columbia Appropriations Bill, FY 1999, as reported by the House Appropriations Committee.

The Administration appreciates the Committee's support in developing a bill that provides sufficient Federal funding to implement the National Capital Revitalization and Self-Government and Improvement Act of 1997 successfully. While the Committee bill is an improvement over the Subcommittee version of the bill, the Administration is deeply concerned about inadequate funding for the D.C. economic development initiative and objects to a number of provisions of the Committee bill, as described below. We urge the House to adopt a bill that addresses the Administration's concerns.

Economic Development Initiative

The Administration has requested \$100 million for an economic development initiative in the District of Columbia: \$50 million to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC), \$25 million for critically needed management reforms authorized by the Revitalization Act and related to the city's economic development infrastructure, and \$25 million for Metrorail improvements that would support the Washington Convention Center project. We appreciate the Committee's action to provide \$25 million to support transportation improvements associated with the Washington Convention Center, as requested, as well as \$21 million for infrastructure improvements in the District. However, we regret that the Committee has provided no funding for critically needed management reforms or funding to capitalize the locally-chartered NCRC. The Administration strongly urges the Committee to appropriate additional resources for economic development.

Public Education System

The Administration appreciates the Committee's full support of charter schools and public schools in the District and supports the Committee's appropriation of \$20.4 million in Federal funding for D.C. charter schools. We appreciate the decision to provide these resources from a source other than local public school funding.

Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions 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 an amendment, if offered, to strike this prohibition.

Micromanagement

The Administration is concerned by the Committee's repeal of the Residency Requirement Amendment Act of 1998 (D.C. Act 12-340). We believe that the repeal of the residency requirement for new D.C. employees is an unwarranted intervention into the affairs of the local government.

Likewise, the Administration opposes provisions of the Committee bill that would further restrict or otherwise condition management of the District Government, thereby undercutting the Financial Responsibility and Management Assistance Authority's (the Authority's) oversight and responsibility for the District's budget and financial condition. Further, the Administration is concerned about provisions that would undermine the responsibilities of the Superintendent of the District of Columbia Public Schools by legislating how local funds are used for salaries and pay raises.

The Administration is committed to working with the House to produce a bill that will assist the District in its continued efforts toward financial recovery. We look forward to working with the House to address our mutual concerns.

Objectionable Amendments

The Administration understands that three amendments may be offered that would seriously undermine local control. If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

An amendment to provide for the use of private school vouchers in the District. We 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.

An amendment that would prohibit adoptions in the District by couples that are unmarried or not related by blood.

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

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
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Kerri A. Jones/OSTP/EOP
Jeffrey M. Smith/OSTP/EOP
Todd Stern/WHO/EOP
G. E. DeSeve/OMB/EOP
RUDMAN_M @ A1@CD@VAXGTWY

Message Copied To:

Budget - approps letters 99

Kate called +
wanted you
to check
out the smoking
part



Kate P. Donovan
08/06/98 11:32:51 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: NEED CLEARANCE: DC APPROPS HSE FLR SAP

BELOW IS THE HOUSE FLOOR SAP FOR THE DC APPROPRIATIONS BILL. THE LANGUAGE IS IDENTICAL TO THE HOUSE RULES SAP RELEASED YESTERDAY EXECPT FOR TWO AMENDMENTS UNDER THE MICROMANAGEMENT SECTION: TOBACCO AMENDMENT & ADVISORY NEIGHBORHOOD COMMISSION AMENDMENT. FLOOR ACTION EXPECTED AT 2PM TODAY; PLEASE PROVIDE COMMENTS/CLEARANCE BY 1PM. THANKS.

H.R. 4380 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1999

(Sponsors: Livingston (R); Louisiana; Taylor (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on H.R. 4380, the District of Columbia Appropriations Bill, FY 1999, as reported by the House Appropriations Committee.

The Administration appreciates the Committee's support in developing a bill that provides sufficient Federal funding to implement the National Capital Revitalization and Self-Government and Improvement Act of 1997 successfully. While the Committee bill is an improvement over the Subcommittee version of the bill, the Administration is deeply concerned about inadequate funding for the D.C. economic development initiative and objects to a number of provisions of the Committee bill, as described below. We urge the House to adopt a bill that addresses the Administration's concerns.

Economic Development Initiative

The Administration has requested \$100 million for an economic development initiative in the District of Columbia: \$50 million to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC), \$25 million for critically needed management reforms authorized by the Revitalization Act and related to the city's economic development infrastructure, and \$25 million for Metrorail improvements that would support the Washington Convention Center project. We appreciate the Committee's action to provide \$25 million to support transportation improvements associated with the Washington Convention Center, as requested, as well as \$21 million for infrastructure improvements in the District. However, we regret that the Committee has provided no funding for critically needed management reforms or funding to capitalize the locally-chartered NCRC. The Administration strongly urges the Committee to appropriate additional resources for economic development.

