

**NLWJC - Kagan**

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**Budget Materials - Appropriations  
Letters FY99 [4]**



Kate P. Donovan  
07/29/98 03:39:26 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 APPROPS HOUSE LETTER

Below is the House Full Committee letter regarding District of Columbia FY99 Appropriations. The Committee meets Thursday at 9:30am; therefore, we need to send the letter this evening. Please provide comments/clearance by 6:30pm tonight. 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 the District of Columbia Appropriations Bill, FY 1999, as reported by the Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates the Subcommittee'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. Likewise, we appreciate the Subcommittee's action to provide full Federal funding for the D.C. Court System, Offender Supervision Trustee, and Corrections Trustee. However, the Administration is deeply concerned about a number of provisions of the Subcommittee bill, as described below. We urge the Committee to report a bill that addresses the Administration's concerns.

#### Overall Federal Funding

The Subcommittee bill is approximately \$62 million less than the \$491 million request and the House 302(b) allocation for the Subcommittee. The Administration is deeply concerned that this level will deny the citizens of the District needed support and services and opportunities for economic development. We strongly urge the Committee to appropriate this funding for its intended purpose -- to support the economic revitalization of the District of Columbia.

#### 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 regret that the Subcommittee has provided only \$1 million to support economic development in the District. The Administration strongly urges the Committee to appropriate additional resources for economic development in order to provide funding closer to the President's request.

### Public Education System

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

The Administration understands that an amendment may be offered that would 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. If such an amendment were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

### Abortion

The Administration strongly opposes the abortion language of the Subcommittee 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 the provisions of the Subcommittee 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. Specifically, the Administration opposes provisions of the bill that would prohibit the use of local funds to pay the salary or expenses of an officer or employee of the Authority who has not provided a

monthly statement of the balance of each Authority account to the Chief Financial Officer of the District of Columbia, as required.

In addition, the Administration is concerned about provisions that would undermine the responsibilities of the Superintendent of the District of Columbia Public Schools, including a provision that would prohibit the use of local funds to pay the salaries of public school officials or employees who provide false enrollment or attendance information, and a provision that would prohibit the use of local funds for pay raises for District of Columbia public school teachers who have not passed competency tests in literacy, communications, and subject matter skills.

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.

Sincerely,

Jacob J. Lew  
Acting Director

Identical Letter Sent to The Honorable Bob Livingston,  
The Honorable David R. Obey, The Honorable Charles H. Taylor,  
and The Honorable James P. Moran

Message Sent To: \_\_\_\_\_

## CONGRESS RETREATS FROM SUPPORT FOR EDUCATION AND YOUTH

*I will not allow America to abandon our vital mission of preparing our children for the world of the 21st Century. I will not allow our 21st Century children to enter the future with inadequate 20th Century skills.*

President Bill Clinton

July 29, 1998

In a speech to the 2nd World Congress on Education International, President Clinton sharply rebuked Congress for shortchanging children the appropriations bill moving through the House of Representatives. The House Republican Labor-HHS-Education Appropriations bill currently eliminates the Summer Jobs Program, cuts \$2 billion from the President's education priorities, and stops progress on national tests in the basic skills.

**The House bill eliminates the \$871 million Summer Jobs initiative.** The House Bill eliminates the Department of Labor's Summer Jobs Program, which would deny more than *half a million* disadvantaged young people the opportunity to gain skills and valuable work experience over the summer months. Studies show that the Summer Jobs initiative works. A 1995 report concluded that more than three out of four young people enrolled in the program would have been jobless without it.

**The House bill cuts needed investments to strengthen our public schools.** President Clinton has proposed a bold agenda to strengthen our public schools, by raising standards, increasing accountability, and expanding parental choice in public schools. The House Republican Labor-HHS bill shortchanges our public schools by cutting \$2 billion from the President's request for education investment. In particular, the House bill:

- **Eliminates funds for reading tutors.** The House bill eliminates \$260 million for the President's America Reads Challenge, denying funding to schools and communities to improve reading programs and provide tutors to students who need extra help.
- **Denies funds for after-school programs.** The House bill reduces the President's request for the 21st Century Community Learning Centers program by \$140 million, denying approximately 425,000 school-age children participation in before- and after-school programs.
- **Denies disadvantaged students help in the basic skills.** The House bill denies funds to help an additional 520,000 educationally disadvantaged students master the basic skills by cutting the President's request for Title 1 by almost \$400 million.
- **Slows progress in putting computers in the classroom.** The House bill denies funding to 400 school districts to provide students and teachers with access to computers and denies specialized technology training to a large number of new teachers by cutting the President's request for education technology programs by \$125 million.
- **Eliminates funding for middle school safety coordinators.** The House bill denies 6,500 middle schools throughout the nation the \$50 million in funding necessary to provide for full-time Safe and Drug-Free Schools Coordinators.
- **Eliminates funding for Education Opportunity Zones.** The House bill denies grants to approximately 35 high-poverty communities to help them end social promotions, turn around failing schools, and strengthen accountability for teachers by eliminating funding

for the President's Education Opportunity Zones proposal.

- **Eliminates funding to spark interest in college.** The House bill denies more than one million (over 5 years) at-risk middle school students mentoring, tutoring, and other services to help raise education expectations, increase academic achievement, and eliminate barriers to college by eliminating \$140 million for the President's High Hopes for College program.
- **Cuts funding for School-to-Work programs.** The House bill reduces funding for School-to-Work Programs by \$100 million below the President's request, slowing state and local efforts to provide career-related coursework and work-based learning experiences to more than 1 million students in over 3,000 high schools.

**The House bill retreats from the nation's commitment to raise academic standards.** If we are to improve our schools, we must start by setting challenging academic standards and measuring student progress toward achieving them. President Clinton has proposed to help states, local communities, and schools across the nation take this step through the development of voluntary national tests in the basic skills, and through the Goals 2000 program, which supports the development of state and local academic standards.

- **Blocking Voluntary National Tests.** The House bill would halt the development of voluntary national test in 4th grade reading and 8th grade math, denying parents the ability to know if their children and their schools are meeting challenging national standards, and denying states and local communities the opportunity to use these tests on a voluntary basis. Eight states and 15 cities with 20 percent of the nation's students already have volunteered to participate in the tests. The National Academy of Sciences recently completed a Congressionally mandated study of the feasibility of an alternative approach that would attempt to link existing state and commercial tests, and determined that this approach is not feasible. Now is the time for Congress to move forward, rather than to stop development of the national tests.
- **Slashing Funds for Goals 2000.** In addition, the House bill would cut funding for the Goals 2000 program by \$245.5 million from current funding levels, and by \$255 million from the President's request for FY 1999. In so doing, the House bill would decrease 6,000 schools nationwide to help students reach high standards.

**Education Q&A's**  
**July 28, 1998**

- Q. Republicans claim that they simply have different funding priorities for education than the President. They have increased funding for IDEA, which will help local school boards free up their own money for other important education investments. What is wrong with that approach?**
- A.** The House Republican Labor-HHS-Education Appropriations fails to make the investments our students need to get a good education. Even taking into account the Republican increase in IDEA and a few other programs, their bill is \$1 billion less than the President's request. And it fails to fund the steps that will make a difference for our students, and the steps the American people support, such as the President's America Reads program, and the President's proposals to reduce class size, modernize our schools, raise standards, end social promotions, provide after-school programs, and keep middle schools safe.

