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**Budget Materials - Appropriations
Letters FY99 [5]**



Kate P. Donovan
07/23/98 01:22:37 PM

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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 SENATE FLOOR SAP

We have just heard that the Senate may turn to the Foreign Operations bill next (after C/J/S is completed). This action could be as early as 3pm today. Therefore, we need your comments/clearance by 2:30pm Today.

**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1999**

(Sponsors: Stevens (R), Alaska; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing, and Related Programs 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 Subcommittee to accommodate certain of the President's priorities within the limited 302(b) allocation available to it. 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. To have an effective foreign policy, a strong national security policy, and to promote continued economic prosperity, it is essential that additional resources be made available to the Subcommittee. In addition, there are a number of objectionable restrictions on funding in the bill. For these reasons, if the bill were presented to the President in its current form, the President's senior advisers would recommend that he veto the bill. We intend to work with Congress to improve the bill as it moves forward.

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 critical American interests at home and abroad effectively. The responsibility of safeguarding our national security and exercising U.S. leadership cannot be secured within the resources available to the Subcommittee. 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

The Administration welcomes and commends the Committee's efforts to provide funding for both the International Monetary Fund's (IMF's) New Arrangements to Borrow and quota increase. The Administration believes that the immediate approval of these requests is necessary to provide the IMF with the resources it needs to protect the international financial system -- and therefore the U.S. economy -- against the risk of new, escalating, or spreading crises. As recent events, including the new stabilization program for Russia, clearly demonstrate, the IMF's need for additional resources grows more urgent by the day.

The Administration is concerned, however, with some of the provisions of the Committee-reported bill as currently drafted. The Administration is in agreement with many of the underlying objectives as policies that the United States should vigorously promote at the IMF and looks forward to working with the Congress to address these issues in a manner consistent with our goals.

New Independent States

The still incomplete peaceful transition of the New Independent States (NIS) to stable, market democracies is vital to the U.S. national security. The Congress has shared this view and provided considerable support for this program in the past. The current political/economic situation in Russia and the enormous economic potential of the Caspian Basin represent great opportunities to advance our mutual goals. The Administration commends the Committee for providing resources above the House level. However, the cuts embodied in the Committee's funding level for USAID assistance programs to the NIS would result in a funding level that is \$30 million below the FY 1998 level and \$185 million below the request.

These cuts would make it extremely difficult to push for market reforms and support democratic forces across the region. Further, the prohibition on all assistance to Russia -- not just the government -- pending certification of termination of all nuclear reactor and ballistic missile technology cooperation with Iran, is so rigid as to impede the Administration's ability to insure that termination. This would hold programs designed to foster the private sector across Russia hostage to Government policy in Moscow. In addition, the numerous Senate

country-earmarks would make it more difficult for the Administration to shift assistance to take advantage of new opportunities such as the election of reform-minded governments, peace agreements settling ethnic disputes, or helping leverage reforms by coordination of our assistance with international financial institutions. The Administration strongly favors repeal of continued restrictions on U.S. assistance to Azerbaijan. These restrictions are a disincentive to securing peace in the Caucasus, and they do not serve U.S. national interests.

Middle East Assistance

The Administration welcomes the efforts of the Committee to work with us in encouraging changes in traditional levels of assistance to countries in the Middle East. We believe that Israel's initiative to reduce Economic Support Fund (ESF) assistance provides an important basis on which to build future assistance programs that meet our needs in the Middle East and beyond. However, due to the very constrained funding levels for international affairs programs, the Administration has proposed an accelerated approach to the reduction of Israel's ESF. We would encourage the Committee to give strong consideration to such an approach as the bill proceeds through the process. We are very concerned about the deletion of current authority to allow the Palestine Liberation Organization (PLO) to maintain an office in Washington, D.C. This would severely undermine our ability to facilitate dialogue between Israel and the Palestinians at what is probably the most sensitive juncture of the peace process. Finally, we favor maintaining a Foreign Military Financing funding level of \$1.3 billion for Egypt in FY 1999.

Export-Import Bank

The Administration appreciates the Committee's effort to increase the funding for the Export-Import Bank (Ex-Im Bank) substantially. The funding increase represents a vote of confidence in the Bank's mission to sustain U.S. jobs and exports that would not otherwise go forward. However, the bill falls short of the level needed to meet anticipated U.S. exporter demand in FY 1999.

The Administration is concerned with the language prohibiting disbursements of Ex-Im Bank credits to programs or enterprises that are majority owned or managed by State entities. The Administration wants to promote private sector development in Russia and other NIS countries. The proposed language would imperil almost \$4 billion in U.S. exports tied to current transactions. Since the current language calls for cancellations of already-approved credits, it would provoke substantial litigation and undermine the credibility of Ex-Im Bank's financing support for U.S. exporters.

The Administration shares the Committee's goal of supporting private sector businesses in the region and would like to work with the Committee to develop responses to the difficult issue of how to work with governments in the transition period from command to free markets.

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

The Administration is concerned with the \$46 million, or 21 percent, cut to the \$216 million request for NADR, but greatly appreciates the Committee's support for the Korean Peninsular Energy Development Organization. Unfortunately, the NADR reduction undermines the multi-prong effort that NADR supports to reduce the proliferation threat to U.S. national and global security. Lack of funding for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission would harm U.S. national security interests as it would gut 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 demining efforts, NIS science centers, and other related activities. The Commission and its International Monitoring System should be funded, regardless of ratification of the CTBT.

Global Environment Facility

The Administration is concerned with the refusal of the Committee to fund the request for the Global Environment Facility (GEF), which is helping to reduce long-term environmental risks that will affect all Americans. The \$300 million request for GEF (of which \$192.5 million is for arrears) is needed to assure that GEF does not run out of resources in FY 1999. Concerns that funding GEF would prejudge debate on the Kyoto Climate Protocol are misplaced: the new replenishment agreement is funded at the same level as the prior one, and 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 GEF running, and the Administration strongly urges the Senate to restore funding for this critical program.

Economic Support Fund

The Administration is concerned with the overall funding level for the Economic Support Fund (ESF). At the Committee mark, the Fund would be cut by 50 percent of the funds necessary to support economic and political stability in Latin America, as well as other emerging democracies in Africa and Asia. We strongly encourage the Senate to support a higher funding level for the ESF as the bill moves forward.

Excessive conditions on aid to Haiti, even with a national security waiver, would undercut our efforts to achieve a democratic, self-sustaining Haiti with an honest, independent judiciary.

Peacekeeping Operations

The Committee has reduced the \$83 million request for Peacekeeping Operations (PKO) by 17 percent. PKO provides vital assistance and support for many important national security and foreign policy activities, including commitments in Bosnia and Haiti, conflicts in Africa, and potential trouble spots such as in the Balkans. This reduction would limit the

President's ability to respond to these and other evolving events.

Central and Eastern Europe

The Administration appreciates the continued support of the Senate for our efforts to achieve a lasting peace in the Balkans. The assistance programs are essential to meet the goals of the Dayton agreement, including the ability of refugees and displaced persons to return to their homes, reintegration of multi-ethnic communities and institutions, and helping the citizens of the region decide their futures through free and fair elections. The 11-percent reduction to the request for assistance to Bosnia is of concern because it would reduce our ability to react to unforeseen problems or opportunities. This lack of flexibility could impair our ability to reach the goals outlined above and, in turn, would pose a potential problem in terms of reducing our troop levels, a goal shared by the Administration and the Congress. Finally, restrictions in the bill intended to prevent war criminals from benefitting from U.S. assistance, though well-intentioned, would prove extremely difficult to administer. We look forward to working with the Senate to make this language more workable.

Additional reductions in the assistance program for the rest of the region are problematic as well. These reductions come at a time when we are working to phase out assistance. FY 1999 is planned to be the last year for new funding in Lithuania, Poland, and Slovakia, and the year in which we planned to begin capitalizing a joint public-private partnership to help sustain democracy after U.S. bilateral assistance is phased out.

African Development Fund

The Administration is concerned with the \$150 million cut to the request for the African Development Fund, which provides resources for the poorest countries in SubSaharan Africa, including the entire request to fund the annual commitment of \$67 million and \$83 million in arrears. Funding the request is necessary to support the reform measures underway for the past three years at the African Development Bank and Fund. The Administration strongly urges the Senate to restore funding for this critical program.

Asian Development Fund

The Administration appreciates the Committee's support for the Asian Development Fund, reflected in the \$187 million funding of arrears. Nevertheless, the Committee's mark excludes the \$100 million request to fund our annual commitment to the Asian Development Fund; thus, it would result in substantial net new arrears to the Fund. The Administration is committed to clearing up current arrears and to avoiding the creation of new arrears. The Administration strongly urges the Senate to fund the Administration's request of \$150 towards arrears and \$100 million towards the annual commitment.

Community Adjustment and Investment Program

The Administration is very concerned with the Committee's failure to fund the Community Adjustment and Investment Program (CAIP), 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 CAIP's ability to continue this work, as well as to support technical assistance, grants, and micro-lending. The Administration strongly urges the Senate to restore funding for this innovative program.

Peace Corps

The Administration is concerned with the \$49 million cut to the request for the Peace Corps. This reduction, to a level \$5 million below the FY 1998 funding level, would not only preclude the Peace Corps initiative to fund 10,000 volunteers by the year 2000, but would require the Peace Corps to reduce costs equivalent to closing six country programs and reducing the number of volunteers by 500. The Administration strongly encourages the Committee to support a higher funding level for the Peace Corps.

Treasury Debt Restructuring

The \$25 million funding level for international debt restructuring is inadequate to finance anticipated debt restructuring for some of the poorest countries in FY 1999, especially debt relief expected under the President's new Africa Initiative. The Administration's \$72 million request was made on the basis of debt reduction anticipated for up to 14 countries to receive debt relief through the Paris Club group of official creditors or through the Africa Initiative's bilateral concessional debt reduction component. If this \$25 million funding level is realized, the Administration will be unable to provide debt relief to a number of sub-Saharan African countries likely to be eligible under the Africa Initiative.

U.S. Agency for International Development (USAID) Development Assistance

Although the Committee provides (after permitted transfers) an amount for USAID Development Assistance very close to the President's request, we are concerned about the multitude of earmarks, which would make it difficult to fully fund the shared assistance priorities of the President and Congress in regions such as Africa and Latin America. In particular, while the Administration is committed to helping Indonesia through its current economic crisis, we are concerned that the Committee's earmark for Indonesia, by reducing the President's flexibility, may actually impede our efforts to respond most effectively to the changing nature of the Asian economic crisis. The Administration also urges the inclusion of existing language that provides "notwithstanding" authority for activities intended to reduce global greenhouse gas emissions.

International Narcotics Control

The Administration is concerned about the \$53 million reduction to the \$275 million request for International Narcotics Control. Such a reduction would negatively impact country programs, especially in the Andean region, that are aimed at reducing the supply of cocaine. The reduction would force the redirection of available resources to cocaine producing countries at the expense of heroin reduction efforts in Southeast Asia.

