

**NLWJC - Kagan**

**DPC - Box 003 - Folder 011**

**Budget Materials - Appropriations  
Letters FY99 [6]**



Kate P. Donovan  
06/23/98 07:32:04 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: House Floor Defense SAP

The SAP below is identical to the House Rules Defense SAP that was cleared and released today. We aim to send the Floor SAP by 11am tomorrow, Wednesday, so please provide comments/clearance by 9:30am tomorrow. Thanks.

**DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, FY 1999**

(Sponsors: Livingston (R); Louisiana; Young (R), Florida)

This Statement of Administration Policy provides the Administration's views on the Department of Defense Appropriations Bill, FY 1999, as reported by the House 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 to fund critical readiness programs at sufficient levels. Also, we are pleased that most of the modernization priorities of the Department of Defense (DoD) are funded at or near requested levels. The Administration, however, is disappointed that the Committee bill provides \$255 million below the President's request in order to increase funding for 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.

The Administration strongly opposes any provision in the House version of the bill that could be read to require prior congressional authorization of actions taken by the President pursuant to his authority under the Constitution. The President must be able to act decisively to protect U.S. national security and foreign policy interests. This provision would send the wrong signal to the world, including U.S. resolve regarding Iraqi compliance with its obligations with respect to weapons of mass destruction, the SFOR operation in Bosnia, and efforts to deter Serbian President Milosevic from attacks on the people of Kosovo. The President's senior national security advisers would recommend veto of a bill with a provision such as this one that could be interpreted to restrict the President's exercise of constitutional authority.

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. Moreover, a secure funding source for these operations at the start of the fiscal year will allow the Department to manage its readiness accounts effectively throughout the year. 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. The Administration strongly urges the Congress to provide emergency funding in the Defense appropriations bill to support the U.S. troops in Bosnia.

#### Year 2000 Reserve Funds

The Administration appreciates the emphasis that the Committee has placed on Year 2000 (Y2K) computer conversion activities. In the FY 1999 Budget, the President requested \$364 million for Y2K computer conversion. We recognize, however, that ensuring DoD compliance may require the flexibility to respond to unanticipated requirements. As such, we would intend to employ the contingent reserve set aside by the Committee only to the extent necessary, in order to ensure funds are available to address emerging needs.

The Administration would strongly oppose efforts to strike the emergency contingency fund from this bill. The value of the emergency mechanism approved by the House Appropriations Committee is the flexibility it provides in the event that we determine that additional resources are required. We have only 556 days until January 1, 2000. We want to solve this problem as soon as possible. By delaying approval of emergency funding and reopening the issue of the use of the emergency spending authority, the House will create controversy and delay. We hope the House will reconsider.

#### Operation & Maintenance (O&M) Adjustments

The Administration appreciates the Committee's emphasis on preserving military readiness by funding critical O&M programs. Force readiness could be threatened, however, by the bill's undistributed reductions to other O&M programs, such as civilian personnel pay, travel, and headquarters activities. The President's request is tightly constructed within the discretionary caps agreed to in the Bipartisan Budget Agreement. Any adjustments must be carefully evaluated to ensure that DoD has sufficient funding available for its operations and support programs. The Administration is extremely concerned about reprogramming restrictions on O&M accounts that would hinder a field level commander's abilities to meet emerging mission requirements. Prior to final action on the bill, the Administration would like to work with the Congress to develop reprogramming guidelines that avoid restrictions that would impede commanders' actions to maintain force readiness yet satisfy Congressional oversight responsibilities.

## Funding Levels

The Committee bill funds unrequested programs at the expense of DoD FY 1999 requirements. Also, the Committee provides funds for programs that, due to higher priority military requirements, are not in the Future Years Defense Program (FYDP). These increases include \$86 million for modifications and upgrades to B-2 bombers, \$398 million for seven additional C-130J airlift aircraft, \$60 million for two unrequested F-16 fighter aircraft, and \$120 million for National Guard and Reserve equipment. Instead of funding these unrequested programs, the Administration urges the Committee to restore disruptive decreases for key DoD modernization programs, including the following:

\$70 million decrease for the F-22 program, the \$220 million decrease for the F/A-18E/F program, and the elimination of funding for the Aerostat program (\$103 million);

reduction for research and development funding of two important Navy programs: the next generation aircraft carrier (CVX-78) and the land attack destroyer (DD-21). The Committee would reduce aircraft carrier development by \$90 million, a 47-percent decrease from the President's request, and research funding for the DD-21 next-generation destroyer by \$69 million, an 81-percent decrease from the President's budget. Reductions of this magnitude would jeopardize the Navy's ability to design new technologies, to deliver these new technologies on schedule, and to achieve life-cycle cost reductions -- a major goal of both programs;

\$59 million cut from the President's request for Chemical Agents and Munitions Destruction. This reduction could delay a program that is on schedule to meet the obligations of the Chemical Weapons Convention;

\$5.5 million cut to the anti-personnel landmine alternative research and development (R&D) program (the Remote Anti-Armor Mine System) and the \$9 million cut to the humanitarian de-mining R&D program; and,

\$10.9 million reduction made to the Global Combat Support System (GCSS). This system will provide technical systems, common technology, and shared data standards that are required for the DoD electronic commerce (EC) initiatives, a key reform objective.

\$58 million reduction to basic research programs. Defense basic research provides the foundation for tomorrow's military superiority and supports colleges and universities across the country in training tomorrow's defense scientists and engineers.

### Theater High-Altitude Area Defense (THAAD)

The Administration urges the House to support the Ballistic Missile Defense Organization's request for Theater High-Altitude Area Defense (THAAD). The THAAD program remains the DoD's most mature upper-tier missile defense program. Recent test failures indicate a need to restructure the program, but a complete review will be necessary before this can be accomplished. The Administration intends to work with the Congress on an appropriate funding profile.

### Cooperative Threat Reduction (CTR)

The Administration urges full funding of the FY 1999 request for the Cooperative Threat Reduction Program (CTR). Furthermore, we oppose restrictions, imposed in the House authorization action (H.R. 3616) and approved by the Appropriations Committee, that prohibit the use of CTR funds for construction of a chemical weapons destruction facility in Russia. These restrictions would institute a minimum one-year delay in the current project schedule, thereby slowing the construction of a safe, secure, and ecologically sound method of destroying these dangerous munitions.

### Commercial Operations and Support Savings Initiative (COSSI)

The Committee has provided \$62 million for COSSI, instead of the \$103 million requested. This program inserts commercial technologies in existing defense systems, thus lowering support costs and increasing performance while enabling already fielded systems to modernize quickly. The Administration urges full support of this program.

### High Speed Networks

The Committee makes a reduction of \$34 million to networking research in the Defense Advanced Research Projects Agency based on alleged duplication of effort. However, any overlap was removed in FY 1998 as a result of an interagency review mandated by Congress. Accordingly, the Administration urges restoration of funding to ensure the security and survivability of future military networks and systems.

### Advanced Concept Technology Demonstrations (ACTDs)

The Committee has cut the request for core ACTD funding by \$35 million, to \$81 million. This program supports work on new and innovative defense system concepts, and it could provide the basis for systems yielding a decisive military edge over adversaries in the next century. The Committee's funding level for this program would not provide sufficient funds to support ongoing ACTDs and would preclude initiation of any new ACTDs in FY 1999. The Administration urges the Committee to fund the program at the requested level.

Budget - approps letters FY1999  
(new file)



Kate P. Donovan  
06/23/98 07:58:33 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: URGENT: POTUS Letter on Y2K Funding

The House Defense bill could be up as early as 11:30am tomorrow. Therefore, we need to get this POTUS letter on Y2K funding signed & sent as soon as possible in the morning. Please provide comments/clearance no later than 10am. Many thanks.

The Honorable Newt Gingrich  
Speaker  
United States House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

The American people expect reliable service from their Government. They deserve the confidence that critical government functions dependent on computer and other electronic systems will be performed accurately and in a timely manner.

The Federal Government is continuing its intensive effort to make sure that these systems work in the year 2000. I have personally instructed my Cabinet to make the year 2000 problem (Y2K) a top priority, and my Council on Year 2000 Conversion is working hard to coordinate agency efforts not only to prepare their systems for the new millennium, but to increase awareness of the problem among public, private, and international organizations outside of the Government.

In the FY 1999 Budget, I requested more than \$1 billion for Y2K computer conversion. In addition, my budget anticipated that additional requirements would emerge, and included an allowance for emergencies and other unanticipated needs.