Public Education

The Administration appreciates the Committee's full support of charter schools and other public schools in the District and supports the Committee's appropriation of \$20.4 million in Federal funding for D.C. charter schools.

Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions 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 an amendment, if offered, to strike this prohibition.

Micromanagement

The Administration opposes provisions of the Committee bill that would further restrict or otherwise condition management of the District Government, thereby undercutting the Financial Responsibility and Management Assistance Authority's (the Authority's) oversight and responsibility for the District's budget and financial condition. Further, the Administration is concerned about provisions that would undermine the responsibilities of the Superintendent of the District of Columbia Public Schools by legislating how local funds are used for salaries and pay raises.

Reducing teen smoking is a high priority of the Administration; therefore, we support the objective of the amendment made in order related to the possession of tobacco products by minors. However, for the same reason that Congress has not legislated specific laws for individual States, it would be inappropriate to do so for the District of Columbia. Presently, the District of Columbia law bans the sale of tobacco to minors under 18 years of age. We urge the House to modify this amendment to make it a sense of the Congress amendment.

The Administration understands that an amendment may be offered that would strike restrictions on funding the District of Columbia Advisory Neighborhood Commission. The Administration supports this amendment.

The Administration is committed to working with the House to produce a bill that will assist the District in its continued efforts toward financial recovery. We look forward to working with the House to address our mutual concerns.

Objectionable Amendments

The Administration understands that three amendments may be offered that would

seriously undermine local control. If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

An amendment to provide for the use of private school vouchers in the District. We 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.

An amendment that would prohibit adoptions in the District by couples that are unmarried or not related by blood.

An amendment 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).

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Robert L. Nabors/OMB/EOP
Adrienne C. Erbach/OMB/EOP
Victoria A. Wachino/OMB/EOP
Rosemary Evans/OMB/EOP
FARRAR_J @ A1@CD@VAXGTWY



Kate P. Donovan
08/03/98 08:38:35 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 House Rules Labor/HHS/Ed SAP

House Rules is expected to meet Tuesday at 2:30pm on the Labor/HHS/Education Appropriations bill. Please note that we do not aim to provide a "road map" to the Administration's priorities listed under the Education section. Tomorrow morning, we will re-order the programs in "bill order." If you have a problem with this ordering - please let me know immediately. Otherwise, we will proceed with that route. Please review the draft SAP and provide comments/clearance by 11am Tuesday. Thanks.

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. 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:

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.

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.

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.

America Reads. America Reads is denied the \$210 million provided in last year's Bipartisan Budget Agreement for children's literacy, which 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.

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.

After School programs (21st Century Community Learning Centers). A \$140 million cut 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.

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.

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.

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.

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; and, teacher recruitment and preparation programs.

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. Most local education agencies have already developed their own acceptable-use policies, many of which 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

Summer Jobs Program. The Administration strongly opposes the Committee's elimination of the \$871 million Summer Jobs program, which could finance 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 strongly oppose elimination of this program, which is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. We urge the House to provide full funding as requested.

The Administration has strong concerns with the inadequate funding levels provided for the following Labor programs:

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.

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 for implementing the Health Insurance Portability and Accountability Act of 1996. We urge the House to restore financing for such critical workplace protection programs.

Unemployment Insurance. The House Committee mark does not fund the \$90 million requested for the Unemployment Insurance (UI) integrity initiative. This initiative was authorized in the Balanced Budget Act of 1997 and would, over five years, achieve \$763 million in mandatory savings assumed in the Bipartisan Budget Agreement. Failure to fund this initiative would mean a continuation of errors in benefit payments and UI taxes.

Child Labor. The \$3 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 \$27 million requested.

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, a new requirement for OSHA to conduct duplicative peer review panels for its new 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.

The Administration objects to the continuation of last year's rider that prohibits the use of funds for supervising the Teamster's election, despite a court order requiring the Federal

Government to pay for a supervised election.

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). 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.

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.

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 that the Committee 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.

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.

Other troublesome HHS-related funding and language issues, with which the Administration has serious concerns, include the following:

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.

Family Planning. The Committee bill requires family planning grantees either to receive written parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent could discourage sexually active minors from seeking health care and reproductive counseling services and thus lead to more unintended pregnancies, more abortions and more sexually transmitted diseases, including HIV, among our nation's youth. [Need to discuss.]

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.

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.

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.

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.

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.

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.

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.

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.

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 up to the amounts transferred by individual States in FY 1998. Enacting such a provision so late in FY1998 would inequitably limit State flexibility for the future.

General Departmental Management. A provision of the bill would require that HHS' Office of the Secretary contract with the National Academy of Sciences (NAS) for an \$890,000 study on repetitive tasks in the workplace. This provision duplicates current NIH efforts with NAS in this area.

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 Issues

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.

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.