International Organizations and Programs

The Committee bill reduces the request for International Organizations and Programs by \$44 million, which would limit significantly U.S. ability to participate and support a number of international organizations, particularly those involved with global environmental activities.

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

The Administration appreciates the Committee's effort to provide a small increase above the FY 1998 enacted level for USAID Operating Expenses. However, we are concerned that this level will not allow USAID to complete the Year 2000 conversion and implement other necessary management improvements while implementing the President's initiatives in Africa and Latin America and effectively managing its ongoing programs, including congressional priorities in areas such as infectious diseases and child survival. Therefore, we urge the Senate to provide additional funding for USAID Operating Expenses.

U.S. Agency for International Development (USAID) Operating Expenses: Inspector General

The Administration appreciates the Committee's effort to provide a small increase above the FY 1998 enacted level for Operating Expenses for the Office of the USAID Inspector General. However, we are concerned that this level will not provide sufficient funding to allow the Inspector General to carry out fully his increased audit responsibilities under the GPRA and GMRA while also responding to the increased costs of providing security in the Ronald Reagan Building. Therefore, we urge the Senate to provide additional funding for the USAID Inspector General.

U.S. Agency for International Development (USAID) Credit Programs

The Administration is concerned that the Committee has reduced the requested subsidy amount 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 Senate to restore the transfer authority for the DCA and increase funding 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.

Overseas Private Investment Corporation

The Administration is pleased the Committee has provided full program funding for the Overseas Private Investment Corporation (OPIC). However, we are concerned with the provision of the bill that would withhold one-half of the agency's administrative budget. The Administration is working closely with the Committee to resolve any outstanding issues and notes that withholding funds would impede the agency's efforts to support American business and promote U.S. foreign policy.

African Development Foundation

The Committee has reduced the \$14 million request for the African Development Foundation (ADF) by 43 percent. Through its grants program, ADF supports community-based, self-help initiatives in Africa. This reduction would severely limit the ability of the Foundation to respond to the development needs at the grassroots level in Africa. The Administration urges the Senate to fund this program at the requested level.

Year 2000 Conversion

The need to conform with Year 2000 (Y2K) 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 Y2K funding available quickly and flexibly. We appreciate the action of the Senate Appropriations Committee to provide an emergency fund in the Treasury/General Government bill for such purposes but are concerned about the Subcommittee's decision not to fund the base Y2K conversion requests in this bill.

Message Sent To:

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Message Copied To:



Kate P. Donovan
07/13/98 08:40:12 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: Labor/HHS Appropriations Letter - Need clearance

Please review the House L/HHS/Ed letter. Markup is tomorrow, Tuesday, at 1pm; therefore, we need your comments by 10am. 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 Labor, Health and Human Services, Education, 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.

[On June 23, 1998, the President stated that he was "deeply disappointed with the Subcommittee bill." Due to the very serious funding and language issues present in the Subcommittee bill, discussed below, the President would veto the bill in its current form.]

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 through user fees and certain mandatory programs 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 could be used to increase funding for high-priority discretionary programs, including those funded by this bill. In addition, we hope that the Committee will reduce funding for lower priority discretionary programs, and redirect funding to programs of higher priority.

Department of Education

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

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

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

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

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

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

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

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

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

School-to-Work. School-to-Work is cut by a total of \$100 million (between the Departments of Education and Labor) below the President's \$250 million request,

which would seriously hamper all States' efforts to help young people of all backgrounds move from high school to careers or postsecondary training and education.

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

Higher Education Initiatives. No funds are provided for three Presidential initiatives for which the President sought \$237 million: High Hopes, to help prepare students at high poverty middle schools for college; Learning Anytime Anywhere Partnership grants for pilot projects using distance learning technology; and teacher recruitment and preparation programs. In addition to inadequate funding for priority education programs, the Administration is concerned with several language provisions of the Subcommittee bill, that would severely restrict the Administration's ability to continue the development of programs designed to raise academic standards.

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

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

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

Bilingual Education. While we agree with the Committee on the need for more reforms to Bilingual Education, we are opposed to any provision that would set an absolute limit on student participation in bilingual education or alternative programs. Such a step would deny help to students who need it and

violate the civil rights of Limited English Proficient students to an equal education. Because of individual differences, students will vary in how long it takes to develop English proficiency. We are also opposed to provisions that would establish a two year goal for becoming proficient in English, since research has shown that this timetable is unrealistically short. There are several promising provisions in this proposed bill, such as the removal of the 25 percent cap to allow more local flexibility and the funding priority for only successful programs.

Department of Labor

Summer Jobs Program. The Administration strongly opposes the Subcommittee's elimination of the \$871 million Summer Jobs program, which could finance 530,000 summer jobs for economically disadvantaged youth. The unemployment rate for teens continues to far exceed the overall unemployment rate. The Summer Jobs program plays a vital role in supporting employment among these teens, especially among African-American youths -- approximately 25 percent of summer jobs held by African-American 14-15 year olds come through this program -- and serves as a valuable introduction to the world of work. We urge the Committee to restore the full request for this program.

President's Youth Opportunity Area Initiative. The Subcommittee provides no funding for the President's Youth Opportunity Area initiative and rescinds the \$250 million appropriated last year for this program. This program would address the problem of pervasive joblessness in high-poverty neighborhoods by making large investments in these areas to effect community-wide change and help 50,000 out-of-school youth. We strongly oppose elimination of this program, which is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. We urge the Committee to provide full funding as requested.

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

Adult Job Training. The Subcommittee has provided none of the requested increases for the Dislocated Worker (\$100 million) and low-income adult (\$45 million) job training programs. Freezing these programs would mean that some 67,000 fewer workers in need of assistance would be helped.

Worker Protection. The Subcommittee has cut nearly in half the requested increase for programs that protect our workers on the job. For example, the Subcommittee mark for Occupational Safety and Health Administration redirects resources to State consultation and is, effectively, 12-percent below the requested level for Federal enforcement, while funding for the Mine Safety and Health Administration is frozen at the 1998 level. We urge the Committee to restore financing for such critical workplace protection programs.

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

Child Labor. The \$3 million increase to combat international child labor abuses is inadequate in light of the magnitude of the problem, and provides only a small fraction of the \$27 million requested.

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

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

Department of Health and Human Services

The Administration appreciates the Subcommittee's efforts to provide much needed funding for important programs crucial to the healthy lives of all Americans. Unfortunately, the Subcommittee has not provided adequate funding for several important programs of the Department of Health and Human Services (HHS). In addition, the Subcommittee bill contains several language provisions that are troubling to the Administration.

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

Head Start. The Subcommittee funds Head Start at \$4.5 billion, \$160 million below the President's request -- denying slots to up to 25,000 low-income children in FY 1999 and undermining efforts to serve one million children by the year 2002. Head Start has a track record of success in readying disadvantaged children for school, supporting working families

by helping parents to get involved in their children's lives and providing services to the entire family. We urge the Committee to restore Head Start funding to the President's requested level.

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

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[Organ Donation. The Administration strongly opposes two provisions of the Subcommittee bill which would suspend two HHS rules pertaining to organ donation: a HCFA rule that seeks to expand the number of organs available for donation through more vigorous procurement efforts; and, a Health Resources and Services Administration rule that would require allocation of organs for transplant on the basis of medical need (rather than locality) and would ensure that organs are allocated to the sickest candidates first. (Dan Mendelson is checking w/ HHS on this language)]

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

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

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

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

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

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

Low Income Home Energy Assistance Program (LIHEAP). The Subcommittee would eliminate funding for the Low Income Heating Assistance Program. This would force over five million of our Nation's most vulnerable households to choose between heating their homes or feeding their families. Over 36 percent of LIHEAP households have elderly residents, 32 percent have disabled residents, 27 percent have children under the age of six, and 27 percent are the working poor who do not receive any other public assistance. The Administration urges the Committee to restore funds to the President's requested level. |

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

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

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

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

Social Security Administration

The Subcommittee bill does not provide \$19 million for administrative expenses, contingent on the authorization of a user fee for services provided by the Social Security Administration to attorneys who represent claimants for benefits. These services include

withholding money from certain past due benefits and issuing payments to certain claimant representatives. The Administration continues to support enactment of this user fee and appropriation of the anticipated collections for administrative expenses.

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

Other Issues

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

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

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

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

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

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

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 Bob Livingston,
The Honorable David R. Obey, and The Honorable John E. Porter

Message Sent To: _____



Kate P. Donovan
07/15/98 12:09:33 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: VERY URGENT: VA/HUD HOUSE RULES SAP

Below is the House Rules SAP for VA/HUD Appropriations. The language is identical to previous House committee letters cleared except for the following places: 2nd par. (veto threat including income targeting provisions); 5th par. under HUD; and Consumer Product Safety Commission paragraph on last page. **Rules Committee meets at 2pm today; therefore we need comments by 1pm. Thanks.**

**H.R. 4194 DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1999**

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 4194, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or are underfunded, in particular, key Presidential priorities such as funding for National Service, Superfund, and climate change. Furthermore, the Administration is very concerned that the Committee has included problematic language regarding the Kyoto Protocol and other issues. Finally, the Administration understands that an amendment may be offered to include unacceptable provisions now contained in H.R. 2, such as income targeting, that are unacceptable. If the bill were presented to the President without responding to these concerns, the President's senior advisers would recommend that he veto the 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 could

be used to increase high-priority discretionary programs, including those funded by this bill.

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.

Corporation for National and Community Service

The Administration strongly objects to the termination of the Corporation for National and Community Service, one of the Administration's top priorities. Eliminating funding for the Corporation would deny more than 49,000 Americans the opportunity to serve as AmeriCorps members in projects such as America Reads, the Administration's effort to raise student literacy through the use of tutors to supplement the school day activities. In addition, over one million students of all ages would forego the chance to participate in service learning activities in their schools and neighborhoods. The funding level in the Committee bill for the Corporation for National and Community Service is unacceptable.

Environmental Protection Agency

The Administration has several major concerns with the Committee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the \$593 million, or 28-percent, reduction to the President's request for Superfund, which would delay cleanups at sites nationwide and needlessly jeopardize public health. In addition, the Administration opposes the \$16 million, or 18-percent, reduction to the request for brownfields funding as well as restrictive bill language that would hamper achievement of brownfield cleanups by preventing their use for removals, cleanups, and revolving loan funds. The Administration urges the House to restore Superfund to the requested level and to delete the restrictive brownfields language.

The Administration strongly opposes the Committee's \$106 million reduction in EPA funding for the Climate Change Technology Initiative. This high-priority program should be funded fully to cut energy usage, save consumers money, and reduce greenhouse gas emissions. We will work with the Congress to restore requested funding as the bill moves forward.