While, at this time, I believe that the resource levels included in my budget will fully address the Government's anticipated Y2K requirements, ensuring Government-wide compliance will require the flexibility to respond to unanticipated needs in a timely fashion as we learn more about the problem. Last week, the House Appropriations Committee took a step to provide such flexibility, and I understand the Senate Appropriations Committee will make a similar effort.

I am very concerned, however, that the House will soon consider proposals to eliminate this flexibility from the Defense and Treasury/General Government appropriations

bills. This shortsighted action would only serve to create delay on an issue where time is one resource we cannot afford to waste.

With only 555 days until January 1, 2000, it is important that agencies are provided funds to address known Y2K needs, and the flexibility to seek additional funding for unanticipated requirements. I urge the House to provide the necessary flexibility to address the year 2000 problem.

Sincerely,  
Bill Clinton  
Identical letter to the Honorable Richard Gephardt

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  
G. E. DeSeve/OMB/EOP  
RUDMAN\_M @ A1@CD@VAXGTWY  
John A. Gribben/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  
FARRAR\_J @ A1@CD@VAXGTWY

Budget - appropriations Letter  
FY 99



Kate P. Donovan  
06/25/98 10:31:05 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: SENATE INTERIOR APPROPS LETTER - NEED CLEARANCE

The Senate Full Committee is also marking up the Interior Appropriations bill **today at 2pm**; therefore, we need your comments/clearance no later than **noon** today. (Don't worry about spacing) 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 the Interior 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. These views are based on incomplete information and are, therefore, necessarily preliminary. Based on preliminary information, due to inadequate funding levels for priority programs and unacceptable language riders, discussed below, the Secretaries of the Interior, Agriculture, and Energy would recommend that the President veto the bill if it were presented to him as approved by the Subcommittee.

The Administration appreciates efforts by the Subcommittee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. 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 together with mandatory offsets. The Administration urges the Congress to consider such mandatory proposals for other priority discretionary programs.

Departments of the Interior and Agriculture

The Administration objects to inadequate funding provided by the Subcommittee for high priority programs, including:

- the Millennium program protecting artifacts of our National heritage;

- land acquisition providing protection for the Everglades;

- facilities maintenance providing safe visits to national parks and other Federal lands;

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

- the Disaster Information Network providing enhanced data to protect Americans;

- the Endangered Species Programs, including landowner incentive grants; and,

- BIA education operations and the Indian Country law enforcement initiative providing both opportunities and protection to tribal members, particularly children.

We stand ready to work with the Congress to achieve sufficient offsets to support these investments with proposed savings identified in the President's budget.

The Administration urges the Committee to report a clean bill that does not attempt to roll back environmental protections and circumvent the public hearing process by attaching riders to appropriation bills. Unfortunately, based on our preliminary review, the Subcommittee bill contains a number of problematic language riders. The Administration strongly objects to language of the Subcommittee bill that would:

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

- require timber sales from national forests to be 3.8 billion board feet rather than the 3.4 billion board feet assumed in the FY 1999 Budget, thereby increasing timber sale administrative funding at the expense of other priority programs;

- mandate a high timber sale level on the Tongass National Forest in Alaska, which would supersede environmental laws;

establish an easement across the Izembek National Wildlife Refuge and wilderness area in Alaska;

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

means-test tribes as a basis for redistributing Tribal Priority Allocation funding;

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

place unnecessary limits on Federal land acquisitions in Alaska;

delay or prohibit dam removals on the Elwha, Columbia, and Snake Rivers in the Pacific Northwest; automatically extend the term of grazing leases that are undergoing review by the Bureau of Land Management; and, delay implementation of environmental protections for hardrock mining reclamation on Federal lands.

#### Department of Energy

While higher than the House Subcommittee mark, the Senate Subcommittee's funding level represents a very objectionable \$161 million reduction to the President's request for Energy Conservation. The Subcommittee mark would be particularly damaging to the Partnership for a New Generation of Vehicles and to new efforts to develop clean diesel engines for light trucks. It would also impede valuable cooperation with industry on improved industrial energy efficiency.

The President's budget requests \$36 million for payment to the State of California for the Retired Teachers System, which is not included in the Subcommittee bill. The Administration prefers that this payment be appropriated consistent with P.L. 104-106.

#### Indian Health Service

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

#### Cultural Agencies

The Administration appreciates the Subcommittee's commitment to funding for the

National Endowment for the Arts (NEA). We urge the Committee to provide funding for NEA and NEH at the President's requested level of \$136 million each and for the Institute for Museum and Library Services at the requested level of \$26 million.

Likewise, the Administration appreciates the Subcommittee's support for the other cultural agencies funded by this bill, including funding for the National Museum of the American Indian and restoration of the Star Spangled Banner in the Smithsonian Institution, and the full request for the National Gallery of Art, the Holocaust Museum, and the Kennedy Center for the Performing Arts. However, the Administration urges the Committee to provide the full \$40 million request for repair and restoration in the Smithsonian Institution, in order to allow the Institution to proceed with its plans for addressing critical deficiencies, particularly in the Natural History Museum, the American Art Museum and Portrait Gallery, the Arts and Industries Building, and the Smithsonian Castle.

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, and The Honorable Slade Gorton

Message Sent 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**  
**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**  
**Agriculture Appropriations Bill, FY 1999**

---

Attached is a draft House letter on the Agriculture 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 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Subcommittee to accommodate the President's priorities within the 302(b) allocation. However, because the Subcommittee has not adopted the President's user fee proposals, 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 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 Subcommittee-reported bill. We look forward to working with you to resolve these concerns as the bill moves forward.

#### Civil Rights

The Administration is working with the Committee to include in the bill a provision that waives the statute of limitations for individuals who have previously filed a discrimination claim

against USDA. Secretary Glickman 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 with the Committee to identify appropriate offsets for the cost of this waiver.

In a number of areas, the Subcommittee has reduced funds to assist the most needy farmers and members of the rural community. The Subcommittee 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 Committee to shift the \$1 million in unrequested subsidy increase provided in the bill for boll weevil eradication loans to the farm ownership program, which would permit another 140 limited-resource farmers to finance real estate purchases.

#### Food and Drug Administration

The Administration is deeply concerned that the Subcommittee has not fully funded the President's request for Food and Drug Administration (FDA) and USDA activities to enhance food safety, providing only \$15.5 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 further modernize the meat and poultry inspection system.

The Administration strongly urges the Congress to provide the full \$1,251 million in resources to fund the program level proposed for FDA in the President's budget. The Administration is deeply disappointed and concerned that the Subcommittee 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. We understand that Congress' delay in passing comprehensive tobacco legislation is constraining the totals available for the Subcommittee's spending allocation and has also deferred serious consideration of alternative solutions. We will continue to work aggressively with the Congress to enact comprehensive tobacco legislation and to find ways to fund the Administration's request for high priority programs.

### Women, Infants, and Children

The Subcommittee 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 under 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 Committee to fund WIC at the President's requested level.

### Arms Export Control Act Modification

The Administration supports section 737, 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 to minimize the humanitarian impact on their people. 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. We urge adoption of this provision.

### Rural Community Advancement Program

While we support the funds provided for the Rural Community Advancement Program (RCAP), the Administration strongly objects to the Subcommittee'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 passed by overwhelming margins the Agricultural Research, Extension, and Education Reform Act of 1998, which extended the authority for the Fund while increasing its resources. We urge the Committee to strike this provision. In addition, for the RCAP program to be adaptable to unique local economic development needs, as envisioned in its 1996 Farm Bill authorization, the Committee should strike the Subcommittee's limitation on the flexibility to transfer funds among programs and allow the program to be implemented as authorized.

## Agricultural Research

We also strongly object to the Subcommittee's elimination of the \$120 million in competitively-awarded research funds authorized in the Agricultural Research, Extension, and Education Reform Act of 1998. These funds will finance vital investments in food and agriculture genome research, food safety and technology, human nutrition, and agricultural biotechnology. At the same time, the Subcommittee bill includes over \$50 million in unrequested earmarks for lower-priority research while funding competitive grants through the National Research Initiative (NRI) at \$30 million below the President's request. This systematic 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 Committee to reverse this course of action. It can do so not only by reducing earmarked grants in the bill, but by reducing the \$25 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.

