

**NLWJC - KAGAN**

**EMAILS RECEIVED**

**ARMS - BOX 100 - FOLDER -001**

**[03/19/1999-04/06/1999]**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa G. Green ( CN=Melissa G. Green/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:19-MAR-1999 18:44:46.00

SUBJECT: Additional budget paper

TO: Barry J. Toiv ( CN=Barry J. Toiv/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Barbara Chow ( CN=Barbara Chow/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Joshua Gotbaum ( CN=Joshua Gotbaum/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: William A. Halter ( CN=William A. Halter/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: jgreen ( jgreen @ pfaw [ UNKNOWN ] )  
READ:UNKNOWN

TO: Andrei H. Cherny ( CN=Andrei H. Cherny/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Ruby Shamir ( CN=Ruby Shamir/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Robin J. Bachman ( CN=Robin J. Bachman/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Elizabeth R. Newman ( CN=Elizabeth R. Newman/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Mickey Ibarra ( CN=Mickey Ibarra/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jeffrey A. Forbes ( CN=Jeffrey A. Forbes/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Lynn G. Cutler ( CN=Lynn G. Cutler/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: William H. White Jr. ( CN=William H. White Jr./OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Barbara D. Woolley ( CN=Barbara D. Woolley/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Charles R. Marr ( CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Sara M. Latham ( CN=Sara M. Latham/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Lisa M. Kountoupes ( CN=Lisa M. Kountoupes/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jordan Tamagni ( CN=Jordan Tamagni/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Ronald L. Silberman ( CN=Ronald L. Silberman/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Laura D. Schwartz ( CN=Laura D. Schwartz/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: John Podesta ( CN=John Podesta/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Bob J. Nash ( CN=Bob J. Nash/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Janet Murguia ( CN=Janet Murguia/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Linda L. Moore ( CN=Linda L. Moore/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Anne E. McGuire ( CN=Anne E. McGuire/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Cathy R. Mays ( CN=Cathy R. Mays/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Sylvia M. Mathews ( CN=Sylvia M. Mathews/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Bruce R. Lindsey ( CN=Bruce R. Lindsey/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Ann F. Lewis ( CN=Ann F. Lewis/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Robert D. Kyle ( CN=Robert D. Kyle/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Charles Konigsberg ( CN=Charles Konigsberg/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Thomas A. Kalil ( CN=Thomas A. Kalil/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Christopher C. Jennings ( CN=Christopher C. Jennings/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Nancy V. Hernreich ( CN=Nancy V. Hernreich/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Diane M. Goldberg ( CN=Diane M. Goldberg/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Michael Deich ( CN=Michael Deich/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: MCrisci ( MCrisci @ arnellgroup.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Cheryl M. Carter ( CN=Cheryl M. Carter/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: David Belsky ( CN=David Belsky/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Marsha E. Berry ( CN=Marsha E. Berry/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Kris M Balderston ( CN=Kris M Balderston/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Brenda M. Anders ( CN=Brenda M. Anders/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Eli G. Attie ( CN=Eli G. Attie/O=OVP @ OVP [ OVP ] )  
READ:UNKNOWN

TO: Jennifer M. Palmieri ( CN=Jennifer M. Palmieri/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jonathan A. Kaplan ( CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Mona G. Mohib ( CN=Mona G. Mohib/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jackson T. Dunn ( CN=Jackson T. Dunn/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Mona K. Sutphen ( CN=Mona K. Sutphen/OU=NSC/O=EOP @ EOP [ NSC ] )  
READ:UNKNOWN

TO: Michele Jolin ( CN=Michele Jolin/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TO: Sandra L. Via ( CN=Sandra L. Via/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Victoria A. Wachino ( CN=Victoria A. Wachino/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Robert L. Nabors ( CN=Robert L. Nabors/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Jonathan E. Smith ( CN=Jonathan E. Smith/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Karen Tramontano ( CN=Karen Tramontano/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Dawn L. Smalls ( CN=Dawn L. Smalls/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Maria E. Soto ( CN=Maria E. Soto/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Dario J. Gomez ( CN=Dario J. Gomez/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Mindy E. Myers ( CN=Mindy E. Myers/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Richard M. Samans ( CN=Richard M. Samans/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Peter A. Weissman ( CN=Peter A. Weissman/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Sally Katzen ( CN=Sally Katzen/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Daniel D. Heath ( CN=Daniel D. Heath/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Doris Parker ( CN=Doris Parker/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Richard L. Siewert ( CN=Richard L. Siewert/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Sonyia Matthews ( CN=Sonya Matthews/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Sarah Rosen ( CN=Sarah Rosen/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: HorwitzR ( HorwitzR @ sec.gov @ INET @ LNGTWY [ UNKNOWN ] )  
READ:UNKNOWN

TO: Dominique L. Cano ( CN=Dominique L. Cano/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Sidney Blumenthal ( CN=Sidney Blumenthal/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Brian A. Barreto ( CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Stacie Spector ( CN=Stacie Spector/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Mark D. Neschis ( CN=Mark D. Neschis/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Noa A. Meyer ( CN=Noa A. Meyer/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Neera Tanden ( CN=Neera Tanden/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Michael V. Terrell ( CN=Michael V. Terrell/OU=CEQ/O=EOP @ EOP [ CEQ ] )  
READ:UNKNOWN

TO: Leanne A. Shimabukuro ( CN=Leanne A. Shimabukuro/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Virginia N. Rustique ( CN=Virginia N. Rustique/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Virginia M. Terzano ( CN=Virginia M. Terzano/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Minyon Moore ( CN=Minyon Moore/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Lisa J. Levin ( CN=Lisa J. Levin/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Aviva Steinberg ( CN=Aviva Steinberg/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Robert B. Johnson ( CN=Robert B. Johnson/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Beverly J. Barnes ( CN=Beverly J. Barnes/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Thomas D. Janenda ( CN=Thomas D. Janenda/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Brian D. Smith ( CN=Brian D. Smith/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Paul J. Weinstein Jr. ( CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Douglas B. Sosnik ( CN=Douglas B. Sosnik/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Dorothy Robyn ( CN=Dorothy Robyn/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Ashley L. Raines ( CN=Ashley L. Raines/OU=OA/O=EOP @ EOP [ OA ] )  
READ:UNKNOWN

TO: Kelley L. O'Dell ( CN=Kelley L. O'Dell/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Alison Muscatine ( CN=Alison Muscatine/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Kevin S. Moran ( CN=Kevin S. Moran/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Joseph J. Minarik ( CN=Joseph J. Minarik/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Douglas R. Matties ( CN=Douglas R. Matties/OU=OA/O=EOP @ EOP [ OA ] )

READ:UNKNOWN

TO: Julie E. Mason ( CN=Julie E. Mason/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jacob J. Lew ( CN=Jacob J. Lew/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Jeanne Lambrew ( CN=Jeanne Lambrew/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Karin Kullman ( CN=Karin Kullman/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Eli P. Joseph ( CN=Eli P. Joseph/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Betty W. Currie ( CN=Betty W. Currie/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Brenda B. Costello ( CN=Brenda B. Costello/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Phillip Caplan ( CN=Phillip Caplan/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jill\_M\_Blickstein ( Jill\_M\_Blickstein @ Ianmail.fanniema.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Richard B. Bavier ( CN=Richard B. Bavier/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Jessica L. Gibson ( CN=Jessica L. Gibson/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Linda Ricci ( CN=Linda Ricci/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Lowell A. Weiss ( CN=Lowell A. Weiss/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Rebecca L. Walldorff ( CN=Rebecca L. Walldorff/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Alice H. Williams ( CN=Alice H. Williams/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TO: Janet L. Graves ( CN=Janet L. Graves/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Adrienne C. Erbach ( CN=Adrienne C. Erbach/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Tracy Pakulniewicz ( CN=Tracy Pakulniewicz/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Carolyn T. Wu ( CN=Carolyn T. Wu/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Heather M. Riley ( CN=Heather M. Riley/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jade L Riley ( CN=Jade L Riley/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Jason H. Schechter ( CN=Jason H. Schechter/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Sharon H. Yuan ( CN=Sharon H. Yuan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Dora Kale ( CN=Dora Kale/OU=NSC/O=EOP @ EOP [ NSC ] )  
READ:UNKNOWN

TO: Malcolm R. Lee ( CN=Malcolm R. Lee/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: David J. Sherman ( CN=David J. Sherman/OU=NSC/O=EOP @ EOP [ NSC ] )  
READ:UNKNOWN

TO: MITSLER\_E ( MITSLER\_E @ A1 @ CD @ LNGTWY [ EOP ] ) (NSC)  
READ:UNKNOWN

TO: Gay L. Joshlyn ( CN=Gay L. Joshlyn/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Lael Brainard ( CN=Lael Brainard/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Chandler G. Spaulding ( CN=Chandler G. Spaulding/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Joshua S. Gottheimer ( CN=Joshua S. Gottheimer/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TEXT:

----- Forwarded by Melissa G. Green/OPD/EOP on 03/19/99  
06:44 PM -----

Charles R. Marr  
03/19/99 06:32:52 PM  
Record Type: Record

To: Melissa G. Green/OPD/EOP  
cc:  
Subject: Additional budget paper

Melissa -- can you blast email.