[NEC] DRAFT

## President Clinton: Supporting Summer Jobs A Critical Investment in the Future of our Young People

**One of the Most Extreme Cuts in the House Republican Bill Is the Complete Elimination of the Successful Summer Jobs Program -- Denying Roughly *Half A Million* Disadvantaged Young People the Opportunity to Gain Valuable Work Experience.**

- **Republicans Have Voted To Eliminate The Summer Jobs Program -- Denying 530,000 Young People Job Opportunities.** President Clinton proposes to invest \$871 million in the Summer Jobs program, which is its current funding level, to provide job and training opportunities for 530,000 disadvantaged young people. The House Republican Labor-HHS bill wipes out this critical program and all of its funding.
- **The Summer Jobs Program Works.** Last year, only one out of four African-American youth and one out of three Hispanic youth was employed. Youth training investments fill a critical need and reinforce core values like work, opportunity and responsibility. The Summer Jobs programs provides an estimated 25 percent of the summer jobs held by African American 14-15 years olds and at least 16 percent held by Hispanic 14-15 year olds.
- **Without this Program, the Unemployment Rate for Minority Teenagers Would Be Much Higher.** In fact, a 1995 Westat report concluded that more than three out of four young people enrolled in the program would have been jobless without it, especially 14-15 year olds.

### How The Summer Jobs Program Works:

- This program provides summer jobs and academic training opportunities for economically disadvantaged youth ages 14-21 during the summer. These jobs often include clerical positions, building maintenance, custodial, and repair positions, positions in recreation, camps, and playgrounds, landscaping and conservation positions, classroom aide positions, and positions in day care centers, libraries, and museums.
- The program exposes these young people to the world of work, teaches them responsibility, and helps build skills. It also attempts to help young people link what they learn during school to what they learn at the work site.
- State and local governments, together with the private sector, have primary responsibility for the development, management, and administration of the Summer Jobs Program. The Governors have approval authority over program planning and monitoring, while local service delivery areas assess the youth's needs and arrange for work sites and work-based learning experiences.





**U.S. DEPARTMENT OF EDUCATION  
HOUSE APPROPRIATIONS COMMITTEE CUTS IN  
THE PRESIDENT'S FY1999 PRIORITY EDUCATION PROGRAMS**

**July 16, 1998**

"On balance, this bill fails to provide young Americans with the schooling and training that will be essential to their success as working adults, and to our success as a nation. The bill is fundamentally flawed. Overall, it cuts \$2 billion from our request for education investment, short-changing initiatives on education reform, on raising educational achievement for our children, and on providing focused help for students who need it most... This bill shortchanges investments in education, and if it were sent to me in its current form, I would have no choice but to veto it."

-President William Jefferson Clinton, July 14, 1998

(IN THOUSANDS OF DOLLARS)

Program	FY1998	President's FY1999 Request	House Appropriations Committee FY1999	Funds Denied	Impact
<u>America Reads Challenge</u> . Helps children to read well and independently by the end of the third grade	- 0 -	\$260,000	- 0 -	(\$260,000)	Would deny funding to schools and communities to help improve reading programs by linking home, school, and community efforts; providing tutoring connected to quality classroom instruction; improving teacher training in reading; and providing family literacy activities to help children become successful readers.
<u>21st Century Community Learning Centers</u> . Funds school-community partnerships to keep schools open after regular hours as safe havens for enhanced learning	\$40,000	\$200,000	\$60,000	(\$140,000)	Would deny participation of approximately 425,000 additional school-age children in before- and after-school programs that include tutoring, computer classes, arts, music and cultural programs, supervised recreation and community service opportunities in safe, drug-free environments.
<u>Extra Help in the Basics (Title I LEA Grants)</u> . Helps disadvantaged students learn the basics	\$7,375,232	\$7,767,000	\$7,375,232	(\$391,768)	Would deny funds that would help an additional 520,000 educationally disadvantaged children boost their basic skills and improve the entire academic programs in schools.
<u>Technology Teacher Training</u> . Helps to train new teachers to use technology in the classroom	- 0 -	\$75,000	- 0 -	(\$75,000)	Would deny specialized training to a large number of new teachers entering the profession to help them learn to maximize the use of technology to strengthen curriculum and enhance student learning.

Program	FY1998	President's FY1999 Request	House Appropriations Committee FY1999	Funds Denied	Impact
<u>Technology Literacy Challenge Fund.</u> Helps provide computers, software and technology training to schools	\$425,000	\$475,000	\$425,000	(\$50,000)	Would deny Federal funding to 400 school districts to provide students and teachers with access to classroom computers, training, and the latest educational software and telecommunications technology to improve teaching and learning in the core subjects.
<u>Safe and Drug-Free Schools (State Grants and National Programs).</u> Helps schools become safe, drug-free learning environments	\$556,000	\$556,000	\$556,000	—	The Committee failed to earmark \$125 million for competitive grants to support effective prevention efforts in up to 100 school districts with severe drug and safety problems and quality prevention plans.
<u>Safe and Drug-Free Schools Coordinators.</u> Places drug and violence prevention program coordinators in middle schools	- 0 -	\$50,000	- 0 -	(\$50,000)	Would deny 6,500 middle schools (almost one-half in the country) the benefit of a full-time expert to plan, design, and implement successful drug and violence prevention programs.
<u>Educational Opportunity Zones.</u> Helps to raise student achievement in high-poverty urban and rural communities	- 0 -	\$200,000	- 0 -	(\$200,000)	Would deny grants to approximately 35 high-poverty urban and rural school districts to improve low-performing schools, to strengthen educational accountability, and to provide families with broader choices within the public school system.
<u>Raise Educational Standards - Goals 2000.</u> Helps schools raise academic standards, improve teaching, expand the use of technology and increase parental involvement	\$491,000	\$501,000	\$245,500 <sup>1</sup>	(\$255,500)	Would reduce by half the number of grants to States to support comprehensive local reform efforts, and would help 6,000 fewer schools develop challenging State standards, coordinate student assessments, enhance teacher preparation and licensure requirements, and provide parental and community activities.
<u>Upgrade Teacher Skills - Eisenhower Professional Development (State Grants).</u> Improves teachers' skills in core academic subjects	\$335,000	\$335,000	\$285,000 <sup>2</sup>	(\$50,000)	Would reduce the average State grant by \$950,368 and would deny Federal funds for improved professional development for a significant number of educators and other school personnel nationwide.
<u>Interagency Research Initiative.</u> Improves reading and math instruction	- 0 -	\$50,000	- 0 -	(\$50,000)	Would not fund a 5-year research initiative to develop strategies needed to improve the acquisition of reading and mathematics skills at the K-9 level, specifically focusing on critical periods in the cognitive development of children.

<sup>1</sup> The House Appropriations Committee removes the priority of raising standards in Goals 2000 by permitting the funds to be used as an unfocused, unaccountable block grant.

<sup>2</sup> The House Appropriations Committee removes the priority of providing sustained professional development for teachers in the Eisenhower program by permitting the funds to be used as an unfocused, unaccountable block grant.