## Other Issues

Additional funds are also needed for the farm labor housing program to improve the living conditions many farm labor families endure. The Subcommittee's \$20 million in direct loans is more than 35 percent below the Administration's request and would mean that 230 fewer housing units would be built compared with the request. In addition, the Subcommittee provides \$69 million, or seven percent, less than requested for single-family housing direct loans, which would keep 1,300 fewer low-income rural families from achieving the dream of homeownership and the ability to live in safe, decent, affordable housing. We urge the Committee to increase funding to assist these needy members of our society.

The Subcommittee bill includes a \$10 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 strongly objects to section 722 of the Subcommittee 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 is a serious infringement on the President's responsibility to oversee and manage Federal agencies, and we

urge the Committee to delete the provision.

The Administration strongly objects to the Subcommittee bill's provision that provides funding for research on nutrition programs only within the Economic Research Service. It is important that research on nutrition programs also occur in the context of the program's administration, and we urge the Committee to provide funding for these activities within the Food and Nutrition Service, as requested and as included in the Senate version of the bill.

The Subcommittee has provided only \$2 million 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. We urge the Committee to increase funds for this important initiative.

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 Skeen,  
and The Honorable Marcy Kaptur

**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  
MARTHA FOLEY  
RON KLAIN  
BILL MARSHALL  
KEVIN MORAN

**CC:** ACTING DIRECTOR LEW  
JOSH GOTBAUM  
CHARLES KIEFFER

**DATE:** 6/10/98  
**FROM:** Kate Donovan, OMB Legislative Affairs  
**RE:** FOR YOUR CLEARANCE -- Draft Senate Letter on  
Agriculture Appropriations Bill, FY 1999

---

Attached is a draft Senate letter on Agriculture Appropriations Bill, FY 1999. Please note that the opening paragraphs constitute boilerplate language that was developed pursuant to the Bowles meeting held last week. If everyone is agreeable with the language, we will use it on other non-defense appropriations letters.

**Timing:** Senate Full Committee markup tomorrow, Thursday (6/11) at 2pm. Therefore, please call Kate Donovan at 5-4790 with comments or clearance by 9am Thursday. Thank you.

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 Agriculture, Rural Development, Food and Drug Administration, 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. These views are based on incomplete information and are, therefore, necessarily preliminary.

The Administration appreciates efforts by the Subcommittee to accommodate the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments funded by this bill.

The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. 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 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 Subcommittee-reported bill. We look forward to working with you to resolve these concerns as the bill moves forward.

The Administration is deeply concerned that the Subcommittee does not fully fund the President's request for the Food and Drug Administration (FDA) and USDA activities to enhance food safety. 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 requested \$101 million increase would expand food safety research, risk assessment capabilities, education, surveillance activities, and food import inspections. The President's budget funded increases with users fees, and the Administration wants to work with the Congress to explore options within FDA and USDA to offset the cost of the needed increases in these programs.

✓ 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 in the President's budget. The Administration is deeply disappointed and concerned that the Subcommittee 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. We understand that Congress' delay in passing comprehensive tobacco legislation is constraining the totals available for the Subcommittee's spending allocation and has also deferred serious consideration of alternative solutions. We will continue to work aggressively with the Congress to enact comprehensive tobacco legislation and to find ways to fund the Administration's request for high priority programs.

The Subcommittee 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 under 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 Committee to fund WIC at the President's requested level.

The Administration strongly objects to the Subcommittee's elimination of funds to administer the mandatory Fund for Rural America, which effectively eliminates the program for FY 1999. Congress recently passed by overwhelming margins the Agricultural Research, Extension, and Education Reform Act of 1998, which extended the authority for the Fund while increasing its resources. 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. We urge the Committee to strike this provision.

The Subcommittee 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 that less food would reach the most vulnerable Americans.

The Administration strongly objects to the Subcommittee's elimination of funds to carry out a Conservation Farm Option program. This program provides technical assistance for full farm planning to eligible farmers and ranchers to address wetlands, wildlife habitat, soil, water, and related natural resource concerns on their lands in an environmentally beneficial and cost-effective manner. This program will achieve solutions to natural resource issues related to farms, ranches, and rural lands through implementation of conservation program practices on eligible lands. We urge the Committee to allow the program to go forward this year as authorized.

The Subcommittee bill 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 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. We urge the Committee to increase funding for this program to the requested level.

The Subcommittee 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 FNS, where research on nutrition programs will occur in the context of the programs' administration.

Because we have been unable to review the Subcommittee bill, we may provide additional concerns once we have done so. 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 Thad Cochran  
and The Honorable Dale Bumpers

Budget - approps letters  
FY99



Kate P. Donovan  
06/24/98 07:31:58 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: INTERIOR APPROPS LETTER - NEED CLEARANCE

Also tomorrow at 9:30am, the House Full Committee is scheduled to markup Interior FY99 Appropriations. Again, we aim to send the letter tonight. Please provide comments/clearance by 8pm tonight. Thanks.

The Honorable Bob Livingston  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20510

Dear Mr. Chairman:

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

The Administration appreciates efforts by the Subcommittee to accommodate certain of the President's priorities within the 302(b) allocation such as funding for national park operations. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a variety of critical programs are underfunded, as discussed below, and the National Endowment for the Arts (NEA) is terminated.

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 together with mandatory offsets. The Administration urges the Congress to consider such mandatory proposals for other priority discretionary programs.

In addition, the Administration urges the Committee to pass a clean bill that does not attempt to roll back environmental protections and circumvent the public

hearing process by attaching riders to appropriation bills. The Subcommittee's failure to fund the NEA, its under-funding of other priority programs, and its 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, would lead the President's senior advisers to recommend a veto if the bill were presented to the President in its current form.

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

#### National Foundation on the Arts and Humanities

The Administration strongly objects to the Subcommittee's elimination of funding for the National Endowment for the Arts (NEA) as well as to the Subcommittee's reduction in funding for the National Endowment for the Humanities (\$26 million below the President's request) and the Institute for Museum and Library Service (\$3 million below the President's request). The elimination of the NEA would result in the loss of important cultural, educational, and artistic programs for communities across America.

#### Departments of the Interior and Agriculture

Interior Columbia Basin Ecosystem Management Project (ICBEMP). The Subcommittee has included a rider that would terminate this high-priority interagency effort. ICBEMP is an ecosystem planning project that will cover 72 million acres of Forest Service and Bureau of Land Management lands in the states of Oregon, Washington, Idaho, Nevada, Utah, Wyoming, and Montana. The environmental impact statement and the record of decision are scheduled to be finalized by mid-1999. The Bureau of Land Management and the Forest Service are now working under short-term directives to address anadromous fisheries (PACFISH), native fisheries (INFISH), and mature forests in Oregon and Washington (Eastside Screens). The Project will replace these interim directions with a coordinated, long-term management strategy that will foster both conservation and resource use and development. Replacing current interim measures with a long-term plan will provide necessary long-term protections for aquatic species. The shared environmental planning goals of the region can be effectively translated into individual forest and land management plans only through a coordinated process such as the ICBEMP, and this process provides more certainty to those who make their livelihoods from the Federal lands and live in the region.

Land and Water Conservation Fund. The Administration strongly objects to the Subcommittee's deep cuts in land acquisition funding to protect our national parks, forests, refuges, and public lands. The Subcommittee has reduced by almost half the \$270 million requested, with Everglades land acquisition funds cut

by 75 percent. This drastic reduction in funding, in combination with the Subcommittee's silence on the promised congressional release of the \$362 million appropriated in FY 1998 for Federal priority land acquisitions, would prevent the Administration from making significant land acquisitions such as Cumberland Island National Seashore in Georgia, West Eugene Wetland in Oregon, and Channel Islands National Park in California.

Clean Water Initiative. The Subcommittee has failed to provide the majority of the requested \$128 million increase for Interior and the Forest Service to implement the Clean Water Action Plan. These reductions would prevent the initiation of watershed improvement and planning projects on public lands, including the remediation of abandoned hardrock mines, a serious source of water pollution in the West. The reductions would also curtail plans to increase research, assessment, and monitoring activities designed to help us understand the sources, transport, and fates of non-point contaminants.

#### Department of the Interior

Moratorium on New Tribal Contracts and Compacts. The Administration strongly opposes the one-year moratorium adopted by the Subcommittee that would prevent the Bureau of Indian Affairs (BIA) and the Indian Health Services (IHS) from entering into any new or expanded self-determination "Section 638" contracts or self-governance compacts with tribes. This action runs counter to the long-standing Federal policy of promoting tribal self-determination and local decision-making through compacts and contracts.