These are additional one-pagers on Republican budget:



## Republican Budget Shortchanges Urban America

March 19, 1999

Building on the success of six years of fiscal discipline and the virtuous economic cycle it created, President Clinton has proposed a budget that includes a more than \$3.4 trillion debt reduction lock-box that extends the solvency of Social Security until 2055 and extends Medicare's solvency for more than a decade. It invests in education and a cleaner environment, and a stronger urban America.

To build on the President and Vice President's strong foundation of community empowerment initiatives -- which includes programs to promote greater access to capital and credit, more affordable housing, and spur the creation of private investment and job creation -- the FY2000 budget includes proposals to:

- \_ Expand the Low Income and Housing Tax Credit.
- \_ Make the brownfields tax expensing provision permanent.
- \_ Create Better America Bonds to allow communities to create parks and open spaces.
- \_ Spur private investment in distressed neighborhoods through a new markets initiative.
- \_ Expand the welfare-to-work housing voucher program.

The Republicans have responded with a proposal that puts top priority on a tax cut which explodes in cost and is targeted away from the middle class. Because the tax cut is so large and consumes the entire on-budget surplus, the funds available for critical investments in urban America are squeezed dramatically:

**The Republican budget would require a more than 10 percent cut in 2000 and over 20 percent cut in 2004 unprotected discretionary programs.** This would have a devastating impact on programs critical to our urban areas:

- **The cut to HUD's HOME program would deny tenant-based rental assistance to 1,300 families. Further, funds would be lost for new construction, rehabilitation, or acquisition of over 10,000 affordable housing units.**
- **The Republicans' reductions would wipe out the Administration's proposal of adding 100,000 new housing vouchers, including 25,000 to help move families from welfare to work, 18,000 for the homeless, and 15,000 for extremely low-income elderly.**
- **The Community Development Financial Institutions Fund (CDFI) would be reduced by over \$11 million, with the result that 16 fewer community development institutions (CDFIs) would receive capital funding and 12 fewer financial institutions would receive Bank Enterprise Act grants. By 2004, the Republican budget would reduce CDFI's funding by \$26 million, eliminating federal assistance to 37 CDFIs and 28 commercial CDFI lenders.**

**A low priority in the Republican budget:** Programs critical to urban America would be at risk because of the squeeze on the overall discretionary funds proposed. The assumptions made in the Republican budget resolutions show that programs important to urban America would be a low priority in competition for those funds:

- **The Senate Budget Resolution proposes \$5.3 billion in 2000 for community and regional development, \$3.4 billion or 39.2 percent less than a freeze and \$3.6 billion or 40.7 percent less than the President's budget. This would mean a massive reduction to the Community Development Block Grant Program (CDBG), one of the most popular and flexible sources of funds that mayors and governors use to improve economic opportunity and housing in low-income communities. Thousands of local neighborhood improvement efforts would be jeopardized. Cuts of 40 percent in this set of HUD programs would translate into a loss of assistance to 82,000 homes and loss of support for 114,000 jobs in low-income areas.**

## The Republican Budget: Sacrificing Our Environment and Public Health

---

*President Clinton is proposing a record \$33.9 billion in FY 2000 to protect our environment and public health, including major new initiatives to preserve America's lands legacy, combat air pollution and global warming, and help build livable communities for the 21st century.*

**The Republican budget not only fails to fund these environmental priorities, but imposes drastic cuts that would stop toxic waste cleanups, shut down national parks, cripple water quality programs, and heighten the risk of deadly wildfires.**

---

**The Republican budget slashes funding for priority domestic programs 12 percent in FY 2000 and 28 percent in 2004. Across-the-board cuts would have these devastating impacts on public health and the environment:**

- ***Stopping 135 Toxic Waste Cleanups*** - The Republican budget would cut Superfund by a total of \$1.5 billion over the next five years, needlessly jeopardizing public health by preventing as many as 135 priority cleanups nationwide -- 92 percent of the federally led cleanups planned.
- ***Shutting Down National Parks*** - Cuts to the National Park Service would reduce services and hours of operation at 378 parks and other facilities serving almost 300 million visitors a year. In FY 2004, \$575 million in cuts would shut down many smaller parks and backcountry areas in larger parks, and jeopardize visitor safety by blocking vital maintenance and repairs.
- ***Squandering Our Lands Legacy*** - By failing to fund the President's Lands Legacy initiative, the Republican budget would block federal efforts to preserve natural treasures, and deny states and communities \$588 million to protect farmland, coastland, urban parks and other green spaces.
- ***Slashing Water and Public Health Protections*** - By FY 2004, cuts to the Environmental Protection Agency would eliminate funding for the Clean Water Action Plan, which helps communities clean up the 40 percent of surveyed waters still too polluted for fishing or swimming; and let polluters off the hook by crippling EPA's ability to enforce public health protections.
- ***Gambling with Global Warming*** - Cuts to the Department of Energy and EPA would gut efforts toward cleaner, more efficient energy for homes, transportation, and industry; and keep the Partnership for a New Generation of Vehicles from meeting its goal of new cars three times more fuel-efficient than today's models by 2004.
- ***Crippling Wildlife Protections*** - Cuts to the Fish and Wildlife Service, National Oceanic and Atmospheric Administration, and Army Corps of Engineers would hamper salmon restoration in the Pacific Northwest, shut down wildlife refuges, and halt efforts to restore endangered species.
- ***Raising the Risk of Deadly Wildfires*** - FY 2000 cuts to the Forest Service and Bureau of Land Management would close some lands to the public and reduce firefighting capabilities. A total of \$700 million in FY 2004 cuts for these two agencies would cripple firefighting capabilities, jeopardizing lives and property throughout the West.

---

## Republican Budget

### Shortchanges Education and Training

March 19, 1999

---

Building on the success of six years of fiscal discipline and the virtuous economic cycle it created, President Clinton has proposed a budget that includes a more than \$3.4 trillion debt reduction lock-box that extends the solvency of Social Security until 2055 and extends Medicare's solvency for more than a decade. The President's budget continues to place top priority on investments in education, including:

- **Performance Accountability:** \$200 million in Title I to hold States and school districts more accountable for raising student achievement.
- **21st Century Community Learning Centers/After-School and Summer School Programs:** \$600 million for the 21st Century/After-School program, an increase of \$400 million over the FY 1999 level to help schools end social promotion through extended learning time.
- **New Qualified Teachers and Smaller Class Sizes:** \$1.4 billion as the second installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades.
- **Tax Credits to Build Modern Schools for Our Children.** A centerpiece of the President's tax cut agenda is to provide Federal tax credits to support nearly \$25 billion in bonds to build and renovate public schools at a cost of \$3.7 billion over 5 years.
- **A \$963 Million Three-Part Initiative To Close America's Skills Gap:** 1) \$190 million increase for adult education and family literacy initiative. 2) \$368 Million increase for a universal re-employment initiative. 3) \$405 million increase for a youth employment initiative.
- **Expanding Head Start:** A \$607 million increase that will add 42,000 new slots for young children, including 7,000 Early Head Start slots, for total enrollment of 877,000 and on track to meet the one million participation goal by 2002.

The Republicans have responded with a proposal that puts top priority on a tax cut which explodes in cost and is targeted away from the middle class. Republicans have talked about making education a higher priority, but the actions in this budget are in the other direction. Because the tax cut is so large and consumes the entire on-budget surplus, the funds available for critical investments in education would be squeezed dramatically.

**The Republican budget would require a more than 10 percent cut in 2000 and over 20 percent cut in 2004 unprotected discretionary programs.** This would have a devastating impact on critical education, training, and other programs for children:

- **Head Start** funding would be less than FY 1998 levels, a reduction of \$1.1 billion from the FY 2000 Budget. A reduction of this magnitude would roll back all expansion progress made under the Clinton Administration, cutting services to up to 100,000 children, and making it practically impossible to reach the goal of serving one million children in Head Start by 2002. By 2004, Head Start enrollment would drop below FY 1999 levels by over 230,000 children.
- **Work Study** would be cut by \$106 million from the FY 1999 level of \$870 million, to the lowest level since FY 1996. The number of students served would decrease by 112,000, from 930,000 in FY 1999. If the Republican plan were assumed to continue through FY 2004, over a quarter of a million fewer students (257,000) would have the chance to work their way through college than in FY 1999.