Program	FY1998	President's FY1999 Request	House Appropriations Committee FY1999	Funds Denied	Impact
<u>School to Work</u> . Connects classroom learning to future careers and to real work situations.	\$200,000	\$125,000	\$75,000	(\$50,000)	Would reduce the average State grant by \$1,877,273 and the average grant for high-poverty urban and rural areas by \$121,000. Would significantly slow State and local efforts to provide career-related coursework and work-based learning experiences to substantially more than 1 million students in well over 3,000 high schools.
<u>High Hopes for College</u> . Gives disadvantaged students and their families pathways to college by connecting middle and high schools with colleges and universities	- 0 -	\$140,000	- 0 -	(\$140,000)	Would deny more than one million (over 5 years) at-risk, middle school students critical academic and support services such as mentoring, tutoring and college visits needed to raise educational expectations, increase academic achievement, and eliminate the barriers these students face in preparing for and pursuing a postsecondary education.
<u>Work-Study</u> . Helps students pay for college by working part time	\$830,000	\$900,000	\$850,000	(\$50,000)	Would deny approximately 57,000 students the opportunity to work and earn funds to help pay for college, learn general job-related skills and explore career opportunities while attending college.
<u>Teacher Recruitment and Preparation</u> . Helps to recruit and prepare talented, dedicated, and well-prepared teachers for America's classrooms	\$2,212	\$67,000	\$2,212	(\$64,788)	Would withhold funding for the President's plan to recruit, prepare and support excellent and diverse teachers by providing approximately 7,000 scholarships to help recruit new teachers for high-poverty urban and rural areas and to improve teacher preparation by establishing partnerships between schools and universities to give the teachers the best preparation possible.
<u>Learning Anytime Anywhere Partnerships</u> . Supports access to quality postsecondary education for underserved populations through the use of technology and related innovations	- 0 -	\$30,000	- 0 -	(\$30,000)	Would deny support to projects that would improve technology-based learning opportunities for individuals, such as the disabled, dislocated workers, those making the transition from welfare to work, and others who do not have easy access to traditional campus-based postsecondary education.
CUTS IN OTHER PRIORITY DISCRETIONARY EDUCATION PROGRAMS				(\$150,000)	

**TOTAL CUTS IN THE PRESIDENT'S PRIORITY DISCRETIONARY PROGRAMS: - \$2 BILLION**

## SCHOOL CONSTRUCTION AND MODERNIZATION, AND CLASS SIZE REDUCTION

Program	President's Request	Senate- and House-Passed Budget Resolutions	Difference	Impact of House- and Senate-Passed Budget Resolutions
<p><u>School Construction and Modernization.</u> Provides Federal tax credits to pay interest on bonds – making them interest-free – to help local communities make their school bonds go much further in renovating and building needed schools</p>	<p>\$3.3 billion over 5 years<sup>3</sup></p> <p>(\$21.8 billion in bonding authority for two years)</p>	- 0 -	- \$3.3 billion over 5 years	<p>Would not provide funds to build some 1,000 public schools and renovate more than 5,000 others to make them safer and less overcrowded, and to meet substantial enrollment increases and repair crumbling school facilities. Would make it much more difficult to have modern schools with smaller class sizes in communities throughout the country.</p>
<p><u>Class Size Reduction.</u> Reduces class sizes in grades 1-3 to give children more personal attention and get them on the right track</p>	<p>\$1.1 billion in FY1999</p>	- 0 -	- \$1.1 billion in FY1999	<p>Would deny funds to schools to hire and train an additional 100,000 qualified teachers over the next 7 years to reduce class size, provide children with more individual attention, make classrooms more orderly and help children learn to read.</p>

<sup>3</sup> Joint Committee on Taxation estimate.



Kate P. Donovan  
07/23/98 08:02:19 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 DC APPROPS SENATE SAP

WE WERE JUST INFORMED THAT THE SENATE IS GOING TO DO DISTRICT OF COLUMBIA TONIGHT - NEED CLEARANCE WITHIN 30MINS (8:30).

**S. 2333 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1999**  
(Faircloth (R), North Carolina)

This Statement of Administration Policy provides the Administration's views on S. 2333, the District of Columbia Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee.

The Administration appreciates the support of the Committee for developing a bill that provides sufficient Federal funding to implement successfully the National Capital Revitalization and Self-Government and Improvement Act of 1997. We are, however, deeply concerned about a number of provisions of the Committee bill and a potential amendment, as described below. We urge the Senate to approve a bill that addresses the Administration's concerns.

The Administration strongly supports improving public school choice for the District of Columbia through such innovative and proven approaches as charter schools. However, the Administration understands that an amendment may be offered that would provide for the use of private school vouchers in the District. The Administration would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools, and would draw resources and attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public. If such an amendment were adopted and included in the bill presented to the President, his senior advisers would recommend that the President veto the bill.

Economic Development Initiative

We appreciate the Committee's \$25 million appropriation in support of management

reforms. Nevertheless, the Administration strongly urges the Senate to grant the \$50 million requested in the FY 1999 Budget to capitalize the National Capital Revitalization Corporation (NCRC). The Administration believes that an independent economic development corporation is essential in order to ensure effective management coordination and oversight of projects in the District. Further, we believe that it is critical to the District's economic future to capitalize the NCRC in FY 1999.

The Administration appreciates the Committee's support in providing \$1 million to establish a National Museum of American Music and a City Museum and Visitors Center.

#### Adoption Services Improvements

The Administration supports section 149 of the Committee bill, The District of Columbia Adoption Improvement Act of 1998. This Act would provide much needed administrative and management reforms in the D.C. Child and Family Services Agency, including requiring Family Services to contract with private service providers to perform adoption and recruitment services and eliminating all administrative barriers to adoption. The Administration understands that an amendment may be offered that would prohibit unmarried couples from adopting children in the District. We would strongly oppose such an amendment.

#### 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

#### Public Education System

We are concerned that the bill does not provide sufficient funding to support educational services for all the students who wish to attend charter schools and other public schools in the District of Columbia. We look forward to working with the Committee and with the D.C. Public Schools to ensure that there is adequate flexibility to allow all eligible charter schools and their students to receive sufficient funding.

The Administration is committed to working with the Senate to produce a bill that will assist the District in its continued efforts toward financial recovery.



Kate P. Donovan  
07/21/98 05:55:23 PM

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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: Foreign Operations House Committee Letter

House full committee is marking up the Foreign Operations bill tomorrow morning; therefore, we need to send this letter to the Hill tonight. Sorry for the very short turnaround, but please provide comments/clearance by 7pm tonight. Thanks.

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1999, as reported by the House Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Subcommittee 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. As a result, a number of key programs are seriously under-funded, which raises issues of congressional support for an effective foreign policy, a strong national security policy, and continued economic prosperity. In addition, the full request for the International Monetary Fund is not approved, and there are a number of objectionable restrictions on funding in the bill. If the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill.

This legislation is a critical element of America's national security budget. At the dawn of a new century, America faces unique challenges and unprecedented opportunities to strengthen our national security, enhance our global leadership, extend the reach of our democratic values, and deepen our own prosperity. The challenges we face are formidable. If this bill in its current form were to become law, however, it would erode our ability to promote effectively critical American interests at home and abroad. It would require us to walk away from problems that can and must be solved. The responsibility of safeguarding our national security and exercising U.S. leadership cannot be bought on the cheap. We urge the

Congress to provide the leadership needed to keep America safe, strong, and prosperous.

The only way to achieve the appropriate investment level for the programs funded through this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. 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.

### International Monetary Fund

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

The IMF's financial resources are nearing historic lows, especially after the recent commitments to Russia, which necessitated the activation of the IMF's emergency credit lines, the General Arrangements to Borrow (GAB), for the first time in twenty years. Without the entire \$18 billion in new funding, composed of the quota increase and the U.S. share of the New Arrangements to Borrow (NAB), the IMF -- and hence the United States and the world -- will remain vulnerable if new, escalating, or spreading systemic crises occur. To protect America's economic strength Congress must act now to pass the full quota. The Subcommittee's bill further proposes several conditions on IMF funding that, while directed at objectives we share, are unworkable in their current form and, therefore, could have the effect of delaying indefinitely the availability of these critical resources to the IMF. Neither the quota increase nor the NAB can go into effect without the participation of the United States; conversely, the rest of the world would act swiftly once the U.S. agrees.