Coastal Barriers. The Administration understands that an amendment may be offered that would remove 75 acres in Florida from the coastal barrier protection system. We would strongly oppose such an amendment because it would subsidize development of environmentally fragile barrier islands.

Pennsylvania Avenue. The Administration strongly opposes the continued prohibition on making improvements to Pennsylvania Avenue in front of the White House. We are committed to continuing to work with Congress and all affected parties to resolve concerns about the closure of this portion of Pennsylvania Avenue and have made good progress to date. Nevertheless, certain changes and improvements to this site are in order. Congress should allow the current effective dialogue and consultative process to continue and, at a minimum, permit planning and design to occur in FY 1999.

Millennium Initiative. The Administration strongly urges the Committee to provide funding in FY 1999 for the "Millennium Program to Save America's Treasures." The Subcommittee has failed to provide any funding for this important effort. The President's budget requests \$50 million to increase the Historic Preservation Fund to make a special effort to preserve our history and culture as we

enter the new millennium. This program is designed to leverage Federal, State, and private funding to have the greatest collective impact on our rapidly deteriorating national treasures.

Endangered Species. The Subcommittee has cut the Administration's requested \$36 million increase for the Endangered Species Program by \$29 million. Under-funding endangered species programs will harm our ability to get species back on the road to recovery and off the Endangered Species Act (ESA) rolls. Under-funding would also result in an increase in litigation due to the inability to complete consultations, listings, and delistings in a timely manner.

Furthermore, the Subcommittee has provided none of the requested \$5 million for the proposed new private landowner incentives program. By failing to provide this funding, the Subcommittee has turned its back on efforts to assist small landowners in conserving endangered species. The Subcommittee mark also fails to fund the Administration's \$3 million initiative to provide for streamlined consultation and habitat conservation planning under the ESA program in the Southwest. These funds are critically needed to prevent and relieve court injunctions on timber sales and grazing permits in Arizona, New Mexico, and Texas.

Disaster Information Network. The Administration strongly objects to the Subcommittee's failure to provide the \$15 million requested for the Disaster Information Network. We need to reduce the effects of disasters, estimated to cost the Nation over \$50 billion per year. We can do this by providing the best information available to mitigate against potential disasters and by providing emergency managers and others with planning tools and high-quality, detailed data so they can act quickly in the event of a disaster. The requested funding would allow the U.S. Geological Survey to begin the integration of disaster-related information and its dissemination to ensure Federal and national access during all phases of disaster management.

Everglades Ecosystem Restoration. The Administration objects strongly to the Subcommittee's decision to fund only \$20 million of the requested \$81 million for land acquisition in southern Florida. This reduction, together with the cuts in the Energy/Water Development appropriations bill, could seriously undermine the longstanding Federal-State partnership in Everglades restoration. It could also impede Florida's acquisition of lands east of the park. These lands, which are heavily threatened by development, would help store water currently lost to tide and restore the original hydropattern of this rare ecosystem.

Tribal School Construction and Operations, Law Enforcement and Land Consolidation. The President's budget includes a \$26.5 million increase for school operations. The Subcommittee mark denies approximately two-thirds of the increase required to serve an anticipated 53,000 students in the 1999-2000 school year. The mark also denies \$28 million of the \$32 million increase requested for school construction and repair. This funding is essential for BIA to address critical life and safety needs that affect Indian school children. The BIA school system is

one of two school systems for which the Federal Government is responsible, and the proposed levels are needed to meet that responsibility.

The Administration is concerned about major reductions below the President's request for other programs critical to Indian country, such as law enforcement, water rights negotiations, environmental cleanup, and programs in Tribal Priority Allocations. Furthermore, the Administration urges the Full Committee to provide the funds requested for the Indian Land Consolidation Pilot, which will help reduce future program costs and allow the Federal Government to meet its trust responsibility better.

Safe Visits to Public Lands. We note that most of the request for the Administration's Safe Visits to Public Lands Initiative is funded in the Subcommittee's mark. We appreciate the Subcommittee's action in addressing maintenance backlogs for Interior's land management agencies, particularly those affecting health and safety, and in correcting long-standing facilities management issues.

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

The Administration is pleased that the total provided for the Indian Health Services (IHS) is \$147 million above the FY 1998 enacted level. However, we note that the Subcommittee has not included a \$10 million increase requested for prevention and treatment of alcohol/substance abuse and breast/cervical cancer, which is part of an HHS-wide effort to reduce health disparities in minority populations. The Administration intends to work with the Committee to fund these important initiatives within funds available for IHS.

#### Department of Energy

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

These cuts would eliminate all of the Administration's requested increase in Energy Conservation for development of technologies to improve industrial, transportation, and building efficiencies and to reduce carbon emissions. The inclusion of several special-interest earmarks in the Subcommittee Report also would reduce the President's ability to gain maximum benefit from the available funds. The inclusion of the \$43 million in the Energy

Conservation account to fund a utility-scale turbine program that would continue to be managed by the Fossil Energy program is an inefficient management practice that would dilute accountability and should be avoided.

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

#### Forest Service (Department of Agriculture)

Forest Service Roads. The Administration fully supports the Subcommittee's decision to eliminate the Purchaser Road credit program. The Subcommittee bill includes a provision that would ensure that the value of road construction by purchasers continues to be included in calculations for the Payments to States. To provide certainty on these payments more directly, we urge the Committee to adopt the Administration's proposal that would make these payments at the greater of the amount provided in FY 1997 or 76 percent of the average payments made from FY 1986 to FY 1990. Additionally, we recommend the deletion of section 330(d) in the bill, which encourages timber harvest approval as soon as road work for a timber sale unit is completed, so that the Forest Service can complete all necessary environmental reviews and planning for timber sales.

Chugach National Forest. The Administration strongly opposes the imposition of a road easement in the Chugach National Forest in Alaska. This language exempts this easement from all environmental laws, and is unnecessary, because an agreement between the Chugach Alaska Corporation and the Forest Service was reached in 1992, and implementation of the agreement is proceeding swiftly (a Memorandum of Understanding between the parties was recently signed). The Subcommittee bill would override the agreement, negating any recommendations of the draft environmental assessment, requiring an excessively wide (500 foot) width for the road easement, and designating the road as non-public, rather than the agreed-upon public road.

Forest Service State and Private Forestry. The Administration strongly objects to the Subcommittee's elimination of the Stewardship Incentive Program and the significant reduction to the Forest Legacy Program. The Stewardship Incentive Program provides important incentives for local landowners to implement forest plans that conserve and protect forest functions and values while encouraging the use of smaller, non-industrial forests as a timber resource. The Forest Legacy program supports local communities in establishing easements on private forest lands to protect these forests from commercial development. Both of these programs support local communities and private landowners and effectively leverage Federal funds. We urge the Committee to restore funding to the Administration's request.

Timber Sales. The Subcommittee has provided \$12 million over the request for timber sales in order to produce 3.6 billion board feet, which is 200 million board feet over the Budget estimate. Timber production from the Nation's forests can be better generated by enhancing the tools available to Cooperative Forestry and funding the Stewardship Incentive Program and similar efforts. Excessive funds for hazardous fuels reduction have also been made available to the "Quincy Library Group", in California, which would result in little or no funding elsewhere in California for hazardous fuels reduction. These funds, along with the additional funds provided for in the Wildland Fire Management appropriation, could be redirected toward priority needs, such as restoring the Subcommittee's reductions to Wildlife and Fisheries Management, Rangeland Management, Watershed Improvement, land acquisition, and other critical needs.

Land Between The Lakes. The Administration objects to the possible transfer proposed in the bill of the Land Between The Lakes National Recreation Area from the jurisdiction of the Tennessee Valley Authority to that of the U.S. Forest Service. There is nothing to indicate that such a transfer would improve service or lower costs, and the proposed change would likely be disruptive. The bill language could be interpreted to require that TVA and its customers continue to make payments in lieu of taxes to local communities, despite the fact that TVA no longer managed the area.

#### Smithsonian Institution

The Subcommittee's \$397 million overall funding level for the Smithsonian, which is \$22.4 million less than the Administration's request, will prevent the Institution from addressing current pressing needs. The Administration is concerned with the lack of support for the Smithsonian's National Museum of the American Indian. The Administration encourages the Committee to provide the \$16 million request for the construction of the Museum on the Mall, as well as the full \$11 million requested for the programs and operations of the Cultural Resources Center.

