



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
September 29, 1998

THE DIRECTOR

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 4380 and S. 2333, the District of Columbia Appropriations Bill, FY 1999, as passed by the House and as reported by the Senate Appropriations Committee, respectively. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

The Administration commends the Senate Appropriations Committee for producing a bill that is consistent with the goals of the National Capital Revitalization and Self-Government Improvement Act of 1997 and that is free of extraneous micromanagement provisions that would impose the will of Congress on the Government of the District of Columbia. Regrettably, the House-passed bill contains numerous instances of congressional micromanagement, provides insufficient funding for the D.C. economic development initiative, and includes three highly objectionable provisions. We urge the conferees to adopt a bill that addresses these concerns.

Objectionable Provisions

The House-passed bill contains three provisions that would seriously undermine local control. If these provisions were included in the bill presented to the President, his senior advisers would recommend that the President veto the bill. These unacceptable provisions are:

- A provision to provide for the use of private school vouchers in the District. The Administration would strongly oppose any legislation allowing the use of Federal taxpayer funds for private school vouchers. Instead of investing additional resources in public schools, vouchers would allow a few selected students to attend private schools and would draw resources and attention away from the hard work of reforming public schools that serve the overwhelming majority of D.C. students. Establishing a private school voucher system in the Nation's Capital would set a dangerous precedent for using Federal taxpayer funds for schools that are not accountable to the public.

- A provision that would prohibit adoptions in the District by couples that are unmarried or not related by blood. The Administration supports section 149 of the Senate Committee bill, The District of Columbia Adoption Improvement Act of 1998. This legislation would provide much needed administrative and management reforms in the D.C. Child and Family Services Agency, including requiring Family Services to contract with private service providers to perform adoption and recruitment services and eliminating all administrative barriers to adoption.
- A provision that would prohibit the use of Federal and local funds for needle exchange programs and would prohibit private agencies from supporting needle exchange programs if they receive Federal or local funds (even if the funds used for the needle exchange programs are their own).

Economic Development Initiative

The House-passed bill does not contain funding for critically needed management reforms or funding to capitalize the locally-chartered National Capital Revitalization Corporation (NCRC). The Senate Committee bill provides \$500,000 to conduct a study and prepare a report on the feasibility of an economic development corporation in the District and \$25 million in support of management reforms. Like the House, the Senate has not provided any of the \$50 million requested in the FY 1999 Budget to capitalize the NCRC. The Administration believes that an independent economic development corporation is essential in order to ensure effective management coordination and oversight of projects in the District. Further, we believe that it is critical to the District's economic future to capitalize the NCRC in FY 1999. The Administration strongly urges the conferees to allocate additional resources for economic development.

D.C. Charter Schools

The Administration appreciates the House's full support of charter schools and public schools in the District. We strongly urge the conferees to approve sufficient funding to support educational services for all the students who wish to attend charter schools and other public schools in the District of Columbia.

Abortion

The Administration strongly opposes the language included in both the House-passed and Senate Committee-reported bills that would prohibit the use of Federal and local funds to pay for abortions in the District except in those cases where the life of the mother is endangered or in situations involving rape or incest. The Administration continues to view the prohibition on the use of local funds as an unwarranted intrusion into the affairs of the District and would support striking this provision.

Micromanagement

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

Reducing teen smoking is a high priority of the Administration; therefore, we support the objective of the language related to the possession of tobacco products by minors. However, for the same reason that Congress has not legislated specific laws for individual States, it would be inappropriate to do so for the District of Columbia. We urge the conferees to modify this language to make it a sense of the Congress amendment.

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

Sincerely,



Jacob J. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Charles H. Taylor,
The Honorable James P. Moran, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Lauch Faircloth,
and The Honorable Barbara Boxer



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

September 29, 1998

THE DIRECTOR

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 4193 and S. 2237, the Department of the Interior and Related Agencies Appropriations Bill, FY 1999, as passed by the House and as reported by the Senate Appropriations Committee, respectively. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated. Due to inadequate funding levels for priority programs and at least 29 objectionable language riders, discussed below, the President's senior advisers would recommend that he veto the bill if it were presented to him as approved by the House and as reported by the Senate Committee.

The Administration appreciates efforts by the House and Senate to accommodate certain of the President's priorities within the 302(b) allocation. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas.

The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress — on a broad, bipartisan basis — took similar action in approving funding for surface transportation programs together with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. The Administration urges the conferees to consider such mandatory proposals for other priority discretionary programs, including those funded through this bill.

The Administration's specific concerns with funding and language provisions of the House-passed and Senate Committee-reported bills are discussed below.

Department of Energy

The Administration strongly objects to cuts to the request for Energy Conservation made by the House and by the Senate Committee – \$177 million and \$162 million, respectively. These cuts would be damaging to progress in partnerships with industry on improved industrial energy efficiency, development of more efficient autos and trucks, and designs and materials for more efficient buildings.

The President's budget requests \$36 million for payment to the State of California for the Retired Teachers System associated with the sale of Elk Hills, which is not included in either the House or Senate bill. The Administration prefers that this payment be appropriated consistent with the terms of the FY 1996 Defense Authorization Act (P.L. 104-106).

The Administration would like to work with the conferees to restore funding to these important Department of Energy programs.

Millennium Program

The Administration is concerned that the House-passed bill does not provide the \$50 million requested for the Millennium Program. The Administration appreciates very much the \$13 million provided by the Senate Committee to the National Park Service and the Smithsonian Institution for Millennium Program projects. We strongly urge the conferees to provide full funding with maximum flexibility and discretion for allocation in order to preserve other important cultural and historic treasures for the next millennium that are in danger of deteriorating beyond repair. Many of these projects are time-sensitive and cannot be delayed.

Departments of the Interior and Agriculture

The Administration strongly objects to inadequate funding provided by the House-passed and Senate Committee bills for high priority programs within these two departments, including:

- Everglades restoration and other land acquisition funding from the Land and Water Conservation Fund;
- the Clean Water Action Plan to clean up America's ground and surface waterways;
- the Disaster Information Network providing enhanced data to protect Americans and reduce economic loss;
- BIA education operations and school construction, the Indian Country law enforcement initiative, and the land consolidation pilot project;
- Indian Trust System reforms under BIA and the Office of Special Trustee;

- the Endangered Species Programs, including landowner incentive grants;
- key Forest Service natural resource protection, road maintenance, and general administration programs, while increasing the timber program by \$12 million in the House-passed bill and \$20 million in the Senate Committee bill; and,
- finally, specific earmarks for many unrequested construction and land projects that would limit the land management agencies' ability to allocate funds for high priority needs.

The Administration urges the conferees to report a clean bill that does not attempt to roll back environmental protections and circumvent the public hearing process by attaching riders to appropriation bills. Unfortunately, the House-passed bill and Senate Committee bill contain at least 29 objectionable riders, 27 in bill language and two in report language. The Administration strongly objects to such language, including provisions in both bills that would:

- unwisely terminate the Interior Columbia Basin Ecosystem Management Project covering parts of six Northwest States;
- transfer the jurisdiction over the valued Land Between The Lakes National Recreation Area from the Tennessee Valley Authority, where it has been successfully managed for over 35 years, to the U.S. Forest Service, a disruptive change that would involve additional transition costs without improving service; and,

The Administration strongly objects to provisions of the House-passed bill that would:

- impose a road easement across the Chugach National Forest in Alaska that is inconsistent with the 1982 agreement reached between the Government and the Chugach Alaska Corporation, thereby preventing the Government from making modifications to protect the environment while authorizing environmentally damaging management practices and undermining an ongoing discussion to determine road access options based on the latest survey and environmental analysis;
- remove 75 acres in Florida from the coastal barrier protection system, providing taxpayer subsidies for private development of environmentally fragile barrier islands;
- shift \$67 million from the General Administration to Wildland fire suppression operations;

- prohibit improvements -- even planning or design of improvements -- to Pennsylvania Avenue in front of the White House; and,
- prevent the BIA and the Indian Health Service from entering into any new or expanded self-determination ("638") contracts or self-governance compacts with tribes, contrary to our government-to-government policy.

The Administration commends the Senate for addressing many of the problems with section 129 concerning Tribal Priority Allocations but strongly objects to provisions of the Senate Committee bill that would:

- establish an unprecedented easement for the community of King Cove for a road and utilities across a wilderness area in Alaska in the Izembek National Wildlife Refuge;
- mandate a high timber offer level on the Tongass National Forest in Alaska, regardless of environmental impacts, other resource priorities, and the ongoing public process for finalizing the Tongass Forest Plan;
- continue to delay rules that would establish the fair market value for Federal and Indian oil leases, costing the Treasury \$64 million a year in underpaid royalties;
- delay implementation of needed regulatory improvements of hardrock mining on public lands to protect the environment and the Federal treasury;
- amend an authorizing statute, the 1992 Elwha Act, to change significantly the congressionally approved plan for restoring the Elwha River and Olympic National Park and leave the National Park Service owning two non-compliant dams without the funds to remove them;
- hinder efforts to restore endangered and threatened Pacific salmon runs in the Columbia and Snake Rivers;
- require the Forest Service to maximize commercial wood harvesting before the agency conducts prescribed burning projects, effectively stopping most prescribed burns and endangering lives and property;
- prohibit Grizzly Bear reintroduction into the Selway-Bitterroot area of Idaho and Montana;
- prohibit the Secretary from promulgating and implementing regulations to provide procedures for class III casino operations on Indian lands and also prohibit the initiation of any new rule making (Senate floor amendment 3592);

- amend, in two different provisions, the National Forest Management Act, to prohibit forest plan revisions, thus requiring continued use of inadequate and dated forest plans -- even beyond their statutory 15 year lifespan;
- prohibit Park Service regulation of commercial fishing in Glacier Bay National Park in Alaska;
- place unnecessary limits on Federal land acquisitions in Alaska;
- prevent the Forest Service from charging fair market value for summer vacation homes in an Idaho national forest, undermining the current effort to reappraise all such leases nationwide;
- require the Forest Service to trade timber in return for restoration practices;
- require unauthorized four-wheel-drive roads to be obliterated before any other type of road can be decommissioned, virtually preventing work on regular roads that pose serious environmental and safety risks;
- waive environmental laws and automatically extend the term of grazing leases that are undergoing review by the Bureau of Land Management even though authority already exists to protect lease holders from termination of leases undergoing review;
- undermine the CFO Act and the responsibilities of USDA top management by encouraging the Forest Service to select and implement a financial computer system that is independent of the Department of Agriculture;
- force the Forest Service to sell all Alaskan timber sales using an outdated, impracticable appraisal method that undermines the public return on national forest management; and,
- prohibit the Department of the Interior from using FY 1999 funds to transfer land into trust status in Minnesota, setting a precedent for limitations on trust land acquisition.