The Administration strongly opposes bill and report language relating to the Kyoto Protocol. While the Administration does not intend to implement the Protocol until it is ratified, the bill language could be interpreted broadly to prevent activities that limit greenhouse gases -- for example, through enhancing energy efficiency -- but that are authorized under current law. The report language also inappropriately purports to prevent public explanation of Executive Branch endeavors related to treaty negotiations and other activities related to climate change. The Administration opposes this and other riders because they inappropriately use the legislative process by denying the public and Members of Congress the opportunity to examine and debate these proposals openly.

The Administration appreciates the Committee's providing full funding for the President's Clean Water Action Plan, which is designed to prevent pollution run-off and protect public health. The Administration urges the Committee to provide the full \$50 million request to help improve water quality in Boston Harbor and prevent beach closings.

The Administration is concerned with the large number of unrequested, earmarked projects in the Committee mark for EPA, particularly when the Committee has reduced several other high-priority Administration initiatives, including right-to-know programs, Montreal Protocol, GLOBE, and Mexican border wastewater treatment funding.

Department of Housing and Urban Development

The Administration is concerned about the funding levels provided for key programs of the Department of Housing and Urban Development, particularly for welfare-to-work housing vouchers and other programs, such as the Community Empowerment Fund, that would expand job opportunities.

The Administration appreciates the Committee's decision to fund 17,700 incremental "Welfare-to-Work" housing vouchers. With over 3 million families needing to make the transition from welfare to work, and in light of recent studies that show historically high unmet housing need among very low-income Americans, the Administration believes it is critical for the Congress to fund the entire 50,000 welfare-to-work housing vouchers provided for in the President's request. Welfare-to-work housing vouchers will support implementation of welfare reform by assisting those welfare recipients who need housing assistance to get or keep a job.

The Administration also encourages the Congress to fund fully the President's request for \$400 million for an Economic Development Initiative Community Empowerment Fund to generate jobs in distressed communities. The Committee has cut the request by \$350 million, providing only \$50 million, as a set-aside within the existing CDBG program.

The Administration appreciates the Committee's decisions to fund a number of programs at the levels requested, including the Partnership for Advancing Technologies in Housing (PATH) initiative, and to renew all expiring Section 8 contracts. The Administration is encouraged that the Committee has provided funding for half the President's request for Regional Opportunity Counseling, a voluntary effort to expand the housing and employment opportunities available to low-income families. We urge full funding of the President's request for this program. We are also pleased by the Committee's decision to provide \$80 million for the Office of Lead Hazard Control, to reduce the risk of childhood lead poisoning and other health hazards. The Administration encourages the Congress to fund fully a number of other areas -- Homeless Assistance, Brownfields, and Regional Connections--and to end the ninety-day delay in reissuing of Section 8 certificates/vouchers on turnover.]

The Administration is very concerned that the Subcommittee has not included language

extending the repeal of one-for-one replacement for public housing. Without this language, the bipartisan goal of demolishing 100,000 of the worst public housing units by FY 2003 may not be achieved.

The Administration is pleased with the Committee's decision to support an audit-based enforcement initiative for the Fair Housing Initiatives program. We urge the Congress to fund fully this critical fair housing initiative to reduce the level of housing discrimination.

The Administration urges the Congress to adopt the Administration's proposal to reform HUD's single-family property disposition program, which would produce substantial savings by improving the efficiency of FHA's property disposition processes and would permit the Committee to provide additional resources to critical Committee programs. In addition, we support providing greater homeownership opportunities by increasing the FHA loan limit to the GSE "conforming" limit.

Council on Environmental Quality

The Administration appreciates the modest increase over the FY 1998 level provided for the Council on Environmental Quality (CEQ). However, we strongly believe that in order to allow CEQ to carry out its environmental mission and reinvention efforts, the full requested level should be provided, and language prohibiting use of detailees should be deleted.

Community Development Financial Institutions Fund

The Administration strongly urges the Committee to fund the Community Development Financial Institutions Fund at the requested level. The Committee's decision to reduce the request by \$45 million would severely reduce the Fund's ability to leverage investments, loans, and financial services in the country's most distressed communities.

National Aeronautics and Space Administration

The Administration is concerned with the Committee's reductions to the requests for the International Space Station, Space Shuttle, and Earth Science programs. Full funding in FY 1999 for Space Station is critical as the United States and our International Partners are in a peak period of development and integration, and proceeding toward First Element Launch later this year. Further, the Administration is particularly concerned about bill language prohibiting the use of funds for the Triana project. Triana offers a unique opportunity to educate and engage students in all phases of the mission. Its observations could potentially be used in meteorology and environmental monitoring, as well as for commercial purposes. The Administration will work with the Congress to enable restoration of funding for these priority programs as the bill proceeds. The Administration is also concerned over the large number of unrequested, site-specific earmarks, which would have the effect of circumventing the competitive, peer review process and are paid for, in part, with serious reductions to priority programs.

Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Committee for the Federal Emergency Management Agency. However, we believe that the \$20 million reduction to the President's request for pre-disaster mitigation grants is shortsighted. These grants would help reduce the cost of future disasters by leveraging local and private-sector support for enhanced mitigation efforts at the State and community level. We urge the Committee to fund fully the President's request for this important initiative. In addition, we urge the Committee to approve our recent request for funding to help States and communities prepare for potential terrorist incidents involving chemical and/or biological weapons.

National Science Foundation

Given the budget constraints facing the Committee, the Administration appreciates the effort to provide a \$268 million increase over the FY 1998 level for the National Science Foundation (NSF). Nevertheless, the Administration is concerned with the reduction to the request for education and human resources and the elimination of funds for the proposed Polar Cap Observatory and NSF funds for the GLOBE program. The Administration is firmly committed to NSF's research and education activities, which not only promote scientific advancement but also contribute to economic development. We strongly urge the Congress to provide the full increase requested for NSF for its research, equipment, and education activities.

Neighborhood Reinvestment Corporation

The Administration is pleased by the Committee's decision to provide the President's full request for the Neighborhood Reinvestment Corporation (NRC). The NRC has a proven, successful record of leveraging private sector resources to promote homeownership and helping strengthen America's communities. This funding would provide an additional \$25 million for a homeownership initiative that seeks to create 10,000 new homeowners through FY 2000.

Consumer Product Safety Commission

The Administration opposes bill language that would block the Consumer Product Safety Commission's ability to promulgate rules to reduce the flammability of upholstered furniture. This language intrudes upon CPSC's ability, as well the ability of other agencies, to carry out their responsibilities. Furthermore, these efforts to block the development of a new safety standard may represent a threat to public health.

Potential Amendment Related to Peer Review

The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration is committed

to using the best possible science and peer review for rule-making. However, this amendment is unnecessary, inappropriate, and wasteful. Peer review is currently incorporated in the Government-wide rule-making process, where it is needed, through extensive outreach, public comment, and scientific advisory boards. As drafted, this amendment would mandate a one-size-fits-all requirement that would serve only to delay important government action, in particular, rules designed to protect health safety and the environment. It would impose a costly additional step in the regulatory process and could cover a large, heterogeneous set of rules, as diverse as meat and poultry inspection rules, airplane and automobile safety standards, FDA drug and device approvals, and rules to ensure safe drinking water and clean air. This would impose an undue burden on numerous final rules by requiring substantial personnel and other resources and could result in significant delays on important public health and safety rules.

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Gene B. Sperling/OPD/EOP
Sally Katzen/OPD/EOP
Elena Kagan/OPD/EOP
Martha Foley/WHO/EOP
Ron Klain/OVP @ OVP
William P. Marshall/WHO/EOP
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

Message Copied To:

Kevin S. Moran/WHO/EOP
Jessica L. Gibson/WHO/EOP
Melissa G. Green/OPD/EOP
Michelle Crisci/WHO/EOP
Laura Emmett/WHO/EOP
Shannon Mason/OPD/EOP
Jonathan H. Adashek/WHO/EOP
Charles Konigsberg/OMB/EOP
Elizabeth Gore/OMB/EOP
Lisa Zweig/OMB/EOP
Jill M. Blickstein/OMB/EOP
Charles R. Marr/OPD/EOP
Emil E. Parker/OPD/EOP
Judy Jablow/CEQ/EOP
Paul J. Weinstein Jr./OPD/EOP
Peter A. Weissman/OPD/EOP
Robert L. Nabors/OMB/EOP
Adrienne C. Erbach/OMB/EOP
Victoria A. Wachino/OMB/EOP



Kate P. Donovan
07/20/98 08:05:39 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 Appropriations Letter

Tomorrow, the DC Appropriations bill will be marked up by the Senate Full Committee. Therefore, we need your comments/clearance by 10am tomorrow morning. Thanks.

The Honorable Ted Stevens
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

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.

While the Administration appreciates the support of the Subcommittee in 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 deeply concerned about a number of provisions of the Subcommittee bill, as described below. We urge the Committee to approve a bill that addresses the Administration's concerns.

Economic Development Initiative

The Administration requested \$100 million for an economic development initiative for the District of Columbia. We appreciate the Subcommittee's action in providing \$25 million to continue the implementation of management reform initiatives in the District. However, the Administration strongly opposes section 157 of the Subcommittee bill, which would repeal D.C. Council legislation authorizing the establishment of 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. The Administration strongly urges the Committee to strike section 157 and to fully fund the request of the President and the District to capitalize the NCRC with \$50 million in FY 1999. In addition, the Administration urges the Committee to provide \$25

million for transportation improvements related to the Washington Convention Center project, which also will foster economic development in the downtown area.

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.

Public Education System

We are concerned that the bill does not provide enough funding to support educational services for all the students who wish to attend D.C. charter schools. 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. We look forward to working with the Senate to address our mutual concerns.

Sincerely,

Jacob J. Lew
Acting Director

Identical Letter Sent to The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Lauch Faircloth
and The Honorable Barbara Boxer

Message Sent To: _____

Cloning



Jerold R. Mande

07/23/98 09:05:31 AM

Record Type: Record

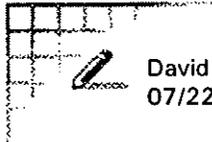
To: Elena Kagan/OPD/EOP

cc:

Subject: Cloning

fyi

----- Forwarded by Jerold R. Mande/OSTP/EOP on 07/23/98 09:04 AM -----



David W. Beier @ OVP
07/22/98 07:15:42 PM

Record Type: Record

To: Jerold R. Mande/OSTP/EOP, Rachel E. Levinson/OSTP/EOP

cc: Lawrence J. Haas/OVP @ OVP, Toby Donenfeld/OVP @ OVP, Kay Casstevens/OVP @ OVP

Subject: Cloning

Tomorrow's issue of Nature magazine will report that there is now scientific confirmation that Dolly was indeed cloned through somatic nuclear cell transfer AND that a mouse has been cloned using the same technique.

This news is very likely to motivate Cong. Arney to again push for legislation to "ban human cloning". Given the pendency of the various appropriations there are many available vehicles.