The Administration seeks to make our Nation's treasures, such as the Star-Spangled Banner, available to a wide audience. Restoration of the Star Spangled Banner depends, in part, on funding requested by the Smithsonian, which was not provided within the Subcommittee's mark. The Administration urges that this funding and the \$3 million request for digitization of Smithsonian exhibits be added.

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

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

Holocaust Museum

The Administration urges the Committee to provide the full requested increase for the Holocaust Museum.

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 Ralph Regula,  
and The Honorable Sidney R. Yates

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

Message Copied To:

---

Budget - approps letter FY98

Sent to  
Jose, Leanne +  
Julie



Kate P. Donovan  
06/25/98 10:30:16 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: NEED CLEARANCE: C/J/S APPROPS LETTER

The Senate Full Committee is scheduled to markup the C/J/S Appropriations bill **today** at **2pm**. Therefore, we need comments/clearance on the attached committee letter no later than **Noon**. Thanks.

The Honorable Ted Stevens  
Chairman  
Committee of 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 Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1999, as approved by the Senate Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. These views are based on incomplete information and are, therefore, necessarily preliminary.

The Administration appreciates efforts by the Subcommittee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or are underfunded.

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

Within the limited resources available, the Administration believes that the Subcommittee has produced a balanced, responsible bill. For example, we appreciate the Subcommittee's funding of law enforcement programs in general and the COPS program in particular. Funding COPS at the requested level of \$1.4 billion is consistent with the Balanced Budget Agreement and would enable us to achieve the goal of hiring 100,000 additional police officers by the year 2000. However, as the bill moves through the process, we urge the Congress to consider additional sources of mandatory savings that could be used to provide resources for other priority discretionary programs.

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

### Department of Commerce

Statistics. It is vitally important that Congress provide required funding to upgrade the Nation's core statistical infrastructure. The Administration appreciates the Subcommittee's full funding of the President's request for the Decennial Census, the Nation's single largest statistical operation and notes that the Subcommittee bill also includes funding for a non-sampling plan through March 1, 1999. We urge the Committee to provide additional funds to improve our current measurements of the Gross Domestic Product and Poverty Rate, fundamental economic indicators crucial to sound private and public sector decision-making. Increased funding also is vitally important to maintain the full development of the Continuous Measurement program. This program will provide critical demographic data about the Nations's communities every year, rather than once every 10 years, and enable the Census Bureau to eliminate the long form from the 2010 Decennial Census.

National Institute of Standards and Technology. The Administration is disappointed that the Subcommittee has provided a flat funding level -- \$193 million -- for the Advanced Technology Program. This would result in a 40-percent cut below the requested new award grant level, thus reducing support for cutting-edge research proposals to only \$55 million. Finally, the Administration is concerned that the Subcommittee bill may allocate funds to non-competitive, unevaluated projects and that full funding for the new Advanced Measurement Laboratory is not provided. Absent full funding, NIST will not have sufficient funds to build this facility.

National Information Infrastructure Grants Program. The Administration urges the Committee to provide the full request for the National Information Infrastructure program (NII), and to exclude language limiting award eligibility. The NII program is meritorious, providing seed money for innovative projects that deploy, use, and evaluate advanced information technology. The program has generated over \$200 million in matching funds and continues to be in demand, as is evidenced by its 18 to 1 application-to-award ratio.

National Oceanic and Atmospheric Administration. While the Administration appreciates the Subcommittee's support for the National Oceanic and Atmospheric

Administration (NOAA), we are concerned about reductions to the Clean Water and Polar Convergence initiatives and the substantial amount of funding for unrequested items. The Clean Water initiative will provide coastal States with technical support to address the critical environmental challenge of non-point source pollution and implement on-the-ground management measures to control polluted runoff in coastal areas. Convergence of the Departments of Commerce and Defense polar orbiting satellites will generate significant taxpayer savings, while improving weather warnings and forecasts. The Subcommittee's reduction would lead to contract delays and cutbacks in risk reduction activities, and may necessitate a restructuring of a complex and carefully negotiated multi-agency system. In total, the Subcommittee has provided a \$159 million more for NOAA than requested by the President, much of it earmarked for unrequested programs. We urge the Committee to reallocate these funds to priority programs within NOAA and elsewhere in the Department.

Economic Development Administration. We urge the Committee to restore funding for the Economic Development Administration (EDA) to a level closer to the Administration's request of \$398 million. A recent study of EDA's Public Works program indicates that EDA has achieved impressive results in creating jobs, leveraging private sector dollars, and increasing local tax bases. A reduction to EDA's Title IX (emergency relief) and defense conversion programs would adversely affect EDA's ability to help distressed communities deal with the burdens imposed by industry downsizing and international trade agreements.

#### Department of Justice

Drug Courts and Drug Testing and Intervention. While the Administration appreciates the \$40 million provided for drug courts, \$10 million over the request, we are disappointed by the Subcommittee's failure to provide any of the \$85 million requested for the drug testing and intervention program. Systematic-drug testing is a proven, cost-effective means of using the coercive power of the criminal justice system to move non-violent offenders into drug treatment programs. ?

Immigration and Naturalization Service. The Administration's bipartisan border management and enforcement strategy is built upon incremental growth in the Immigration and Naturalization Service's (INS') enforcement and support personnel and infrastructure. The Subcommittee mark of \$2.4 billion -- \$350 million below the Administration's request -- is insufficient to support the managed growth of INS and may jeopardize the Administration's five-year border enforcement strategy. This level would not fund the annualization costs for the 1,000 Border Patrol agents and detention and investigative personnel that INS has hired in FY 1998 and would not allow INS to add the requested 1,000 new Border Patrol agents in FY 1999. In addition, the Subcommittee's funding level would prevent INS from increasing detention bed space to house apprehended illegal aliens pending deportation and from enhancing physical barriers and inspection technology along our borders.

The Administration is very concerned that the Subcommittee bill underfunds certain authorized discretionary programs -- such as the Executive Office of Immigration Review -- and uses mandatory funds from the immigration examination fee to support these discretionary

programs. The Subcommittee's action commits mandatory receipts and unobligated balances that are essential to the processing and adjudication of benefits. The result would be insufficient resources to process pending naturalization applications, which would have a direct impact on INS' ability to reduce the citizenship application backlog.

Juvenile Justice Block Grant. The Administration appreciates the Subcommittee's desire to provide additional support for juvenile justice programs. However, we are concerned that the \$100 million block grant program may authorize a broad and unfocused range of spending. Rather than funding the block grant, we urge the Committee to provide funding: to establish a community prosecutors program, which is designed to increase the number of prosecutors who interact directly with the community; for prosecutorial initiatives, which will reduce backlogs and enable prosecutors to prosecute youth drug, gang, and violence problems more effectively; and, for youth violence courts, which will also improve the effectiveness and expediency of the juvenile justice system.

#### Protection Against Chemical and Biological Weapons

We appreciate the Subcommittee's support of the Administration's request to increase funding to combat terrorism involving the use of chemical and biological weapons. However, we note that the Subcommittee mark provides more than the requested level for first responder equipment, and less than the requested level for bomb squad equipment and for funding the development of Metropolitan Medical Strike Teams (MMSTs) by the Department of Health and Human Services. We continue to believe that the levels proposed in the budget amendment reflect the appropriate balance between all aspects of antiterrorism activities.

#### International Affairs Programs

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

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

Over the past several years, the Administration has worked with Congress to address a variety of issues relating to U.S. participation in the United Nations, U.N. peacekeeping, and

other international organizations. Although these efforts have not yet resulted in solutions, there is considerable agreement on the direction of U.S. policy. In that light, the Administration appreciates the steps the Subcommittee has taken to fund the request for arrearage payments this year. The Administration wants to work with the Congress to ensure that these funds are available in a timely fashion to retain our influence in these organizations.

Unfortunately, the Subcommittee bill significantly underfunds, by about \$75 million, the annual assessed contributions to these organizations. This would increase arrears again, further inhibit chances for reforms we are all seeking, and seriously constrain the ability of the United States to address foreign policy interests through the mechanism of U.N. peacekeeping. In addition, we understand that the Subcommittee has imposed a number of certification requirements and conditions before payments by the United States to these organizations can be made. The consequence of these provisions would likely be the loss of vote of the United States in the United Nations and other international organizations.