### New Independent States

Completing the peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security, a goal that Congress has shared and strongly supported up to the present. The current political/economic situation in Russia and the enormous economic potential of the Caspian Basin represent great opportunities to advance



our mutual goals. Therefore, the cuts embodied in the Subcommittee's funding level for USAID assistance programs to the NIS are especially unfortunate. These cuts would make it extremely difficult to push for market reforms and support democratic forces across the region. With respect to continued restrictions on U.S. assistance to Azerbaijan, the Administration strongly favors repeal. These restrictions are a disincentive for securing peace in the Caucasus and do not serve U.S. national interests.

#### Middle East Assistance

The Administration welcomes the efforts of the Subcommittee to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond. However, due to the very constrained funding levels for international affairs programs, the Administration has proposed an accelerated approach to the reduction of Israel's ESF. We would encourage the Committee to give strong consideration to such an approach as the bill proceeds through the process. Finally, we favor maintaining Foreign Military Financing funding levels of \$1.3 billion for Egypt in FY 1999.

#### Economic Support Fund

The Administration is concerned with the overall funding level for the ESF account. At the Subcommittee mark, the account would not nearly have sufficient resources to continue supporting economic and political stability in Latin America, and in other emerging democracies in Africa and Asia. We strongly encourage the Committee to support a higher funding level for the ESF account as the bill moves forward.

#### Global Environment Facility

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

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

The Administration is concerned with the \$64 million, or 30 percent, cut to the \$216

million request for NADR. This reduction undermines the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Specifically, we strongly oppose the unacceptable certification language and inadequate funding level for KEDO, a cornerstone of our nonproliferation policy. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it guts planned improvements in our ability to monitor nuclear testing worldwide. The recent Indian and Pakistani tests are a stark reminder of the importance of this monitoring. As well, we would be forced to reduce support for NIS science centers, demining efforts, and other related activities.

#### Peacekeeping Operations (PKO)

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

#### Trade and Investment Financing

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

#### U.S. Agency for International Development (USAID) Operating Expenses

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

#### International Disaster Assistance

In light of the continuing needs created by both natural disasters and ongoing civil conflicts, we urge the Committee to provide a higher level of funding for this

account. The Subcommittee mark would cripple our efforts to respond expeditiously and effectively to countries in transition from crisis caused by political and ethnic conflict.

#### U.S. Agency for International Development Credit Programs

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

#### U.S. Agency for International Development Child Survival, Diseases, and Basic Education

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

#### Exchange Stabilization Fund

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

#### Treasury International Affairs Technical Assistance Program

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

#### International Organizations and Programs (IO&P): U.N. Population Fund (UNFPA)

The Subcommittee bill reduces the request for IO&P by \$55 million and unfortunately eliminates funding for UNFPA, which provides support for women in family planning matters

in a number of countries not served by U.S. assistance programs. UNFPA does not fund abortions. The overall reduction in IO&P would limit U.S. ability to participate and support a number of international organizations.

### Peace Corps

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

### Community Adjustment and Investment Program (CAIP)

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

### Year 2000 Conversion

The need to conform with Year 2000 conversion requirements mandates the additional investments in information technology and credit management that are included in the requests for USAID Operating Expenses, Peace Corps, and the other agencies funded in this bill. It is essential to make Year 2000 funding available quickly and flexibly. The House action striking the emergency fund in the Treasury and General Government appropriations bill is very troubling, particularly in light of the decision of several Subcommittees, including this one, not to fund the base request for Year 2000 conversion.

We look forward to working with you to address our mutual concerns.

Sincerely,

Jacob J. Lew  
Acting Director



Kate P. Donovan  
07/20/98 09:04:09 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: Interior FY99 Appropriations SAP

Below is the draft House Floor SAP for the Interior FY99 Appropriations bill. The House is expected to take up the bill around ~~10am~~ Tuesday morning. Therefore, we need your comments/clearance no later than 9:30am Tuesday. Thanks.

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

(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

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. Your consideration of the Administration's views would be appreciated.

The Administration urges the House to pass a clean bill that does not attempt to roll back environmental protections and circumvent the proper public process by attaching riders to appropriation bills. Regrettably, the Committee bill under-funds priority programs and includes damaging riders, such as the provision concerning the Interior Columbia Basin Ecosystem Management Project. In addition, it is our understanding that, if adopted, the rule for consideration of the bill will permit a single Member to strike all funding for the National Endowment for the Arts. Based on these concerns, if the Committee bill, as modified by the rule and associated motion, were presented to the President, the President's senior advisers would recommend that he veto the bill.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation such as funding for national park operations. 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.

Below is a discussion of our specific concerns with the Committee bill. We look forward to working with the House to resolve these concerns as the bill moves forward.

### Departments of the Interior and Agriculture

The Administration appreciates the Committee's funding of maintenance programs, particularly those for health and safety, in Interior's land management agencies. However, the Administration strongly objects to inadequate funding provided by the Committee for high priority programs within the Department of the Interior and the Department of Agriculture, including Committee actions that would:

reduce by more than half the \$270 million requested from the Land and Water Conservation Fund to protect our national parks, forests, refuges, and public lands, with Everglades land acquisition funds cut by 75 percent. This drastic 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;

provide no funding for the Millennium program protecting artifacts of our National heritage (see discussion below);

deny most of the requested \$128 million increase for Interior and the Forest Service to implement the Clean Water Action Plan;

fail to provide the requested \$15 million for the Disaster Information Network providing enhanced data to protect Americans;

deny \$29 million of the \$36 million increase requested for the Endangered Species funding, including landowner incentive grants;

fail to provide requested increases for the Bureau of Indian Affairs education operations and construction, the Indian Country law enforcement initiative, and the land consolidation pilot project and other trust system reforms;

provide little or no funding elsewhere in California for hazardous fuels reduction due to excessive funds made available to the "Quincy Library Group," in California;

make significant reductions to the Forest Service's Wildlife and Fisheries Management, Rangeland Management, and Watershed Improvement programs, which would limit rangeland vegetative restoration and limit watershed improvements with approximately 12,250 fewer watershed acres protected or restored; and,

eliminate the Forest Service's Stewardship Incentive Program and significantly reduce

its Forest Legacy Program. Both of these programs support local communities and private landowners and effectively leverage Federal funds.

Forest Service General Administration. The rule would shift \$67 million from General Administration to wildland fire suppression. This is unnecessary since the Committee mark is at the request level and a \$250 million contingency is available for use if necessary. Such a transfer would deprive individual national forests of important on-the-ground natural resource management capability, delay needed Forest Service computer system and financial accountability improvements, and unwisely eliminate key agency leadership positions.

Priority Land Acquisition Funding. The Administration objects to the Committee's continued inaction on the promised congressional release of the \$362 million appropriated from the Land and Water Conservation Fund in FY 1998. 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 list with FY 1999 funding, resulting in critical acquisitions planned for both years being delayed and unfunded.

Millennium Program. The Administration strongly urges the House to provide funding in FY 1999 for the "Millennium Program to Save America's Treasures." The Committee has failed to provide any funding for this important effort. The President's budget requests \$50 million to increase the Historic Preservation Fund to make a special effort to preserve our history and culture as we enter the new millennium. This program is designed to leverage Federal, State, and private funding to have the greatest collective impact on our rapidly deteriorating national treasures.