Armed Forces Retirement Home (AFRH). The Subcommittee provides FY 1999 funding at the requested dollar level, but does not provide the necessary multi-year authority or requested advance appropriations to contract for the medical facility at the Mississippi Home. Without the advance appropriation or last year's language, AFRH will have to reallocate these funds away from the Mississippi Home to the Washington Home for smaller, lower-priority capital projects that are ready for contract.

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Kate P. Donovan
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To: See the distribution list at the bottom of this message
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Subject: NEED CLEARANCE: DC APPROPS HSE FLR SAP

BELOW IS THE HOUSE FLOOR SAP FOR THE DC APPROPRIATIONS BILL. THE LANGUAGE IS IDENTICAL TO THE HOUSE RULES SAP RELEASED YESTERDAY EXECPT FOR TWO AMENDMENTS UNDER THE MICROMANAGEMENT SECTION: **TOBACCO AMENDMENT & ADVISORY NEIGHBORHOOD COMMISSION AMENDMENT**. FLOOR ACTION EXPECTED AT 2PM TODAY; PLEASE PROVIDE COMMENTS/CLEARANCE BY 1PM. THANKS.

H.R. 4380 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1999

(Sponsors: Livingston (R); Louisiana; Taylor (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on H.R. 4380, the District of Columbia Appropriations Bill, FY 1999, as reported by the House Appropriations Committee.

The Administration appreciates the Committee's support in developing a bill that provides sufficient Federal funding to implement the National Capital Revitalization and Self-Government and Improvement Act of 1997 successfully. While the Committee bill is an improvement over the Subcommittee version of the bill, the Administration is deeply concerned about inadequate funding for the D.C. economic development initiative and objects to a number of provisions of the Committee bill, as described below. We urge the House to adopt a bill that addresses the Administration's concerns.

Economic Development Initiative

The Administration has requested \$100 million for an economic development initiative in the District of Columbia: \$50 million to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC), \$25 million for critically needed management reforms authorized by the Revitalization Act and related to the city's economic development infrastructure, and \$25 million for Metrorail improvements that would support the Washington Convention Center project. We appreciate the Committee's action to provide \$25 million to support transportation improvements associated with the Washington Convention Center, as requested, as well as \$21 million for infrastructure improvements in the District. However, we regret that the Committee has provided no funding for critically needed management reforms or funding to capitalize the locally-chartered NCRC. The Administration strongly urges the Committee to appropriate additional resources for economic development.

Public Education

The Administration appreciates the Committee's full support of charter schools and other public schools in the District and supports the Committee's appropriation of \$20.4 million in Federal funding for D.C. charter schools.

Abortion

The Administration strongly opposes the abortion language of the Committee bill, which would prohibit the use of both Federal and District funds to pay for abortions 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 an amendment, if offered, to strike this prohibition.

Micromanagement

The Administration opposes provisions of the Committee bill that would further restrict or otherwise condition management of the District Government, thereby undercutting the Financial Responsibility and Management Assistance Authority's (the Authority's) oversight and responsibility for the District's budget and financial condition. Further, the Administration is concerned about provisions that would undermine the responsibilities of the Superintendent of the District of Columbia Public Schools by legislating how local funds are used for salaries and pay raises.

Reducing teen smoking is a high priority of the Administration; therefore, we support the objective of the amendment made in order related to the possession of tobacco products by minors. However, for the same reason that Congress has not legislated specific laws for individual States, it would be inappropriate to do so for the District of Columbia. Presently, the District of Columbia law bans the sale of tobacco to minors under 18 years of age. We urge the House to modify this amendment to make it a sense of the Congress amendment.

The Administration understands that an amendment may be offered that would strike restrictions on funding the District of Columbia Advisory Neighborhood Commission. The Administration supports this amendment.

The Administration is committed to working with the House to produce a bill that will assist the District in its continued efforts toward financial recovery. We look forward to working with the House to address our mutual concerns.

Objectionable Amendments

The Administration understands that three amendments may be offered that would

seriously undermine local control. If such amendments were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

An amendment to provide for the use of private school vouchers in the District. We 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.

An amendment that would prohibit adoptions in the District by couples that are unmarried or not related by blood.

An amendment 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).

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
William P. Marshall/WHO/EOP
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Message Copied To:



Kate P. Donovan
07/27/98 12:44:22 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: TRANSPORTATION HOUSE RULES SAP

Below is the draft Rules SAP for Transportation Appropriations, FY99. The language is virtually identical to the House Committee letter that was sent 7/21/98 (we took out the PLA language because we do not expect an amendment to be offered). The Rules Committee is scheduled to meet at 4pm today (this could be postponed). Please provide comments/clearance by 3pm today. Thank you.

**DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999**

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

This Statement of Administration Policy provides the Administration's views on the Department of Transportation and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation such as funding for Amtrak. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a variety of critical programs are under-funded. 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. The Administration urges the Congress to consider such mandatory proposals for other priority discretionary programs, including those funded through this bill.