Kate P. Donovan
07/13/98 05:00:03 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: URGENT: TRANSPORTATION APPROPS. SENATE LETTER

Below is the draft Senate Committee letter for FY99 Transportation Appropriations. Please note the Secretarial veto recommendation regarding project labor agreements. Senate markup is tomorrow, Tuesday, at 9:30am. Therefore, we need to send the letter tonight. Please provide comments/clearance no later than 7pm. Thanks.

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

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 Senate 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 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 Administration is concerned that the Subcommittee's 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 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 bill also includes a number of objectionable language provisions. In particular, the Secretary of Transportation has indicated he would recommend that the President veto the bill if it includes section 322, which could severely limit the use of project labor agreements. These concerns are discussed below.

Air Transportation and Highway Safety

The Administration strongly urges the Committee 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 adequately protect the safety of automobile travelers, we ask that the Committee work with the authorizers and provide an additional \$12 million for high priority National Highway Traffic Safety Administration (NHTSA) programs.

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 Committee to address our concerns. In addition, we urge the Committee 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 need of the next century. The Committee is requested to provide the \$100 million in the FAA Facilities and Equipment account to deploy explosive detection systems. The Subcommittee'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 Subcommittee'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.

Amtrak

The Administration strongly urges the Committee to provide Amtrak with the ability to invest its capital funds flexibly, as presently done by Federal Transit Administration grantees, and to make the funds available on October 1st. In addition, 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.

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. Without these funds, many economically disadvantaged individuals will be unable to make the transition from welfare to work.

Civil Rights and Office of the Secretary

The Administration strongly urges the Committee to restore the 20-percent reduction made by the Subcommittee 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 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 changes are necessary to avoid a reduction-in-force and to allow the Secretary to manage the department effectively.

Earmarks

The Subcommittee has earmarked almost 400 transit projects, as well as many airport, Intelligent Transportation System (ITS) and rail, and infrastructure credit projects. 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 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 Committee 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.

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 Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Richard C. Shelby,
and The Honorable Frank R. Lautenberg

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Gene B. Sperling/OPD/EOP
Sally Katzen/OPD/EOP
Elena Kagan/OPD/EOP
Martha Foley/WHO/EOP
Ron Klain/OVP @ OVP
William P. Marshall/WHO/EOP
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
Karen Tramontano/WHO/EOP

Message Copied To:



Kate P. Donovan
07/16/98 11:58:57 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: REVISED VA/HUD FLOOR SAP

Below is the draft VA/HUD House Floor SAP assuming passage of the rule which is pending on the House floor right now. The language is identical to the House Rules SAP cleared & released yesterday except for the HUD sections in bold text. Please respond with comments/clearance by 1:30pm (general debate begins after T/P action is completed). Thanks.

**H.R. 4194 DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1999**

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 4194, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or are underfunded, in particular, key Presidential priorities such as funding for National Service, Superfund, and climate change. Furthermore, the Administration is very concerned that the Committee has included problematic language regarding the Kyoto Protocol and other issues. Finally, the Administration understands that an amendment will be offered to include unacceptable provisions now contained in H.R. 2, such as those **relaxing** income targeting. If the bill were presented to the President without responding to these concerns, the President's senior advisers would recommend that he veto the 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 could be used to increase high-priority discretionary programs, including those funded by this bill.

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.

Corporation for National and Community Service

The Administration strongly objects to the termination of the Corporation for National and Community Service, one of the Administration's top priorities. Eliminating funding for the Corporation would deny more than 49,000 Americans the opportunity to serve as AmeriCorps members in projects such as America Reads, the Administration's effort to raise student literacy through the use of tutors to supplement the school day activities. In addition, over one million students of all ages would forego the chance to participate in service learning activities in their schools and neighborhoods. The funding level in the Committee bill for the Corporation for National and Community Service is unacceptable.

Environmental Protection Agency

The Administration has several major concerns with the Committee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the \$593 million, or 28-percent, reduction to the President's request for Superfund, which would delay cleanups at sites nationwide and needlessly jeopardize public health. In addition, the Administration opposes the \$16 million, or 18-percent, reduction to the request for brownfields funding as well as restrictive bill language that would hamper achievement of brownfield cleanups by preventing their use for removals, cleanups, and revolving loan funds. The Administration urges the House to restore Superfund to the requested level and to delete the restrictive brownfields language.

The Administration strongly opposes the Committee's \$106 million reduction in EPA funding for the Climate Change Technology Initiative. This high-priority program should be funded fully to cut energy usage, save consumers money, and reduce greenhouse gas emissions. We will work with the Congress to restore requested funding as the bill moves forward.

The Administration strongly opposes bill and report language relating to the Kyoto Protocol that applies to the EPA and the Council on Environmental Quality. While the Administration could not and would not implement the Protocol until it is ratified, the bill language could be interpreted broadly to prevent activities that limit greenhouse gases -- for example, through enhancing energy efficiency -- but that are authorized under current law. The report language also inappropriately purports to prevent the Executive Branch from engaging in educational and outreach activities related to treaty negotiations and other aspects of climate change. The Administration opposes this and other riders because they inappropriately use the legislative process by denying the public and Members of Congress the opportunity to examine and debate these proposals openly.

The Administration appreciates the Committee's providing full funding for the

President's Clean Water Action Plan, which is designed to prevent pollution run-off and protect public health. The Administration urges the Committee to provide the full \$50 million request to help improve water quality in Boston Harbor and prevent beach closings.

The Administration is concerned with the large number of unrequested, earmarked projects in the Committee mark for EPA, particularly when the Committee has reduced several other high-priority Administration initiatives, including right-to-know programs, Montreal Protocol, GLOBE, and Mexican border wastewater treatment funding.

Department of Housing and Urban Development

The Administration understands that an amendment will be offered to add H.R. 2, the Public Housing Reform and Responsibility Act of 1997, to the bill. H.R. 2 includes unacceptable provisions. For example, by changing the income targeting at admission for public and Section 8 assisted housing, H.R. 2 would shift subsidies from the poorest families, many of whom are working, to families with incomes sufficient to have greater housing choices. Such provisions would increase homelessness and hardship at a time when record numbers of Americans cannot afford even basic housing. The Administration supports reasonable measures to encourage a range of incomes in public housing and thereby reduce concentrations of poverty. The Administration can find no rationale, however, for relaxing the income targeting of Section 8 subsidies that can be used throughout a community. We must not allow those with the most desperate housing needs to be left out in the name of housing reform.

The Administration is concerned about the funding levels provided for key programs of the Department of Housing and Urban Development, particularly for welfare-to-work housing vouchers and other programs, such as the Community Empowerment Fund, that would expand job opportunities.

The Administration appreciates the Committee's decision to fund 17,700 incremental "Welfare-to-Work" housing vouchers. **The Administration would strongly support an amendment to increase the number of welfare-to-work housing vouchers to help more families get or keep a job.** Indeed, with millions of families needing to make the transition from welfare to work, and in light of recent studies that show historically high unmet housing needs among very low-income Americans, the Administration believes it is critical for the Congress to fund the entire 50,000 welfare-to-work housing vouchers provided for in the President's request. Welfare-to-work housing vouchers will support implementation of welfare reform by assisting those welfare recipients who need housing assistance to get or keep a job.

The Administration also encourages the Congress to fund fully the President's request for \$400 million for an Economic Development Initiative Community Empowerment Fund to generate jobs in distressed communities. The Committee has cut the request by \$350 million, providing only \$50 million, as a set-aside within the existing CDBG program.

The Administration appreciates the Committee's decisions to fund a number of programs at the levels requested, including the Partnership for Advancing Technologies in Housing (PATH) initiative, and to renew all expiring Section 8 contracts. The Administration is encouraged that the Committee has provided funding for half the President's request for Regional Opportunity Counseling, a voluntary effort to expand the housing and employment opportunities available to low-income families. We urge full funding of the President's request for this program. We are also pleased by the Committee's decision to provide \$80 million for the Office of Lead Hazard Control, to reduce the risk of childhood lead poisoning and other health hazards. The Administration encourages the Congress to fund fully a number of other areas -- Homeless Assistance, Brownfields, and Regional Connections--and to end the ninety-day delay in reissuing of Section 8 certificates/vouchers on turnover.

The Administration is very concerned that the Subcommittee has not included language extending the repeal of one-for-one replacement for public housing. Without this language, the bipartisan goal of demolishing 100,000 of the worst public housing units by FY 2003 may not be achieved.

The Administration is pleased with the Committee's decision to support an audit-based enforcement initiative for the Fair Housing Initiatives program. We urge the Congress to fund fully this critical fair housing initiative to reduce the level of housing discrimination.

The Administration urges the Congress to adopt the Administration's proposal to reform HUD's single-family property disposition program, which would produce substantial savings by improving the efficiency of FHA's property disposition processes and would permit the Committee to provide additional resources to critical Committee programs. **Finally, the Administration understands that there will be an effort to eliminate the provisions in the bill that increase the FHA loan limit. The Administration strongly opposes such an effort. The Administration urges the Congress instead to provide greater homeownership opportunities by increasing the FHA loan limit to the "conforming" limit.**

Council on Environmental Quality

The Administration appreciates the modest increase over the FY 1998 level provided for the Council on Environmental Quality (CEQ). However, we strongly believe that in order to allow CEQ to carry out its environmental mission and reinvention efforts, the full requested level should be provided, and language prohibiting use of detailees should be deleted.

Community Development Financial Institutions Fund

The Administration strongly urges the Committee to fund the Community Development Financial Institutions Fund at the requested level. The Committee's decision to reduce the request by \$45 million would severely reduce the Fund's ability to leverage investments, loans, and financial services in the country's most distressed communities.

National Aeronautics and Space Administration

The Administration is concerned with the Committee's reductions to the requests for the International Space Station, Space Shuttle, and Earth Science programs. Full funding in FY 1999 for Space Station is critical as the United States and our International Partners are in a peak period of development and integration, and proceeding toward First Element Launch later this year. Further, the Administration is particularly concerned about bill language prohibiting the use of funds for the Triana project. Triana offers a unique opportunity to educate and engage students in all phases of the mission. Its observations could potentially be used in meteorology and environmental monitoring, as well as for commercial purposes. The Administration will work with the Congress to enable restoration of funding for these priority programs as the bill proceeds. The Administration is also concerned over the large number of unrequested site-specific earmarks, which would have the effect of circumventing the competitive, peer review process and are paid for, in part, with serious reductions to priority programs.

Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Committee for the Federal Emergency Management Agency. However, we believe that the \$20 million reduction to the President's request for pre-disaster mitigation grants is shortsighted. These grants would help reduce the cost of future disasters by leveraging local and private-sector support for enhanced mitigation efforts at the State and community level. We urge the Committee to fund fully the President's request for this important initiative. In addition, we urge the Committee to approve our recent request for funding to help States and communities prepare for potential terrorist incidents involving chemical and/or biological weapons.