Purchaser Road Credit Program. The Administration fully supports the Committee's decision to eliminate the Purchaser Road credit program. The Committee bill includes a provision that would ensure that the value of road construction by purchasers continues to be included in calculations for the Payments to States. To permit increased certainty and better local planning more directly, we urge the House to adopt the Administration's proposal to provide a high, fixed level of payments to States.

Timber Sales. The Administration objects to the increase of \$12 million over the request for timber sales in order to produce 3.6 billion board feet, 200 million board feet over the budget estimate.

#### Language Provisions

The Administration strongly objects to certain language in the Committee bill, including provisions that would:

unwisely terminate the Interior Columbia Basin Ecosystem Management Project in six Northwest States, forcing individual amendments to 74 land management plans;

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

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

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

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

impose an excessive, strictly defined, road easement across the Chugach National Forest in Alaska, thereby preventing the Government from making modifications to protect the environment while authorizing environmentally damaging management practices and undermining an ongoing discussion to determine the most appropriate road corridor based on a 1982 agreement.

#### Indian Health Service (Department of Health and Human Services)

✓ The Administration is concerned that the Committee has not included a \$10 million increase requested for prevention and treatment of alcohol/substance abuse and breast/cervical cancer, which is part of an HHS-wide effort to reduce health disparities in minority populations. The Administration intends to work with the Congress to fund these important initiatives within funds available for the Indian Health Service. The Administration is also concerned that the Committee has included authorizing language, without hearings or tribal consultation, that would require contract support costs to be distributed to tribes and tribal organizations on a pro-rata (proportional) basis.

#### Department of Energy

The Administration strongly objects to the House's severe reduction to the Department of Energy's Energy Conservation program. While the Committee mark appears to be \$18 million higher than the FY 1998 enacted level (\$630 million vs. \$612 million), it includes \$43 million for a program that previously has been funded in the Fossil Energy R&D account. The House's funding for the programs traditionally included in the Energy Conservation Account is \$587 million, a cut of \$25 million from the FY 1998 level and a reduction of \$222 million from the President's request of \$809 million. Within this reduction, particularly severe damage is done to the Partnership for a New Generation of Vehicles (PNGV), for which the Committee mark is \$14 million (roughly 10 percent) less than the current appropriation and \$45 million below the request.



These cuts would eliminate all of the Administration's requested increase in Energy Conservation for development of technologies to improve industrial, transportation, and building efficiencies and to reduce carbon emissions. The inclusion of several special-interest earmarks in the Committee Report also would reduce the President's ability to gain maximum benefit from the available funds. The inclusion of the \$43 million in the Energy Conservation account to fund a utility-scale turbine program that would continue to be managed by the Fossil Energy program is an inefficient management practice that would dilute accountability and should be avoided.

The Committee mark eliminates all of the funding requested for the Energy Information Administration to work on carbon emissions accounting and analysis (\$2.5 million), and eliminates all of the requested increase in Fossil Energy R&D for high-priority carbon sequestration research (\$10 million). The President's budget also requested \$36 million for payment to the State of California for the Retired Teachers System, which is not included in the Committee mark. The Administration prefers that this payment be appropriated consistent with P.L. 104-106.

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.

#### National Foundation on the Arts and Humanities

The Administration appreciates the Full Committee's restoration of funding for the National Endowment for the Arts (NEA). The Administration strongly objects to striking NEA funding and strongly supports the amendment to restore such funding. We urge the House 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 the requested level of \$26 million.

#### Smithsonian Institution

The Committee's \$397 million overall funding level for the Smithsonian, which is \$22 million less than the Administration's request, would prevent the Institution from addressing current pressing needs. The Administration is concerned with the lack of support for the Smithsonian's National Museum of the American Indian. The Administration encourages the Committee to provide the \$16 million request for the construction of the Museum on the Mall, as well as the full \$11 million requested for the programs and operations of the Cultural Resources Center. In addition, the Administration urges that the \$3 million request for digitization of Smithsonian exhibits be restored.

#### John F. Kennedy Center for the Performing Arts

The Administration urges the House to provide the full \$33 million requested for the Kennedy Center. In particular, we ask that the Committee provide the full construction request of \$20 million, which is also included in the Administration's pending authorization

bill.

Holocaust Museum

The Administration urges the House to provide the full \$32.6 million requested for the Holocaust Museum.

Infringement on Executive Authority

There are several provisions in the Committee 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.

Message Sent To:

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Rahm I. Emanuel/WHO/EOP  
John Podesta/WHO/EOP  
Gene B. Sperling/OPD/EOP  
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Elena Kagan/OPD/EOP  
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Kate P. Donovan  
07/20/98 10:17:45 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: C/J/S SENATE FLOOR SAP

The Senate plans to begin consideration of the C/J/S FY99 Appropriations bill later this afternoon. Please review the draft and provide comments/clearance no later than 3pm today. Thanks.

**S. 2260 -- COMMERCE, JUSTICE, STATE, THE JUDICIARY,  
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999**

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

This Statement of Administration Policy provides the Administration's views on S. 2260, the Commerce, Justice, and State, the Judiciary, and Related Agencies 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 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 recently enacted 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 Committee will reduce funding for lower priority and unrequested discretionary programs, and redirect funding to programs of higher priority.

The Administration appreciates the Committee's support for many of the President's priorities within the bill. 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 Administration is deeply concerned about the funding level for certain important

programs, and has additional concerns about other aspects of the bill. These concerns are discussed below.

#### Small Business Administration

The Administration strongly objects to the Committee mark of \$94 million to administer the Small Business Administration's (SBA's) Disaster Loan Program, a 43-percent reduction from the President's request. Such a drastic reduction in funding to originate and service disaster loans would severely curtail SBA's ability to respond to the needs of victims of natural disasters. We also urge the Senate to provide for additional disaster loans.

In addition, the Administration has serious concerns about the Committee mark of \$265 million for SBA's Salaries and Expenses account, \$16 million below the request. A cut of this magnitude could require SBA to reduce its staffing by up to 300 staff years, which would require furloughs and/or reductions-in-force, jeopardizing SBA's ability to accomplish its mission.

#### Equal Employment Opportunity Commission

The Administration strongly urges the Senate to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$25 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

The Administration appreciates the Committee's support for the Department of Commerce overall, and in particular its full funding of the President's request for the Decennial Census, the Nation's single largest statistical operation. However, the Administration remains concerned about funding for a number of high priority programs, including:

Statistics initiatives that are necessary to upgrade the Nation's core statistical infrastructure, particularly efforts to improve our current measurements of the Gross Domestic Product, Poverty Rate, and other fundamental economic indicators crucial to sound private and public sector decision-making. Increased funding is also vitally important to maintain the full development of the Continuous Measurement program, which will provide critical demographic data about the Nation's communities every year.

The Advanced Technology Program (ATP) and its support of cutting-edge research. A \$39 million cap on new award grants is a 58-percent cut below the request. Also

within the National Institute of Standards and Technology, the absence of full funding for the new Advanced Measurement Laboratory would result in insufficient funds to complete this facility, and no funds are provided for the Climate Change Technology Initiative.

The Clean Water and follow-on weather satellite initiatives, for which funding levels are inadequate to fulfill existing contract obligations and would jeopardize NOAA's ability to combat non-point source pollution and ensure satellite continuity. The satellite allowance would necessitate delayed launch vehicle delivery, elimination of technology development currently underway to replace fifteen-year-old instruments, and a restructuring of the converged satellite program -- a complex and carefully negotiated multi-agency system.

The National Information Infrastructure Grants Program, which provides seed money for innovative projects that deploy, use, and evaluate advanced information technology, would be severely curtailed with the Committee's 50-percent reduction.