The Administration is concerned that the Committee bill could seriously compromise the Coast Guard's and the Federal Aviation Administration's (FAA's) operations and modernization projects, compromise highway safety, and harm other important programs. The House could partially accommodate the funding increases recommended below by

adhering more closely to the President's request for the Airport Grants program, High Speed Rail, Coast Guard Alteration of Bridges, and other programs. The Administration is pleased that the Committee has not included language limiting the use of project labor agreements. However, the bill does include a number of objectionable language provisions. The Administration's concerns are discussed below.

Essential Operations

The Administration strongly urges the House to fully fund the request for Coast Guard and FAA operations. We ask that the Committee restore the \$72 million reduction to Coast Guard Operating Expenses and to eliminate the Committee's direction to reallocate funds among programs. The Committee mark would force the Coast Guard to lay up certain cutters and aircraft and decommission one of the Nation's three polar icebreakers, which would, among other effects, compromise the integrity of our Exclusive Economic Zone and leave critically depleted fish stocks under-protected.

Likewise, we ask the House to restore the \$56 million reduction to FAA Operations. These funds are necessary to ensure that the FAA can hire the safety inspectors and security personnel needed to meet the demands from increased air travel.

Coast Guard and FAA Modernization

The Administration urges the House to fully fund the request for Coast Guard and FAA modernization to ensure that the infrastructure necessary to fulfill their missions in the future is available. The Administration urges the House to restore the \$54 million reduction to the request for Coast Guard capital replacement funding. This funding is necessary to complete projects that will reduce the Coast Guard's future operating costs, improve mission performance, and provide adequate facilities and housing for Coast Guard personnel. We are particularly concerned about large cuts to the seagoing buoy tender replacement, the Deepwater Capability Replacement Analysis, and family housing. These cuts ultimately would adversely impact all Coast Guard activities, including drug law enforcement. In addition, we urge the House to fully fund the President's request for the Nationwide Differential Global Positioning System and for adding a second civil signal to the Global Positioning System.

The Administration urges the House to provide an additional \$130 million for the FAA Facilities and Equipment account. Funding at any lower level could delay National Airspace System Modernization. In particular, full funding is required for the Host Computer replacement and other Year 2000 conversion activities. The Administration objects to the elimination of funding for the Flight 2000 program. This program is a key element of the FAA's plans to make a transition to a more efficient, user involved, satellite-based air traffic control system to meet the air traffic needs of the next century.

Amtrak

The Administration appreciates the Committee's support for Amtrak funding. We urge

the House to allow Amtrak to invest these capital funds flexibly, as provided in the Senate bill and as presently done by Federal Transit Administration grantees. In addition, the requirement that the House and Senate Appropriations Committees approve a Capital plan for Amtrak constitutes a legislative veto. The Administration will interpret this provision to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

National Highway Traffic Safety Administration

To protect the safety of automobile travelers adequately, the Administration asks that the House work with the authorizing committees and provide an additional \$12 million for high-priority National Highway Traffic Safety Administration programs. These vehicle safety and consumer information activities are essential to provide consumers with up-to-date safety information, to conduct critical research on advanced air bag systems and the biomechanics of injury, and to develop improved crash test dummies.

Access-to-Jobs

The Administration requests that the House provide an additional \$50 million to fully fund the President's request of \$100 million for the Access-to-Jobs program. This program is a critical component of the Administration's welfare reform effort. The additional resources are essential to helping more individuals in communities around the country make a successful transition from welfare to work.

Office of the Secretary

The Administration urges the House to provide the President's requested \$62 million for salaries and expenses of the Office of the Secretary and to delete the Committee's recommended new account structure and limitation on political appointees. These adjustments to the Committee bill are necessary to avoid a reduction-in-force and to allow the Secretary to manage the Department effectively.

Earmarks

The Committee has earmarked almost 300 transit projects, as well as many airport, Intelligent Transportation System, and rail projects. Consistent with the Administration's objection to earmarks in TEA-21, the Administration believes that funds should not be directed to projects that cannot meet established selection criteria.

Language Provisions

The Administration requests that the House delete the provisions in both the Coast Guard and FAA operating expenses language that would prohibit the Coast Guard and the FAA from evaluating options for collecting fees for their services. User fees may be a critical means in the future for ensuring that the Coast Guard and the FAA have adequate resources to

meet their operating and capital needs without significantly reducing other vital transportation programs.

The Administration strongly objects to the Committee prohibition of any future changes to automobile fuel economy (CAFE) standards. This significant policy issue should be addressed analytically through the process in place under Federal law and not preemptively settled through the appropriations process.

Finally, the Administration is pleased that the Committee recognizes the need to review the Coast Guard's roles and missions but objects to the Committee's proposed blue-ribbon panel. This proposal would add significant administrative and procedural requirements to the process, delay the Deepwater contract by at least a year, and be more costly than the Administration's proposed advisory council. The advisory council would provide an objective, third-party assessment of the Coast Guard's roles and missions in a time frame consistent with the planned Deepwater procurement.