Automated Records Management System  
Hex-Dump Conversion

- **TRIO** funding would decrease by \$73 million, from \$600 million in FY 1999. As a result, approximately 117,000 fewer students would receive college preparation and support services in FY 2000 than in FY 1999. By FY 2004, the Republican plan would cut 224,000 disadvantaged students from TRIO programs.
- **GEAR-UP** would be reduced \$15 million, from \$120 million in FY 1999. This funding level would not be sufficient to fund non-competing continuation awards from FY 1999. Approximately 5,900 fewer low-income students would receive early intervention services in FY 2000 than in FY 1999. The Republican plan would further cut GEAR-UP so that more than 36,000 fewer students would receive services in FY 2004 than in FY 1999.
- **Dislocated Worker Assistance** would be cut by \$171 million below FY 1999, denying training, job search assistance, and support services to about 90,200 dislocated workers. In FY 2004, the Republican plan would deny services to over 205,600 dislocated workers.
- About 73,100 **training and summer job opportunities for low-income youth** would be eliminated. In FY 2004, about 166,000 low-income youth would be denied training and summer job opportunities.
- This reduction could terminate **Jobs Corps'** planned 4-center expansion and/or force Job Corps to close 5-6 other centers in 2000. This could eliminate about 5,000 residential training slots for extremely disadvantaged youth in 2000. In 2004, this could result in over 11,000 students being denied the opportunity to participate in Job Corps.
- The **Child Care and Development Block Grant (CCDBG)** would be reduced by \$122 million, eliminating child care assistance for up to 34,000 low-income children. By 2004, the number of children receiving assistance would drop below FY 1999 levels by up to 79,000 children.
- **WIC** funding would be cut to below FY 1995 levels, a reduction of over \$480 million from the FY 1999 level of \$3.9 billion, eliminating nutrition assistance for over 875,000 low income women, infants, and children each month. Furthermore, if the Republican plan were assumed to continue through FY 2004, funding for the program would be reduced by \$1.1 billion below the FY 1999 funding level, cutting approximately 1.9 million participants from the program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:22-MAR-1999 15:10:21.00

SUBJECT: George Will and equal pay

TO: Cordelia W. Reimers ( CN=Cordelia W. Reimers/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Rebecca M. Blank ( CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

CC: Mary L. Smith ( CN=Mary L. Smith/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

George Will has a column in today's Newsweek saying the equal pay figures are "lies" and quoting Furchtgott-Roth and Stolba. It is an argument we have had in the past, but will now be raised more prominently and with academic support. Could you at CEA take a look at the column and propose a fact-based rebuttal to Will's assertion: the wage gap is small, voluntary and doesn't require government involvement. Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rebecca M. Blank ( CN=Rebecca M. Blank/OU=CEA/O=EOP [ CEA ] )

CREATION DATE/TIME:29-MAR-1999 11:06:34.00

SUBJECT: Furchtgott-Roth & Stolba book

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Thomas L. Freedman ( CN=Thomas L. Freedman/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

CC: Cordelia W. Reimers ( CN=Cordelia W. Reimers/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TEXT:

Tom & Elena -- the Furchtgott-Roth and Stolba book "Women's Figures" is having a big press event today at AEI. (This is the book George Will wrote about in his column last week, which ridicules the idea of a gender pay gap.) I suspect this means there will be more articles and press attention over the week. I really think we need to respond to this publicly in some way. Have you guys talked about this at DPC? How about an editorial somewhere, at a minimum? Let's chat about this, if it seems useful.

Becky

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP [ OPD ] )

CREATION DATE/TIME:29-MAR-1999 12:51:12.00

SUBJECT: Updated Welfare Reform Accomplishments

TO: Beach-Benjamin ( Beach-Benjamin @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Heyman-Stephen ( Heyman-Stephen @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Mastrand ( Mastrand @ opm.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: mkharfen ( mkharfen @ acf.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: pbravo ( pbravo @ acf.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: zina.pierre ( zina.pierre @ sba.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Daniel I. Werfel ( CN=Daniel I. Werfel/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: pruggles ( pruggles @ osaspe.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: dahm-emily ( dahm-emily @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: kamela-william ( kamela-william @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: art\_foley ( art\_foley @ fcs.usda.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: corine.hegland ( corine.hegland @ ost.dot.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: deborah\_greenstein ( deborah\_greenstein @ hud.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: michael.barr ( michael.barr @ ms01.do.treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: betsy.myers ( betsy.myers @ sba.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: nancy\_kirshner-rodriiguez ( nancy\_kirshner-rodriiguez @ hud.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: ljenning ( ljenning @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Dario J. Gomez ( CN=Dario J. Gomez/OU=WHO/O=EOP @ EOP [ WHO ] )

READ:UNKNOWN

TO: Andrew R. Feldman ( CN=Andrew R. Feldman/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TO: William H. White Jr. ( CN=William H. White Jr./OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: YAMIN\_S ( YAMIN\_S @ A1 @ CD @ VAXGTWY [ UNKNOWN ] ) (OMB)  
READ:UNKNOWN

TO: Barbara D. Woolley ( CN=Barbara D. Woolley/OU=WHO/O=EOP @ EOP [ WHO. ] )  
READ:UNKNOWN

TO: Joseph C. Fanaroff ( CN=Joseph C. Fanaroff/OU=WHO/O=EOP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Robin J. Bachman ( CN=Robin J. Bachman/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: efurd-laura ( efurd-laura @ dol.gov [ UNKNOWN ] )  
READ:UNKNOWN

TO: Stephen\_J.\_Yank ( Stephen\_J.\_Yank @ hud.gov [ UNKNOWN ] )  
READ:UNKNOWN

TO: Melissa G. Green ( CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: edahl ( edahl @ os.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Ahyman ( Ahyman @ os.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: eparker ( eparker @ acf.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Lori Schack ( CN=Lori Schack/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Daniel J. Chenok ( CN=Daniel J. Chenok/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: cpian ( cpian @ osaspe.dhhs.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: xavier\_briggs ( xavier\_briggs @ hud.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: bonny\_o'neil ( bonny\_o'neil @ fcs.usda.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: john\_f.\_bohm ( john\_f.\_bohm @ hud.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: linda.lawson ( linda.lawson @ ost.dot.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: irma.tucker ( irma.tucker @ treas.sprint.com @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: uhalde-raymond ( uhalde-raymond @ dol.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: JMONAHAN ( JMONAHAN @ ACF.DHHS.GOV @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: dana.colarulli ( dana.colarulli @ sba.gov @ inet [ UNKNOWN ] )  
READ:UNKNOWN

TO: Charles M. Brain ( CN=Charles M. Brain/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Anil Kakani ( CN=Anil Kakani/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Robert F. Schoeni ( CN=Robert F. Schoeni/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TO: Jack A. Smalligan ( CN=Jack A. Smalligan/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Lee Ann Brackett ( CN=Lee Ann Brackett/O=OVP @ OVP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Chandler G. Spaulding ( CN=Chandler G. Spaulding/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: J. Eric Gould ( CN=J. Eric Gould/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Laura Emmett ( CN=Laura Emmett/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TO: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TEXT:

Here's updated document for your use -- it's also posted on White House welfare reform web site

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D87]MAIL452556994.036 to ASCII,  
The following is a HEX DUMP:

FF575043BA060000010A02010000000205000000AD680000000200000D23A865B05E74DDF7296E  
1B5674C72BFF03280EAF2A215F85A9BAAD025E73CA2F56C41BF0B5E58A46AE51FBE8FCDD8B6C9  
972C505B1D7239D26E90F3B19D8EF5C9B8124CF7CEA1394EB437F7A4A168D811C99DE9EDDB5A0E  
0E632AC754522301DA73F8698E5EF761D460CBFB9D1DFFA450083849AA67EBB0A242677DF6D9C8  
90D037B907FDAC3D32069C274E77594E78CAD697E849AD3FF1C7ABB25AEF8C5D20DB65BDE779CB

# CLINTON-GORE ACCOMPLISHMENTS

## REFORMING WELFARE

*On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, fulfilling his longtime commitment to 'end welfare as we know it.' As the President said upon signing, "... this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family."*

### TRANSFORMING THE BROKEN WELFARE SYSTEM

- **Overhauling the Welfare System with the Personal Responsibility Act:** In 1996, the President signed a bipartisan welfare plan that is dramatically changing the nation's welfare system into one that requires work in exchange for time-limited assistance. The law contains strong work requirements, performance bonuses to reward states for moving welfare recipients into jobs and reducing illegitimacy, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care. State strategies are making a real difference in the success of welfare reform, specifically in job placement, child care and transportation.
- **Law Builds on the Administration's Welfare Reform Strategy:** Even before the Personal Responsibility Act became law, many states were well on their way to changing their welfare programs to jobs programs. By granting Federal waivers, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. The vast majority of states have chosen to continue or build on their welfare demonstration projects approved by the Clinton Administration.
- **Welfare Rolls Decline as More Recipients go to Work:** In January 1999, the President released state-by-state data (from September 1998) showing that welfare caseloads are at their lowest level in 30 years and that the welfare rolls have fallen by nearly half since he took office. Since January 1993, 36 states have had caseload declines of more than 40 percent and nationwide the rolls have fallen by 44 percent, from 14.1 million to just below 8 million. This historic decline occurred in response to the Administration's grants of Federal waivers to 43 states, the provisions of the new welfare reform law, and the strong economy. Recent information released by the Department of Health and Human Services also shows that the percentage of welfare recipients working has tripled since 1992, that an estimated 1.5 million people who were on welfare in 1997 were working in 1998, and that all states met the first overall work participation rates required under the welfare reform law.