In addition, the Senate Committee Report includes highly objectionable language, including language that would:

- require timber sale offers from national forests to be 3.8 billion board feet rather than the 3.4 billion board feet assumed in the FY 1999 Budget; and,
- direct the National Park Service to maintain aviation access to a gravel airstrip within the Denali National Park, effectively overturning a 1997 Environmental

Impact Statement calling for eventually closing the airstrip and relying on a paved airstrip 10 miles away.

Land and Water Conservation Fund

The House-passed and Senate Committee bills have underfunded land acquisitions to protect our national parks, forests, refuges, and public lands. The House-passed bill provides only \$139 million of the \$270 million requested, with Everglades land acquisition funds cut by half. The Senate Committee has provided \$233 million of the \$270 million requested. This reduction in funding would prevent the Administration from making significant land acquisitions such as Cumberland Island National Seashore in Georgia, Baca Ranch in New Mexico, Katmai National Park in Alaska, San Francisco Bay National Wildlife Refuges in California, Cape Cod National Seashore in Massachusetts, and West Eugene Wetland in Oregon. The Administration urges the conferees to provide full funding of this important priority.

The Administration objects to the House and Senate Appropriations Committees' continued inaction in not yet approving the release of a substantial portion of the FY 1998 Title V priority land acquisition fund which was agreed to as part of the Bipartisan Budget Agreement. This FY 1998 funding should be delayed no longer, and we hope to work with you to resolve this expeditiously.

Indian Health Service

The Administration is concerned that the House-passed and Senate Committee bills do not include funding for many requested programs. In particular, neither the House nor Senate Committee bills include the \$4 million increase requested for an alcohol and substance abuse initiative, nor a \$10 million increase requested as a part of an HHS-wide effort to reduce health disparities in minority populations. In addition, the Senate Committee bill does not include the funding increase requested for first-year construction of the Fort Defiance Health Facility. We urge the conferees to provide the request levels for these activities.

The Administration strongly objects to the House and Senate Committee's inclusion of authorizing language, without hearings or tribal consultation, that requires contract support costs to be distributed to tribes on a pro-rata (proportional) basis.

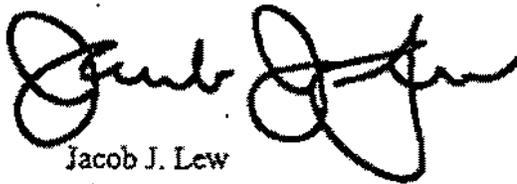
Cultural Agencies

The Administration appreciates the House and Senate Committee's support for the National Endowment for the Arts (NEA). We urge the conferees to provide funding for NEA and the National Endowment for the Humanities at the President's requested level of \$136 million each and for the Institute for Museum and Library Services at the requested level of \$26 million.

Likewise, the Administration appreciates the House and Senate Committee's support for the other cultural agencies funded by this bill, including the full request for the National Gallery of Art. However, the Administration urges the conferees to fully fund the John F. Kennedy Center for the Performing Arts and the Smithsonian's National Museum of the American Indian. The Administration also urges the conferees to provide the full \$40 million request for repair and restoration in the Smithsonian Institution and the requested funding for digitization of the Smithsonian collections.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew". The signature is fluid and cursive, with a large initial "J" and a long, sweeping tail.

Jacob J. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Ralph Regula,
The Honorable Sidney R. Yates, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, and The Honorable Slade Gorton



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



October 2, 1998
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4274 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1999

(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 4274, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1999, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

Due to the very serious funding and language issues present in the Committee bill, discussed below, the President would veto the bill in its current form. The manager's amendment made in order in the rule is wholly inadequate in addressing these concerns.

The only way to achieve the appropriate investment level for programs funded by this bill is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and the Senate in other appropriations bills. We want to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill. In addition, we hope that the House will reduce funding for lower priority discretionary programs and redirect funding to programs of higher priority.

Department of Education

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

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

- School-to-Work. School-to-Work is cut by a total of \$100 million (between the Departments of Education and Labor) below the President's \$250 million request, which would seriously hamper all States' efforts to help young people of all backgrounds move from high school to careers or postsecondary training and education.
- Technology in Education. The Committee's \$137 million reduction from the request would make it increasingly difficult for States to meet school children's education technology needs, especially in training teachers to integrate educational technology into their curriculum effectively.
- Title I (Education for the Disadvantaged) Grants to Local Educational Agencies. The Committee bill cuts \$392 million from the request, which would leave nearly 520,000 students in high-poverty communities without the extra help they need to master the basics and develop the capability to reach high academic standards.
- Safe and Drug-Free Schools and Communities. The Committee's \$50 million reduction would deny funding for School Coordinators in nearly one-half of the Nation's middle schools needed to implement effective drug and violence prevention programs.
- Education Opportunity Zones. The Committee bill does not provide the requested \$200 million, which would deny high-poverty urban and rural districts the extra assistance they need to implement effective reforms with tough accountability for performance.
- America Reads. America Reads is denied the \$210 million provided in last year's Bipartisan Budget Agreement for children's literacy and denied the additional \$50 million the President requested. These funds would prevent thousands of young children from receiving the extra help they need to learn to read well and independently by the end of the third grade.
- Bilingual Education. The Committee has cut by \$25 million the President's plan for training teachers to help limited-English proficient children.
- Work-Study. Roughly 57,000 needy students would be denied the opportunity to work to finance their college education because of the Committee's \$50 million reduction.
- Higher Education Initiatives. No funds are provided for three Presidential initiatives for which the President has requested \$237 million:
 - *GEAR UP* to help prepare students at high poverty middle schools for college.
 - *Learning Anytime Anywhere Partnership grants* for pilot projects using distance learning technology.

- *New teacher recruitment and preparation programs.*
- Eisenhower Professional Development. The Committee's \$50 million reduction would leave over 100,000 teachers without the training they need to help them teach to rigorous academic standards.
- After School programs (21st Century Community Learning Centers). A \$140 million cut from the President's request to this program, part of the President's child care initiative, would result in 3,000 fewer centers and no services to nearly 400,000 children.
- Hispanic Initiative. The Administration has proposed funding increases of more than \$600 million for a series of programs, including Title I (Education for the Disadvantaged), to enhance the educational achievement of Hispanic Americans. The bill reduces the request by nearly \$500 million, including some of the cuts described above as well as significant decreases from the request in Adult Education, Bilingual Education, Hispanic Serving Institutions, and Comprehensive School Reform Demonstrations. Funding for these programs should be restored to the level of the President's request.
- Civil Rights Enforcement. Ensuring that civil rights laws and regulations are adequately enforced is a fundamental responsibility of government. The Committee fails to provide the increase of \$6.5 million (for a total of \$68 million) requested by the Office for Civil Rights in the Education Department and reduced by \$2.4 million the request for \$67.8 million for the Labor Department's Office of Federal Contract Compliance. Both activities should be restored to the full requests.

In addition to inadequate funding for priority education programs, the Administration is concerned with several language provisions of the Committee bill that would severely restrict the Administration's ability to continue the development of programs designed to raise academic standards.

- National Tests. The Administration strongly objects to the language limitation and \$15 million funding cut that would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test. The Committee bill's language would prohibit the development, implementation, and administration of the tests unless explicitly authorized. The language prohibition should be deleted and the funding restored.
- Unfocused Block Grants. The Administration strongly objects to language that would, in effect, turn the Goals 2000 and the Eisenhower Professional Development programs into block grants by allowing those funds to be used under the broad Title VI block grant authority. Title VI has no performance or accountability standards. The language should be deleted so that these Federal funds can address national needs and continue to be guided by strong accountability measures.

- Special Education (Individuals with Disabilities Education Act -- IDEA). The bill contains two objectionable IDEA riders. One would undermine the due process protections and parental rights for disabled students who are regarded as violent. The other would, in effect, allow States to discontinue special education services for youth ages 18 to 21 in adult prisons, violating the principle that all disabled youth ages three to 21 have a right to a free, appropriate public education and undermining the Department of Education's ability to enforce the Individuals with Disabilities Education Act. Both provisions would unnecessarily re-open IDEA before last year's bipartisan reauthorization has had a chance to be implemented and fairly assessed. Both provisions should be stricken.
- Bilingual Education. While we agree with the Committee on the need for some reforms to Bilingual Education, we are opposed to any provision that would set an absolute limit on student participation in bilingual education or alternative programs. Such a step would deny help to students who need it and violate the civil rights of Limited English Proficient students to an equal education. Because of individual differences, students will vary in how long it takes to develop English proficiency. We are also opposed to provisions that would establish a two-year goal for becoming proficient in English, since research has shown that this timetable is unrealistically short.
- Internet Access in Schools and Libraries. The bill contains objectionable language that would deny Federal funds to schools and libraries that have not installed software on their computers to block Internet access to indecent materials to minors. While the Administration strongly supports efforts to ensure that schools and libraries protect minors from indecent materials, it objects to such overly prescriptive language. Many local education agencies have already developed their own acceptable-use policies that are not based on software. Instead, the Administration favors less burdensome and restrictive language that would require that schools and libraries develop their own acceptable-use plans at the local level and certify their implementation.

Department of Labor

The Administration has strong concerns with the inadequate funding levels provided for the following Labor programs (listed in bill order):

- Adult Job Training. The Committee has provided none of the requested increases for the Dislocated Worker (\$100 million) and low-income adult (\$45 million) job training programs. Freezing these programs would mean that some 67,000 fewer workers in need of assistance would be helped. Without the requested increases, early implementation of the Workforce Investment Act could be jeopardized.
- Summer Jobs Program. The Administration strongly opposes the Committee's elimination of the Summer Jobs program. The President's request of \$871 million for this program could finance up to 530,000 summer jobs for economically disadvantaged

youth. The unemployment rate for teens continues to far exceed the overall unemployment rate. The Summer Jobs program plays a vital role in supporting employment among these teens, especially among African-American youths -- approximately 25 percent of summer jobs held by African-American 14-15 year olds come through this program -- and serves as a valuable introduction to the world of work. We urge the House to restore the full request for this program.