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
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Message Copied To:



Kate P. Donovan
07/27/98 04:45:15 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 Energy & Water Conferees Letter

We aim to send the Energy & Water conferees letter tomorrow, Tuesday morning. Please review the draft and provide comments by 9am 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. 4060, the Energy and Water Development 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 challenges faced by both the House and Senate in funding a wide array of needs within tight budgetary constraints. However, we are concerned that the increase provided by both the House and Senate for Army Corps of Engineers projects -- \$723 million and \$566 million, respectively -- has come at the expense of other priority programs.

Army Corps of Engineers

We urge the conferees to redirect some of the unrequested funding added for Army Corps of Engineers construction activities to fully fund priority Corps activities, including the Columbia and Snake River salmon recovery efforts and Everglades restoration, at their requested levels, and to ameliorate harsh cuts in other priority programs funded by the bill.

Solar and Renewable Energy

The House-passed bill eliminates the Administration's requested increase for the solar and renewable energy program, effectively freezing the program at its current level and eliminating funding for many valuable cost-shared projects with industry. The House bill also

cuts in half requested new funding for fundamental research into carbon sequestration and climate-change dynamics, a reduction of \$13.5 million from the President's request. The sum of these funding decreases would result in a reduction of about one-third -- over \$100 million -- in the President's total requested increase for the Department of Energy (DOE) for development of clean, non-greenhouse gas power sources.

The Administration strongly opposes these reductions, which would seriously undercut DOE's ability to move into the next phases of some of the most promising research now underway, eliminate accelerated introduction of clean power sources, and restrict our ability to lower greenhouse gas emissions levels. These programs provide numerous benefits, including greenhouse gas reduction, increased industrial competitiveness, increased job opportunities, reduced energy costs for consumers, increased energy independence, and improved air quality. The conferees are urged to fully fund these important programs.

The Administration strongly supports the effort in the Senate to increase funding for solar and renewable R&D. However, the Administration would like to work with the conferees to locate an alternative to the across-the-board reduction used to offset this spending, which would, for example, require reductions in the Science account of over \$42 million and possibly lead to RIFs in departmental offices.

Department of Energy Defense Activities

The House would reduce by \$358 million, and the Senate by \$54 million, the President's request for nuclear weapons activities. The Administration strongly objects to the severe reductions in the House bill and urges the conferees to provide at least the Senate level. The House bill states that \$305 million of its reduction is to come from the use of prior-year balances. Such large balances are not available. This cut would force real reductions in critical programs needed to ensure the safety, security, and reliability of America's nuclear deterrent.

The House version of the bill would cut \$15 million from the request for the Worker and Community Transition Program and would add \$16 million for the unrequested acceleration of decommissioning activities at old facilities used for Naval Reactors Development. The Naval facilities are in safe shutdown condition and are not a threat to the environment. The Administration objects to the shifting of funds needed to assist displaced workers to accelerate low-priority activities. We urge the conferees to adopt the Senate position.

Science and Fusion

The Administration appreciates the efforts of both the House and Senate to fully fund the majority of the Science accounts. However, the Administration strongly urges the conferees to approve the Senate level of \$157 million for construction of the Spallation Neutron Source (SNS) in FY 1999, which is equal to the President's request. The

Administration is committed to providing the resources required to complete the SNS on schedule and on budget.

The Administration also objects to the elimination of funds for the Next Generation Internet (NGI) program by the House and the overall reduction made by the Senate to Computational and Technology Research (the parent account for NGI). The House bill would eliminate all of the requested funding, and the Senate bill does not provide the total \$22 million request. The NGI initiative, announced by the President last Fall, provides the R&D necessary to revolutionize high-speed networking capabilities in the United States. Some DOE laboratories and their researchers will be among those to benefit from the 1,000-times faster network to be established by the NGI. Further, the multi-agency NGI effort would suffer without the participation of the Department's leading networking researchers and advanced user communities.

Finally, the Administration objects to the House's elimination of funding for participation in the extension of the international planning process to design the International Thermonuclear Experimental Reactor (ITER). This action would negatively impact U.S. participation in present and future international fusion efforts. Moreover, since the United States hosts the international design center in San Diego, California, the Administration is concerned that a U.S. withdrawal from the ITER-planning process would undermine the credibility of the United States in future negotiations on international science projects, in general.

Environmental Management

The Administration objects to the \$230 million and \$275 million cuts in the House and Senate bills, respectively, for the Defense Environmental Management Privatization account. Likewise, the Administration opposes the \$47 million reduction in the House bill and \$77 million reduction in the Senate bill for the Uranium Enrichment Decontamination and Decommissioning Fund. The House and Senate assume the availability of prior-year balances (\$30 million in the Senate bill, \$94 million in the House bill). The Department intends to use these balances to meet ongoing requirements. Therefore, the use of prior-year balances would force real reductions in work needed to meet required compliance milestones and to complete nuclear waste cleanup of DOE facilities. The Administration strongly urges the conferees to fully fund these important programs.