## MOVING PEOPLE FROM WELFARE TO WORK

- **Mobilizing the Business Community:** At the President's urging, the Welfare to Work Partnership was launched in May 1997 to lead the national business effort to hire people from the welfare rolls. Founded with 105 participating businesses, the Partnership grew to 5,000 within one year, and in his 1999 State of the Union address, the President announced that the Partnership now includes over 10,000 businesses who have hired hundreds of thousands of people. Since 1997, these businesses have hired over 410,000 welfare recipients, more than meeting the challenge the President set in May of 1998. The Partnership provides technical assistance and support to businesses around the country, including: a toll-free number, a web site, a quarterly newsletter, and a "Blueprint for Business" hiring manual. The Partnership also published The Road to Retention, a report of companies that have found higher retention rates for former welfare recipients for other new hires, and strategies they used to achieve this success.
- **Connecting Small Businesses with New Workers:** The Small Business Administration is addressing the unique and vital role of small businesses who employ over one-half of the private workforce, by helping small businesses throughout the country connect with job training organizations and job-ready welfare recipients. In addition, SBA provides training and assistance to welfare recipients who wish to start their own businesses. SBA provides assistance to businesses through its 1-800-U-ASK-SBA number, as well through its network of small business and women's business centers, one-stop capital shops, district offices, and its home page.
- **Mobilizing Civic, Religious and Non-profit Groups:** The Vice President created the Welfare to Work Coalition to Sustain Success, a coalition of national civic, service, and faith-based groups committed to helping former welfare recipients succeed in the workforce. Working in partnership with public agencies and employers, Coalition members provide mentoring, job training, child care, transportation, and other support to help these new workers with the transition to self sufficiency. Charter members of the Coalition include: Alpha Kappa Alpha, the Boys and Girls Clubs of America, the Baptist Joint Committee, Goodwill, Salvation Army, the United Way, Women's Missionary Union, the YMCA, the YWCA, and other civic and faith-based groups.
- **Doing Our Fair Share with the Federal Government's Hiring Initiative:** Under the Clinton Administration, the Federal workforce is the smallest it has been in thirty years. Yet, this Administration also believes that the Federal government, as the nation's largest employer, must lead by example. The President asked the Vice President to oversee the Federal government's hiring initiative in which Federal agencies have committed to directly hire at least 10,000 welfare recipients in the next four years. On March 1st, the Vice President announced that the federal government has hired over 10,000 welfare recipients nearly two years ahead of schedule. As a part of this effort, the White House pledged to hire six welfare recipients and has already exceeded this goal.
- **Funds to Help Move More People from Welfare to Work, with a Focus on Fathers:** Because of the President's leadership, the 1997 Balanced Budget Act included the total funding requested by the President for the creation of his \$3 billion welfare to work fund.

This program helps states and local communities move long-term welfare recipients, and certain non-custodial parents, into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services. The Department of Labor provides oversight but most of the dollars are placed, through the Private Industry Councils, in the hands of the localities who are on the front lines of the welfare reform effort. In addition, 25 percent of the funds are awarded by the Department of Labor on a competitive basis to support innovative welfare to work projects. The President announced the first round of 49 competitive grants in May, and the Vice President announced the second round of 75 competitive grants in November 1998. In January 1999, the Department of Labor announced the availability of \$240 million in competitive grants for FY 1999. These funds will support innovative local welfare-to-work strategies for noncustodial parents, individuals with limited English proficiency, disabilities, substance abuse problems, or a history of domestic violence.

The President's FY 2000 budget includes \$1 billion for the Welfare-to-Work program to help 200,000 long-term welfare recipients in high-poverty areas move into lasting unsubsidized employment. This is an extension of the two-year \$3 billion Welfare-to-Work program the President secured in the Balanced Budget Act. The initiative, as reauthorized, will provide at least \$150 million to ensure that every state helps fathers fulfill their responsibilities by working, paying child support, and playing a responsible part in their children's lives. Under this proposal, states and communities will use a minimum of 20 percent of their formula funds to provide job placement and job retention assistance to low-income fathers who sign personal responsibility contracts committing them to work and pay child support. This effort will further increase child support collections, which have risen 80 percent since the President took office, from \$8 billion in 1992 to \$14.4 billion in 1998. Remaining funds will go toward assisting long-term welfare recipients with the greatest barriers to employment to move into lasting jobs. The reauthorized program also will double the welfare-to-work funding available for tribes.

- **Tax Credits for Employers:** The Welfare to Work Tax Credit, enacted in the 1997 Balanced Budget Act, provides a credit equal to 35 percent of the first \$10,000 in wages in the first year of employment, and 50 percent of the first \$10,000 in wages in the second year, to encourage the hiring and retention of long term welfare recipients. This credit complements the Work Opportunity Tax Credit, which provides a credit of up to \$2,400 for the first year of wages for eight groups of job seekers. The Omnibus Budget Act included an extension through June 30, 1999 and the President's FY 2000 budget proposes to extend both credits for an additional year.
- **Welfare-to-Work Housing Vouchers:** In his FY 1999 budget, the President proposed \$283 million for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job, and Congress approved full funding for this new initiative. Families will use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. Nearly all of these vouchers will be awarded to communities on a competitive basis, to communities who create cooperative efforts among their housing, welfare and employment agencies to assure the most effective use

of this flexible new tool to help people make the transition from welfare to work. The President's FY 2000 budget provides \$430 million for 75,000 welfare-to-work vouchers, including \$144 million in new funds for 25,000 additional vouchers.

- **Welfare-to-Work Transportation:** One of the biggest barriers facing people who move from welfare to work -- in cities and in rural areas -- is finding transportation to get to jobs, training programs and child care centers. Few welfare recipients own cars. Existing mass transit does not provide adequate links to many suburban jobs at all, or within a reasonable commute time. In addition, many entry level jobs require evening or weekend hours that are poorly served by existing transit routes. To help those on welfare get to work, President Clinton proposed a \$100 million a year welfare to work transportation plan as part of his ISTEA reauthorization bill. The Transportation Equity Act for the 21st Century (TEA-21) authorized \$750 million over five years for the President's initiative and reverse commute grants. Of this amount, \$50 million is guaranteed funding in FY 1999, rising to \$150 million in 2003. The Omnibus Budget Act included \$75 million for this program in FY 1999 and the Department of Transportation is currently reviewing applications for this first year funding. The President's budget proposes to double funding for FY 2000, bringing it to the full authorized level of \$150 million. The Job Access competitive grants will assist states and localities in developing flexible transportation alternatives, such as van services, for welfare recipients and other low income workers.
- ***Eliminating Anti-Work and Anti-Family Rules that Denied Families Health Coverage:*** In August 1998, the President eliminated a vestige of the old welfare system by announcing that the Department of Health and Human Services will revise its regulations to allow all states to provide Medicaid coverage to working, two-parent families who meet State income eligibility. Under the old welfare regulations, adults in two-parent families who worked more than 100 hours per month could not receive Medicaid regardless of income level, while there were no such restrictions on single-parent families. Because these regulations provided disincentives to marriage and full-time work, the Administration allowed a number of states to waive this rule. The new regulation eliminates this rule for all States, providing health coverage for more than 130,000 working families to help them stay employed and off welfare.

### PROMOTING PERSONAL RESPONSIBILITY

- **Enforcing Child Support -- 80% Increase in Collections:** The Clinton Administration collected a record \$14.4 billion in child support in 1998 through tougher enforcement, an increase of \$6.4 billion, or 80% since 1992. Not only are collections up, but the number of families that are actually receiving child support has also increased. In 1997, the number of child support cases with collections rose to 4.2 million, an increase of 48% from 2.8 million in 1992. In addition, a new collection system proposed by the President in 1994 and enacted as part of the 1996 welfare reform law located one million delinquent parents in its first nine months of operation. This National Directory of New Hires helps track parents across state lines by enabling child support officials to match records of delinquent parents with wage records from throughout the nation. Approximately one-third of all child support cases involve parents living in different

states. In June 1998, the President signed the Deadbeat Parents Punishment Act, a law based on his 1996 proposal for tougher penalties for parents who repeatedly fail to support children living in another state or who flee across state lines to avoid supporting them. This new law creates two new felonies, with penalties of up to two years in prison, for egregious child support evaders who travel across state or country lines to evade child support obligations, or who have an unpaid obligation to a child living in another state that is more than \$10,000 or has remained unpaid for more than two years.

**Increasing Parental Responsibility:** The President's unprecedented and sustained campaign to ensure parents financially support their children is working. Paternity establishment, often the crucial first step in child support cases, has dramatically increased, due in large part to the in-hospital voluntary paternity establishment program begun in 1994 by the Clinton Administration. In 1997, the number of paternities established or acknowledged rose to a record 1.3 million, two and a half times the 1992 figure of 512,000. In addition to tougher enforcement including a strong partnership with states, President Clinton has taken executive action including: directing the Treasury Department to collect past-due child support from Federal payments including Federal income tax refunds and employee salaries, and taking steps to deny Federal loans to any delinquent parents. The Federal government collected over \$1.1 billion in delinquent child support from federal income tax refunds for tax year 1997, a 70 percent increase since 1992. The welfare reform law contains tough child support measures that President Clinton has long supported including: the national new hire reporting system; streamlined paternity establishment; uniform interstate child support laws; computerized state-wide collections; and tough new penalties. These five measures are projected to increase child support collections by an additional \$24 billion over the next ten years.

- **Breaking the Cycle of Dependency -- Preventing Teen Pregnancy:** Significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides \$50 million a year in new funding for state abstinence education activities. Since 1993, the Clinton Administration has supported innovative and promising teen pregnancy prevention strategies, including working with boys and young men on pregnancy prevention strategies. The National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. In 1997, the President announced the National Strategy to Prevent Teen Pregnancy, mandated in the welfare reform law. The first annual report on this Strategy reported that HHS-supported programs already reach at least 31 percent or 1,470 communities in the United States. Notably, data shows we are making progress in reducing teen pregnancy -- teen births have fallen six years in a row, by 15 percent from 1991 to 1997. And, teen pregnancy rates are at their lowest level in 20 years.

## RESTORING FAIRNESS AND PROTECTING THE MOST VULNERABLE

The President made a commitment to fix several provisions in the welfare reform law that had nothing to do with moving people from welfare to work. In 1997, the President fought for and ultimately was successful in ensuring that the Balanced Budget Act protects the most vulnerable.