National Science Foundation

Given the budget constraints facing the Committee, the Administration appreciates the effort to provide a \$268 million increase over the FY 1998 level for the National Science Foundation (NSF). Nevertheless, the Administration is concerned with the reduction to the request for education and human resources and the elimination of funds for the proposed Polar Cap Observatory and NSF funds for the GLOBE program. The Administration is firmly committed to NSF's research and education activities, which not only promote scientific advancement but also contribute to economic development. We strongly urge the Congress to provide the full increase requested for NSF for its research, equipment, and education activities.

Neighborhood Reinvestment Corporation

The Administration is pleased by the Committee's decision to provide the President's full request for the Neighborhood Reinvestment Corporation (NRC). The NRC has a proven, successful record of leveraging private sector resources to promote homeownership and helping strengthen America's communities. This funding would provide an additional \$25 million for a homeownership initiative that seeks to create 10,000 new homeowners through

FY 2000.

Consumer Product Safety Commission

The Administration opposes bill language that would block the Consumer Product Safety Commission's ability to promulgate rules to reduce the flammability of upholstered furniture. This language intrudes upon CPSC's ability, as well the ability of other agencies, to carry out their responsibilities. Furthermore, these efforts to block the development of a new safety standard represent a threat to public health.

Potential Amendment Related to Peer Review

The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration is committed to using the best possible science and peer review for rule-making. However, this amendment is unnecessary, inappropriate, and wasteful. Peer review is currently incorporated in the Government-wide rule-making process, where it is needed, through extensive outreach, public comment, and scientific advisory boards. As drafted, this amendment would mandate a one-size-fits-all requirement that would serve only to delay important government action, in particular, rules designed to protect health safety and the environment. It would impose a costly additional step in the regulatory process and could cover a large, heterogeneous set of rules, as diverse as meat and poultry inspection rules, airplane and automobile safety standards, FDA drug and device approvals, and rules to ensure safe drinking water and clean air. This would impose an undue burden on numerous final rules by requiring substantial personnel and other resources and could result in significant delays on important public health and safety rules.

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Gene B. Sperling/OPD/EOP
Sally Katzen/OPD/EOP
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Todd Stern/WHO/EOP
Maria Echaveste/WHO/EOP

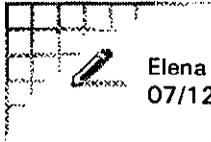
Message Copied To:

Existing Veto Threats

- **Defense (House bill).** Senior advisers recommended veto due to a provision that could be interpreted to restrict Presidential exercise of constitutional authority by requiring prior congressional authorization of offensive military operations.
 - **Interior (House bill).** Senior advisers recommended veto due to the failure to fund the National Endowment for the Arts (later restored by the full Committee); under-funding of Energy Conservation, Everglades restoration and the millennium project; and the inclusion of damaging riders, such as the provisions concerning the Interior Columbia Basin Ecosystem Management Project and the road easement in Alaska's Chugach National Forest.
- Interior (Senate bill).** The Secretaries of Interior, Agriculture and Energy recommended veto due to inadequate funding for priority programs and unacceptable language riders such as mandated timber sales in the Tongass.
- **VA/HUD (House bill).** Senior advisers recommended veto due to the termination of National Service, cuts in funding for Superfund and climate change, and the inclusion of restrictive language regarding the Kyoto Protocol.

Potential Veto Threats

- **Labor/HHS/Ed (House bill).** No funding for America Reads, Youth Opportunities, Education Opportunity Zones, High Hopes College Partnership, Summer Youth and Low Income Home Energy Assistance; deep cuts below FY 1998 in Goals 2000 and School-to-Work; cuts below the request in Head Start, child care, education technology and Title I Education for the Disadvantaged; and riders such as blocking educational testing, limiting participation of students in bilingual education to two years, banning all needle exchange programs and blocking the HHS organ donation rule.
- **Foreign Operations.** Allocation is insufficient to fund priorities. House appears to target Administration priorities.
- **Commerce/Justice/State (House bill).** 50 percent cut in the Legal Services Corporation, restriction on decennial census funding, and insufficient funding for drug testing and State operations.
- **VA/HUD.** Status of opposition to Kyoto restrictions?
- **Agriculture.** Coburn amendment (approved) prohibits FDA from testing or approving any drug for the chemical inducement of abortion (e.g., RU-486).
- **Transportation.** Restrictions on project-labor agreements (PLAs).



Elena Kagan
07/12/98 04:16:05 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP
cc:
Subject: Senate Agriculture SAP

----- Forwarded by Elena Kagan/OPD/EOP on 07/12/98 04:20 PM -----



Kate P. Donovan
07/10/98 07:23:37 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: Senate Agriculture SAP

The draft Senate SAP for Agriculture FY99 Appropriations was cleared a couple of weeks ago but held pending floor action. The Senate now expects to take up the bill Tuesday (7/14). Two new sections (bolded text for your review) have been added concerning FDA/RU 486 and WIC. Please provide comments/clearance by noon, Monday (7/13). Thanks.

**S. 2159 -- AGRICULTURE, RURAL DEVELOPMENT
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1999**

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

This Statement of Administration Policy provides the Administration's views on S. 2159, the Agriculture, Rural Development, Food and Drug Administration, 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 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 discussed below. 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 providing savings through user fees and certain mandatory programs to help finance discretionary 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 could be used to increase high-priority discretionary programs, including those funded by this bill. In addition, we urge the Congress to adopt the user fee proposals included in the President's budget, which would enable over \$600 million to be directed to important initiatives such as those proposed for food safety, nutrition programs, rural development, and conservation.

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

Civil Rights

The Administration is working to include in the bill a provision that waives the statute of limitations for individuals who have previously filed a discrimination claim against USDA. The President is personally committed to righting any wrongs committed by USDA employees in years past, and a great many individuals who were discriminated against will have no recourse unless the statute of limitations is waived for them. We will continue to work to identify appropriate offsets for the cost of this waiver.

In a number of areas, the Committee has reduced funds to assist the most needy farmers and members of the rural community. The Committee does not provide the requested increase for the Outreach for Socially Disadvantaged Farmers program, which was a key recommendation of the Civil Rights Action Team (CRAT) report last year. With the additional \$7 million requested, USDA could support 35 projects to assist 10,000 small family farms and stem the continuing reduction in the number of minority farmers and ranchers.

Another recommendation in the CRAT report is to increase the amount of farm ownership loans, a portion of which are targeted to minority and beginning farmers. The Administration urges the Senate to provide the additional \$3 million requested for this program by the President, which would permit another 290 limited-resource farmers to finance real estate purchases. This increase could be offset by approving the request to eliminate the Forestry Incentives Program, which promotes timber production on private lands.

Food Safety Initiative

The Administration is deeply concerned that the Committee has not fully funded the President's request for Food and Drug Administration (FDA) and USDA activities to enhance food safety, providing only \$2.6 million out of the \$101 million the President has requested for these activities, \$96 million of which is requested in this bill. American consumers enjoy

the world's safest food supply, but too many Americans get sick, and in some cases die, from preventable food-borne diseases. The President's budget increase would expand food safety research, risk assessment capabilities, education, surveillance activities, and food import inspections. We want to work with the Congress to explore user fee options within FDA and USDA that can be used to offset the cost of the needed increases in these programs as well as provide funds to modernize further the meat and poultry inspection system.

Food and Drug Administration: Drug Safety

The Administration would strongly oppose an amendment that may be offered that would intervene in the drug safety practices of the Food and Drug Administration (FDA) and place restrictions on scientific research that can protect women's health and offer safe medical choices. We urge the Senate not to include language that would interfere with the FDA's continued use of rigorous testing and the highest scientific standards to protect the public health. [If such language is included in the bill presented to the President, the Secretaries of Health and Human Services and Agriculture would recommend that he veto the bill.]

Women, Infants, and Children

The Committee bill would freeze funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at the FY 1998 level of \$3.9 billion, \$157 million below the President's request. This would only support a participation level of between 7.3 and 7.4 million women, infants, and children, and, based on FY 1998 year-end projections, would mean cutting off over 100,000 needy participants from the program. The President's request would maintain participation at 7.5 million, fulfilling the bipartisan commitment to fully fund WIC. The Administration strongly encourages the Senate to fund WIC at the President's requested level.

On language issues regarding administration of the WIC program, the Administration prefers the language included in the President's budget, in order to maintain the viability of infant formula rebates and so that funds are used to satisfy the highest priority WIC needs first. The Administration also supports transferring the Farmers' Market Nutrition Program to the Commodity Assistance Program, in order to prevent the diversion of already limited WIC resources from supporting program participation.

Arms Export Control Act Modification

The Administration supports section 738, which will ensure that American farmers can continue to export wheat and other commodities to India and Pakistan through USDA export assistance programs. As the President recently announced, in the sanctions the U.S. is applying toward those countries, we are attempting within the constraints of the Act to minimize the humanitarian impact on their people and adverse effects on American agriculture. Cutting off the supply of U.S. wheat would only hurt the citizens of Pakistan and India, as

well as American farmers, without furthering the goal of nuclear nonproliferation.

Rural Development Funding

The Administration strongly objects to the Committee's blocking the mandatory Fund for Rural America from being used in FY 1999. The Fund provides additional resources for rural development and innovative agricultural research that are vitally needed to improve the quality of life in rural America and increase the productivity of U.S. farmers. The intent of Congress in creating the Fund in 1996 was to boost the overall Federal investment in these activities, not to offset discretionary spending in them. Furthermore, Congress recently extended the authority for the Fund while increasing its resources. We urge the Senate to strike this provision.

In addition, the Committee has not fully funded the President's request for the Rural Community Advancement Program (RCAP), underfunding direct loans for water and wastewater and for community facilities. These loans provide the community infrastructure needed to improve the quality of life of rural Americans, and often finance the vital ingredient for diversifying the rural economy. The Committee bill would result in an estimated 35 fewer water and wastewater facilities serving 50,000 rural residents, and 75 fewer rural health clinics, police and fire stations, and child care facilities being built. Furthermore, for the RCAP program to be adaptable to unique local economic development needs, as envisioned in its 1996 Farm Bill authorization, the Senate should strike the Committee's limitation on the flexibility to transfer funds among programs and allow the program to be implemented as authorized.

Food and Drug Administration

The Administration strongly urges the Congress to provide the full \$1,251 million in resources to fund the program level proposed for the Food and Drug Administration (FDA) in the President's budget. The Administration is deeply disappointed and concerned that the Committee has not funded the President's request for FDA's tobacco enforcement activities. This funding is vital to the Administration's plan to reduce youth smoking. Congress' failure thus far to pass comprehensive tobacco legislation should not prevent the Committee from providing adequate resources for these critical public health activities. We will work with the Congress to develop the appropriate means of funding.

Agricultural Research

The Committee bill includes over \$50 million in unrequested earmarks for lower-priority research while funding competitive grants through the National Research Initiative (NRI) at \$33 million below the President's request. The rejection of additional funds for competitive research grants for national and regional priorities, in favor of earmarked grants for more local or industry-specific requests, will slow progress toward addressing the most pressing needs of American agriculture and food consumers, and we urge the Senate to reverse this course of action. It can do so not only by reducing earmarked grants in the bill,

but by reducing the \$9 million in unrequested increases for the Agricultural Research Service's buildings and facilities program. A task force created by the 1996 Farm Bill to review the Nation's agricultural research facilities comprehensively is due to report to Congress next year, and further construction should be minimized until the Administration and Congress have had the opportunity to review the report.