Nuclear Waste Disposal

The House-passed bill's reduction of \$30 million to the request for the civilian radioactive waste program, combined with its directive to reduce support services by ten percent, would significantly reduce the quality of data and analysis for the Draft Environmental Impact Statement (DEIS) at Yucca Mountain. A quality DEIS, which is an FY 1999 milestone, is a necessary prerequisite to an FY 2001 Site Recommendation. Likewise, we oppose the Senate's diversion of \$15 million requested for the Defense Nuclear Waste Disposal Account to begin long-term research on accelerator transmutation of waste, a highly

controversial and costly technology that, even if ultimately found feasible many years from now, will require a reprocessing infrastructure and not obviate the need for permanent nuclear waste disposal.

Bureau of Reclamation

The Administration urges the conferees to fund the request for the California Bay-Delta program at least at the House level and to acknowledge the need to extend the program's authorization. We also urge the conferees to restore cuts to key Bureau of Reclamation programs -- the \$16 million House reduction and \$10 million Senate reduction to the environmentally important, user-financed Central Valley Project Restoration Fund and the \$11 million House cut to vital dam safety work.

Tennessee Valley Authority

The Administration objects to the House bill's elimination of all appropriations for the Tennessee Valley Authority (TVA). TVA's non-power programs should receive Federal appropriations just as similar programs in other regions of the Nation are financed by appropriations to other Federal agencies. We urge the conferees to adopt the Senate position.

Other Issues

The Administration strongly objects to the House bill's provision of only \$5 million of the \$34 million requested for the Nuclear Energy Research Initiative and the Nuclear Energy Plant Optimization program and urges the conferees to restore funding to the requested level.

The Administration requests that the conferees revise, or eliminate, section 505 of the House version of the bill that would require the Nuclear Regulatory Commission (NRC) and other agencies to regulate environment, safety, and health concerns at the Lawrence Berkely National Laboratory (LBNL). As drafted, this provision fails to address major legal issues associated with NRC regulation of nuclear safety at LBNL. Specific statutory authorization may also be needed to provide appropriate agencies with proper jurisdiction for regulating occupational safety and health at that facility. In consultation with congressional committees, the Administration is developing a plan for regulation of both occupational and nuclear safety within the DOE complex.

The Administration objects to section 306 of the House bill, which would prohibit the Department from developing products or services for sale outside the Federal Government that are also produced in the private sector. This provision appears to preclude the Department from helping private sector entities to develop products or services, and from making sales of excess Department of Energy commodities or materials.

The Administration objects to section 306 in the Senate bill. This section would impair DOE's ability to ship transuranic waste to the Waste Isolation Pilot Project (WIPP). Transuranic waste at Savannah River, Hanford, Mound, and Los Alamos sites could not be transferred to WIPP for disposal. This language would also prevent closure of the Rocky Flats site by FY 2006, eliminate savings of up to \$1 billion, and add millions more in costs.

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

Sincerely,

Jacob J. Lew
Acting Director

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
William P. Marshall/WHO/EOP
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Lisa M. Kountoupes/WHO/EOP
Kathleen A. McGinty/CEQ/EOP
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Kerri A. Jones/OSTP/EOP
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RUDMAN_M @ A1@CD@VAXGTWY

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Kate P. Donovan
07/30/98 11:10:11 AM

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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: SENATE DEFENSE FLOOR SAP

WE ARE SENDING THE SENATE DEFENSE FLOOR SAP WITHIN A FEW MINUTES (ON SENATE FLOOR NOW). CALL ME IMMEDIATELY AT 5-4790 IF YOU HAVE ANY CONCERNS.

S. 2132 -- DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, FY 1999
(Sponsor: Stevens (R), Alaska)

This Statement of Administration Policy provides the Administration's views on S. 2132, the Department of Defense Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill providing requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fully fund the military pay raise and readiness programs at requested levels. Also, we are pleased that most of the modernization priorities of the Department of Defense are funded at or near requested levels. However, the Administration is disappointed that the Senate, based on OMB's preliminary scoring, has provided \$475 million below the President's overall request for this bill due to increases in lower priority military construction projects. Also, as discussed below, the Administration has serious concerns about certain provisions included in the Committee bill, which must be addressed satisfactorily as the bill moves through the process.

Funding for Bosnia

The Administration regrets that the Committee did not include funding for our ongoing operations in Bosnia. U.S. military presence, albeit at lower force levels, is critical for continued progress in implementing the Dayton Peace Accords. Although funding requirements for operations in Bosnia were not known when the FY 1999 Budget was prepared, the Administration created a funding reserve in the budget to cover these costs, and on March 3, 1998, the President requested funding for this purpose. A secure funding source at the start of the fiscal year allows the Department to manage its readiness accounts effectively throughout the year. The Administration strongly urges the Congress to provide emergency funding in the Defense Appropriations bill to support the U.S. troops in Bosnia.