- President's Youth Opportunity Areas Initiative. The Committee provides no funding for the President's Youth Opportunity Areas initiative and rescinds the \$250 million appropriated last year for this program. This program would address the problem of pervasive joblessness in high-poverty neighborhoods by making large investments in these areas to effect community-wide change and help 50,000 out-of-school youth. We oppose elimination of this program, which is an essential component of the Administration's Empowerment Zones/Enterprise Communities initiative. We strongly urge the House to fully fund this initiative that was recently enacted with strong bipartisan support as part of the Workforce Investment Act.
- Unemployment Insurance. The House Committee mark does not fund the \$91 million requested for the Unemployment Insurance (UI) integrity initiative. This initiative was authorized in the Balanced Budget Act of 1997 and would, over the next five years, achieve \$758 million in mandatory savings. Failure to fund this initiative would mean a continuation of errors in benefit payments and UI taxes. A similar initiative in the Social Security Administration's Disability Insurance program has proven to be a cost effective approach to achieving program savings.
- Worker Protection. The Committee has cut nearly in half the requested increase for programs that protect our workers on the job. For example, the Committee mark for the Occupational Safety and Health Administration (OSHA) redirects resources to State consultation and is nine-percent below the requested level for Federal enforcement, while funding for the Mine Safety and Health Administration (MSHA) is frozen at the 1998 level and virtually no funding is provided to the Pension and Welfare Benefits Administration (PWBA) for implementing the Health Insurance Portability and Accountability Act of 1996. We urge the House to restore financing for such critical workplace protection programs.
- Child Labor. The Committee has cut by 85 percent the requested increase for programs that combat child labor abuses domestically and internationally. For example, the Committee mark provides only \$3 million of the \$30 million requested increase for the Bureau of International Labor Affairs to increase its contributions to the International Labor Organization's International Programme for the Elimination of Child Labor. The Committee also provides no funds for the request for demonstration programs that would provide alternatives to field work for migrant youth. We urge the House to restore financing for programs that strive to eliminate child labor abuses.

- OSHA Peer Review. The Committee bill includes language that requires a peer review panel for all proposed OSHA regulations. This provision is unnecessary, overly broad, and would further delay OSHA's process for issuing regulations. OSHA already has an extensive public hearing process where any interested party may testify. OSHA must address all significant issues raised. The agency conducts peer reviews when appropriate. The Administration strongly urges the House to drop this provision.

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

Department of Health and Human Services

The Administration appreciates the Committee's efforts to provide much needed funding for important programs crucial to the healthy lives of all Americans. Unfortunately, the Committee has not provided adequate funding for several important programs of the Department of Health and Human Services (HHS). The Administration has strong concerns with the inadequate funding levels provided for the following HHS programs (listed in bill order):

- Prevention Research. The Committee has provided only \$10 million of the \$25 million requested for the Centers for Disease Control to expand research in ways to prevent disease and reduce the need for medical care.
- Bio-Terrorism. The Administration urges the House to provide the full \$111 million requested to improve HHS' ability to respond to attacks of biological and chemical terrorism.
- National Household Survey on Drug Abuse. The Committee mark eliminates funding for data collection activities of the Substance Abuse and Mental Health Services Administration, including the National Household Survey on Drug Abuse, which is our single best source of information on youth drug use and youth smoking and is important for evaluating the impact of substance abuse prevention, treatment, and enforcement efforts.
- Health Care Financing Administration (HCFA). Although the Committee has fully funded the President's program level request for HCFA Program Management (with the exception of the Medicare+Choice information campaign), no action has been taken on the \$265 million in new discretionary HCFA user fees. We urge the House to enact the President's requested user fees to finance HCFA activities and to ensure that sufficient resources remain available for education and other priorities.

- Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate funding for LIHEAP. Over 36 percent of LIHEAP households have elderly residents, 32 percent have disabled residents, 27 percent have children under the age of six, and 27 percent are the working poor who do not receive any other public assistance. The Administration urges the House to restore funds to the President's requested level.
- Child Care. The Administration urges the House to provide the additional \$174 million requested for a child care initiative that will improve the availability of affordable, quality child care for working parents. This initiative would provide States with resources to enhance child care health and safety standards enforcement, give child care workers scholarships to improve their skills, and increase our commitment to understand better and evaluate how our Nation's child care system is working. Likewise, we ask the House to restore funds to the President's requested level for a \$5 million program designed to assist States in developing support systems for families of children with disabilities.
- Head Start. The Committee funds Head Start at \$4.5 billion, \$160 million below the President's request -- denying slots to up to 25,000 low-income children in FY 1999 and undermining efforts to serve one million children by the year 2002. Head Start has a track record of success in readying disadvantaged children for school, supporting working families by helping parents to get involved in their children's lives and providing services to the entire family. We urge the House to restore Head Start funding to the President's requested level.
- Foster Care and Adoption Assistance. The Committee bill fails to provide the Administration's request for a \$200 million contingency reserve. This language is critical to ensure grant awards should the definite appropriations be insufficient for authorized eligible expenditures in either Foster Care or Adoption Assistance. The House should restore funding to the requested level of \$200 million, or approximately four percent of total program costs.
- Health Disparities. The Committee has failed to include \$30 million requested for demonstration projects to address racial and ethnic health disparities in infant mortality, cancer, diabetes, heart disease and stroke, HIV/AIDS, and immunizations.

In addition, the Committee bill contains several language provisions that are troubling to the Administration.

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

- Organ Donation. The Administration strongly opposes two provisions of the Committee bill that would suspend two HHS rules pertaining to organ donation: a HCFA rule that seeks to expand the number of organs available for donation through more vigorous procurement efforts; and, a Health Resources and Services Administration rule that would require the national organ transplant network to develop policies that would allocate organs based on patients' medical need, not their geographic location.
- Family Planning/Other Potential Health Riders. We understand that several amendments affecting Medicare, Medicaid, and public health programs may be introduced on the House floor that could have a detrimental effect on the Administration's ability to administer its responsibilities efficiently and equitably. We urge restraint in the consideration of these issues.

The Administration strongly objects to language in the House Committee bill, and to any related potential amendments, that would have the effect of requiring family planning or other health care grantees to obtain parental consent or provide advance notification to parents before giving contraceptives to minors. Mandating parental consent discourages minors from seeking health care and reproductive services and thus leads to more unintended pregnancies, abortions, and sexually transmitted diseases, including HIV. The Administration urges the House to adopt the proposed Castle/Greenwood amendment, which will ensure that grantees will encourage minors to seek their family's participation in family planning decisions.

- Needle Exchange. The Committee includes a total ban on the use of funds appropriated in this Act for needle exchange programs rather than making the use of funds for such programs conditional upon the certification of the Secretary of Health and Human Services.
- Office of AIDS Research. The Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research. The single appropriation would help NIH plan and target research funds effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.
- Medicaid Drug Coverage. The Committee bill would prohibit HCFA from paying for a specific pharmaceutical agent under Medicaid except for post-surgical treatment. We oppose the use of the appropriations process to make selective coverage determinations and judgments regarding how best to treat specific medical problems. Further, the provision is unnecessary because the Secretary already has authority to limit coverage for pharmaceutical agents if prescribed inappropriately, and States already have broad latitude to limit the use of drugs under Federal law through drug utilization review and prior authorization programs.

- Social Services Block Grant. The Administration opposes a provision that would restrict State authority to transfer Temporary Assistance to Needy Families (TANF) funds to SSBG in FY 1999 to no more than the amounts transferred by individual States in FY 1998. Enacting such a provision so late in FY 1998 would inequitably limit State flexibility for the future.

Social Security Administration

The Committee bill does not provide \$19 million for administrative expenses, contingent on the authorization of a user fee for services provided by the Social Security Administration to attorneys who represent claimants for benefits. These services include withholding money from certain past due benefits and issuing payments to certain claimant representatives. The Administration continues to support enactment of this user fee and appropriation of the anticipated collections for administrative expenses.

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

Other Agencies

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

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

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

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

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

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



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

September 15, 1998

THE DIRECTOR

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 4328, the Department of Transportation and Related Agencies Appropriations Bill, FY 1999, as passed by the House and by the Senate. As the conferees develop a final version of the bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates that both the House and Senate have made efforts to accommodate many of the President's priorities in their respective action on the bill. However, the allocation is simply insufficient to make the necessary investments in programs funded by this bill. As a result, a variety of critical programs are underfunded. The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs together with mandatory offsets. In addition, this year, as in the past, such mandatory offsets have been approved by the House and Senate in other appropriations bills. The Administration urges the Congress to consider such mandatory savings proposals for other priority discretionary programs, including those funded through this bill.

The Administration is concerned that both versions of the bill could seriously disrupt air transportation safety and vital Federal Aviation Administration (FAA) and Coast Guard modernization programs, compromise highway safety, and delay Amtrak's progress towards operating self-sufficiency. The conferees could accommodate some of the funding increases recommended below by adhering more closely to the President's request for the Airport Grants program, High Speed Rail, Coast Guard Alteration of Bridges, and other programs. Both the House and the Senate versions of the bill also include some objectionable language provisions.

The Administration's specific concerns with both the House and Senate versions of the bill are discussed below.

reductions of \$54 million made by the House and \$17 million made by the Senate would have harmful long-term effects on the Coast Guard's capability. We also urge the conferees to fully fund the President's request for the Nationwide Global Positioning System and for adding a second civil signal to the Global Positioning System.

Amtrak Capital Grants

The Administration strongly encourages the conferees to adopt the House funding level of \$609 million for Amtrak capital grants and the Senate provision that would allow Amtrak to invest these capital funds flexibly, as is presently done by Federal Transit Administration grantees. Amtrak is an essential component of the Nation's inter-city transportation system, and it needs both adequate funding and flexibility to carry through on the bipartisan, five-year reform plan envisioned by the Amtrak Reform and Accountability Act of 1997. Also, neither the House nor the Senate has provided the requested \$12 million to complete the Federal contribution to the renovation of Penn Station.

Project Labor Agreements

An acceptable compromise was reached between the Administration and the Senate on Section 322 of the Senate-passed bill. The Administration understands that there may be attempts to unravel this agreement. If the conference bill includes different language than the Senate-passed bill, it could jeopardize enactment of the bill. We strongly urge the conferees to retain the Senate language.