The Economic Development Administration (EDA), which has achieved impressive results in creating jobs, leveraging private sector dollars, and increasing local tax bases. A reduction to EDA's Title IX (emergency relief) and defense conversion programs would adversely affect EDA's ability to help distressed communities deal with the burdens imposed by industry down-sizing and international trade agreements.

### Department of Justice

We appreciate the Committee's continued support for law enforcement and other Department of Justice activities. However, the Administration is concerned about non-hiring set-asides in the COPS program and the Committee's action in a number of other areas:

Winstar. The Administration strongly opposes the Committee's approach to funding for Winstar, which would require substantial reductions to the non-Winstar related activities of the litigating divisions, including Civil Rights. We believe that the large, one-time litigation costs arising out of the savings and loan rescue are appropriately borne by the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). The Administration is working with the Banking Committees to provide permanent funding for Justice's Winstar costs from the FRF Fund.

Immigration and Naturalization Service. The bill would use \$166 million in receipts from the Immigration and Naturalization Service's (INS's) Immigration Examination and User Fee accounts to pay for expenses not directly related to fee activities. Without these receipts there would be insufficient resources to support fee-related activities -- in particular, funds to process pending naturalization applications and reduce the citizenship application backlog.

The Committee mark of \$2.4 billion for the INS is \$350 million below the )

Administration's request. This level would jeopardize the Administration's bipartisan border management and enforcement strategy. We strongly urge the Senate to fully fund the border infrastructure and technology, detention support, and interior enforcement initiatives requested by the President.

Protection Against Chemical and Biological Weapons. We appreciate the Committee's support of the Administration's effort to combat terrorism involving the use of chemical and biological weapons. However, we believe that the levels proposed in the President's June 8th budget amendment reflect the appropriate balance among all aspects of antiterrorism activities. In particular, we hope that the Senate will provide the \$49 million that the Administration has requested for bomb squad equipment in direct appropriations.

Juvenile Justice Block Grant. While juvenile justice programs are an important element of effective law enforcement, the new \$100 million block grant program recommended by the Committee would authorize a broad and unfocused range of spending. Rather than funding the block grant, we urge funding for targeted activities, such as the community prosecutors program, prosecutorial initiatives, and youth violence courts.

Drug Testing. The Committee bill does not provide the \$85 million requested for the drug testing and intervention program. Systematic drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs, and should be funded.

Counterdrug Strategy. Report language that directs the Attorney General to create a new interagency counterdrug strategy is inappropriate. The Director of National Drug Control Policy is mandated by statute to perform this function; it should not be transferred to the Attorney General. The Administration strongly opposes this report language.

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

Critical Infrastructure Protection. The Committee bill provides only \$19 million of the \$34 million requested to reimburse agencies for expenses related to protection of the Nation's critical infrastructure. In particular, the Committee's funding level excludes \$6.6 million needed to create a national plan for protecting the Nation's infrastructure, including funds for core staff in the Critical Infrastructure Assurance Office.

Narrowband Communications. The Administration is disappointed that the Subcommittee 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.

Bureau of Prisons/Abortion. The Administration urges the Senate to strike section 102 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.

### Legal Services Corporation

The Administration commends the Committee for increasing the funding level for the Legal Services Corporation (LSC) to \$300 million, \$13 million above the FY 1998 enacted level. The recent Supreme Court ruling that interest on lawyer trust accounts (ILTAs) cannot be used to support civil legal services eliminates a funding source that provided LSC programs with more than \$57 million last year. It is vitally important that the Congress fully fund the President's request of \$340 million to ensure equal access to the judicial system.

### International Affairs Programs

The Administration appreciates the Committee's support for the Department of State accounts that fund diplomatic and consular activities and, in particular, funding the request for the State Department's information technology modernization effort, including year 2000 (Y2K) activities. However, the Committee's cuts and unrequested earmarks in the Diplomatic and Consular Programs and Salaries and Expenses accounts, totaling over \$30 million, would prevent the Department from meeting expected wage and price increases, covering critical overseas staffing gaps, and addressing other infrastructure shortfalls.

While the Administration is encouraged by the Committee's recognition of the Department's overseas facility requirements, we urge the Senate to restore the \$90 million reduction to the Security and Maintenance of United States Missions account and to provide full funding of the President's request for urgently needed embassy facilities in Beijing and Berlin. The Administration appreciates the Committee's support for funding the Arms Control and Disarmament Agency's activities, particularly in light of recent events in South Asia.

The Administration appreciates the steps the Subcommittee 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 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 are related to this issue. Therefore, it is wholly inappropriate to hold the payment of U.S. arrears hostage to the family planning issue.

Further, the Committee bill significantly underfunds, by about \$75 million, the annual assessed contributions to these organizations. This would increase arrears again and further inhibit chances for the reforms that we are all seeking. In addition, the Committee has imposed a number of certification requirements and conditions before payments by the United States to these organizations can be made. The consequence of these provisions would likely be the loss of vote of the United States in the United Nations and other international organizations. This would seriously diminish the ability of the United States to influence issues before the U.N. General Assembly such as selection of future Secretaries General and resolutions affecting the Middle East.

Finally, the Administration strongly opposes section 403 and urges the Senate to strike it from the bill. This provision would reduce funding for arrears payments by 25 percent of the total expenditure of the United States made to respond to efforts by Iraq to block United Nations weapons inspections. The decision of the United States to incur these critically important expenditures was made on the basis of our own national security interests.

The Administration is very concerned that funding for the United States Information Agency's overseas information and broadcasting programs has been reduced by \$80 million below the President's request. The funding level of \$427 million for International Information Programs is \$34 million below the President's request, \$24 million of which results from the omission of funding for overseas administrative costs. For broadcasting programs, the Committee mark is \$46 million below the President's request. A reduction of this magnitude would require a personnel reduction-in-force, eliminate broadcast language services, and defer necessary capital and technical radio modernization improvements. We urge the Senate to provide funding for core information and broadcasting programs at the President's requested level. Finally, earmarks placed on the Educational and Cultural Exchanges program should be removed.

This bill also contains provisions that raise serious constitutional concerns. For example, Section 405 regarding Vietnam unconstitutionally constrains the President's authority with respect to the conduct of diplomacy, in addition to containing objectionable elements beyond those contained in similar provisions from previous years. In addition, Section 613 on Haiti would limit the President's unfettered constitutional authority to "receive ambassadors and other public ministers."

Federal Communications Commission (FCC). Federal Communications Commission (FCC). The Administration urges the Senate to provide funding for the FCC's scheduled move to the Portals complex. Absent this funding, the FCC's ability to implement the mandates of the Telecommunications Act of 1996 and to carry out critical mission operations may be severely impaired.

Exxon Valdez Settlement Funds. The Administration strongly objects to a provision of



section 619 that would require certain Exxon Valdez settlement funds to be spent only for grants for marine research and community and economic restoration. This language is contrary to the Clean Water Act and a court-ordered consent decree that require that the State and Federal natural resource trustees determine how these funds should best be used.

Message Sent To:

Rahm I. Emanuel/WHO/EOP  
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Sally Katzen/OPD/EOP  
Elena Kagan/OPD/EOP  
Martha Foley/WHO/EOP  
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William P. Marshall/WHO/EOP  
Joshua Gotbaum/OMB/EOP  
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Kate P. Donovan  
07/24/98 11:28:38 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: C/J/S APPROPS HOUSE FLOOR SAP

Below is the House Floor SAP for the C/J/S Appropriations bill. The new language on amendments is in bold text -- all of the other language is identical to the House Rules SAP that was sent on 7/22/98. Please review the added language and provide comments/clearance by 4pm today. We aim to release the Floor SAP to the Hill by c.o.b. today. Many 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 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 the geostationary weather satellite program. Renegotiation or termination of these contracts would jeopardize satellite continuity and increase costs. The recent failure of the GOES-9 satellite underscores the need to maintain production schedules. The satellite allowance would necessitate a restructuring of the converged satellite program -- a complex and carefully negotiated multi-agency system.