The Administration is very concerned that funding for the United States Information Agency's overseas information and broadcasting programs has been reduced by \$80 million below the President's request. The funding level of \$427 million for International Information Programs is \$34 million below the President's request and \$24 million below the FY 1998 enacted level. However, due to a technical error, the level provided excludes \$24 million needed for administrative costs overseas under the new ICASS cost-sharing system. For broadcasting programs, the Subcommittee mark is \$46 million below the President's request. A reduction of this magnitude would require a personnel reduction-in-force, eliminate broadcast language services, and defer necessary capital and technical radio modernization improvements. We urge the Committee to provide funding for core information and broadcasting programs at the President's requested level. Finally, we request that the Committee remove earmarks placed on the Educational and Cultural Exchanges program.

The Administration is also concerned about the elimination of funding for the Asia Foundation; the low funding levels for International Commissions, which would limit the operations of the San Diego-Tijuana treatment plant and endanger other important bi-national environment objectives; and, cuts to the American Institute in Taiwan, which would result in staffing reductions and jeopardize critical Y2K upgrades.

#### Legal Services Corporation

The Administration commends the Subcommittee for increasing the funding level for the Legal Services Corporation (LSC) to \$300 million, \$13 million above the FY 1998 enacted level. However, we strongly urge the Committee to provide the full request of \$340 million. This level is needed to carry out LSC's mission to provide the Nation's poor with access to the judicial system. The Supreme Court recently ruled that interest on lawyer trust accounts (ILTAs) are the private property of clients, and cannot be used to generate resources for civil legal services. This eliminates a funding source that provided LSC programs with more than \$57 million last year and underscores the importance of Committee action to fully fund the President's request.

## Small Business Administration

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

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

## Equal Employment Opportunity Commission

The Administration strongly urges the Committee to fully fund the President's request of \$279 million for the Equal Employment Opportunity Commission (EEOC), \$25 million above the Subcommittee mark. The additional resources are essential, and would allow EEOC to reduce the backlog of pending complaints and implement much-needed reforms in the way all complaints are managed, including an enhanced alternative dispute resolution program. We look forward to working with Congress to provide funding for EEOC and other programs included in the President's civil rights enforcement initiative.

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 Judd Gregg,  
and The Honorable Ernest F. Hollings

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

Budget approps letters FY98



Kate P. Donovan  
06/24/98 06:03:53 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: VA/HUD APPROPS LETTER - NEED CLEARANCE TONIGHT

The House Full Committee is scheduled to markup VA/HUD FY99 Appropriations tomorrow at 9:30am; therefore, we aim to send the letter tonight. Please provide comments/clearance by 6:30pm. Please note - veto recommendation in 2nd paragraph. Thanks

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Veterans, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999, as approved by the House Subcommittee. As the Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. These views are based on incomplete information and, therefore, are necessarily preliminary.

The Administration appreciates efforts by the Subcommittee to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, critical programs are not funded or underfunded, in particular, key Presidential priorities such as funding for National Service and Superfund. Furthermore, the Administration is very concerned that the Committee has included problematic bill language regarding the Kyoto Protocol. If the bill were presented to the President in its current form, 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 recently enacted Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. We want to work with the Congress on mutually agreeable mandatory and other offsets that would be used to increase high-priority discretionary programs, including

those funded by this bill.

Below is a discussion of our specific concerns with the Subcommittee bill. We look forward to working with you 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 Subcommittee bill for the Corporation for National and Community Service is unacceptable. *g*

#### Department of Housing and Urban Development

The Administration is 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 appreciates the Committee's decision to fund 17,700 incremental "Welfare-to-Work" vouchers. 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 vouchers provided for in the President's request. Welfare-to-work 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 provided only \$50 million, as a set-aside within the existing CDBG program. ]

The Administration appreciates the Subcommittee'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. Additionally, 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. 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 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 in order 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 Subcommittee programs. In addition, we support providing greater homeownership opportunities by increasing the FHA loan limit to the GSE "conforming" limit. We believe that this appropriations bill is an appropriate arena in which to enact such a change.

### Environmental Protection Agency

The Administration has several major concerns with the Subcommittee'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. Congress is strongly urged to restore Superfund to the requested level and to delete the restrictive brownfields language.

The Administration strongly opposes the Subcommittee'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 language could be interpreted broadly to prevent, inadvertently, activities that limit greenhouse gases -- for example, through enhancing energy efficiency -- but that are not undertaken to implement the Kyoto Protocol. The Administration opposes this and other riders because they abuse the legislative process by denying the public and Members of Congress the opportunity to examine and debate these proposals openly.

The Administration appreciates the Subcommittee'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 Subcommittee mark for EPA, particularly when the Subcommittee 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.

#### 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 by the Subcommittee's reductions to the requests for the International Space Station, Space Shuttle, and Earth Science programs. Further, the Administration is particularly concerned about 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. With respect to the Space Station, full funding in FY 1999 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. The Administration will work with the Committee 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 with serious reductions to priority programs.

#### Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Subcommittee 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 Subcommittee, the Administration appreciates the effort to provide a \$199 million increase over the FY 1998 level for the National Science Foundation (NSF). Nevertheless, the Administration is concerned by 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 Subcommittee'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 Americas communities. This funding would provide an additional \$25 million for a homeownership initiative that seeks to create 10,000 new homeowners through FY 2000.

## 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. This amendment as drafted mandates 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.

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 Jerry Lewis,  
and The Honorable Louis Stokes

**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  
MARTHA FOLEY  
RON KLAIN  
BILL MARSHALL  
KEVIN MORAN

**CC:** ACTING DIRECTOR LEW  
JOSH GOTBAUM  
CHARLES KIEFFER

**DATE:** 6/10/98  
**FROM:** Kate Donovan, OMB Legislative Affairs  
**RE:** FOR YOUR CLEARANCE -- Draft Senate Letter on  
VA/HUD Appropriations Bill, FY 1999

---

Attached is a draft Senate letter on VA/HUD Appropriations Bill, FY 1999. Please note that the opening paragraphs constitute boilerplate language that was developed pursuant to the Bowles meeting held last week. If everyone is agreeable with the language, we will use it on other non-defense appropriations letters.

**Timing:** Senate Full Committee markup tomorrow, Thursday (6/11) at 2pm. Therefore, please call Kate Donovan at 5-4790 with comments or clearance by 9am Thursday. Thank you.



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

THE DIRECTOR

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 Veterans, Housing and Urban Development, and Independent 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. These views are based on incomplete information and, therefore, are necessarily preliminary.

The Administration appreciates efforts by the Subcommittee 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.

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 Subcommittee 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 Subcommittee-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 Subcommittee'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 contrast, the President's budget would support implementation of welfare reform through 50,000 incremental vouchers for welfare recipients who need housing assistance to get or keep a job. These "welfare-to-work" vouchers would be available on a competitive basis, thereby ensuring that the vouchers are distributed to places with both the greatest need and the most effective program design. The Administration also 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 Subcommittee provides only \$85 million, with substantial amounts earmarked for specific projects, as a set-aside within the existing CDBG program.

The Administration appreciates the Subcommittee's decisions to fund a number of programs at the levels requested and to renew all expiring Section 8 contracts. We also appreciate the Subcommittee'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. The Administration encourages the Congress to fund fully a number of other areas -- including Fair Housing and Regional Opportunity Counseling (both of which would increase housing opportunities available to low-income families) Brownfields, and Regional Connections -- and to end the 90-day delay in re-issuance of Section 8 certificates/vouchers on turnover.

Finally, the Administration appreciates the Subcommittee'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 "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.

#### Environmental Protection Agency

The Administration has several major concerns with the Subcommittee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the action of the Subcommittee 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. It will be important to find resources to restore Superfund to the levels agreed to last year for FY 1999. While the Administration appreciates the increases provided for the Clean Water Action Plan, the Administration urges the Congress to restore the \$60 million reduction from the request in order to prevent pollution run-off and protect public health. The Administration also 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 Subcommittee'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 the consumers money, and to reduce greenhouse gas emissions. The Administration is also concerned with the large number of unrequested, earmarked projects in the Subcommittee mark for EPA, particularly when the Subcommittee 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 the Corporation for National and Community Service (CNCS) at the FY 1998 level, \$74 million below the President's request, will not allow the CNCS to finance nearly 5,000 AmeriCorps tutors targeted to leverage, 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 urges the Congress to fund the Community Development Financial Institutions Fund at the requested level. The Subcommittee's decision to reduce the request by \$70 million 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 Subcommittee's decision not to fund the full request for the Neighborhood Reinvestment Corporation. The NRC has a proven successful record in leveraging private sector resources to promote homeownership and helping strengthen Americas communities. The Administration urges the Committee 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 Subcommittee 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 Subcommittee'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 Committee to control development costs of the International Space Station better, while also providing the flexibility necessary to deal with unanticipated requirements.

#### Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Subcommittee for 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 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 a terrorist incident involving chemical and/or biological weapons.

#### National Science Foundation

Given the budget constraints facing the Subcommittee, the Administration appreciates the effort to provide a \$215 million increase over the FY 1998 level for the National Science Foundation (NSF). We will continue to work with the Committee toward providing the full increase requested for NSF.

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 Christopher S. Bond,  
and The Honorable Barbara Mikulski



Kate P. Donovan  
06/18/98 10:00:56 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: Agriculture Approps. SAP

The Senate began consideration of the Agriculture FY99 Appropriations bill and will resume debate tomorrow, Friday, June 19. Please review and provide comments/clearance by 10:30am tomorrow (5-4790). Thank you.

**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, because the Congress has not adopted the President's user fee proposals, 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 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 eliminating the Forestry Incentives Program, which promotes timber production on private lands. The elimination of this program was requested and included in the House bill.

### 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.

### 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.

#### 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 passed by overwhelming margins the Agricultural Research, Extension, and Education Reform Act of 1998, which 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. [We understand that Congress' delay in passing comprehensive tobacco legislation is constraining the totals available for the Committee's spending allocation and has also deferred serious consideration of alternative solutions. We will continue to work aggressively with the Congress to enact comprehensive tobacco legislation and to find ways to fund the Administration's request for high priority programs.] **Needs to be updated.**

### 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.

### 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 is opposed to the Committee's elimination of funds to carry out a Conservation Farm Option program. This program provides technical assistance for full farm planning to eligible farmers and ranchers to address wetlands, wildlife habitat, soil, water, and related natural resource concerns on their lands in an environmentally beneficial and

cost-effective manner. This program will achieve solutions to natural resource issues related to farms, ranches, and rural lands through implementation of conservation program practices on eligible lands. The Administration urges the Senate to allow the program to go forward this year as authorized.

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: \_\_\_\_\_

Budget - approps LETTERS<sup>FY</sup> 1998



Kate P. Donovan  
06/23/98 10:05:57 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: URGENT: Agriculture House Floor SAP

Yesterday, a House Rules SAP on Agriculture Appropriations was cleared but held pending the outcome of the Rules meeting. Below is the revised floor version w/ edits under the Civil Rights section and under Other Issues - the first paragraph is new language (will not be in bold for final copy). Please review immediately and provide comments/clearance by 10:45am (expected on House floor around 11:30am). Thank you.

**AGRICULTURE, RURAL DEVELOPMENT  
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES  
APPROPRIATIONS BILL, FY 1999**

---

(Sponsors: Livingston (R), Louisiana; Skeen (R), New Mexico)

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

The Administration appreciates efforts by the Committee to accommodate the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by 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 strongly supports the provision made in order in the rule 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.**

In a number of areas, the Committee has reduced funds to assist the most needy farmers and members of the rural community. The Committee has not provided 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 House to shift the \$1 million in unrequested subsidy increase provided in the bill for boll weevil eradication loans to the farm ownership program, which would permit another 140 limited-resource farmers to finance real estate purchases.

## 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 \$16.8 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. The Administration wants 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 further modernize the meat and poultry inspection system.

## 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 House to fund WIC at the President's requested level.

### Arms Export Control Act Modification

The Administration supports section 737, 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 to minimize the humanitarian impact on their people. 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. The Administration urges adoption of this provision.

### Rural Development Funding

While the Administration supports the funds provided for the Rural Community Advancement Program (RCAP), 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. The Administration urges the House to strike this provision. In addition, for the RCAP program to be adaptable to unique local economic development needs, as envisioned in its 1996 Farm Bill authorization, the House 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 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.

### Climate Change and Clean Water Initiatives

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

House 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 House to provide these necessary funds to the NRCS.

### Agricultural Research

The Administration strongly objects to the Committee's elimination of the \$120 million in competitively-awarded research funds authorized in the Agricultural Research, Extension, and Education Reform Act of 1998. These funds will finance vital investments in food and agriculture genome research, food safety and technology, human nutrition, and agricultural biotechnology. At the same time, 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 \$30 million below the President's request. This systematic 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, would slow progress toward addressing the most pressing needs of American agriculture and food consumers, and we urge the House to reverse this course of action. The House can do so not only by reducing earmarked grants in the bill, but by reducing the \$25 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.

### Other Issues

**The Administration strongly opposes an amendment that may be offered mandating peer review of "scientific data" supporting final regulations. The Administration supports the peer review process for rule-making. However, this amendment is not needed -- peer review is currently incorporated in the Government-wide rule-making process through public comment and scientific advisory boards. This amendment as drafted would impose an additional step in the review process and would cover a large number of rules, as diverse as meat and poultry inspection rules, country and product-specific quarantine rules, and the Animal and Plant Health Inspection Services annual fee regulations. 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.**

Additional funds are needed for the farm labor housing program to improve the living

conditions many farm labor families endure. The Committee's \$20 million in direct loans is more than 35 percent below the Administration's request and would mean that 230 fewer housing units would be built compared with the request. In addition, the Committee provides \$69 million, or seven percent, less than requested for single-family housing direct loans, which would keep 1,300 fewer low-income rural families from achieving the dream of homeownership and the ability to live in safe, decent, affordable housing. The Administration urges the House to increase funding to assist these needy members of our society.

The Committee bill includes a \$10 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 722 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 House to delete the provision.

The Administration strongly objects to the Committee bill's provision that provides funding for research on nutrition programs only within the Economic Research Service. It is important that research on nutrition programs also occur in the context of the program's administration, and the Administration urges the Committee to provide funding for these activities within the Food and Nutrition Service, as requested and as included in the Senate version of the bill.

The Committee has provided only \$2 million 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 House to increase funds for this important initiative.

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

APPROPS  
Budget/LITTEW FY98



Kate P. Donovan  
06/24/98 05:44:21 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: T/P FLOOR SAP

The Treasury/Postal FY99 bill is scheduled for action on the House Floor later today. The only changes from the T/P Rules SAP cleared and sent yesterday can be found in the FEHBP section, paragraph 3 on the Coburn amendment. Also, we have removed the Brady Act Dissemination of Public Information sections. We need your review immediately and provide comments/clearance no later than 6:15pm tonight. As always, thank you.

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

(Sponsors: Livingston (R), Louisiana; Kolbe (R), Arizona)

This Statement of Administration Policy provides the Administration's views on the Treasury and General Government 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 the President's priorities within the 302(b) allocation. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the 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 encourage the Congress to take advantage of such additional offsets, or to reduce appropriations for programs or projects not requested by the President in order to fund requested levels for items discussed below.

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.

Year 2000 Computer Conversion

The Administration appreciates the emphasis that the Committee has placed on year 2000 (Y2K) computer conversion activities. OMB will continue to assist all agencies in ensuring that adequate resources are available to address this critical issue. In the FY 1999 Budget, the President has requested more than \$1 billion for Y2K computer conversion. In

addition, the budget anticipated that additional requirements would emerge over the course of the year and included an allowance for emergencies and other unanticipated needs.

As we learn more about how to address this problem, we expect that ensuring Government-wide compliance will require flexibility to respond to unanticipated requirements. To the extent such unanticipated requirements are identified, it will be essential to make that funding available quickly. It will truly be emergency funding. The emergency mechanism recently approved by the House Appropriations Committee provides such flexibility.

Yesterday, the Rules Committee approved the rule that would strip the emergency funding mechanism from both bills. This regrettable action will not help agencies move forward in addressing this problem. We note that the Committee bill allocates funds from the emergency reserve for Treasury and other agency Year 2000 (Y2K) needs. If the emergency reserve is not funded, the Congress will need to find other ways to fund Treasury's critical Y2K needs.

The value of the emergency mechanism approved by the House Appropriations Committee is the flexibility it provides in the event that we determine that additional resources are required. We have only 555 days until January 1, 2000. We want to solve this problem as soon as possible. Delaying approval of emergency funding and reopening the issue of the use of the emergency spending authority would create controversy and delay. We hope that the House will reconsider.