In 1998, the President continued to reverse unfair cuts in benefits to legal immigrants. The Administration's FY 2000 budget would build on this progress by restoring important disability, health, and nutrition benefits to additional categories of legal immigrants, at a cost of \$1.3 billion over five years.

- **Disability and Health:** The Balanced Budget Act of 1997 restored disability and health benefits to 420,000 legal immigrants who were in this country before welfare reform became law (August 22, 1996), at an estimated cost of \$11.5 billion. The Administration's new budget would restore eligibility for SSI and Medicaid to legal immigrants who enter the country after that date if they have been in the U.S. for five years and become disabled after entering the United States. This proposal would cost approximately \$930 million and assist an estimated 54,000 legal immigrants by 2004, about half of whom would be elderly.
- **Nutritional Assistance:** The Agricultural Research Act of 1998 provided Food Stamps for 225,000 legal immigrant children, senior citizens, and people with disabilities who came to the United States by August 22, 1996. The Administration's budget would extend this provision by allowing legal immigrants in the United States on August 22, 1996 who subsequently reach age 65 to be eligible for Food Stamps at cost of \$60 million.
- **Childrens' Health Care and Maternal Care for Pregnant Women:** States currently can provide health coverage to immigrant children who entered the country before August 22, 1996. The President's FY 2000 budget would give states the option to provide health coverage to legal immigrant children who entered the country after August 22, 1996. Under this proposal, states could provide health coverage to those children through Medicaid or their CHIP allotment. The proposal would cost \$220 million and serve approximately 55,000 children by FY 2004. Furthermore, the budget proposes to give states the option to provide Medicaid coverage to legal immigrant women who entered the country after August 22, 1996 and subsequently became pregnant. Such coverage would help reduce the number of high-risk pregnancies, ensure healthier children, and lower the cost of emergency Medicaid deliveries. This proposal would cost \$105 million and serve approximately 23,000 women by FY 2004.
- **Helping People Who Want to Work but Can't Find a Job:** The Balanced Budget Act (BBA), as amended by the Agricultural Research Act, also restored \$1.3 billion in food stamp cuts. The welfare reform law restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The BBA provided funds for work slots and food stamp benefits to help those who are willing to work but, through no fault of their own, have not yet found employment. In addition, the BBA allows states to exempt up to 15 percent of the food stamp recipients (70,000 individuals monthly) who would

otherwise be denied benefits as a result of the "3 in 36" limit.

Automated Records Management System  
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa M. Jones ( CN=Lisa M. Jones/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:31-MAR-1999 13:18:45.00

SUBJECT: Headsup

TO: Michael Deich ( CN=Michael Deich/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Mickey Ibarra ( CN=Mickey Ibarra/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Michael Waldman ( CN=Michael Waldman/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Bruce N. Reed ( CN=Bruce N. Reed/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Minyon Moore ( CN=Minyon Moore/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Ann F. Lewis ( CN=Ann F. Lewis/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Ron Klain ( CN=Ron Klain/O=OVP@OVP [ UNKNOWN ] )  
READ:UNKNOWN

TO: Douglas B. Sosnik ( CN=Douglas B. Sosnik/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Barbara Chow ( CN=Barbara Chow/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Janet L. Yellen ( CN=Janet L. Yellen/OU=CEA/O=EOP@EOP [ CEA ] )  
READ:UNKNOWN

TO: Barry J. Toiv ( CN=Barry J. Toiv/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Gene B. Sperling ( CN=Gene B. Sperling/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Mary E. Cahill ( CN=Mary E. Cahill/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Sally Katzen ( CN=Sally Katzen/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Thurgood Marshall Jr ( CN=Thurgood Marshall Jr/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Lawrence J. Stein ( CN=Lawrence J. Stein/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Maria Echaveste ( CN=Maria Echaveste/OU=WHO/O=EOP@EOP [ WHO ] )

READ:UNKNOWN

CC: Stuart Shapiro ( CN=Stuart Shapiro/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TEXT:

Memo was signed on Friday, March 26, 1999.

MEMORANDUM FOR JOHN PODESTA

THROUGH: Jacob J. Lew  
Sylvia Mathews

FROM: Don Arbuckle

SUBJECT: Heads-Up Clearance of Regulations

Within the next several days we will be clearing four high profile regulations.

- Temporary Assistance to Needy Families (TANF) final regulation from HHS

We have completed our review of the Department of Health and Human Service's (HHS,) Temporary Assistance to Needy Families (TANF) regulations on Friday, March 26th. This final rule implements the 1996 welfare reform statute. The TANF rule as proposed in November 1997, generated significant criticism from States and advocates for poor families. They argued that the proposal was overly burdensome, discouraged State innovation, and demonstrated a mistrust of how States will exercise the discretion that the statute intended to provide. In response to these comments, HHS has revised the final rule significantly to increase flexibility and reduce burden while maintaining accountability.

The final rule will likely receive significant attention. Reaction is expected to be mostly favorable given the changes from the NPRM, although the rule could still receive criticism for excessive requirements on States. A rollout is being planned by DPC for mid-April.

- OFHEO Risk Based Capital Regulation

OMB completed its review of the Office of Federal Housing Enterprise Oversight Risk-Based Capital Regulation for Fannie Mae and Freddie Mac on Thursday, March 25th. The rule was sent to the Hill Friday afternoon, March 26th. At about the same time, OFHEO issued a press release. Congress will have 15 calendar days to comment on the rule before it is published in the Federal Register and the public will have 120 days after that to comment on the proposed rule.

The rule specifies the risk-based capital stress test that will determine the amount of capital each Enterprise is required to hold to maintain positive capital throughout a ten-year period of economic stress. There is great interest in Congress and the financial community in seeing the proposed rule and determining its impact on the Enterprises and mortgages markets. Fannie Mae has publically expressed concern about the possible impact on its operations and mortgage markets, while Freddie Mac has called for its publication.

☐☐ - Workforce Investment Act (WIA) Regulations from DOL

On Thursday, March 25th OMB completed its review of the Department of Labor's (DOL) interim final regulation implementing the Workforce Investment Act (WIA) of 1998. Based on the President's G.I. Bill for America's Workers proposal, WIA reforms and streamlines the nation's employment and training system by consolidating numerous publicly funded job training and employment programs. Key WIA reforms include the development and implementation of a network of one-stop centers that provides a central point of entry to services, and individual training accounts, or vouchers, to finance adult training.

The interim final rule may receive some attention from locally elected officials who have lobbied DOL for a greater role in the governance of the system. Also, members of both the minority and majority on Hill sent a letter to the President (11/24/98) stressing the importance of coordination between the Federal agencies in providing services through the one-stop. In response to this letter, DOL conducted extensive consultations with its Federal partners and State and local officials in developing this interim final rule, and will continue this consultative process during WIA implementation, which begins on July 1, 1999. DOL expects to publish a final rule in December 1999.

☐☐ - DOL's "Helpers" Regulation

OMB will be completing its review of the Department of Labor's proposed "helpers" regulation during the early part of the week of March 29th. The proposed regulation governs the use of semi-skilled helpers, who assist skilled journeymen on Davis-Bacon construction projects. The proposal would place into regulation the Department's current policy of strictly limiting the use of helpers. This issue has been the subject of Congressional riders and court decisions over the past 15 years, which for all but a short period in 1992-93 also had the effect of strictly limiting the use of helpers on Federal construction contracts.

Please let us know if you have any questions or concerns on any of these regulations.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa N. Benton ( CN=Melissa N. Benton/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME:31-MAR-1999 16:31:44.00

SUBJECT: LRM MNB37 - - REVISED LABOR Draft Bill on Alien Labor Certification User F

TO: Robert J. Pellicci ( CN=Robert J. Pellicci/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Janet R. Forsgren ( CN=Janet R. Forsgren/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Courtney B. Timberlake ( CN=Courtney B. Timberlake/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: David J. Haun ( CN=David J. Haun/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Susanne D. Lind ( CN=Susanne D. Lind/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Rosemarie W. Dale ( CN=Rosemarie W. Dale/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Robert F. Mahaffie ( CN=Robert F. Mahaffie/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Karen Tramontano ( CN=Karen Tramontano/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Harry E. Moran ( CN=Harry E. Moran/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: J. Eric Gould ( CN=J. Eric Gould/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Robert F. Schoeni ( CN=Robert F. Schoeni/OU=CEA/O=EOP@EOP [ CEA ] )  
READ:UNKNOWN

TO: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Larry R. Matlack ( CN=Larry R. Matlack/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: James J. Jukes ( CN=James J. Jukes/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Robert G. Damus ( CN=Robert G. Damus/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Steven M. Mertens ( CN=Steven M. Mertens/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Jennifer E. Brown ( CN=Jennifer E. Brown/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Irene Bueno ( CN=Irene Bueno/OU=OPD/O=EOP@EOP [ OPD ] )

READ:UNKNOWN

TO: Peter Rundlet ( CN=Peter Rundlet/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Mark J. Schwartz ( CN=Mark J. Schwartz/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Sarah S. Lee ( CN=Sarah S. Lee/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Justine F. Rodriguez ( CN=Justine F. Rodriguez/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Cordelia W. Reimers ( CN=Cordelia W. Reimers/OU=CEA/O=EOP@EOP [ CEA ] )  
READ:UNKNOWN

TO: Debra J. Bond ( CN=Debra J. Bond/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Barry White ( CN=Barry White/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

LRM STATE ( LRM STATE [ UNKNOWN ] )  
READ:UNKNOWN

LRM TREASURY ( LRM TREASURY [ UNKNOWN ] )  
READ:UNKNOWN

LRM COMMERCE ( LRM COMMERCE [ UNKNOWN ] )  
READ:UNKNOWN

LRM Small Business Administration ( LRM Small Business Administration [ UNKNOWN ] )  
READ:UNKNOWN

LRM JUSTICE ( LRM JUSTICE [ UNKNOWN ] )  
READ:UNKNOWN

TEXT:

NOTE TO EOP STAFF: YOU WILL NOT RECEIVE A HARD COPY OF THIS LRM.