National Highway Traffic Safety Administration

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

Access-to-Jobs

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

Office of the Secretary and Civil Rights

The Administration urges the conferees to provide the President's requested \$62 million for the Office of the Secretary and to drop the new account structures and limitations on political appointees contained in both versions of the bill. These provisions would undermine the Secretary's ability to manage the Department effectively by, among other things, causing a reduction-in-force. The Administration is also greatly concerned about the Senate's 20-percent reduction to the funding request for the Office of Civil Rights, a level that is below FY 1998. This reduction would significantly hamper the Department's ability to enforce laws that prohibit discrimination in Federally operated or assisted transportation programs.

The provision in both the House and Senate versions of the bill that requires congressional approval of assessments to be levied by the Transportation Administrative Service Center on other departmental entities constitutes a legislative veto. The Administration will interpret this provision to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

Earmarks

The Senate bill earmarks nearly 400 transit projects, the House bill nearly 300. In addition, both versions earmark many airport, Intelligent Transportation System (ITS), and rail projects. Consistent with our objections to TEA-21, the Administration believes that projects should be funded based upon their merit and that funds should not be directed to low-priority projects that cannot meet established selection criteria.

Language Provisions

The Administration strongly opposes section 341 of the Senate bill, which would allow helicopters to operate and land on Federally-owned lands in Alaska, including wilderness areas. This would be harmful to species and habitat and disrupt Congress' carefully crafted balance on this issue in the Alaska National Interest Land Conservation Act (ANILCA). Under ANILCA, helicopter landings are permitted for emergency reasons and, on a case-by-case basis, for non-emergency use in non-wilderness areas. The Secretaries of the Interior and Agriculture have previously recommended that bills containing similar provisions be vetoed.

The Administration requests that the conferees delete the language in both versions of the bill that would prohibit the Coast Guard and the FAA from evaluating options for collecting fees for their services. User fees may be a critical means in the future for ensuring that the Coast Guard and the FAA have adequate resources to meet their operating and capital needs without significantly reducing other vital transportation programs.

The Administration is concerned that language in the Senate bill prohibiting obligation of funds for the FAA's Wide Area Augmentation System (WAAS) until it is certified as a sole means of navigation would suspend the WAAS program prematurely. The Administration

appreciates the Senate's concerns but believes that these concerns relate more to Phases II and III of the WAAS program than to Phase I. It does not make sense to forego the substantial benefits of WAAS Phase I now that they are so close to being achieved. The Administration requests that the conferees either eliminate the Senate language or amend it to prohibit obligation of funds for WAAS Phases II and III prior to the requested certifications.

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

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

The Administration urges deletion of the Senate provision pertaining to expedited Supreme Court review of decisions concerning the Department's Disadvantaged Business Enterprise programs as this provision would disrupt and delay pending court cases and send the wrong kind of cases directly to the Supreme Court.

The Administration urges deletion of the House provision that would limit Federal transportation and environmental review of certain toll roads in Orange and San Diego counties. The Department of Transportation would be restricted from considering new alternatives. The Environmental Protection Agency would be restricted in its environmental review of, and public comments on, the projects. Ultimately, this provision would curtail the Administration's ability to fully inform the public of the range of options and alternatives available as normally would occur during the discourse the National Environmental Policy Act (NEPA) strives to ensure.

The Administration strongly objects to House report language that would interfere with the Administration's ability to pursue sustainable transportation policies that would integrate environmental, economic and social objectives in a common sense fashion and urges deletion of the language.

Finally, the Administration objects to the language in the Senate version of the bill that directs the National Transportation Safety Board to reimburse the State of New York for both extraordinary and routine costs associated with the crash of TWA 800. The Administration believes that the State and local counties of New York should be reimbursed fully for extraordinary expenses incurred as a result of the crash, but should not receive a windfall by being reimbursed for routine activities that would have occurred absent the crash.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacob I. Lew', written in a cursive style.

Jacob I. Lew
Director

Identical Letter Sent to The Honorable Bob Livingston,
The Honorable David R. Obey, The Honorable Frank R. Wolf,
The Honorable Martin O. Sabo, The Honorable Ted Stevens,
The Honorable Robert C. Byrd, The Honorable Richard C. Shelby,
and The Honorable Frank R. Lautenberg



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

THE DIRECTOR

October 2, 1998

MEMORANDUM FOR THE PRESIDENT

FROM:

Jacob J. Lew
Larry Stein

SUBJECT:

Final 1999 Appropriations Negotiations

This memorandum outlines a proposed strategy for proceeding with our final 1999 appropriations negotiations. Your economic team has been meeting frequently over the last few weeks to solidify the Administration's position for these negotiations. As you know, many of the remaining bills pose serious concerns and we have issued veto threats on eight of the thirteen appropriations bills.

To date, only the Military Construction and Energy and Water bills have been sent to you for signature. It is possible that the Defense and Legislative Branch bills also will be sent to you as separate bills, though we have pushed the leadership not to send the Legislative Branch bill unless the Treasury/Postal bill containing White House funding is also sent. We expect the Commerce/Justice/State, Foreign Operations, Interior, Labor/HHS/Education, Treasury/Postal, and District of Columbia bills to be included in a final, year-end omnibus bill. In addition, it is likely that our emergency supplemental requests will be included in the omnibus bill. In total, we have requested almost \$9 billion of emergency funding for addressing the Y2K computer problem, supporting our troops in Bosnia, ameliorating the effects of the agriculture disaster, and repairing our military bases in Korea damaged by severe weather. Including the Daschle/Harkin amendment on farm assistance, the emergency funding level is \$14 billion. The Agriculture, Transportation, and VA/HUD bills may be transmitted to you as separate bills or as part of the omnibus bill.

Strategy for Funding Priorities

You recently signed a Continuing Resolution (CR) that funds government activity through October 9. We believe that a second short-term CR, extending for a few days beyond October 9, will be proposed so that the appropriations bills can be completed. Our strategy over the next ten days to two weeks is to:

- **Maximize leverage.** On the bills that are likely to be completed separately, we are working with conferees to try to resolve issues of concern. To the extent that issues are not resolved, we may need to threaten to veto the conference report. As a practical matter, this would shift the vetoed bills to the omnibus. Alternatively, you could choose to sign a conference report and we could work to add additional funding for priorities in the omnibus.

On bills that are likely to be included in the omnibus, we propose to wait to engage Congress in final negotiations until we have a good idea of what the tentative conference funding levels are. The House and the Senate have funded several programs, most notably the Labor/HHS/Education programs, at vastly different levels. Waiting for a tentative conference funding level will allow us to have a clearer idea of which base we should be requesting increased funding from and maximize how much we can achieve. We expect that in many areas they will address our concerns in the conference agreements. If we present our demands before they make additional concessions, we will increase how much of the adds we will have to pay for with offsets.

- **Put Language First.** We propose to try to resolve language concerns first because we believe this will be our hardest fight and we do not want the money issues all resolved adding pressure to accept offensive language provisions. Many of the appropriations bills contain numerous offensive language riders, ranging from environmental riders in the Interior bill, to social riders such as the abortion provision in the District of Columbia bill, to the Brady-handgun provision and census sampling prohibition in the Commerce/Justice/State bill. We are working with CEQ and the communications team to increase pressure to remove the environmental riders.

It is likely that it will take a great deal of time and effort to get these offensive riders removed. In addition, increased spending to provide additional funds for your priorities would require offsets to pay for them. We would like to hold our offsets until the later part of a negotiation. It is likely that the earlier we make our offsets known, the more likely they will be used to pay for Congressional priorities. It also increases the risk that opposition to the offsets will develop.

- **Stand with the Democrats.** Finally, we propose that all of our appropriations negotiations be done working closely with congressional Democrats. Our leverage in the final negotiations is predicated on our ability to sustain a veto. There are two views among congressional Democrats. Senator Daschle believes it would be most advantageous to finish by Sunday, October 11. Representative Obey would like to prolong the negotiations an additional week. We most likely will engage by the middle of next week in serious discussions over the remaining bills.

Conclusion

We would like to meet with you prior to final negotiations as soon as we better understand the likely conference positions. In the meantime, we have reviewed the appropriations bills program by program and can respond to any concerns you have about particular funding levels or language issues for individual programs.



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

November 25, 1998

THE DIRECTOR

The Honorable Albert Gore, Jr.
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

The Balanced Budget and Emergency Deficit Control Act of 1985 (Section 251 (a) (7)), as amended by the Budget Enforcement Act of 1997, requires that OMB submit a report to Congress on appropriations legislation within seven days of enactment. Section 252(d) requires that OMB submit a report to Congress on direct spending or receipts legislation within seven days of enactment. Enclosed are separate appropriations and pay-as-you-go reports for Public Law 105-277, which became law on October 21, 1998.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jacob J. Lew".

Jacob J. Lew
Director

Enclosures

IDENTICAL LETTER SENT TO
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES



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

November 25, 1998

THE DIRECTOR

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

Dear Mr. Speaker:

The Balanced Budget and Emergency Deficit Control Act of 1985 (Section 251 (a) (7)), as amended by the Budget Enforcement Act of 1997, requires that OMB submit a report to Congress on appropriations legislation within seven days of enactment. Section 252(d) requires that OMB submit a report to Congress on direct spending or receipts legislation within seven days of enactment. Enclosed are separate appropriations and pay-as-you-go reports for Public Law 105-277, which became law on October 21, 1998.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Lew".