Climate Change and Clean Water Initiatives, and Conservation Programs

The Committee has not provided any of the \$7 million increase requested for additional research as part of the Administration's Climate Change Technology Initiative. These funds would support high-priority research to reduce emissions of greenhouse gases caused by agricultural practices, develop improved feedstocks that can be used to generate energy, and improve techniques to convert agricultural products to biofuels. The Administration urges the Senate to provide the necessary funding.

The Committee also has not included the Administration's requested increase of \$23 million for the Natural Resources Conservation Service (NRCS) to implement the President's Clean Water Action Plan to help State and local organizations hire watershed coordinators, document baseline conditions, and target resources to farmers requesting assistance. The Plan, developed by USDA and EPA, outlines a strategy on how to address water quality problems, including polluted runoff, in watershed areas across the Nation. The Administration urges the Senate to provide these necessary funds to the NRCS.

In addition, the Administration is concerned with reductions in the Committee bill to USDA mandatory conservation programs. The bill eliminates funds to carry out a Conservation Farm Option program, and reduces signups under the Wetlands Reserve Program by 25,000 acres, to 140,000 acres. These programs provide technical and financial assistance to farmers to enable them to manage their land efficiently while providing environmentally-beneficial improvements to wetlands, wildlife habitat, soil erosion, and water quality. Taken together, the reductions in the bill to conservation and environmental programs are objectionable, and we want to work with the Senate to restore funding in this area.

Other Issues

Additional funds are needed for the farm labor housing program to improve the living conditions many farm labor families endure. The Committee's level of \$16 million in direct loans is more than 50 percent below the Administration's request and, when coupled with the bill's \$3 million reduction below the request for farm labor grants, would mean that over 350 fewer housing units would be built compared with the request. We urge the Senate to increase funding to assist these needy members of our society. This could be achieved by shifting \$11.5 million from the amount in the bill that is in excess of the President's request for multi-family housing direct loans.

The Committee bill includes a \$20 million reduction to the President's request for the mandatory Emergency Food Assistance Program (TEFAP), which purchases commodities for individuals greatly in need of assistance. Given reported increases in need for food assistance through food banks and soup kitchens, the Administration is concerned that this reduction from the authorized level would mean less food will reach the most vulnerable Americans.

The Administration objects to section 721 of the Committee bill, which would limit Executive Branch review of USDA responses to congressional inquiries. Congress expects the Administration to be responsible for agency activities. This provision erodes that responsibility and is contrary to the widespread congressional view that more, not less, accountability is needed for improved management results. The Administration urges the Senate to delete the provision.

The Administration objects to section 735 of the Committee bill, which would prohibit the Food and Drug Administration (FDA) from consolidating laboratory operations. The proposed consolidation offers the opportunity for better efficiency and mission coordination, and it is part of FDA's overall streamlining goals. This provision would force FDA to spend funds on infrastructure that could otherwise be used more directly to protect public health. The Administration urges the Senate to delete this provision.

The Committee has provided none of the requested \$22 million increase for the Inspector General as part of the Administration's law enforcement initiative. This USDA initiative would save taxpayers millions of dollars lost through fraud in the food and nutrition programs, in USDA disaster, multi-family housing, and other programs, as well as improve the integrity of USDA programs. The Administration urges the Senate to increase funds for this important initiative.

The Committee bill provides funding for research on nutrition programs within the Food and Nutrition Service (FNS). The Administration is very pleased that funding for these activities is returned to the FNS, where research on nutrition programs will occur in the context of the program's administration.

Message Sent To: _____



Kate P. Donovan
07/06/98 11:40:16 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: VA/HUD SENATE SAP -- NEED CLEARANCE

Below is the VA/HUD FY99 Appropriations Senate SAP. The Senate expects to begin consideration TODAY around noon. Therefore, please provide comments/clearance no later than 12:30pm. Thank you.

S. 2168 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1999 (Sponsors: Stevens (R), Alaska; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on S. 2168, the Departments of Veterans Affairs and Housing and Urban Development, and Independent 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 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 variety of critical programs are underfunded, as discussed below.

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. The Committee has used part of one such offset in its version of the bill, and we encourage the Congress to take advantage of such additional offsets.

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

Department of Housing and Urban Development

The Administration is deeply concerned about the funding levels provided for

key programs within the Department of Housing and Urban Development, particularly for welfare-to-work vouchers and other programs such as the Community Empowerment Fund that would expand job opportunities.

* The Administration is very disappointed by the Committee's decision to fund only 7,000 incremental vouchers through a \$40 million "Self-Sufficiency" housing vouchers pilot program that earmarks funds for seven specified cities. In light of recent studies that show historically high unmet housing need among very low-income Americans, however, the Administration believes it is critical for the Congress to fund the entire 50,000 welfare-to-work housing vouchers provided for in the President's request. Moreover, these welfare-to-work vouchers should be made available in a way that ensures vouchers are distributed to places with both the greatest need and the most effective program design. Full funding for welfare-to-work housing vouchers will support implementation of welfare reform by assisting those welfare recipients who need housing assistance to get or keep a job.

* The Administration encourages the Congress to fund fully the President's request for \$400 million for a Community Empowerment Fund to generate jobs in distressed communities. The Committee provides only \$85 million as a set-aside within the existing CDBG program, with over 75 percent earmarked for specific projects.

The Administration appreciates the Committee's decision to fund a number of programs at the levels requested and to renew all expiring Section 8 contracts. Likewise, we appreciate the Committee's decision to increase funding for Homeless Assistance Grants above FY 1998 levels. We would strongly oppose, however, a rigid set-aside for permanent housing, which would reduce the ability of each local entity to adopt the most effective response to the homeless challenge unique to that area. Further, the Administration is disappointed by the absence of funding for Regional Opportunity Counseling, a voluntary effort to expand the housing and employment opportunities available to low-income families. We urge the Senate to provide additional resources for the Fair Housing Initiatives Program in order to reduce housing discrimination that remains all too common. The Administration encourages the Senate to fund fully a number of other areas -- Brownfields, Regional Connections, Office of Lead Hazard Control, and the Partnership for Advancing Technologies in Housing (PATH) Initiative.

The Administration appreciates the Committee's decision to raise the limit on FHA single-family loans. The Administration urges the Congress to provide even greater homeownership opportunities by increasing FHA's loan limit to the GSE "conforming" limit. In addition, the Administration urges the Congress to adopt the Administration's proposal to reform HUD's single-family property disposition program, which would produce substantial savings by improving the efficiency of FHA's property disposition processes.

Finally, the Administration is concerned about the Committee's decision not to fund \$304 million in FHA administrative expenses. Appropriated funds are FHA's only source for contracting for vital management services for its insurance funds.

Environmental Protection Agency

The Administration has several major concerns with the Committee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the action of the Committee to reallocate approximately \$600 million of funds that were already agreed to last year to accelerate Superfund cleanups. This reduction would delay cleanups at sites nationwide and needlessly jeopardize public health. The Administration urges the Senate to restore Superfund to the levels agreed to last year for FY 1999 and to delete restrictive language preventing use of brownfields funding for revolving loan funds.

While the Administration appreciates the increases provided for the Clean Water Action Plan, we urge the Senate to provide the President's full request to prevent pollution run-off and protect public health. In addition, the Administration strongly urges the Congress to restore the \$50 million request to help improve water quality in Boston Harbor and prevent beach closings.

The Administration strongly opposes the Committee's \$91 million reduction in EPA funding for the Climate Change Technology Initiative. This high-priority program should be fully funded to cut energy usage, save consumers money, and reduce greenhouse gas emissions. We will work with the Congress to restore requested funding as the bill moves forward. The Administration is also concerned about the report language relating to this initiative, which is so broad that it could be interpreted to preclude or terminate many on-going activities that are already authorized by existing laws and treaties. In addition, the Administration objects to the report language requiring a detailed Government Performance and Results Act (GPRA) plan relating to Climate Change activities. Such a plan is premature and appears to require us to set goals for implementing the Kyoto Protocol before it has been ratified by the Senate.

The Administration is also concerned with the large number of unrequested, earmarked projects in the Committee mark for EPA, particularly when the Committee has reduced several other high-priority Administration initiatives, including right-to-know programs, Montreal Protocol, GLOBE, and Mexican border wastewater treatment funding.

Council on Environmental Quality

The Administration appreciates the modest increase over the FY 1998 level

provided for the Council on Environmental Quality (CEQ). However, we strongly believe that in order to allow CEQ to carry out its environmental mission and reinvention efforts, the full requested level should be provided, and language prohibiting use of detailees should be deleted.

Corporation for National and Community Service

The Administration is deeply concerned that freezing funding for the Corporation for National and Community Service at the FY 1998 level, \$74 million below the President's request, will not allow the Corporation to finance nearly 5,000 AmeriCorps tutors targeted to recruit, organize, and manage more than 60,000 volunteers as part of America Reads, the Administration's effort to raise student literacy through the use of tutors to supplement the school day activities.

Community Development Financial Institutions Fund

The Administration strongly opposes the Committee's decision to reduce the request for the Community Development Financial Institutions Fund by \$70 million. This cut would severely reduce the Fund's ability to leverage investments, loans, and financial services in the country's most distressed communities.]

Neighborhood Reinvestment Corporation

The Administration is disappointed by the Committee's decision not to fund the full request for the Neighborhood Reinvestment Corporation (NRC). The NRC has a proven successful record of leveraging private sector resources to promote homeownership and helping to strengthen Americas communities. The Administration urges the Senate to fully fund the President's request of \$90 million, which includes a \$25 million homeownership initiative that seeks to create 10,000 new homeowners through FY 2000. |

National Aeronautics and Space Administration

The Administration is pleased that the Committee has fully funded the President's request for NASA. We hope that it is possible to reach an accommodation on overall funding in the bill that can satisfy both the Administration's unfunded priorities in other agencies and the Committee's interest in providing increased funding for NASA. As indicated above, the Administration looks forward to working with Congress to identify mandatory and other program savings so that increases in spending, such as the additional spending for NASA, is possible.

We are concerned by the increased number of appropriation accounts for Space Station and other activities. The redirection of key resources to implement this change could threaten NASA's Year 2000 conversion effort and pose an audit risk. The Administration is prepared to work with the Congress to control development costs of the International Space Station better, while also providing the flexibility necessary to deal with unanticipated requirements.

The Administration is also concerned about the very large number of unrequested, site-specific earmarks, which would have the effect of circumventing the competitive, peer review process.

Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Committee for the Federal Emergency Management Agency. However, we believe that the \$25 million reduction to the President's request for pre-disaster mitigation grants is shortsighted. These grants would help reduce the costs of future disasters by leveraging local and private-sector support for enhanced mitigation efforts at the State and community level. We urge the Senate to fund fully the President's request for this important initiative. In addition, we urge the Senate to approve the President's recent request for funding to help States and communities prepare for potential terrorist incidents involving chemical and/or biological weapons.

National Science Foundation

Given the budget constraints facing the Committee, the Administration appreciates the effort to provide a \$215 million increase over the FY 1998 level for the National Science Foundation (NSF). However, the Administration is concerned that the elimination of funding for the proposed Polar Cap Observatory (PCO) would hamper scientists' further understanding of the Earth's upper atmosphere as well as the study of conditions in the space environment that can influence the performance and reliability of satellites, communications, navigation, and electric power distribution systems. The Administration is firmly committed to NSF's basic research function, which not only promotes scientific advancement but also contributes to economic development. We strongly urge the Senate to provide the full increase requested for NSF. The Administration is also concerned about the number and specificity of earmarks related to NSF, which come dangerously close to infringing on the merit-based review and decision-making process.

Administrative Provision

Finally, the Administration supports the Committee's goal of ensuring a safe and environmentally sound ship scrapping policy. The specific requirements in the bill, however, raise implementation issues such as EPA's certification of the enforcement of other countries' laws. The Administration believes that a starting point to develop a more workable approach to achieve these protection aims would be to build on the recommendations of the Interagency Ship Scrapping Review Panel. The Administration is committed to working with Congress to resolve these concerns and to finding mutually acceptable solutions that achieve these important objectives.

Message Sent To: _____



Kate P. Donovan
06/17/98 07:33:09 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: E&W Senate Floor SAP

Today, the Senate began floor consideration of Energy & Water Appropriations bill to continue debate tomorrow morning. Please provide comments or clearance (5-4790) by 9am tomorrow, Thursday, June 18. Thank you.

**S. 2138 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1999**

(Sponsors: Stevens (R), Alaska; Domenici (R), New Mexico)

This Statement of Administration Policy provides the Administration's views on S. 2138, the Energy and Water Development 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 challenges faced by the Committee in funding a wide array of needs within tight budgetary constraints. However, we are concerned that the \$566 million increase provided by the Committee for Army Corps of Engineers projects has come at the expense of other priority programs.

The Committee mark eliminates all of the Administration's requested increase for the solar and renewable energy program, including eliminating funding for valuable cost-shared projects with industry, and the Committee Report expresses misguided concerns about projects related to commercialization of new technologies. The Committee's funding level represents a reduction of about one-third -- over \$100 million -- in the President's requested increase for development of clean, non-greenhouse gas power sources. These changes would seriously undercut the Department of Energy's ability to continue some of the most promising research now underway, eliminate accelerated introduction of clean power sources, and restrict our ability to lower greenhouse gas emissions levels. The Administration strongly opposes these reductions and will work with the Congress to restore funding to this critical area.

We urge the Committee to fund fully the request for the California Bay-Delta program. The Committee's \$78 million reduction to the request could delay Federal and State efforts to restore this important ecosystem.

We commend the Committee for fully funding the construction costs of the Spallation

Neutron Source (SNS) in FY 1999. The SNS will provide path-breaking research opportunities in the physical, biological, and medical sciences and will ensure continued U.S. pre-eminence in neutron sciences and their industrial and medical applications. Likewise, the Administration appreciates the Committee's support for the Stockpile Stewardship and Management Program and for funding TVA's non-power programs.

The Committee bill would prevent obligation of funds for design of a facility to dispose of plutonium contained in excess weapons until agreement is reached with Russia on a bilateral schedule for plutonium disposition. The Administration shares the Committee's view that the United States should dispose of excess plutonium only in parallel with Russia. However, we do not agree with the Committee's approach. The Administration will work with the Committee to find an alternative way of addressing our mutual concerns.

Finally, the proposed language in section 306 of the Committee bill would generally impair the Department of Energy's ability to ship transuranic waste to the Waste Isolation Pilot Plant (WIPP). In particular, this language would prevent closure of the Rocky Flats site by 2006, eliminate potential savings of up to \$1 billion, and potentially add costs of as much as \$60 million. In addition, transuranic waste at the Savannah River, Hanford, Mound, and Los Alamos sites could not be removed for disposal at WIPP.

Message Sent To:

Rahm I. Emanuel/WHO/EOP
Lawrence J. Stein/WHO/EOP
John Podesta/WHO/EOP
Sylvia M. Mathews/WHO/EOP
Paul E. Begala/WHO/EOP
Gene B. Sperling/OPD/EOP
Sally Katzen/OPD/EOP
Bruce N. Reed/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

Message Copied To:



Kate P. Donovan
06/18/98 02:49:37 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: 3:30pm Deadline: E&W HOUSE RULES SAP

HOUSE RULES COMMITTEE IS SCHEDULED TO MEET **TODAY AT 4PM** ON THE ENERGY & WATER APPROPRIATIONS FY99 BILL. ATTACHED IS A DRAFT SAP FOR YOUR REVIEW. PLEASE PROVIDE COMMENTS BY **3:30PM**.

**H.R. 4060 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1999**

(Sponsors: Livingston (R), Louisiana; McDade (R), Pennsylvania)

This Statement of Administration Policy provides the Administration's views on the Energy and Water Development 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 challenges faced by the Committee in funding a wide array of needs within tight budgetary constraints. However, we are concerned that the \$723 million increase provided by the Committee for Army Corps of Engineers projects has come at the expense of other priority programs.

Army Corps of Engineers

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

Renewable Energy

The Committee mark eliminates the Administration's requested increase for the solar and renewable energy program, effectively freezing it at its current level and eliminating funding for many valuable cost-shared projects with industry. The Committee has also cut requested new funding for fundamental research into carbon sequestration and climate-change dynamics in half, a reduction of \$13.5 million from the President's request. These funding levels result in a reduction of about one-third -- \$107 million -- in the President's total

requested increase for development of clean, non-greenhouse gas power sources. These changes would seriously undercut the Department of Energy's (DOE's) ability to move into the next phases of some of the most promising research now underway, eliminate accelerated introduction of clean power sources, and restrict our ability to lower greenhouse gas emissions levels. The Administration strongly opposes these reductions. These programs provide numerous benefits including greenhouse gas reduction, increased industrial competitiveness, increased job opportunities, reduced energy costs for consumers, increased energy independence, and improved air quality. We will work with the Congress to restore funding in this critical area.

Department of Energy Defense Activities

The Administration strongly objects to the Committee's \$358 million reduction to the request for nuclear weapons activities. The Committee states that \$305 million of that reduction is to come from the use of prior-year balances. Such large balances are not available. This cut would force real reductions in critical programs needed to ensure the safety, security, and reliability of America's nuclear deterrent.

The Committee has cut \$15 million from the request for the Worker and Community Transition Program and has added \$16 million for the unrequested acceleration of decommissioning activities at old facilities used for Naval Reactors Development. The Naval facilities are in safe shutdown conditions and are not a threat to the environment. The Administration objects to the shifting of funds needed to assist displaced workers to accelerate low-priority activities.

Science and Fusion

The Administration appreciates the Committee's efforts to fund fully the majority of the Science accounts.

However, the Committee proposes to eliminate all funds for the Next Generation Internet (NGI) program at the Department of Energy. The NGI initiative, announced by the President last fall, provides the R&D necessary to revolutionize high-speed networking capabilities in the United States. Some DOE laboratories will be among the facilities to benefit from the 1,000-times faster network to be established by the NGI. Further, the multi-agency NGI effort will suffer without the participation of the Department's expert network and user communities.

The Administration strongly objects to the \$57 million reduction in the request (down to a level of \$100 million) for construction of the Spallation Neutron Source (SNS) in FY 1999. The Administration is committed to providing the resources required to complete the SNS at cost and on schedule.

Finally, the Administration objects to the elimination of funding to participate in the extension of the international planning process that led to the international design effort for

the International Thermonuclear Experimental Reactor (ITER). This action would have a serious negative impact on U.S. participation in future international fusion efforts. Moreover, since the United States hosts the international design center in San Diego, California, the Administration is concerned that a U.S. withdrawal from the ITER-planning process would undermine the credibility of the United States in future negotiations on international science projects.

Environmental Management

The Administration objects to the \$230 million reduction in the Defense Environmental Management Privatization account. These funds are needed to meet required milestones and complete nuclear waste cleanup of DOE facilities. The Administration also opposes the \$47 million reduction in the Uranium Enrichment Decontamination and Decommissioning Fund. This reduction would significantly delay environmental restoration efforts at the plants covered by the fund, thereby increasing the cost for these activities.

Nuclear Waste Disposal

The Committee's reduction of \$30 million to the request for the civilian radioactive waste program, and its directive to reduce support services by ten percent, would significantly reduce the quality of data and analysis for the Draft Environmental Impact Statement (DEIS) at Yucca Mountain. A quality DEIS, which is an FY 1999 milestone, is a necessary prerequisite to an FY 2001 Site Recommendation.

Bureau of Reclamation

We urge the Committee to fund fully the request for the California Bay-Delta program. Less than full funding could delay Federal and State efforts to restore this important ecosystem. We also urge the Committee to restore the reductions totaling over \$60 million in other Bureau of Reclamation programs, in particular \$16 million for the environmentally important, user-financed Central Valley Project Restoration Fund and \$11 million for vital dam safety work.

Other Issues

The Administration strongly objects to the Committee's providing only \$5 million of \$34 million requested for the Nuclear Energy Research Initiative and the Nuclear Energy Plant Optimization program and urges that the full amount of the request be restored.

As drafted, the Committee's transfer proposal could leave a gap in safety and health oversight at the Lawrence Berkeley facility. Specific statutory authorization may be needed to provide either OSHA or the State of California with appropriate jurisdiction for regulating occupational safety and health. In

consultation with congressional authorizing committees, the Administration is developing a plan for oversight of both occupational and nuclear safety within the DOE complex.

The Administration is concerned about the bill's reduction to the program direction accounts in Departmental Administration. The Administration would like to work with the Committee to ensure that the Department has the necessary work skills within its work force and that reductions in force are not needed.

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

Finally, the Administration objects to section 306 of the Committee bill which appears to impact adversely efforts at national laboratories to stimulate cross-cutting developments in the private sector.

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Sylvia M. Mathews/WHO/EOP
Paul E. Begala/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
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Wesley P. Warren/CEQ/EOP
Kerri A. Jones/OSTP/EOP
Jeffrey M. Smith/OSTP/EOP
Todd Stern/WHO/EOP

Message Copied To:

STATEMENT OF ADMINISTRATION POLICY

TO: ERSKINE BOWLES
RAHM EMANUEL
LARRY STEIN
JOHN PODESTA
SYLVIA MATHEWS
PAUL BEGALA
GENE SPERLING
SALLY KATZEN
BRUCE REED
ELENA KAGAN
KATIE MCGINTY
WESLEY WARREN
KERRI-ANN JONES
JEFF SMITH
MARTHA FOLEY
TODD STERN
RON KLAIN
BILL MARSHALL
KEVIN MORAN

CC: ACTING DIRECTOR LEW
JOSH GOTBAUM
CHARLES KIEFFER

DATE: 6/15/98
FROM: Kate Donovan, OMB Legislative Affairs
RE: FOR YOUR CLEARANCE -- Draft House Letter on
Energy & Water Appropriations Bill, FY 1999

Attached is a draft House letter on the Energy & Water Appropriations Bill, FY 1999.