LRM ID: MNB37  
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

Wednesday, March 31, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative  
Reference

OMB CONTACT: Melissa N. Benton  
PHONE: (202)395-7887 FAX: (202)395-6148

SUBJECT: REVISED LABOR Draft Bill on Alien Labor Certification

## User Fees

DEADLINE: 1 p.m. Friday, April 2, 1999  
In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: The deadline is firm.

## DISTRIBUTION LIST

## AGENCIES:

61-JUSTICE - Dennis Burke - (202) 514-2141  
118-TREASURY - Richard S. Carro - (202) 622-0650  
25-COMMERCE - Michael A. Levitt - (202) 482-3151  
107-Small Business Administration - Mary Kristine Swedin - (202) 205-6700  
114-STATE - Paul Rademacher - (202) 647-4463

## EOP:

Barry White  
Larry R. Matlack  
Debra J. Bond  
Andrea Kane  
Cordelia W. Reimers  
Robert F. Schoeni  
Justine F. Rodriguez  
J. Eric Gould  
Elena Kagan  
Harry E. Moran  
Sarah S. Lee  
Karen Tramontano  
Mark J. Schwartz  
Robert F. Mahaffie  
Peter Rundlet  
Rosemarie W. Dale  
Irene Bueno  
Susanne D. Lind  
Robert G. Damus  
Jennifer E. Brown  
David J. Haun  
Steven M. Mertens  
Courtney B. Timberlake  
Janet R. Forsgren  
James J. Jukes

LRM ID: MNB37 SUBJECT: REVISED LABOR Draft Bill on Alien Labor  
Certification User Fees  
RESPONSE TO  
LEGISLATIVE REFERRAL  
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be



SUBTITLE G-- ALIEN LABOR CERTIFICATION USER FEES

SEC. \_\_ ESTABLISHMENT OF FEES.

(a) PERMANENT IMMIGRANT APPLICATION FEES.-- Section 212(a)(5)(A) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(5)(A) is amended--

(1) in clause (i), by--

(A) striking “and” at the end of subclause (I),

(B) striking the period at the end of subclause (II) and inserting “, and”,

and

(C) by adding at the end the following:

“(III) the employer has submitted an application for certification of the alien under this paragraph and has paid an application fee in accordance with clause (iv).”; and

(2) by adding at the end the following:

“(iv)(I) The Secretary of Labor shall impose a fee of \$500 on an employer that--

“(aa) submits an application to the Secretary of Labor for certification under this subparagraph on or after October 1, 1999, or

“(bb) requests that the Secretary of Labor review an application

that was submitted to the Secretary of Labor for certification under this subparagraph prior to October 1, 1999, using the same review procedures applicable to applications submitted under sub-subclause (aa).

“(II)(aa) The employer submitting the application under this subparagraph shall not require or accept payment, directly or indirectly, of the fees established pursuant to subclause (I) by the alien who is the beneficiary of the certification.

“(bb) If the Secretary of Labor determines, after notice and opportunity for a hearing , that a violation of sub-subclause (aa) has occurred, the Secretary of Labor may impose a civil penalty in an amount not to exceed \$1,000 per violation and an administrative order requiring the return of any amounts received in violation of sub-subclause (aa) to the alien, or if the alien cannot be located, to the general fund of the Treasury.

“(III) Fees collected under this clause shall be deposited in the Treasury in accordance with section 286(u).”.

(b) H-2B NONIMMIGRANT APPLICATION FEES.-- Section 214(c) of the Immigration and Nationality Act (8 U.S.C. 1184(c)) is amended by adding at the end the following:

“(10)(A) Pursuant to the consultation process described in paragraph (1), the Secretary of Labor shall impose a fee of \$500 on employers that submit an application to the Secretary of Labor for certification of a nonimmigrant temporary worker as described in section 101(a)(15)(H)(ii)(b) on or after October 1,1999.

“(B)(i) The employer submitting the application under this subsection shall not require or accept payment of the fee established under subparagraph (A), directly or indirectly, by

the alien who is the beneficiary of the certification.

“(ii) If the Secretary of Labor determines, after notice and opportunity for a hearing, that a violation of clause (i) has occurred, the Secretary of Labor may impose a civil penalty in an amount not to exceed \$1,000 per violation and administrative order requiring the return of any amounts received in violation of clause (i) to the alien, or if the alien cannot be located, to the general fund of the Treasury.

“(C) Fees collected under this paragraph shall be deposited in the Treasury in accordance with section 286(u).”.

#### SEC. \_\_. ESTABLISHMENT OF ACCOUNT AND USE OF FUNDS.

Section 286 of the Immigration and Nationality Act (8 U.S.C. 1356) is amended by adding at the end the following:

##### “(u) ALIEN LABOR CERTIFICATION USER FEE ACCOUNT.

“(1) ESTABLISHMENT.-- There is established in the general fund of the Treasury a separate account, which shall be known as the ‘Alien Labor Certification User Fee Account’. Notwithstanding any other section of this title, there shall be deposited as offsetting receipts into the account all fees collected under sections 212(a)(5)(A) and 214(c)(10).

##### “(2) USE OF FEES.-- The fees deposited into the Alien Labor

Certification User Fee Account shall be used by the Secretary of Labor for the costs of administering alien labor certification activities, including the costs of enforcement, under sections 212(a)(5)(A) and 214(c)(10). In addition, if, in any fiscal year, the Secretary of Labor determines that there are amounts in the account in excess of the amounts necessary to carry out

the certification activities for such year, the Secretary of Labor may use the excess amounts to carry out activities for dislocated workers in accordance section 171(d) of the Workforce Investment Act of 1998.

“(3) AVAILABILITY OF FUNDS.-- The fees deposited into the Alien Labor Certification User Fee account under this subsection shall remain available until expended for the activities described in paragraph (2).”.

STATEMENT IN EXPLANATION OF SUBTITLE G  
ALIEN LABOR CERTIFICATION USER FEES

This subtitle would require the Secretary of Labor to impose a fee of \$500 on employers submitting applications for certification of aliens for permanent employment or for H-2B temporary visas (i.e. visas for temporary employment in occupations other than agriculture, logging, or registered nursing). A similar \$500 fee was established for employers submitting petitions for H-1B temporary visas (i.e. visas for employment in "specialty" occupations) last year under the American Competitiveness and Workforce Improvement Act.

For aliens to be eligible for permanent employment or H-2B temporary employment, the Secretary must certify, pursuant to an application submitted by an employer, that there are not sufficient workers available at the place the alien is to be employed and that the employment would not adversely affect the wages or working conditions of similarly employed workers in the U.S. Currently, the administrative costs of the Secretary of Labor in carrying out these labor certification activities are funded from appropriations out of general revenues and employers are not charged a fee for the processing of the application. However, since employers significantly benefit from the admission of these workers, it is appropriate that they assist in paying for these activities.

This subtitle would provide that the Secretary of Labor is to charge a fee of \$500 for applications for permanent immigrants submitted on or after October 1, 1999. In addition, employers who have filed an application prior to that date would be able to receive a review of that application under the same procedures used to review the applications submitted on or after October 1 if they pay a \$500 fee. The Department of Labor is currently developing and will be implementing a new, streamlined adjudicative process for certification of applications for permanent workers, and this provision would offer employers with pending applications the option of using the streamlined process. The Secretary would also be required to charge a \$500 fee for applications for H-2B temporary nonimmigrant labor certifications submitted on or after October 1, 1999.

The fees collected under this authority would be deposited as offsetting receipts into a special account in the U.S. Treasury. These funds would be available to the Secretary to, first, pay the costs of administering the labor certification process, including enforcement activities. Amounts in the account in excess of the amount needed in any fiscal year for administration would be available to the Secretary to carry out projects to assist dislocated workers in accordance with provisions of the Workforce Investment Act of 1998 (WIA). This additional use of funds is appropriate as a means for providing American workers who have lost their jobs with training and other assistance needed to obtain reemployment and for reducing the need for the

admission of additional aliens to fill these jobs.

Specifically, this subtitle contains two sections. The first section provides for the establishment of the fees.

Subsection (a) applies to fees relating to applications for labor certification of permanent immigrants. Paragraph (1) amends section 212(a)(5)(A) of the Immigration and Nationality Act (INA) to provide that submission of the application and payment of the fee is a condition for receiving certification. Paragraph (2) further amends this section of the INA by adding a new clause requiring the Secretary of Labor to impose a fee of \$500 on employers submitting applications for permanent immigrants on or after October 1, 1999, and on employers who submitted such applications prior to that date who request a review by the Secretary of Labor using the same review procedures applicable to the later applications. This clause also prohibits an employer from requiring or accepting payment of the fee by the alien who is the beneficiary of the certification. The Secretary is authorized to impose a civil penalty of up to \$1000 and order return of the payment to the alien if the Secretary determines that an employer has violated this prohibition. In addition, this clause provides that the fees are to be deposited into a special account in the U.S. Treasury.