Jacob J. Lew
Director

Enclosures

IDENTICAL LETTER SENT TO THE PRESIDENT OF THE SENATE

Table 1.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Agriculture and Rural Development Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------------|---------------|
| | BA | OL |
| CBO ESTIMATE, EMERGENCY SPENDING..... | 5,893 | 5,695 |
| Scorekeeping Differences: | | |
| Department of Agriculture: | | |
| Risk Management Agency: Federal crop insurance fund: Purchase requirement..... | (18) | (14) |
| OMB and CBO use different technical assumptions to calculate the effect of this provision. | | |
| Commodity Credit Corporation: Mohair recourse loans..... | (2) | (2) |
| OMB and CBO use different technical assumptions to calculate the effect of this provision. | | |
| Other Budget Authority Rounding and Technical Outlay Estimating Differences..... | 1 | 135 |
| TOTAL DIFFERENCES..... | (19) | 119 |
| OMB ESTIMATE, EMERGENCY SPENDING 1/ | 5,874 | 5,814 |
| 1/ A portion of these emergency funds were contingent upon a Presidential declaration of emergency. The President released the contingent emergency funds on October 23, 1998. | | |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 13,692 | 14,071 |
| Scorekeeping Differences: | | |
| Department of Agriculture: | | |
| Rural Utilities Service: Rural electrification and telephone loans, negative subsidies..... | -3 | -3 |
| OMB estimates that there are negative subsidies for this program, which charges fees and private market interest rates on its direct loans. CBO estimates a zero subsidy for this program. | | |

Table 1. (cont'd)
Estimates Contained in P.L. 106-277 for Programs Normally Funded Under the
Agriculture and Rural Development Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------|----|
| | BA | OL |
| Rural Business - Cooperative Service: Rural business and industry direct loans, negative subsidies..... | -7 | -7 |
| <p>OMB estimates that there are negative subsidies for this program, which charges fees and private market interest rates on its direct loans. CBO estimates a zero subsidy for this program.</p> | | |
| Office of the Secretary..... | -2 | -2 |
| <p>The appropriation for the Office of the Assistant Secretary for Congressional Relations includes a \$2 million transfer to other USDA agencies, each of which would receive less than \$500 thousand. OMB scores the bill on a post-transfer basis. CBO scores the bill on a pre-transfer basis.</p> | | |
| Risk Management Agency: Federal crop insurance corporation fund Prohibit 10 percent payment..... | 2 | — |
| <p>Section 748 would prohibit payment of the 10 percent payment authorized by the recently enacted agriculture research bill. CBO and OMB had different baseline estimates and, therefore, score slightly different costs of this provision.</p> | | |
| Farm Service Agency: Commodity Credit Corporation fund: Computer purchases..... | 5 | 4 |
| <p>Section 756 would limit expenses for computer-related activities to \$65 million, the same as the budget estimate. CBO's estimate was \$70 million, creating a \$5 million savings.</p> | | |
| Natural Resources Conservation Service: Wetlands reserve program..... | 13 | 5 |
| <p>Section 728 limits enrollment to 120,000 acres in FY 1999. OMB and CBO use different baseline estimates. Therefore, the savings are different.</p> | | |

Table 1. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Agriculture and Rural Development Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|-----------|-----------|
| | BA | OL |
| Food and Nutrition Service: Food stamp program: | | |
| Discretionary programs..... | 9 | 9 |
| <p>Although the account is mandatory under the 1990 BEA, the bill funds several activities that are controllable by the appropriations process. These activities are either new to the account since the 1990 BEA was enacted or have been expanded above the baseline levels that preceded the 1990 BEA and are assumed in OMB's mandatory baseline. OMB scores these activities as discretionary. CBO scores the entire account as mandatory.</p> | | |
| Studies and evaluations..... | 6 | 4 |
| <p>Bill language prohibits funding of studies and evaluations. CBO and OMB score the savings from the baseline, but the baselines are different.</p> | | |
| Food and Nutrition Service: State child nutrition programs..... | 8 | 7 |
| <p>Although the account is mandatory under the 1990 BEA, the bill funds several activities that are controllable by the appropriations process. These activities are either new to the account since the 1990 BEA was enacted or have been expanded above the baseline levels that preceded the 1990 BEA and are assumed in OMB's mandatory baseline. OMB scores these activities as discretionary. CBO scores only the \$10 million for Nutrition Education and Training as discretionary costs.</p> | | |
| Food and Nutrition Service: State child nutrition programs..... | 16 | 11 |
| <p>CBO calculated savings to the school lunch program by using their February baseline as updated by the national average minimum value of donated foods for the period July 1, 1998 through June 30, 1999 announced by the Food and Nutrition Service on July 16, 1998. OMB calculated savings by using their February baseline.</p> | | |
| Studies and evaluations..... | -1 | -2 |
| <p>Bill language prohibits funding of studies and evaluations. CBO and OMB score the savings from the baseline, but the baselines are different.</p> | | |

Table 1. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Agriculture and Rural Development Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------------|---------------|
| | BA | OL |
| Technical Outlay Estimating Differences: | | |
| Office of the Secretary: Prohibition on the use of Fund for Rural America..... | — | -26 |
| <p style="margin-left: 20px;">OMB assumes a first year spend-out rate of 55 percent and CBO assumes a first year spend-out rate of 11.7 percent, so the OMB estimate of the discretionary savings of this prohibition is \$26 million higher than CBO.</p> | | |
| Food Safety and Inspection Service: Salaries and expenses..... | — | -16 |
| <p style="margin-left: 20px;">OMB assumes a first year spend-out rate of 96.0 percent and CBO assumes a first year spend-out rate of 95.0 percent, resulting in \$6 million more in the OMB estimates. However, CBO assumes \$22 million more in outlays from prior year balances.</p> | | |
| Farm Service Agency: Emergency conservation program..... | — | -45 |
| <p style="margin-left: 20px;">CBO assumes \$45 million in outlays from prior year balances of appropriations for disaster recovery. OMB assumes that these appropriations will be outlayed in FY 1998.</p> | | |
| Natural Resources Conservation Service: Watershed and flood prevention operations..... | — | (112) |
| <p style="margin-left: 20px;">CBO assumes \$112 million in outlays from prior year balances of emergency supplemental appropriations. OMB assumes that these outlays will occur in FY 1998.</p> | | |
| Other Budget Authority Rounding and Technical Outlay Estimating Differences..... | (1) | 43 |
| TOTAL DIFFERENCES..... | 45 | (130) |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 13,737 | 13,941 |

Table 2.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Commerce, Justice, State and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|------------|------------|
| | BA | OL |
| CBO ESTIMATE, DEFENSE DISCRETIONARY SPENDING..... | 386 | 357 |
| Technical Outlay Estimating Differences..... | — | 2 |
| OMB ESTIMATE, DEFENSE DISCRETIONARY SPENDING, | | |
| INCLUDING PREVIOUSLY ENACTED REGULAR DISCRETIONARY | | |
| SPENDING..... | 386 | 359 |
| Adjustment to Exclude Second-Year Effect of Regular Discretionary Spending | | |
| Enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and | | |
| Rescissions Act..... | --- | 1 |
| | | |
| OMB scoring of this bill included the second-year effect of regular | | |
| discretionary spending provisions enacted in P.L. 105-174, the FY | | |
| 1998 Supplemental Appropriations and Rescissions Act. Scoring of | | |
| P.L. 105-174 was transmitted to the Congress on 5/20/98. This | | |
| adjustment is made to avoid double-counting for BEA scoring | | |
| purposes. | | |
| | | |
| OMB ESTIMATE, DEFENSE DISCRETIONARY SPENDING..... | 386 | 360 |

| | | |
|--|---------------|---------------|
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 27,252 | 26,672 |
|--|---------------|---------------|

Scorekeeping Differences:

United States Information Agency:

| | | |
|-----------------------|-----|-----|
| East West Center..... | (1) | (1) |
|-----------------------|-----|-----|

Budget authority and outlay differences are due to rounding.

| | | |
|---|---|------|
| Educational and Cultural Exchange Programs..... | 1 | (10) |
|---|---|------|

Budget authority difference is due to rounding. OMB and CBO have different estimates of outlays from new authority (+\$4 million) and outlays from prior-year balances (-\$10 million).

Table 2. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Commerce, Justice, State and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------|----|
| | BA | OL |

Judicial Branch:

| | | |
|--|-----|-----|
| Administrative Office of the U.S. Courts: Salaries and expenses..... | (1) | (1) |
|--|-----|-----|

Budget authority difference is due to rounding. OMB and CBO have different estimates of outlays from new authority (+\$4 million) and outlays from prior-year balances (-\$5 million).

Department of Commerce:

| | | |
|---|----|------|
| Patent and Trademark Office: Salaries and expenses..... | 65 | (12) |
|---|----|------|

Budget authority difference is due to the fact that OMB's estimate of fee receipts is lower than CBO's. As a result, CBO's scoring of the rescission in the bill is from a lower level of spending authority in FY 1999, resulting in more negative budget authority.

OMB and CBO have different estimates of outlays from new authority (-\$141 million) and outlays from prior-year balances (+\$129 million).

Department of Health and Human Services:

| | | |
|---|-----|-----|
| Health Resources and Services Administration: Vaccine injury compensation program Trust Fund..... | (1) | (1) |
|---|-----|-----|

Budget authority and outlay differences are due to rounding.

Department of Justice:

| | | |
|---|----|----|
| Legal Activities and U.S. Marshals: United States Trustee System program... | -1 | -1 |
|---|----|----|

OMB's estimate of current year fees that, if collected, will be made available for expenditure in the budget year is \$1 million higher than CBO's. OMB and CBO have different estimates of outlays from new authority (+\$19 million) and outlays from prior-year authority (-\$20 million).

| | | |
|----------------------------|-----|---|
| Effect of section 126..... | (1) | — |
|----------------------------|-----|---|

Section 126 of the Act directs the Department to make certain \$20 million in reductions pursuant to a chart on Year 2000 funding provided to Congress. CBO reduced the Department total by \$20 million; OMB made the reductions specified on the chart. Difference is due to rounding.