Timing: House Full Committee markup tomorrow, Tuesday (6/16) at 1pm.
Therefore, please call Kate Donovan at 5-4790 with comments or
clearance by 9:30am Tuesday. 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 Energy and Water Development 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 challenges faced by the Subcommittee in funding a wide array of needs within tight budgetary constraints. However, we are concerned that the \$745 million increase provided by the Subcommittee for Army Corps of Engineers projects has come at the expense of other priority programs.

Army Corps of Engineers

We urge the Committee to redirect unrequested funding added by the Subcommittee for Army Corps of Engineers construction activities to priority Corps activities, including restoring the Subcommittee's devastating reductions in funding for Columbia and Snake River salmon recovery efforts and Everglades restoration.

Solar and Renewable Energy

The Subcommittee mark eliminates the Administration's requested increase for the solar and renewable energy program, effectively freezing it at its current level and eliminating funding for many valuable cost-shared projects with industry. The Subcommittee has also cut requested new funding for fundamental research into carbon sequestration and climate-change dynamics in half, a reduction of \$13.5 million from the President's request. These funding levels result in a reduction of about one-third -- \$107 million -- in the President's total requested increase for development of clean, non-greenhouse gas power sources. These changes would seriously undercut the Department of Energy's (DOE's) ability to move into the next phases of some of the most promising research now underway, eliminate accelerated introduction of clean power sources, and confine our economy to currently-projected CO2 emissions levels. The

Administration strongly opposes these reductions because these programs provide numerous benefits beyond CO2 reduction, including increased industrial competitiveness, reduced energy costs for consumers, and improved air quality. We will work with the Congress to restore funding in this critical area.

Department of Energy Defense Activities

The Administration strongly objects to the Subcommittee's \$358 million reduction to the request for nuclear weapons activities. The Subcommittee states that \$305 million of that reduction is to come from the use of prior-year balances. Such large balances are not available. This cut would force real reductions in critical programs needed to ensure the safety, security, and reliability of America's nuclear deterrent.

The Subcommittee has cut \$15 million from the request for the Worker and Community Transition Program and has added \$16 million for the unrequested acceleration of decommissioning activities at old facilities used for Naval Reactors Development. The Naval facilities are in safe shutdown conditions and are not a threat to the environment. The Administration objects to the shifting of funds needed to assist displaced workers to accelerate low-priority activities.

Science and Fusion

The Subcommittee proposes to eliminate all funds for the Next Generation Internet (NGI) program at the Department of Energy. The NGI initiative, announced by the President last fall, provides the R&D necessary to revolutionize high-speed networking capabilities in the United States. DOE participation in NGI would capitalize on the Department's considerable expertise in network research and advanced applications. The multi-agency NGI effort will suffer without the participation of the Department's expert network and user communities.

The Administration appreciates the Subcommittee's efforts to fund fully the majority of the Science accounts. However, the Administration strongly objects to the \$100 million funding level provided for the construction of the Spallation Neutron Source (SNS) in FY 1999, a \$57 million reduction from the budget request. The Administration is committed to providing the resources required to complete the SNS on cost and on schedule.

Finally, the Administration objects to the elimination of funding to participate in the process that led to the international design effort for the International Thermonuclear Experimental Reactor (ITER), and the negative impact such an action would have on U.S. access to international fusion facilities. Moreover, since the United States hosts the international design center in San Diego, California, the Administration is concerned that a U.S. withdrawal from the ITER-planning process would undermine the credibility of the United States in future negotiations on international science projects.

Environmental Management

The Administration objects to the \$230 million reduction in the Defense Environmental Management Privatization account. These funds are needed to meet required milestones and complete nuclear waste cleanup of DOE facilities. The Administration also opposes the \$47 million reduction in the Uranium Enrichment Decontamination and Decommissioning Fund. This reduction would significantly delay environmental restoration efforts at the plants covered by the fund, thereby increasing the cost for these activities.

Bureau of Reclamation

We urge the Committee to fund fully the request for the California Bay-Delta program. The \$75 million provided by the Subcommittee represents a reduction of \$68 million from the President's request and would delay Federal and State efforts to restore this important ecosystem. We also urge the Committee to restore the reductions totaling over \$60 million in other Bureau of Reclamation programs, in particular \$16 million for the environmentally important, user-financed Central Valley Project Restoration Fund.

Nuclear Waste Disposal

The Subcommittee's reduction of \$30 million to the request for the civilian radioactive waste program, and its directive to reduce support services by ten percent, would significantly reduce the quality of data and analysis for the Draft Environmental Impact Statement (DEIS) at Yucca Mountain. A quality DEIS, which is an FY 1999 milestone, is a necessary prerequisite to an FY 2001 Site Recommendation.

Other Issues

- The Administration strongly objects to the Committee's providing only \$5 million of \$34 million requested for the Nuclear Energy Research Initiative and the Nuclear Energy Plant Optimization program and urges that the full amount of the request be restored.
- As drafted, the Subcommittee's transfer proposal would leave workers at the Lawrence Berkeley facility without safety and health protection. Specific statutory authorization is needed to provide either OSHA or the State of California with appropriate jurisdiction for regulating occupational safety and health. Because of the complexities associated with a transfer of regulatory oversight over DOE facilities, which should be resolved during the next fiscal year, a piecemeal transfer of the Lawrence Berkeley facility at this time would be premature.
- The Administration objects to the Subcommittee's elimination of all appropriations for the Tennessee Valley Authority (TVA). TVA's non-power programs should receive Federal appropriations just as similar programs in other regions of the Nation are financed by appropriations to other Federal agencies.

- Finally, the Administration objects to section 306 of the Subcommittee bill which appears to impact adversely efforts at national laboratories to stimulate cross-cutting developments in the private sector.

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 Bob Livingston,
The Honorable David R. Obey, The Honorable Joseph M. McDade,
and The Honorable Vic Fazio



Kate P. Donovan
06/25/98 07:53:11 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: Senate Floor SAP: Military Construction

It is possible that the Senate may take up the Military Construction FY99 Appropriations bill on Friday. Therefore, we need to have the SAP cleared and ready for release in the morning. Please provide comments/clearance by 10:30am. Thank you.

S. 2160 -- MILITARY CONSTRUCTION APPROPRIATIONS BILL, FY 1999

(Sponsors: Stevens (R), Alaska; Burns (R), Montana)

This Statement of Administration Policy provides the Administration's views on S. 2160, the Military Construction Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration is disappointed that the Committee has chosen to increase funding above the level requested for the Military Construction Appropriations Bill, while reducing the President's request for national defense programs funded by the Department of Defense Appropriations Bill and the Energy and Water Development Appropriations Bill.

The Committee has added \$846 million to the President's request for 103 unrequested projects, and unrequested increases in funding for several programs, partially offset by \$150 million in reductions to requested items. The Administration urges that the unrequested funding be deleted, and funding for requested programs be restored.

Other Objectionable Features

The Administration objects to the Committee's:

Refusal to provide advance appropriations of \$568.6 million for a number of large construction projects, especially ammunition demilitarization facilities. Advance appropriations would ensure that full funding is available to complete projects before construction begins. Without full funding, it is difficult to optimize planning, scheduling, and cost control. The Administration opposes incremental funding of these projects and urges the Senate to provide the advance appropriations as requested.

Failure to include requested authority that would enable the Secretary of Defense to transfer appropriations within the appropriation accounts in the

Military Construction Appropriations Act. Similar transfer authority in Defense Appropriations Acts has been used with great success to meet unplanned requirements, without reducing the opportunity for congressional oversight.

Reduction of \$50 million to the Chemical Demilitarization construction program. A reduction of this magnitude would extend the construction schedules at Pine Bluff, Umatilla, Aberdeen, and Newport from two to six months. The Administration is committed to meeting the Chemical Weapons Convention 2007 deadline for the destruction of U.S. chemical stockpiles and to developing alternatives to the current incineration technology. To support these objectives, the Administration urges the Senate to restore funding for this program to the requested level.

Proposed restriction on the use of North Atlantic Treaty Organization (NATO) Security Investment Program funds. While the large majority of these funds is used for direct support of our activities with other NATO countries, the United States requires the flexibility to use these funds in conjunction with NATO-funded Partnership for Peace (PFP) programs. Recently, we successfully negotiated with our NATO allies to adopt similar funding flexibility. These U.S.- and allied-sponsored PFP projects support the NATO mission directly, and this restriction could adversely affect future NATO activities. The Administration urges removal of this restriction. In addition, we urge the Senate to fund this program at the level requested in the President's budget by restoring the \$32 million reduction made by the Committee.

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Sylvia M. Mathews/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
RUDMAN_M @ A1@CD@VAXGTWY

Message Copied To:



Kate P. Donovan
06/22/98 05:10:43 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: Senate Defense Floor SAP: Need clearance

The Senate is expected to consider the Defense FY99 Appropriations bill early this week. Could you also provide comments/clearance on the attached Senate SAP by noon tomorrow, Tuesday (6/23). Many thanks.

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

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

The Committee has developed a bill providing requested funding for many of the Administration's priorities. We appreciate the Committee's decision to fully fund the military pay raise and readiness programs at requested levels. Also, we are pleased that most of the modernization priorities of the Department of Defense are funded at or near requested levels. However, the Administration is disappointed that the Senate, based on OMB's preliminary scoring, has provided \$436 million below the President's overall request for this bill due to increases in lower priority military construction projects. Also, as discussed below, the Administration has serious concerns about certain provisions included in the Committee bill, which must be addressed satisfactorily as the bill moves through the process.

Funding for Bosnia

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

Unrequested Funding

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

Reduction in Request for Intelligence Budget

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

O&M Adjustments

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

Reduced Funding for the Next-Generation Aircraft Carrier

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

Reduced Funding for Dual Use R&D

The Committee has provided \$36 million for the Dual Use Applications Program, \$30 million below the President's request, and \$73 million for the Commercial Operations and Support Savings Initiative, \$30 million below the request. The Administration urges full support of these programs, which are needed to ensure that DoD systems employ technologies used in commercial products to good advantage. These dual-use technologies will help lower production and support costs and help modernize many DoD systems more readily than could be done through use of DoD-unique technologies.

Next Generation Internet

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

Message Sent To:

Rahm I. Emanuel/WHO/EOP
John Podesta/WHO/EOP
Sylvia M. Mathews/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
RUDMAN_M @ A1@CD@VAXGTWY

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