Subsection (b) applies to H-2B nonimmigrant labor certification application fees. This provision amends section 214(c) of the INA by adding a new paragraph. The paragraph provides that the Secretary of Labor is to impose a fee of \$500 on employers submitting an application for certification of H-2B nonimmigrant temporary employment on or after October 1, 1999. The paragraph also contains the prohibition against employers requiring or accepting payment of the fee from an alien who is a beneficiary of the certification and authorizes the Secretary to impose a civil penalty of up to \$1000 on an employer violating the prohibition. The paragraph further provides that these fees are also to be deposited in the special account in the U.S. Treasury.

The second section of this subtitle relates to the establishment of the special account and the use of account funds. This section amends section 286 of the INA to add a new subsection. This new subsection establishes a special account in the general fund of the U.S. Treasury to be known as the Alien Labor Certification User Fee Account. All fees collected for the labor certification of permanent immigrant and H-2B temporary nonimmigrants are to be deposited as offsetting receipts into the account. This subsection further provides that the funds in the account are to be used by the Secretary of Labor for the costs of administering the labor certifications. In addition, amounts that the Secretary of Labor determines are in excess of the amount needed for administration may be used to carry out activities for dislocated workers in accordance with section 171(d) of the WIA. Finally, this subsection provides that the fees in the account are to remain available until expended for the authorized activities.

Automated Records Management System  
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Maureen T. Shea ( CN=Maureen T. Shea/OU=WHO/O=EOP [ WHO ] )

CREATION DATE/TIME: 5-APR-1999 09:45:25.00

SUBJECT: My mistake

TO: Rebecca M. Blank ( CN=Rebecca M. Blank/OU=CEA/O=EOP @ EOP [ CEA ] )  
READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP @ EOP [ OPD ] )  
READ:UNKNOWN

TO: Joshua Gotbaum ( CN=Joshua Gotbaum/OU=OMB/O=EOP @ EOP [ OMB ] )  
READ:UNKNOWN

TO: Maria Echaveste ( CN=Maria Echaveste/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

CC: Robin Leeds ( CN=Robin Leeds/OU=WHO/O=EOP @ EOP [ WHO ] )  
READ:UNKNOWN

TEXT:

I misunderstood the equal pay issue - there is no question about our not supporting the Harkin bill - my apologies to all -

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa N. Benton ( CN=Melissa N. Benton/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME: 5-APR-1999 15:16:33.00

SUBJECT: Reminder--comments on Revised Labor Draft bill on Alien Labor Certificatio

TO: llr@do.treas.gov ( llr@do.treas.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: Peter Rundlet ( CN=Peter Rundlet/OU=WHO/O=EOP@EOP [ WHO ] )

READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP@EOP [ OPD ] )

READ:UNKNOWN

TO: Robert F. Schoeni ( CN=Robert F. Schoeni/OU=CEA/O=EOP@EOP [ CEA ] )

READ:UNKNOWN

TO: rademachpr@state.gov ( rademachpr@state.gov @ inet [ UNKNOWN ] )

READ:UNKNOWN

TO: justice.lrm ( justice.lrm @ usdoj.gov @ inet [ UNKNOWN ] ) (OA)

READ:UNKNOWN

TO: Robert F. Mahaffie ( CN=Robert F. Mahaffie/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Justine F. Rodriguez ( CN=Justine F. Rodriguez/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Cordelia W. Reimers ( CN=Cordelia W. Reimers/OU=CEA/O=EOP@EOP [ CEA ] )

READ:UNKNOWN

TEXT:

This is a reminder that your comments on the subject draft bill are due.

Please provide any comments no later than 10 a.m. Tuesday, April 6th, via fax (395-6148), e-mail, or phone (395-7887). If we do not hear from you, we will assume you have no comments.

Please call if you have any questions. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa N. Benton ( CN=Melissa N. Benton/OU=OMB/O=EOP [ OMB ] )

CREATION DATE/TIME: 6-APR-1999 16:50:15.00

SUBJECT: LRM MNB39 - - REVISED LABOR Draft Bill on Employer Tax Credit User Fees

TO: Janet R. Forsgren ( CN=Janet R. Forsgren/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Justin D. Sullivan ( CN=Justin D. Sullivan/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Jack A. Smalligan ( CN=Jack A. Smalligan/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Robert G. Damus ( CN=Robert G. Damus/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Sarah Rosen ( CN=Sarah Rosen/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Robert F. Mahaffie ( CN=Robert F. Mahaffie/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Sarah S. Lee ( CN=Sarah S. Lee/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Cordelia W. Reimers ( CN=Cordelia W. Reimers/OU=CEA/O=EOP@EOP [ CEA ] )  
READ:UNKNOWN

TO: J. Eric Gould ( CN=J. Eric Gould/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Cynthia A. Rice ( CN=Cynthia A. Rice/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Larry R. Matlack ( CN=Larry R. Matlack/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Sandra Yamin ( CN=Sandra Yamin/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Jennifer E. Brown ( CN=Jennifer E. Brown/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Anil Kakani ( CN=Anil Kakani/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Peter Rundlet ( CN=Peter Rundlet/OU=WHO/O=EOP@EOP [ WHO ] )  
READ:UNKNOWN

TO: Charles R. Marr ( CN=Charles R. Marr/OU=OPD/O=EOP@EOP [ OPD ] )  
READ:UNKNOWN

TO: Joseph J. Minarik ( CN=Joseph J. Minarik/OU=OMB/O=EOP@EOP [ OMB ] )  
READ:UNKNOWN

TO: Karen Tramontano ( CN=Karen Tramontano/OU=WHO/O=EOP@EOP [ WHO ] )

READ:UNKNOWN

TO: Harry E. Moran ( CN=Harry E. Moran/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Elena Kagan ( CN=Elena Kagan/OU=OPD/O=EOP@EOP [ OPD ] )

READ:UNKNOWN

TO: Andrea Kane ( CN=Andrea Kane/OU=OPD/O=EOP@EOP [ OPD ] )

READ:UNKNOWN

TO: Carole Kitti ( CN=Carole Kitti/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Barry White ( CN=Barry White/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

TO: Barbara Chow ( CN=Barbara Chow/OU=OMB/O=EOP@EOP [ OMB ] )

READ:UNKNOWN

Karen DORSEY ( Karen DORSEY [ UNKNOWN ] )

READ:UNKNOWN

LRM TREASURY ( LRM TREASURY [ UNKNOWN ] )

READ:UNKNOWN

LRM JUSTICE ( LRM JUSTICE [ UNKNOWN ] )

READ:UNKNOWN

LRM HHS ( LRM HHS [ UNKNOWN ] )

READ:UNKNOWN

Sondra Wallace ( Sondra Wallace [ UNKNOWN ] )

READ:UNKNOWN

Kenneth CLARK ( Kenneth CLARK [ UNKNOWN ] )

READ:UNKNOWN

LRM COMMERCE ( LRM COMMERCE [ UNKNOWN ] )

READ:UNKNOWN

LRM Small Business Administration ( LRM Small Business Administration [ UNKNOWN ] )

READ:UNKNOWN

TEXT:

This is a slightly revised version of the draft bill that was previously circulated (LRM MNB24). In addition to the revised bill, Labor has provided answers to the questions that were included in OMB's passback.

Note to EOP staff: you will not receive a hard copy of this LRM. The attachments are approximately 5 pages total.

----- Forwarded by Melissa N. Benton/OMB/EOP on 04/06/99

04:44 PM -----

LRM ID: MNB39

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

Washington, D.C. 20503-0001

Tuesday, April 6, 1999

## LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Melissa N. Benton

PHONE: (202)395-7887 FAX: (202)395-6148

SUBJECT: REVISED LABOR Draft Bill on Employer Tax Credit User Fees

DEADLINE: 3 p.m. Wednesday, April 7, 1999

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

## COMMENTS:

## DISTRIBUTION LIST

## AGENCIES:

118-TREASURY - Richard S. Carro - (202) 622-0650

25-COMMERCE - Michael A. Levitt - (202) 482-3151

52-HEALTH & HUMAN SERVICES - Sondra S. Wallace - (202) 690-7760

107-Small Business Administration - Mary Kristine Swedin - (202) 205-6700

61-JUSTICE - Dennis Burke - (202) 514-2141

## EOP:

Barbara Chow

Sandra Yamin

Barry White

Larry R. Matlack

Carole Kitti

Cynthia A. Rice

Andrea Kane

J. Eric Gould

Elena Kagan

Cordelia W. Reimers

Harry E. Moran

Sarah S. Lee

Karen Tramontano

Robert F. Mahaffie

Joseph J. Minarik

Sarah Rosen

Charles R. Marr

Robert G. Damus

Peter Rundlet

Jack A. Smalligan

Anil Kakani

Justin D. Sullivan

Jennifer E. Brown

Janet R. Forsgren

LRM ID: MNB39 SUBJECT: REVISED LABOR Draft Bill on Employer Tax Credit User Fees

RESPONSE TO

LEGISLATIVE REFERRAL

MEMORANDUM

If your response to this request for views is short (e.g., concur/no

comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melissa N. Benton Phone: 395-7887 Fax: 395-6148  
 Office of Management and Budget  
 Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