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 lack of support for 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.

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 Other Issues. 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 exporting satellites 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.

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 \$250 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. [It is intended that the term "sexual orientation" have the common meaning stated in the Employment Non-Discrimination Act, "homosexuality, bisexuality, or heterosexuality." \*OMB suggests deletion of sent. -- need WW decision.] 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. YES  
delete

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.

Finally, 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.

#### 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.

#### Message Sent To:

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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  
Joshua Gotbaum/OMB/EOP  
Lisa M. Kountoupes/WHO/EOP  
Kathleen A. McGinty/CEQ/EOP  
Wesley P. Warren/CEQ/EOP  
Kerri A. Jones/OSTP/EOP  
Jeffrey M. Smith/OSTP/EOP  
Todd Stern/WHO/EOP  
G. E. DeSeve/OMB/EOP  
RUDMAN\_M @ A1@CD@VAXGTWY  
Karen Tramontano/WHO/EOP  
Robert N. Weiner/WHO/EOP  
Mary L. Smith/OPD/EOP



Kate P. Donovan  
07/14/98 07:41:03 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: C/J/S APPROPS. LETTER

Below is the draft C/J/S House Appropriations letter. Full Committee markup is tomorrow, Wednesday, at 10am; therefore, we need to send the signed letter to the Hill by 9am tomorrow morning. Please provide comments/clearance tonight if possible or by 8:30am tomorrow.

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

Dear Mr. Chairman:

This letter provides the Administration's views on the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates the Subcommittee's support for many of the President's priorities within the 302(b) allocation. For example, we appreciate the Subcommittee'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 Committee 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 Subcommittee'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 Subcommittee 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.

#### Department of Commerce

Decennial Census. The language in the Subcommittee bill is unacceptable. Of particular concern are the 50-percent limitation on expenditures during the first six months of FY 1999 and the requirement for further congressional action before the expenditure of funds in the last six months of FY 1999. It is critical that the Congress provide full-year funding for the Decennial Census so that the day-to-day operations of the Nation's single largest statistical operation will continue uninterrupted. Delays or disruptions would unacceptably complicate the management of this massive operation. We urge the Committee to remove these onerous language restrictions.

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 and aquatic resources; the Global Learning and Observations to Benefit the Environment 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 global implications of extreme weather events such as El Nino. In addition, by not fully funding the request for the National Weather Service, the Subcommittee threatens services that are vital to communities Nation-wide. Also, the Administration strongly objects to the extension of exclusive fishery management authority in Alabama, Louisiana, and Mississippi because would undermine the current management regime, which protects fisheries resources. 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 and increase costs. The probable 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 Subcommittee'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 lack of support for the Advanced Technology Program, which fosters cutting-edge research. The Subcommittee allowance would support only \$43 million in new awards, 54 percent below the President's request of \$94 million for new awards.

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 Other Issues. In the Subcommittee 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 exporting satellites to China.

#### Year 2000 Computer Conversion

The Administration appreciates the emphasis that the Subcommittee has placed on year 2000 (Y2K) computer conversion activities. OMB will continue to assist all agencies in ensuring that adequate resources are available to address this critical issue. 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. As we learn more about how to address this problem, we expect that ensuring Government-wide compliance will require flexibility to respond to unanticipated requirements. To the extent such unanticipated requirements are identified, it will be essential to make that funding

available quickly. We urge the Committee to fully fund agency requests for Y2K within the base resource level provided.

#### Department of Justice

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

Title V -- At-Risk Children's Grant Program. The Administration urges the Committee 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 Subcommittee'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.

Protection Against Terrorism, Including Use of Chemical and Biological Weapons. We appreciate the Subcommittee'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 Subcommittee 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 Subcommittee mark for Indian Country. However, we urge the Committee 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 Subcommittee'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 Subcommittee's support for the Administration's border control initiative. However, the Subcommittee'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 Subcommittee's level for Border Patrol, detention, and office construction. We urge the Committee to fully fund the President's request.

Bureau of Prisons/Abortion. The Administration urges the Committee to strike sections 103 and 104 of the Subcommittee 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.

Other Concerns. The Administration is concerned that the \$250 million Juvenile Justice Block Grant in the Subcommittee bill may authorize a broad and unfocused range of spending, and urges the Committee to provide funding for more targeted activities. Also, we are disappointed that the Subcommittee 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 Committee to establish such a fund and to restore the \$24 million in base resources that are excluded from the Subcommittee mark.

#### International Affairs Programs

The Administration appreciates the Subcommittee's support for the Department of State's Diplomatic and Consular Programs and Salaries and Expenses accounts. However, we are concerned about the Subcommittee's reduction of \$26 million for the Department's operating requirements. Also, the Administration is very concerned with the Subcommittee's reduction of \$38 million to the request for information technology improvements including Year 2000 requirements within the Capital Investment Fund. Failure to provide full funding would jeopardize the Department's effort to achieve Y2K compliance.

The Administration is pleased with the Subcommittee's continued support of fee collections necessary to execute the President's Border Security Program. However, limits placed on the amount of fees that can be used in FY 1999 could slow urgently needed border security improvements. We urge the Committee to provide this fee authority without an artificial cap that would restrict FY 1999 resources available for this important program.

The Administration is very concerned about the Subcommittee's \$245 million reduction to the request for Security and Maintenance of U.S. Missions. The Subcommittee'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 Subcommittee 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 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 are 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 Subcommittee 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 Subcommittee'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 also requests restoration of the Subcommittee's \$7 million reduction to the grant to the Asia Foundation. In addition, we are concerned about the reductions below the FY 1999 request for the American Institute in Taiwan and the International Commissions. Such reductions would place a disproportionate burden on the operating budgets of these small agencies.

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 Subcommittee'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 Committee to provide funding for USIA's operating and special accounts at the requested level.

Finally, the Administration is concerned about the reduction of \$1.9 million to the President's request for the Arms Control and Disarmament Agency. This reduction would impede our ability to achieve arms control and nonproliferation objectives, the importance of which has been reemphasized by recent events in South Asia.

Small Business Administration

The Administration strongly objects to the Subcommittee's funding levels for the administration of the Small Business Administration's (SBA's) programs. The Subcommittee's reductions to the Salaries and Expenses account and the Disaster Loan Program's administrative expense funding represent a 16-percent reduction from the President's request. Such funding levels would require reductions in staff by up to 1,200 staff years through significant furloughs and/or reductions-in-force, thereby jeopardizing SBA's ability to provide important services to the business community and to assist the victims of natural disasters.

#### Equal Employment Opportunity Commission

The Administration strongly urges the Committee to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$18.5 million above the Subcommittee 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.

#### 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 Subcommittee's funding level could require an agency-wide furlough or reduction-in-force, impairing FCC's ability to carry out its mission.

Sincerely,

Jacob J. Lew  
Acting Director

Identical Letter Sent to The Honorable Bob Livingston,  
The Honorable David R. Obey, The Honorable Harold Rogers,  
and The Honorable Alan Mollohan

Message Sent To: \_\_\_\_\_





Kate P. Donovan  
07/22/98 08:59:42 PM

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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: Need Clearance: Transportation Senate Floor SAP

The Senate floor schedule is uncertain at this time; however, they may turn to consideration of the Transportation Appropriations bill Thursday afternoon. Below is the draft Senate Floor SAP. Please provide comments/clearance by 11am Thursday. Thank you.