#### Exchange Stabilization Fund

The Administration has serious concerns that an amendment to restrict severely the use of the Exchange Stabilization Fund (ESF) may be considered as part of the bill. Such an amendment would constitute an unacceptable limitation on the executive branch's ability to protect critical U.S. economic interests. The Secretary of Treasury would recommend a veto if the provision is included in the bill.

#### Federal Election Commission

The Administration strongly objects to language included in the bill that would limit the term of the Federal Election Commission's staff director and general counsel to four years and require a vote of four commissioners to reappoint them. This procedure is a departure from current practice, established in statute, whereby the Commission appoints a staff director and general counsel for an unlimited term. As with all Commission decisions under current practice, removal of the staff director and general counsel requires a vote of four commissioners. The Administration strongly urges the House to eliminate this unacceptable provision from the bill. Furthermore, because the provision effectively could remove the current occupants of the positions, it would raise serious constitutional questions under the separation of powers.

#### Executive Office of the President

The Administration is strongly concerned with a number of provisions related to the Executive Office of the President. It is our hope that any differences that exist concerning these provisions will be resolved as the bill moves through the process.

#### Internal Revenue Service

The Administration appreciates the Committee's efforts to fund the President's budget request for the IRS. However, if resources for Y2K are struck from the bill, IRS would be significantly underfunded. We look forward to working closely with the House to identify ways in which full funding of the President's request can be achieved.

The Administration appreciates congressional support for IRS information technology investments. However, tying obligation of funds to GAO review of expenditure plans is objectionable since the Administration has no control over the nature or timing of any prospective GAO review.

#### U.S. Customs Service

The Administration is concerned about the funding level for Customs' Automated Commercial Environment (ACE). Without major revisions to the existing system, Customs cannot keep up with increasing trade volumes nor can it be responsive to the requirements stated in the 1993 Modernization Act and the needs articulated by industry. The Committee has funded only \$8 million of the requested \$56 million level, which would cause the modernization effort to come virtually to a halt. To accommodate the full amount requested, the Administration has proposed funding the majority of ACE requirements through a user fee paid by those who stand to benefit most from this system, the trade community.

#### Bureau of Alcohol, Tobacco and Firearms

The Administration appreciates the efforts of the Committee to fully fund the President's Youth Crime Gun Interdiction Initiative (YCGII). This initiative is an important part of the Administration's overall strategy to curb youth gun violence. The Administration welcomes an opportunity to report on the performance of the YCGII. ] ✓

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

We are pleased that the Committee shares the Administration's view that relocation of the Bureau of Alcohol, Tobacco and Firearms headquarters staff remains a key concern due to inadequate security at the present headquarters site. We hope that the Congress will continue to consider funding for this priority when the review process is completed.

#### Federal Employees Health Benefits Program

The Administration strongly opposes sections 514 and 515 of the bill. These provisions would restrict Federal Employees Health Benefits Program (FEHBP) coverage for abortions except in situations where the life of the mother is endangered or the pregnancy is the result of rape or incest. While the President believes that abortion should be safe, legal, and rare, the Administration does not believe that Federal employees and their families should be precluded from choosing to purchase health insurance that includes broader coverage. The Administration believes that the decision to cover abortion should be left to each health plan participating in the FEHBP. Thus, Federal employees who wish to purchase health coverage that does not include abortion services would have that choice. The provision in the Committee bill does not allow Federal employees and their families to make that choice.

The Administration supports the Committee reported provision which requires coverage of prescription contraceptives by health plans participating in the Federal Employees Health Benefits Program (FEHBP) and would oppose an amendment to strike it. We support improvements in basic health care coverage for women and the goal of the amendment -- to reduce unwanted pregnancies and the need for abortion. However, the Administration urges the Congress to give authority to the Office of Personnel and Management to waive the requirement for plans that are sponsored by organizations whose religious beliefs do not support artificial methods of contraception.

**The rule under which the bill will be considered by the House makes in order an amendment that would restrict the definition of contraceptives to exclude any drug, device, or procedure "which has as one of its known effects the interference with the implantation of a fertilized human ovum or embryo." The Administration would strongly oppose such an amendment, which could result in the denial of safe and legal contraceptive options to Federal workers. Further, such an amendment would interfere with physician decision-making and communication with patients, as it may restrict the ability of physicians to discuss such treatment options with patients.**

#### Pay Raises

The Administration shares the Committee's concern with the current system for setting and adjusting Federal pay. However, the potential costs and programmatic disruptions should section 644 of the Committee bill be enacted are significant. A Federal employee pay raise of about 15 percent would be automatically triggered in January 2000. Therefore, the Administration urges that this provision be dropped. Under the leadership of the Office of Personnel Management, the Administration is working expeditiously on a reform proposal and, as part of this process, will consult with appropriate stakeholders, including the Congress.

The Administration is disappointed that the bill includes a proposal to eliminate the 1999 pay raise for Federal judges and employees paid under the Executive Schedule. Failure to provide pay raises for senior executives is eroding the value of their pay, causing severe pay

compression in the executive ranks. Pay adjustments have been made for such individuals only once in the last five years. If continued, this failure will affect the Government's ability to attract and retain the executive talent that it needs. We urge the House to restore the pay raise for Federal judges and the Executive Schedule.

#### Firefighter's Pay

The Administration commends the Committee for including a provision (section 639) in the bill to reform the overtime pay system for Federal firefighters. A more rational, understandable, and uniform system for calculating the overtime pay of Federal firefighters is long overdue. The Committee provision would accomplish this important and much-needed legislative change and reflects a consensus agreement among the various stakeholders, such as affected executive branch agencies and employee organizations.

#### United States Trade Representative

The Administration opposes the provision that would make the U.S. Trade Representative the United States representative to the Universal Postal Union. The U.S. Trade Representative lacks the resources and expertise in postal administration to take on this responsibility. In addition, this provision would repeal the authority of the Postal Service to establish international postage rates. We urge that this provision be dropped.

#### United States Postal Service

The Administration is concerned that the Committee bill would prohibit the Postal Service from initiating new non-postal commercial activities or pack and send services. An appropriations bill should not be used to legislate such restrictions on Postal Service operations.

#### Office of National Drug Control Policy (ONDCP)

The Administration appreciates the support the Committee has provided for drug control efforts in general, and for ONDCP in particular. The Administration encourages the House to provide the full amount requested for the Special Forfeiture Fund as anything less would adversely impact our ability to continue moving towards our mutual goal of reducing drug use. Failing to fully fund this request would negatively impact the National Drug Control Strategy and our efforts to meet the targets established in the Performance Measures of Effectiveness system. The House could fund this spending, in part, by reducing amounts earmarked by the Committee for an unrequested technology transfer program.

#### Federal Buildings Fund

The Committee has not provided \$14 million requested for the design of a new Department of Transportation (DOT) Headquarters. Instead, the Committee urges GSA to

enter into a lease transaction, as authorized by the House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee. The Administration requests that the House provide funding for the design of a new DOT Headquarters. Providing for a government-owned building would save taxpayers approximately \$190 million, in present value terms, compared to the cost of entering into a lease.

The Committee bill would delay the availability of funding until September 30, 1999, for the repair and alterations program (\$19 million) and building operations program (\$223 million). The Administration is concerned that a delay in obligations of this amount for buildings operations would impede GSA's ability to operate and maintain Federal facilities under its control.

The Administration is also concerned that the Committee bill has approved over \$500 million for 15 unrequested courthouse construction projects.

#### National Bioethics Advisory Commission

The Administration objects to section 628 of the Committee bill, which would prevent interagency funding of the National Bioethics Advisory Commission. The work of the Commission affects at least 15 Federal agencies. Access to interagency funding is essential for continued operations of this small, but important commission.

#### 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. This amendment as drafted mandates 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 would 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.

#### Bureau of Engraving and Printing

The Administration objects to section 116 of the Committee bill, which would prevent the Bureau of Engraving and Printing from awarding a contract for currency paper under an ongoing competitive procurement without prior congressional approval. The Administration will interpret such provisions to require notification only, since any other interpretation would

contradict the Supreme Court ruling in INS vs. Chadha.

**Message Sent To:**

---

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  
Cheryl D. Mills/WHO/EOP  
Charles F. Ruff/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