- \_\_\_\_\_ Concur
- \_\_\_\_\_ No Objection
- \_\_\_\_\_ No Comment
- \_\_\_\_\_ See proposed edits on pages \_\_\_\_\_
- \_\_\_\_\_ Other: \_\_\_\_\_
- \_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

- Wotcqna.wpd===== ATTACHMENT 1 =====  
 ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

Unable to convert ARMS\_EXT:[ATTACH.D40]MAIL42065190U.136 to ASCII,  
 The following is a HEX DUMP:

```
FF575043C9040000010A0201000000020500000004300000000200000A0965B156378CA22D50594
ADC9CEF24180F0A2C5E34C28194B1721550A1A30E5D5C46BAEE042465269991E5DE208BA218693
47910FDDB61E21E6A474231FD5C2EED350F25E1FA0E14BAB3B3E52BF05DE4D96FA4462B04AAF5B
05615CF7E56A9CEA0ABF8D45CAD1C9FDECEAB0F2CC510FFAF0A5E7B265EBA171759937A59E157E
06997504F8E7D9D29FB16107A13F37E239CBAAABECC9BF75E2EFEEBD3E2FFFC879174F6710334D
C70EEB5269FA691155EEE2143DA49B1E53C63BED23575E401617E26738DE5F243D05C8B4BAFEAD
5BE8E4CC3B49442E733A63DABAA5B5D72BB0129987FEC6EBF0745580AF39CE4DD6016D9CCD3820
07F3F14205BB8EBBB47E1476841D9D11320351A98367254D177800DEA06AF7C641E047C74A6D36
5A02C6D7DC2E72AD2A773EC94F54B499A24815F334F15A6560200320359BE4C046E1EFEC221693
916706DF1AC9D054C6B4C4CBA748E5645C80E152E11A14DF1025FE7F5F28905CA25687C476763F
DA4906A1613072184B1C31BF922815FF053E6031F5D95B09925A5A2A3EC0E1F476CCBBF1E70FBE
D98D05FFA3EEED27BB6E086E6D2F8BA66FBEAB50EFDC9FC1A79B2E408D3D4723200501A11249FA
```

SUBTITLE H-EMPLOYER TAX CREDIT USER FEES

SEC. \_ WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT USER FEES.

(a) ESTABLISHMENT.- Subject to subsection (e), the Secretary of Labor is authorized to impose a fee on employers submitting applications for certification of individuals as members of target groups under sections 51(d)(12) or 51A(d)(1) of the Internal Revenue Code of 1986 (26 U.S.C. 51(d)(12) and 51A(d)(1)), relating to the Work Opportunity Credit and the Welfare-to-Work Credit, respectively. The fees imposed under this section shall not be paid, directly or indirectly, by the individual who is the subject of the certification.

(b) AMOUNT OF FEE.-The amount of the fee imposed under this section shall be determined by the Secretary of Labor based on the Secretary's estimate of the amounts needed to fully fund the costs of administering the requirements relating to the certification of target group members under sections 51 and 51A of the Internal Revenue Code of 1986 (26 U.S.C. 51 and 51A). The Secretary of Labor is authorized to establish a fee for employers with fewer than 100 employees at an amount that is less than the fee established for employers with 100 or more employees.

(c) COLLECTION AND DEPOSIT.-The fees imposed under this section shall be collected by the Secretary of Labor through the designated local agency specified in section 51(d)(11) of the Internal Revenue Code of 1986 (26 U.S.C. 51(d)(11)) and deposited as offsetting receipts in the State Unemployment Insurance and Employment Service Operations account of the Treasury of the United States.

Automated Records Management System  
Hex-Dump Conversion

(d) USE OF FUNDS.-The funds deposited pursuant to subsection (c) shall be available to the Secretary of Labor to pay the costs of administering the requirements relating to the certification of individuals as target group members under sections 51 and 51A of the Internal Revenue Code of 1986 (26 U.S.C. 51 and 51A). The Secretary of Labor shall allocate the funds among the States based on the relative workload of the States in processing the certifications.

(e) APPROPRIATIONS ACTION REQUIRED.- The fees authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations acts. The fees are authorized to be appropriated to remain available until expended.

DRAFT 4/6/99

STATEMENT IN EXPLANATION OF SUBTITLE H  
EMPLOYER TAX CREDIT USER FEES

Subtitle H would authorize the Secretary of Labor, subject to approval provided in advance in appropriations acts, to impose a fee on employers submitting applications for certification of individuals as target group members under the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credit (WtW) programs.

These two employer tax credits are administered by the Secretary of Labor and the Secretary of the Treasury and allow employers to claim a credit for wages paid to individuals hired by the employer who are certified as being members of one or more target groups specified in the law. There are eight target groups specified under the WOTC (e.g., qualified welfare recipients, qualified veterans) and the one target group of long-term family assistance recipients specified under the WtW credit. The Secretary of Labor is responsible for accepting and processing applications submitted by employers to certify that an individual to be hired is a member of a target group. Under current law, the Secretary carries out the certification responsibilities through the State employment security agencies.

Currently, employers are not charged a fee for the processing of the application and the administrative costs are funded from appropriations out of general revenues. However, since employers are able to claim significant benefits under these programs, it is appropriate that they assist in funding these administrative costs. Specifically, employers are able to claim a credit of up to \$2400 for the first \$6000 in wages paid to a target group member under the WOTC, up to \$3500 for the first \$10,000 in wages paid to a target group member under WtW in the first year of employment, and up to \$5,000 for the first \$10,000 paid to the member under WtW in the second year of employment.

The amount of the fee would be based on the Secretary of Labor's estimate of the amount necessary to fully fund the administration of the certification process. For example, based on current information relating to the number of certifications processed and related administrative costs, the fee would likely be an average of \$75 per application if the amount was presently determined. When weighed against the amounts of the credits, it is unlikely that such a fee would be a significant burden on employers or deter employer participation in the programs. However, in order to minimize the burden on small employers, this section would authorize the Secretary to establish a lower fee for employers with fewer than 100 employees.

The funds collected would be deposited as offsetting receipts in the State Unemployment Insurance and Employment Service Operations account in the U.S. Treasury (the account that contains the funds appropriated to carry out the current certification activities and other UI/ES activities) and would be available to the Secretary of Labor for the administration of the WOTC and WtW credit target group certification process. The Secretary of Labor would allocate the funds among States based on the relative workload of each State. This approach would assist in providing for a stable source of funding for these administrative activities and in ensuring that

Automated Records Management System  
Hex-Dump Conversion

funds are distributed based on the relative administrative burdens on the States.

This subtitle contains one section with five subsections. Subsection (a) authorizes the Secretary of Labor to impose the fee on employers submitting the application for certifications under the WOTC and WtW credit programs and provides that the fee is not to be paid, directly or indirectly, by the individual who is the subject of the certification.

Subsection (b) provides that the amount of the fee is to be determined by the Secretary of Labor based on the Secretary's estimate of the amounts necessary to fully fund the certification process. In addition, the Secretary is authorized to establish a fee for employers with fewer than 100 employees that is lower than the fee established for larger employers.

Subsection (c) provides that the fee is to be collected by the Secretary of Labor through the designated local agency under the WOTC (i.e., the State employment security agencies) and deposited as offsetting receipts in the State Unemployment Insurance and Employment Service Operations account of the U.S. Treasury.

Subsection (d) provides that funds deposited in the account are available to the Secretary of Labor to pay the costs of administering the certification processes under the WOTC and WtW credit. The Secretary is to allocate the funds based on the relative workload of the States in processing the certifications.

Finally, subsection (e) provides that the fees under this section may only be collected and available for obligation to the extent and in the amounts provided for in advance by appropriations acts. This subsection also provides that the fees are authorized to be appropriated to remain available until expended.

Automated Records Management System  
Hex-Dump Conversion

Questions/General Comments on the Legislation:

1. **The draft bill would allow the DOL to charge a lower fee for employers with less than 50 employees. Why did the Department of Labor choose this cutoff level, as opposed to a larger one (e.g. 500, as is generally used under other statutes)?**

The Department settled upon the threshold of 50 workers since more than 85% of all employers have a workforce of less than 50 employees. However, the Department is willing to establish an employer threshold at 100 or fewer workers since employers are aware that employees are generally covered by the Worker Adjustment and Retraining Notification (WARN) Act if they have at least 100 employees.

2. **What is the rationale for allowing a smaller fee (as opposed to uniformly establishing a smaller fee) for small employers? Why not establish a requirement that the fee be waived or reduced by a certain percentage? A requirement would provide more certainty for small businesses.**

The Department will establish uniform non-discretionary nationwide fees -- one for large employers and a significantly reduced fee for small employers.

3. **How would the size cutoff pertain to franchises (e.g. fast food restaurants)? Would they qualify based on the size of the establishment or the size of the parent company?**

Both tax liability and number of employees will determine the applicable fee for a particular franchisee. In addition, the Department will work with Internal Revenue Service, to modify IRS Form 8850 to include firm size.

2. **The bill does not state whether the fee would be imposed in cases where an employer submits an incomplete form.**

The entire user fee will be assessed upon the employer request for the tax credit, despite the submittal of incomplete forms. Since States incur an immediate administrative cost upon initial receipt of IRS Form 8850, fragmentary or subsequent payments will inflate the administrative cost and will minimize the States capacity to efficiently and effectively manage the tax credit program.