Table 2. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Commerce, Justice, State and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------|------|
| | BA | OL |
| Small Business Administration: | | |
| Business loan program account..... | -3 | 3 |
| <p>OMB estimates that \$1 million of the \$4 million in proceeds from the sale of stocks will be available to fund new loans, while CBO estimates that the full \$4 million will be available. The difference is due to differing SBIC subsidy rates.</p> | | |
| Securities and Exchange Commission: | | |
| Salaries and expenses..... | 27 | 16 |
| <p>OMB's estimate of current year fee receipts that, if collected, will be made available for expenditure in the budget year is \$27 million higher than CBO's. OMB and CBO also have different estimates of outlays from new authority (+\$54 million) and outlays from prior-year authority (-\$38 million).</p> | | |
| Technical Outlay Estimating Differences: | | |
| Department of Commerce: | | |
| Economic Development Administration: Economic development assistance | -- | 23 |
| OMB and CBO have different estimates of outlays from prior-year authority. | | |
| Judicial Branch: | | |
| Courts of Appeals, District Courts, and other Judicial Services: Salaries and | -- | 24 |
| OMB and CBO have different estimates of outlays from prior-year authority. | | |
| Department of Justice: | | |
| DEA: Salaries and expenses..... | -- | (92) |
| <p>OMB and CBO have different estimates of outlays from new authority (-\$91 million) and outlays from prior-year authority (-\$1 million).</p> | | |

Table 2. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Commerce, Justice, State and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|-----------|------------|
| | BA | OL |
| Federal Prison System: Buildings and facilities..... | --- | 300 |
| OMB and CBO have different estimates of outlays from new authority (-\$8 million) and outlays from prior-year authority (+\$308 million). | | |
| General Administration: Counter-terrorism fund..... | --- | 69 |
| CBO assumes that the funds provided for protection against chemical and biological weapons will be transferred to the Office of Justice programs, and will be spent out at a 22 percent rate. OMB maintains that the appropriations language, as it is drafted, does not imply a permissive transfer, and must be spent out at the counter-terrorism fund rate of 75 percent. | | |
| FBI: Salaries and expenses..... | --- | (284) |
| OMB and CBO have different estimates of outlays from new authority (-\$122 million) and outlays from prior-year authority (-\$162 million). | | |
| Office of Justice Programs: State and local law enforcement assistance..... | --- | 162 |
| OMB and CBO have different estimates of outlays from prior-year authority. | | |
| Office of Justice Programs: Juvenile crime control and prevention programs. | --- | 63 |
| OMB and CBO have different estimates of outlays from new authority (+\$29 million) and outlays from prior-year authority (+\$34 million). | | |
| Department of Transportation: | | |
| Maritime Administration: Vessel operations revolving fund..... | --- | (72) |
| OMB and CBO have different estimates of outlays from new authority (-\$101 million) and outlays from prior-year authority (+\$29 million). | | |
| Other Budget Authority Rounding and Technical Outlay Estimating Differences..... | --- | 25 |
| TOTAL DIFFERENCES..... | 85 | 211 |

Table 2. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Commerce, Justice, State and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, INCLUDING PREVIOUSLY ENACTED REGULAR DISCRETIONARY SPENDING..... | 27,337 | 26,883 |
| Adjustment to Exclude Second-Year Effect of Regular Discretionary Spending Enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act..... | --- | (1) |
| <p>OMB scoring of this bill included the second-year effect of regular discretionary spending provisions enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act. Scoring of P.L. 105-174 was transmitted to the Congress on 5/20/98. This adjustment is made to avoid double-counting for BEA scoring purposes.</p> | | |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 27,337 | 26,882 |
| CBO ESTIMATE, VIOLENT CRIME REDUCTION..... | | |
| | 5,510 | 4,683 |
| Scorekeeping Differences: | | |
| CBO Scorekeeping Rounding Plug, Crime..... | (1) | — |
| Technical Outlay Estimating Differences: | | |
| Department of Justice: | | |
| FBI: Salaries and expenses..... | --- | (28) |
| <p>OMB and CBO have different estimates of outlays from new authority (+\$21 million) and outlays from prior-year authority (-\$49 million).</p> | | |
| DEA: Salaries and expenses..... | --- | (20) |
| <p>OMB and CBO have different estimates of outlays from new authority (+\$20 million) and outlays from prior-year authority (-\$40 million).</p> | | |

Table 2. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Commerce, Justice, State and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|--------------|--------------|
| | BA | OL |
| Immigration and Naturalization Service: Salaries and expenses | -- | 53 |
| <p>OMB and CBO have different estimates of outlays from new authority (+ \$152 million) and outlays from prior-year authority (- \$99 million).</p> | | |
| Miscellaneous outlay estimating differences..... | -- | (4) |
| TOTAL DIFFERENCES..... | -1 | 1 |
| OMB ESTIMATE, VIOLENT CRIME REDUCTION..... | 6,509 | 4,684 |

Table 3.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
District of Columbia Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|------------|------------|
| | BA | OL |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 491 | 490 |
| Technical Outlay Estimating Differences: | | |
| District of Columbia Offender Supervision Defender and Court Services Agency: | | |
| Salaries and expenses..... | — | (9) |
| CBO uses a first-year spendout rate of 95 percent; OMB uses a first-year spendout rate of 80 percent for this new account. | | |
| Department of the Interior: | | |
| National Park Service: | | |
| Operation of the national park system..... | — | (2) |
| CBO and OMB have different estimates of outlays from prior-year balances. | | |
| Other: | | |
| Environmental Study at the Lorton Correctional Complex..... | 4 | 4 |
| CBO inadvertently did not score additional funding for an environmental study at the Lorton Correctional Complex which was included in the enrolled bill. | | |
| TOTAL DIFFERENCES..... | 4 | (7) |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 495 | 483 |

Table 4.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Foreign Operations Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, EXCLUDING IMF FUNDING..... | 13,365 | 12,685 |
| Scorekeeping Differences: | | |
| Multilateral Assistance: | | |
| International organizations and programs..... | 105 | 95 |
| CBO estimates of BA are \$102 million below OMB estimates. OMB shows \$105 million made available to the United Nations Children's Fund as a transfer from the Child Survival and Disease Programs account. | | |
| Agency For International Development: | | |
| Child survival and disease programs..... | (105) | (30) |
| CBO estimates of BA are \$105 million above OMB estimates. OMB shows \$105 million made available to the United Nations Children's Fund as a transfer to the International Organizations and Programs (IO&P) account, CBO does not. CBO estimates of outlays from new authority are \$7 million above OMB estimates and CBO outlays prior are \$37 million above OMB differences. | | |
| Assistance for the New Independent States of the Former Soviet Union..... | — | (207) |
| CBO outlays new are \$86 million above OMB estimates, while CBO outlays from prior year authority are \$121 million above OMB estimates. CBO assumes no transfers to other accounts because there is no appropriations language in the bill for transfers. OMB scoring is based on the historical pattern of transfers in the account. CBO also assumes lower prior year outlays in FY 1998, resulting in higher estimates for outlays prior in 1999. | | |
| Overseas Private Investment Corporation (OPIC): | | |
| OPIC program account..... | (1) | — |
| CBO estimates of BA are \$1 million above OMB estimates due to rounding differences. | | |

Table 4. (cont'd)
Estimates Contained In P.L. 105-277 for Programs Normally Funded Under the
Foreign Operations Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------|------|
| | BA | OL |
| Technical Outlay Estimating Differences: | | |
| Department of State: | | |
| Migration and Refugee Assistance..... | — | 4 |
| <p style="margin-left: 40px;">Due to spend-out rate differences, CBO outlays new are \$78 million above OMB estimates, and CBO outlay prior are \$82 million below OMB estimates.</p> | | |
| International Security Assistance: | | |
| Nonproliferation and Disarmament Fund..... | — | 7 |
| <p style="margin-left: 40px;">Due to spend-out rate differences, CBO outlays prior are \$7 million below OMB estimates.</p> | | |
| Foreign military financing program..... | — | 30 |
| <p style="margin-left: 40px;">Due to spend-out rate differences, CBO outlays prior are \$29 million below OMB estimates. CBO estimates of outlays from new authority are \$1 million below OMB estimates.</p> | | |
| Foreign military financing loan program account..... | — | (31) |
| <p style="margin-left: 40px;">Due to spend-out rate differences, CBO outlays prior are \$30 million above OMB estimates. CBO estimates of outlays from new authority are \$1 million above OMB estimates.</p> | | |
| Multilateral Assistance: | | |
| Debt restructuring..... | — | 17 |
| <p style="margin-left: 40px;">Due to spend-out rate differences, CBO outlays new are \$2 million below OMB estimates, and CBO outlays prior are \$15 million below OMB estimates.</p> | | |

Table 4. (cont'd)
 Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
 Foreign Operations Appropriations Act
 (in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| Agency for International Development: | | |
| Sustainable development assistance program..... | -- | (39) |
| Due to outlay rate differences, CBO estimates for outlays prior are \$39 million above OMB estimates. | | |
| Assistance for Eastern Europe and the Baltic States..... | -- | (99) |
| CBO outlays new are \$8 million above OMB estimates, while CBO outlays from prior year authority are \$91 million above OMB estimates. CBO assumes lower prior year outlays in FY 1998 than OMB, resulting in higher CBO estimates for outlays from prior year balances in FY 1999. | | |
| International disaster assistance..... | -- | (20) |
| Due to spend-out rate differences, CBO outlays prior are \$20 million above OMB estimates. | | |
| Other Budget Authority and Technical Outlay Estimating Differences..... | 4 | 174 |
| TOTAL DIFFERENCES..... | 3 | (99) |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, EXCLUDING IMF FUNDING..... | 13,368 | 12,587 |
| <hr/> | | |
| CBO AND OMB ESTIMATES - IMF FUNDING: | | |
| IMF: New Arrangements to Borrow (NAB)..... | 3,361 | -- |
| IMF: Increase in the U.S. Quota..... | 14,500 | -- |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, INCLUDING IMF NAB AND U.S. QUOTA..... | 31,229 | 12,587 |

Table 5.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Interior and Related Agencies Appropriations Act
(In millions of dollars)

| | FY 1999 | |
|---|------------|-----------|
| | BA | OL |
| CBO ESTIMATE, CONTINGENT EMERGENCY APPROPRIATIONS..... | 102 | 15 |
| OMB ESTIMATE, CONTINGENT EMERGENCY APPROPRIATIONS..... | 102 | 1/ |

1/ OMB will estimate outlays when the contingent funds are released.

| | | |
|--|---------------|---------------|
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING '..... | 13,927 | 14,299 |
|--|---------------|---------------|

Scorekeeping Differences:

Department of Energy:

Energy Programs:

| | | |
|---|----|----|
| Naval petroleum and oil shale reserves..... | -3 | -1 |
|---|----|----|

CBO assumes higher receipt estimates for this account than does OMB.

Department of Interior:

| | | |
|---|----|----|
| Royalties on Outer Continental Shelf lands..... | 43 | 43 |
|---|----|----|

Sec. 130 of the bill places an 8 month moratorium on the issuance of Federal and Indian oil evaluation rules. CBO does not score a cost for this provision. Consistent with its baseline assumptions, OMB assumes a cost of \$43 million.

Table 5. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Interior and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------|----|
| | BA | OL |

Technical Outlay Estimating Differences:

Department of Agriculture:

Forest Service:

| | | |
|------------------------------|-----|-----|
| Widland fire management..... | --- | -67 |
|------------------------------|-----|-----|

CBO assumes the use of contingency funds appropriated in prior years before the use of new authority. Therefore, CBO estimates lower outlays from new authority (\$265 million difference) and higher outlays from prior-year sources (\$347 million difference) than does OMB.

Department of the Interior:

U.S. Fish and Wildlife Service:

| | | |
|-------------------|-----|-----|
| Construction..... | --- | -40 |
|-------------------|-----|-----|

CBO assumes \$38 million more in outlays from prior-year balances than does OMB.