Unrequested Funding

The Committee bill increases funding for programs that due to higher priority military requirements are not in the Future Years Defense Program (FYDP), or, that should not be funded at the expense of DoD's FY 1999 requirements. These increases include \$50 million for continued operation and modification of excess B-52 bombers, \$255 million for three additional C-130J airlift aircraft, \$287 million for National Guard and Reserve equipment (not including C-130 aircraft), \$94 million for the Space Based Laser program, and \$50 million for advance procurement of the LHD-8 amphibious ship. Moreover, to complete procurement of the LHD-8, extensive funding will be required in later years. These increases would be at the expense of higher priority defense programs.

Reduction in Request for Intelligence Budget

The Administration objects to the Committee's significant reduction to the FY 1999 funding request for U.S. intelligence. The Committee's reduction would slow the Administration's efforts to strengthen our Intelligence capabilities. The Administration urges the Senate to appropriate the full amount of the President's request to ensure that the Intelligence Community can meet the most pressing needs of our national policy makers and combatant commanders. The Director of Central Intelligence will provide additional detail on these classified issues prior to the conference on the Defense appropriations bill.

O&M Adjustments

The Administration appreciates the bill's emphasis on preserving military readiness through strong funding of most O&M programs. However, force readiness could be threatened by the bill's reductions to other O&M efforts, such as civilian personnel pay. The President's request is very tightly constructed within the discretionary caps agreed to in the Bipartisan Budget Agreement. Any adjustments must be carefully evaluated to ensure that sufficient funding is available for DoD operations and support programs. The Administration is also concerned that additional restrictions may be placed on O&M accounts that would further hinder the ability of field level commanders to meet mission requirements quickly in a constantly changing environment. The Administration would like to work with the Congress to address these issues prior to final congressional action on the bill.

Reduced Funding for the Next-Generation Aircraft Carrier

The Committee bill would reduce funding for research and development of CVX-78, the next-generation aircraft carrier, by \$116 million, a 61-percent decrease from the President's request. A reduction of this magnitude would jeopardize the Navy's ability to design and deliver new aircraft carrier technologies and would make it difficult to achieve life-cycle cost reductions, a major goal of the aircraft carrier development program. The Administration urges the Senate to restore funding to this important development effort.

Reduced Funding for Dual Use R&D

The Committee has provided \$36 million for the Dual Use Applications Program, \$30 million below the President's request, and \$73 million for the Commercial Operations and Support Savings Initiative, \$30 million below the request. The Administration urges full support of these programs, which are needed to ensure that DoD systems employ technologies used in

commercial products to good advantage. These dual-use technologies will help lower production and support costs and help modernize many DoD systems more readily than could be done through use of DoD-unique technologies.

Next Generation Internet

The Committee has provided only \$30 million for Next Generation Internet (NGI) funding, \$10 million less than requested. Funding this program will support research into high-rate data networking technologies that will be needed by DoD's information-intensive systems in the near future. The Administration urges full funding of the NGI request.

Potential Objectionable Amendments

The Administration understands that several amendments may be offered which would undermine the President's prerogatives as Commander-in-Chief and potentially harm U.S. national security. These amendments would: prescribe a force drawdown in Bosnia; potentially require prior congressional authorization of actions taken by the President to protect our national security pursuant to his authority under the Constitution; and, alter the current commercial satellite export licensing jurisdictions of Executive Branch agencies. The President's senior advisors would recommend veto of this bill if it includes amendments such as these.

Message Sent To: _____



Kate P. Donovan
07/27/98 07:37:02 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: SENATE TREASURY/POSTAL SAP

We now expect the Senate to turn to the Treasury/Postal FY99 Appropriations bill tomorrow around 11am. Please note: Potential amendments are listed on the last page and include 1) sunsetting the tax code: **Sect. of Treas veto recommendation**; & 2) transfer of satellites to China: **Senior advisors veto if amendment is included - need WW decision (NSC feels strongly about seniors advisors veto)**. Please provide comments/clearance by 10am Tuesday. Thanks.

**H.R. 4104 -- TREASURY AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1999**

(Sponsors: Stevens (R), Alaska; Campbell (R), Colorado)

This Statement of Administration Policy provides the Administration's views on S. 2312, the Treasury and General Government Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee 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. 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 Senate will reduce funding for lower priority and unrequested discretionary programs.

Below is a discussion of our specific concerns with the Committee-reported bill. We look forward to working with the Senate to resolve these 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. It is essential to make Y2K funding available quickly and flexibly as new needs arise. The Administration appreciates the Committee's action to provide \$3.25 billion in contingent emergency funding for this purpose. We urge Congress to leave as much as possible of the reserve unallocated so that funds are available to address emerging needs.

Obligation Delays

The Administration strongly objects to language in the Senate Committee 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 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.

Internal Revenue Service

The Administration appreciates congressional support for IRS information technology investments. However, the Administration urges the Senate to adopt the \$210 million for modernized information systems provided in the House bill.