**S. 2307-- DEPARTMENT OF TRANSPORTATION  
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999**

(Sponsors: Stevens (R), Alaska; Shelby (R), Alabama)

This Statement of Administration Policy provides the Administration's views on S. 2307, the Department of Transportation and Related Agencies Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's effort to include in its bill many of the priorities recently agreed to by the President and Congress in the Transportation Equity Act for the 21st Century (TEA-21). 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.

The Administration is concerned that the Committee bill could seriously disrupt air transportation safety and vital Federal Aviation Administration (FAA) and Coast Guard modernization programs, and delay Amtrak's progress towards operating self-sufficiency. The Senate 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 bill also includes a number of objectionable language provisions. In particular, the

Secretary of Transportation has indicated that he would recommend that the President veto the bill if it includes section 322, which could severely limit the use of project labor agreements. The Administration's concerns with the Committee bill are discussed below.

#### Air Transportation and Highway Safety

The Administration strongly urges the Senate to restore the \$50 million reduction to FAA Operations and eliminate the earmarks for low-priority programs, such as subsidies for non-cost beneficial contract towers. These funds are necessary to ensure that the FAA can hire the security personnel and safety inspectors needed to meet the demands from increased air travel. To protect the safety of automobile travelers adequately, we ask that the Senate provide an additional \$12 million for high priority National Highway Traffic Safety Administration (NHTSA) programs. In addition, the Administration urges the Senate to provide funding requested by the President to add a second civil signal to the Global Positioning System.

#### FAA and Coast Guard Modernization

The Administration is concerned about language that is intended to constrain outlays for FAA Facilities and Equipment in FY 1999. We question whether this provision can be implemented and, if so, whether it would lead to unintended and unfavorable programmatic effects. We look forward to working with the Senate to address our concerns. In addition, we urge the Senate to fund fully the President's request for the Facilities and Equipment account. Funding at any lower level could delay National Airspace System modernization.

The Administration objects to the virtual 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. The Senate is requested to provide the \$100 million in the FAA Facilities and Equipment account to deploy explosive detection systems. The Committee's decision to provide up to \$100 million for this purpose in the Airport Grants account would preclude the FAA from deploying these systems based on security requirements and may result in fewer systems being deployed.

The Administration opposes the Committee's reduction of \$57 million to the President's request of \$443 million for Coast Guard capital investments. These capital projects provide long-term operating savings and are necessary to ensure that the Coast Guard has the necessary infrastructure to fulfill its maritime safety, drug interdiction, environmental protection, and national security goals. In addition, the Administration urges the Senate to fund fully the President's request for \$8.5 million for the Nationwide Differential Global Positioning System.

#### Amtrak

As this bill moves forward, we urge Congress to fund fully the President's request for Amtrak so that it can carry through on the bipartisan, five-year reform

plan envisioned by the Amtrak Reform and Accountability Act of 1997. Amtrak is an essential component of the nation's inter-city transportation system.

#### Access-to-Jobs

The Administration requests that the Senate 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. ✓

#### Civil Rights and Office of the Secretary

The Administration strongly urges the Senate to restore the 20-percent reduction made by the Committee to the funding request for the Office of Civil Rights. This reduction would significantly hamper the Department's ability to enforce laws that prohibit discrimination in Federally operated or assisted transportation programs. We also urge the Senate to provide the President's requested \$62 million for the Office of the Secretary and to delete the Committee's recommended new account structure and limitation on political appointees. These changes are necessary to avoid a reduction-in-force and to allow the Secretary to manage the department effectively. )

#### Earmarks

The Committee has earmarked almost 400 transit projects, as well as many airport, Intelligent Transportation System (ITS) and rail, and infrastructure credit projects. Consistent with our objections to TEA-21, the Administration believes that projects should be funded based upon their merit and that funds should not be directed to low-priority projects that cannot meet established selection criteria.

#### Language Provisions

Section 322 would preclude the Department of Transportation from using project labor agreements (PLAs), which are a contract mechanism to achieve efficiencies in construction projects. Furthermore, the provision is ambiguous, making its full impact difficult to assess and raising questions as to its applicability to a host of laws and regulations affecting workers. As noted above, the Secretary of Transportation would recommend that the President veto this bill if it includes section 322.

The Administration strongly opposes section 342 of the bill, which would allow helicopters to operate and land on Federally-owned lands in Alaska, including wilderness areas. This would be harmful to species and habitat and disrupt Congress' carefully crafted balance on this issue in the Alaska National Interest

Land Conservation Act (ANILCA). Under ANILCA, helicopter landings are permitted for emergency reasons and, on a case-by-case basis, for non-emergency use in non-wilderness areas. The Secretaries of the Interior and Agriculture have previously recommended that bills containing similar provisions be vetoed.

The Administration requests that the Senate delete the provisions in both the Coast Guard and FAA operating expenses appropriations 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 requests that the Senate delete the provision allowing states to establish separate standards for licensing drivers on commercial vehicles that do not cross state boundaries. This would seriously undermine the single-license concept of the national commercial driver's license which prevents drivers from spreading violations across multiple licenses held in several States.

Message Sent To:

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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  
Joshua Gotbaum/OMB/EOP  
Lisa M. Kountoupes/WHO/EOP  
Kathleen A. McGinty/CEQ/EOP  
Wesley P. Warren/CEQ/EOP  
Kerri A. Jones/OSTP/EOP  
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Message Copied To:

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Kate P. Donovan  
07/21/98 02:50:26 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: Transportation House Committee Letter

Below is the House Committee letter on the Transportation Appropriations bill. Markup is tomorrow morning (7/22); therefore, we aim to send the signed letter to the Hill this evening. Please provide comments/clearance no later than 6pm today. Thanks.

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Department of Transportation and Related Agencies Appropriations Bill, FY 1999, as reported by the House Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration understands the budget constraints faced by the Subcommittee, but is concerned that the Subcommittee 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 Committee could 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 Subcommittee 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 Committee 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 Subcommittee's direction to reallocate funds among programs. The Subcommittee 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 Committee 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 Committee 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 Committee 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 Committee 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 Committee 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 commends the Subcommittee for funding Amtrak at \$609 million, just \$12 million below the President's Request. We urge the Committee 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 Committee 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 Committee 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 Committee to provide the President's requested \$62 million for the Office of the Secretary and to delete the Subcommittee's recommended new account structure and limitation on political appointees. These adjustments to the Subcommittee bill are necessary to avoid a reduction-in-force and to allow the Secretary to manage the department effectively.

#### Earmarks

The Subcommittee 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

We understand that an amendment may be offered that would, like the Senate, limit the use of project labor agreements. The Secretary of Transportation has indicated that he would recommend that the President veto the bill if it were to contain such a provision. ✓

The Administration requests that the Committee 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 Subcommittee 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 Subcommittee recognizes the need to review the Coast Guard's roles and missions but objects to the Subcommittee'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 will provide an objective, third-party assessment of the Coast Guard's roles and missions in a time frame consistent with the planned Deepwater procurement.

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

Sincerely,

Jacob J. Lew  
Acting Director

Identical Letter Sent to The Honorable Robert Livingston,  
The Honorable David R. Obey, The Honorable Frank R. Wolf,  
and The Honorable Martin O. Sabo

Message Sent To:

Rahm I. Emanuel/WHO/EOP  
John Podesta/WHO/EOP  
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Sally Katzen/OPD/EOP  
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