National Park Service:

| | | |
|--|-----|----|
| Operation of the national park system..... | --- | 58 |
|--|-----|----|

CBO estimates higher outlays from new authority (\$40 million difference) and lower outlays from prior-year balances (\$98 million difference) than does OMB.

Bureau of Indian Affairs:

| | | |
|-----------------------------------|-----|----|
| Operation of Indian programs..... | --- | 21 |
|-----------------------------------|-----|----|

CBO estimates lower outlays from new authority (\$68 million difference) and higher outlays from prior-year balances (\$47 million difference) than does OMB.

| | | |
|-------------------|-----|-----|
| Construction..... | --- | -21 |
|-------------------|-----|-----|

CBO estimates lower outlays from prior-year balances and from new authority than does OMB.

Table 5. (cont'd)
 Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
 Interior and Related Agencies Appropriations Act
 (in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| Departmental Management: | | |
| Priority Federal land acquisitions and exchanges..... | --- | -46 |
| CBO assumes \$46 million more in outlays from prior-year balances than does OMB. | | |
| Minerals Management Service..... | --- | -33 |
| CBO estimates lower outlays from new authority (\$20 million difference) and higher outlays from prior-year balances (\$53 million difference) than does OMB. | | |
| Other technical outlay estimating differences..... | --- | 48 |
| Budget Authority Rounding Difference..... | -4 | --- |
| TOTAL DIFFERENCES..... | 36 | -38 |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, | 13,963 | 14,261 |

Table 6.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Labor, Health and Human Services, Education and Related Agencies Appropriations Act
(In millions of dollars)

| | FY 1999 | |
|--|---------------|---------------|
| | BA | OL |
| CBO ESTIMATE, CONTINGENT EMERGENCY APPROPRIATIONS..... | 517 | 162 |
| OMB ESTIMATE, CONTINGENT EMERGENCY APPROPRIATIONS..... | 517 | 1/ |
| 1/ OMB will estimate outlays when the contingent funds are released. | | |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, EXCLUDING VIOLENT CRIME REDUCTION..... | 83,131 | 82,704 |
| Scorekeeping Adjustments: | | |
| Special Education..... | --- | -215 |
| <p>The House and Senate Budget Committees have directed CBO to include in the bill scoring an outlay plug of \$215 million for the Title I program. This adjustment lowers CBO's estimates to be consistent with OMB's.</p> | | |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, EXCLUDING VIOLENT CRIME REDUCTION (Including Adjustment Listed Above)..... | 83,131 | 82,489 |
| Scorekeeping Adjustments: | | |
| Department of Education: | | |
| America Reads Challenge..... | (210) | (10) |
| <p>OMB scores a transfer of funds from America Reads Challenge to Special Education. The FY 1998 Labor/HHS/Education bill provided for a transfer of an FY 1999 advance appropriation to Special Education if the America Reads Challenge was not authorized by July 1, 1999. CBO does not score this transfer.</p> | | |
| Special Education..... | 210 | 11 |
| <p>OMB scores a transfer of funds from America Reads Challenge to Special Education. The FY 1998 Labor/HHS/Education bill provided for a transfer of an FY 1999 advance appropriation to Special Education if the America Reads Challenge was not authorized by July 1, 1999. CBO does not score this transfer.</p> | | |
| Rehabilitative Services and Disability Research..... | (30) | (29) |
| <p>This account is mandatory under the Budget Enforcement Act (BEA). CBO scores the "Technology Related Assistance for Individuals with Disabilities" program as discretionary. CBO reclassified this program when it was reauthorized. CBO is treating this as a new discretionary program not classified as mandatory under the BEA. OMB continues to score this account as mandatory.</p> | | |

Table 6. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Labor, Health and Human Services, Education and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------|-------|
| | BA | OL |
| Department of Health and Human Services: | | |
| Refugee and Entrant Assistance..... | 20 | 10 |
| <p>OMB scores a reappropriation of \$20 million in unexpended balances to this account. CBO assumes there are no funds available for reappropriation.</p> | | |
| Social Services Block Grant..... | (81) | (263) |
| <p>OMB scores a rescission of \$81 million to this account for a rescission of mandatory FY 1998 funds. The FY 1998 funding level was increased from the FY 1998 Labor/HHS/Education level in TEA-21. CBO did not score an increase to SSBG in TEA-21, and does not score the rescission to this account in the FY 1999 Act.</p> | | |
| General Departmental Management..... | (8) | (78) |
| <p>CBO inadvertently scored \$218 million for this account -- the amount cited in Report language; OMB scored \$210 million, consistent with bill language. OMB and CBO differ in first-year outlay rate estimates and have small differences in estimates of prior year outlays.</p> | | |
| Department of Labor: | | |
| Federal Unemployment Benefits Administration..... | (38) | (31) |
| <p>Division J of the act contains a nine month extension of the authorization for the mandatory NAFTA-Trade Adjustment Assistance program. The discretionary section of the act contains a full-year appropriation for this appropriated entitlement. CBO scored the full 12 months as discretionary (\$44 million); OMB scored only three months as discretionary (\$6 million).</p> | | |
| Social Security Administration: | | |
| Supplemental Security Income..... | 30 | (39) |
| <p>OMB scores funds enacted in excess of \$7 million for the "Research and Demonstration" portion of the SSI account as discretionary because spending for this account is controllable through the appropriations process. CBO scores the entire "Research and Demonstration" portion as mandatory.</p> | | |

Table 6. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Labor, Health and Human Services, Education and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------|----|
| | BA | OL |

Railroad Retirement Board:

| | | |
|-------------------------------|----|----|
| Federal Windfall Subsidy..... | 11 | 11 |
|-------------------------------|----|----|

CBO does not score as discretionary an estimated \$11 million in anticipated taxes on benefits from discretionary appropriations that are credited to this account pursuant to section 224(c)(1)(B) of P.L. 98-76. CBO scores this as mandatory.

Technical Outlay Estimating Differences:

Department of Education:

| | | |
|--------------------------------------|-----|-------|
| Education for the Disadvantaged..... | --- | (245) |
|--------------------------------------|-----|-------|

CBO scores first-year outlays of \$1.4 billion to this account; OMB scores first-year outlays of \$1.1 billion to this account. OMB and CBO also have small differences in prior-year outlay estimates.

| | | |
|----------------------------------|-----|-----|
| School Improvement Programs..... | --- | -22 |
|----------------------------------|-----|-----|

OMB and CBO have small differences in estimates of prior-year outlays.

| | | |
|-----------------------------------|-----|-------|
| Student Financial Assistance..... | --- | (610) |
|-----------------------------------|-----|-------|

CBO scores prior-year outlays of \$7.5 billion to this account; OMB scores prior-year outlays of \$7.0 billion to this account. OMB and CBO also assume different first-year outlay rates for this account.

| | | |
|---|-----|----|
| Office of Educational Research and Improvement..... | --- | 49 |
|---|-----|----|

CBO scores prior-year outlays of \$290 million to this account; OMB scores prior-year outlays of \$365 million. There are also small differences in the first-year outlay rate between CBO and OMB.

Table 6. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Labor, Health and Human Services, Education and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|-------------|----------------|
| | BA | OL |
| Department of Health and Human Services: | | |
| Centers for Disease Control..... | --- | (33) |
| <p>OMB and CBO have small differences in estimates of first-year outlays and in estimates of prior-year outlays.</p> | | |
| Department of Labor: | | |
| Employment and Training Administration: | | |
| Training and Employment Services..... | --- | (180) |
| <p>OMB and CBO differ in prior-year outlay estimates. OMB scores \$4.1 billion in prior-year outlays to this account; CBO scores \$4.2 billion in prior-year outlays to this account. OMB and CBO also differ in first-year outlay estimates.</p> | | |
| Welfare-to-Work Jobs..... | --- | 57 |
| <p>OMB and CBO differ in outlay estimates for this discretionary reduction to a mandatory account.</p> | | |
| Unemployment Trust Fund..... | --- | 63 |
| <p>OMB and CBO assume different outlay estimates on the spending of Year 2000 computer conversion. OMB and CBO also have differences in estimates of prior-year outlays.</p> | | |
| Budget Authority Rounding and Miscellaneous Technical Outlay Estimating Differences..... | (3) | (298) |
| TOTAL ADJUSTMENTS..... | (99) | (1,637) |

Table 6. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Labor, Health and Human Services, Education and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, INCLUDING PREVIOUSLY ENACTED REGULAR DISCRETIONARY SPENDING..... | 83,032 | 80,852 |
| Adjustment to Exclude Second-Year Effect of Regular Discretionary Spending Enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act..... | --- | (5) |
| OMB scoring of this bill included the second-year effect of regular discretionary spending provisions enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act. Scoring of P.L. 105-174 was transmitted to the Congress on 5/20/98. This adjustment is made to avoid double-counting for BEA scoring purposes. | | |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 83,032 | 80,847 |
| <hr/> CBO ESTIMATE, VIOLENT CRIME REDUCTION SPENDING..... | 156 | 139 |
| Technical outlay estimating differences..... | — | -1 |
| OMB ESTIMATE, VIOLENT CRIME REDUCTION SPENDING | 156 | 138 |

Table 7.
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Transportation and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|---------------|---------------|
| | BA | OL |
| CBO ESTIMATE, DEFENSE DISCRETIONARY SPENDING..... | 300 | 300 |
| OMB ESTIMATE, DEFENSE DISCRETIONARY SPENDING..... | 300 | 300 |
| <hr/> | | |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 11,620 | 13,400 |
| Scorekeeping Differences: | | |
| Department of Transportation: | | |
| Federal Aviation Administration: | | |
| National Civil Aviation Review Commission - Rescission (Sec. 337)..... | 1 | — |
| CBO scores a \$1 million rescission for this account. OMB scores zero consistent with OMB's assumption that these funds are not available to be rescinded. | | |
| Federal Transit Administration: | | |
| Access to Jobs Program..... | 25 | 1 |
| The bill provides \$75 million for this program, \$25 million above the level guaranteed in the TEA-21 legislation under the Transit guarantee. OMB scores the excess \$25 million to non-defense discretionary. | | |
| Technical Outlay Estimating Differences: | | |
| Coast Guard: | | |
| Acquisition, construction and improvements..... | — | (85) |
| Differences due to differences in prior year outlays (-\$81 M) and new outlays (-\$4 M). | | |