U.S. Customs Service

The Administration is concerned about the funding level for Customs' Automated Commercial Environment (ACE). 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 Committee has funded only \$8 million of the requested \$56 million level, and has imposed an obligation delay against the \$8 million provided, which would cause the modernization effort to come to a halt. To accommodate the full amount requested, the Administration has proposed funding

the majority of ACE requirements through a user fee paid by those who stand to benefit most from this system, the trade community.

Bureau of Alcohol, Tobacco and Firearms (ATF)

The Administration appreciates the efforts of the Committee 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 reconsideration of funding for the Violent Crime Coordinator initiative, as the U.S. Attorneys have requested additional ATF support for bringing cases involving violent criminals to the Department of Justice for prosecution.

We are concerned about the Committee's lack of support for ATF headquarters relocation.

U.S. Secret Service

The Administration is concerned that by redirecting \$13 million to Secret Service travel costs, the Committee has effectively undermined 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.

Law Enforcement Vehicles

The Administration objects to the elimination of funding for Treasury law enforcement vehicle replacement. Replacement funds are critical from a public safety perspective, as aging vehicles present an inordinate risk to the lives of both Treasury personnel and the public.

Federal Law Enforcement Training Center

The Administration urges the Senate to adopt the funding level for the Federal Law Enforcement Training Center (FLETC) proposed by the President. In particular, the Committee makes no provisions for funding of a dormitory for FLETC's Glynco campus. This dormitory is needed to help FLETC absorb the increased law enforcement training needs of the Immigration and Naturalization Service and the Bureau of Indian Affairs.

Unanticipated Needs

The Committee bill fails to provide the requested \$1 million to enable the President to meet unanticipated needs in furtherance of the national interest, security, or defense. The Administration urges the Senate 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 the bill includes 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 House to restore the pay raise for Federal judges and employees paid under the Executive Schedule.

Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support the Committee has provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the Senate to provide the full amount requested for ONDCP's Special Forfeiture Fund, especially the national youth anti-drug media campaign. The Senate could fully fund the budget request for the media campaign by reducing amounts earmarked by the Committee for unrequested ONDCP programs. The Administration opposes bill language that would bar funding for: new ads, Internet programming, joint efforts with the entertainment industry, partnerships with community and other organizations, and evaluation of the effectiveness of the media campaign. Unless the Senate rectifies these problems, our efforts to meet the targets established in ONDCP's performance measures would be negatively affected.

Federal Buildings Fund

The Administration is pleased that the Committee has provided \$14 million for the design of a new Department of Transportation 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 Committee bill would delay the availability of funding until September 30, 1999, for the repair and alterations program (\$324 million), rental of space program (\$52 million), and building operations program (\$31 million). The Administration is concerned that a delay in obligations would essentially eliminate the FY 1999 basic repairs and alterations program, which provides for emergency repairs and ensures the operational continuity of facilities.

The Administration is also concerned that the Committee bill provides 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 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.

Federal Election Commission

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

Paperwork Reduction Act and Congressional Review Act

The Administration shares the Committee's interest in improving the implementation of the Congressional Review Act and the Paperwork Reduction Act. However, we have concerns with several provisions of the Committee bill. We would like to work with the Committee to resolve these outstanding issues.

Language Provisions

The Administration strongly objects to section 117 of the Committee bill. This provision would undermine the authority of the President to use assets of countries under economic sanctions pursuant to the Trading with the Enemy Act or the International Economic Powers Act as leverage when economic sanctions are used to modify the behavior of a foreign state, or are used in negotiations with that state in an effort to normalize relations.

The Administration objects to language 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.

The Administration is concerned that section 115 of the 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 Senate 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.

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

Potential Amendments

It is our understanding that an amendment may be offered to the bill that would repeal the current tax code effective December 31, 2002 and require Congress to pass legislation establishing a new tax system by July 4, 2002. It would not be responsible for Congress to enact legislation to terminate the tax code without having already provided a reform plan to replace it. Many families, for example, would refrain from buying homes because of the uncertain tax treatment of mortgage interest and property taxes (as well as other State and local taxes). Many businesses would hire fewer workers and make fewer capital investments because of uncertainties in how taxes would affect the return on productive assets. Furthermore, the uncertainty of the size of future receipts would raise the specter of increased Federal deficits which in turn would raise interest rates and weaken or destroy economic growth. The Secretary of the Treasury has stated that he would recommend to the President that he veto this bill if it contains this amendment.

The transfer of commercial satellites from the Commerce Commodity list to the munitions list will adversely impact the U.S. satellite manufacturing industry with no benefit for national security. The current system for licensing communications satellites contains a more robust national security review process than was previously in place under the State Department system. **If the amendment proposed would be contained in the final bill sent to the President, his senior advisors would recommend that he veto the bill. [Need decision on veto level - NSC feels strongly about senior advisors veto.]**

Message Sent To: _____