Table 7. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Transportation and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| Federal Aviation Administration: | | |
| Operations..... | --- | (64) |
| Differences due to differences in prior year outlays (-\$64 M). | | |
| Other Budget Authority and Technical Outlay Estimating Differences..... | (5) | 50 |
| TOTAL DIFFERENCES..... | 21 | (98) |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, | | |
| INCLUDING PREVIOUSLY ENACTED REGULAR DISCRETIONARY | | |
| SPENDING..... | 11,641 | 13,302 |
| Adjustment to Exclude Second-Year Effect of Regular Discretionary Spending Enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act..... | --- | (9) |
| <p>OMB scoring of this bill included the second-year effect of regular discretionary spending provisions enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act. Scoring of P.L. 105-174 was transmitted to the Congress on 5/20/98. This adjustment is made to avoid double-counting for BEA scoring purposes.</p> | | |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 11,641 | 13,293 |
| MEMORANDUM: | | |
| Obligation Limitation, OMB Scoring | 1,950 | |
| Obligation Limitation, CBO Scoring | 1,950 | |

Table 7. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Transportation and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|--|--------------|---------------|
| | BA | OL |
| CBO ESTIMATE, | | |
| HIGHWAY CATEGORY SPENDING..... | --- | 21,885 |
| Technical Outlay Estimating Differences: | | |
| Federal-aid highways (including prior year outlays for Appalachian development highway system): | | |
| Outlays from new authority..... | --- | 18 |
| Outlays from prior-year authority..... | --- | (445) |
| Other..... | --- | 4 |
| TOTAL DIFFERENCES..... | --- | (423) |
| OMB ESTIMATE, | | |
| HIGHWAY CATEGORY SPENDING..... | --- | 21,462 |
| MEMORANDUM: | | |
| Obligation Limitation, OMB Scoring | 25,883 | |
| Obligation Limitation, CBO Scoring | 25,883 | |
| CBO ESTIMATE, | | |
| MASS TRANSIT CATEGORY SPENDING..... | 1,138 | 4,404 |
| Scorekeeping Differences: | | |
| Federal Transit Administration: | | |
| Access to Jobs Program..... | (25) | (1) |
| <p>The bill provides \$75 million for this program, \$25 million above the level guaranteed in the TEA-21 legislation to be funded under the Transit guarantee. OMB scores the excess \$25 million to non-defense discretionary.</p> | | |

Table 7. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Transportation and Related Agencies Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|--------------|--------------|
| | BA | OL |
| Technical Outlay Estimating Differences: | | |
| Federal Transit Administration: | | |
| Transit planning and research | --- | (68) |
| Formula programs/Formula grants/Trust Fund share of expenses..... | --- | (61) |
| Major capital investments..... | --- | (194) |
| WMATA..... | --- | (42) |
| Other..... | --- | (96) |
| TOTAL DIFFERENCES..... | (25) | (462) |
| OMB ESTIMATE, | ----- | ----- |
| MASS TRANSIT CATEGORY SPENDING..... | 1,113 | 3,942 |
| MEMORANDUM: | | |
| Obligation Limitation, OMB Scoring | 4,252 | |
| Obligation Limitation, CBO Scoring | 4,252 | |

Table 8.
**Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
 Treasury and General Government Appropriations Act**
 (in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 13,311 | 12,429 |
| Technical Outlay Estimating Differences: | | |
| Department of the Treasury: | | |
| Internal Revenue Service: | | |
| Processing, assistance, and management..... | --- | 122 |
| <p>CBO uses a first-year spendout rate of 88 percent while OMB uses a first-year spendout rate of 91 percent; this results in a difference of \$103 million. OMB estimates higher outlays from prior year balances than does CBO; this results in a difference of \$19 million.</p> | | |
| General Services Administration: | | |
| Real Property Activities: | | |
| Federal buildings fund..... | --- | 55 |
| <p>CBO estimates different outlays new (resulting in a \$260 million difference) and different outlays from prior year balances (resulting in a difference of \$205 million) than does OMB.</p> | | |
| Federal Drug Control Programs: | | |
| Federal Drug Control Programs: | | |
| Special forfeiture fund..... | --- | 34 |
| <p>CBO uses a first-year spendout rate of 25 percent while OMB uses a first-year spendout rate of 60 percent; this results in a difference of \$75 million. CBO estimates higher outlays from prior year balances than does OMB; this results in a difference of \$41 million.</p> | | |
| Budget Authority Rounding Difference..... | (1) | --- |

Table 8. (cont'd)
Estimates Contained in P.L. 105-277 for Programs Normally Funded Under the
Treasury and General Government Appropriations Act
(in millions of dollars)

| | FY 1999 | |
|---|---------------|---------------|
| | BA | OL |
| Other technical outlay estimating differences..... | --- | (7) |
| TOTAL DIFFERENCES..... | (1) | 204 |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING, INCLUDING PREVIOUSLY ENACTED REGULAR DISCRETIONARY SPENDING..... | 13,310 | 12,633 |
| Adjustment to Exclude Second-Year Effect of Regular Discretionary Spending Enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act..... | --- | (4) |
| OMB scoring of this bill included the second-year effect of regular discretionary spending provisions enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act. Scoring of P.L. 105-174 was transmitted to the Congress on 5/20/98. This adjustment is made to avoid double-counting for BEA scoring purposes. | | |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY SPENDING..... | 13,310 | 12,629 |
| <hr/> CBO ESTIMATE, VIOLENT CRIME REDUCTION SPENDING..... | 132 | 129 |
| Technical outlay estimating differences..... | --- | -5 |
| OMB ESTIMATE, VIOLENT CRIME REDUCTION SPENDING..... | 132 | 124 |

Table 9.
Estimates Contained in P.L. 105-277 for All Other Programs
(in millions of dollars)

| | FY 1999 | |
|---|-------------|-------------|
| | BA | OL |
| CBO ESTIMATE, DEFENSE DISCRETIONARY..... | (65) | (49) |
| OMB ESTIMATE, DEFENSE DISCRETIONARY..... | (65) | (49) |
| <hr/> | | |
| CBO ESTIMATE, NON-DEFENSE DISCRETIONARY..... | (2,005) | (2,021) |
| Scorekeeping Differences: | | |
| District of Columbia Federal Pension Provision..... | (14) | (14) |
| <p>The Act provides for the sale of DC pension assets. CBO scored savings of \$2,400 million for this provision; OMB scored savings of \$2,414 million.</p> | | |
| Repeal of GSE Default Loss Protection Provision..... | (41) | (41) |
| <p>The Act repeals a provision that was included in the FY 1999 VA/HUD appropriations bill, which would have relaxed restrictions on Freddie Mac's ability to buy mortgage with low down payments. Both CBO and OMB projected a loss of revenue from increased use of mortgage interest deduction as a result of the provision contained in the VA/HUD bill. CBO scored the projected revenue loss as mandatory (\$4 million in FY 1999 and a total of \$215 million through FY 2003. OMB scored the entire loss (\$41 million) as discretionary.</p> | | |
| Technical outlay estimating differences..... | — | (10) |
| Total, Differences..... | (55) | (65) |
| OMB ESTIMATE, NON-DEFENSE DISCRETIONARY..... | (2,060) | (2,086) |

MEMORANDUM: Mandatory Offsets Included Above:

District of Columbia Federal Pension Provision:

| | | |
|------------------|---------|---------|
| CBO Scoring..... | (2,400) | (2,400) |
| OMB Scoring..... | (2,414) | (2,414) |

Transportation Department: Federal Transit Administration: Rescission of Mandatory Contract Authority:

| | | |
|------------------|-------|---|
| CBO Scoring..... | (392) | — |
| OMB Scoring..... | (392) | — |

Table 10.
Estimates Contained in P.L. 105-277 for Emergency Appropriations
(In millions of dollars)

| | FY 1999 | |
|--|---------------|--------------|
| | BA | OL |
| CBO ESTIMATE, REGULAR EMERGENCY APPROPRIATIONS..... | 3,907 | 1,644 |
| Scorekeeping Differences: | | |
| Defense Department: | | |
| Overseas contingency operations transfer fund..... | --- | 481 |
| <p>OMB estimates that outlays associated with the \$1.9 billion provided for Bosnia/Southwest Asia are higher (\$1,450 million) than does CBO (\$969 million).</p> | | |
| State Department: | | |
| Diplomatic and consular affairs..... | --- | 238 |
| <p>OMB estimates that outlays associated with the \$748 million provided for this account are higher (\$397 million) than does CBO (\$159 million).</p> | | |
| Other Technical Outlay Estimating Differences..... | --- | (34) |
| TOTAL DIFFERENCES..... | --- | 685 |
| OMB ESTIMATE, REGULAR EMERGENCY APPROPRIATIONS..... | 3,907 | 2,329 |
| CBO ESTIMATE, CONTINGENT EMERGENCY APPROPRIATIONS..... | 11,025 | 5,704 |
| Budget Authority Rounding Difference..... | (2) | --- |
| OMB ESTIMATE, CONTINGENT EMERGENCY APPROPRIATIONS..... | 11,023 | 1/ |
| <p>1 OMB will estimate outlays when the contingent funds are released.</p> | | |

Table 11.
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(in millions of dollars)

| | FY 1999 | |
|---|---------|-------------------------|
| | BA | Outlays |
| NON-DEFENSE DISCRETIONARY, EXCLUDING VIOLENT CRIME REDUCTION SPENDING | | |
| Non-Defense Discretionary, Excluding Violent Crime | | |
| Reduction spending limits..... | 273,984 | 265,938 ^{1, 3} |
| Amount previously enacted..... | 81,138 | 91,330 ² |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Agriculture and Rural Development Appropriations Act | 13,737 | 13,941 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Commerce, Justice, State and Related Agencies Appropriations Act | 27,337 | 26,882 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the District of Columbia Appropriations Act | 495 | 483 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Foreign Operations Appropriations Act | 31,229 | 12,587 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Interior and Related Agencies Appropriations Act | 13,963 | 14,261 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Labor, Health and Human Services, Education and Related Agencies Appropriations Act | 83,032 | 80,847 |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(in millions of dollars)

| | FY 1999 | |
|--|----------------|----------------|
| | BA | Outlays |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Transportation and Related Agencies Appropriations Act | 11,641 | 13,293 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Treasury and General Government Appropriations Act | 13,310 | 12,629 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for All Other Programs, Excluding Mandatory Offsets | 746 | 328 |
| Total enacted, Non-Defense Discretionary, Excluding Violent Crime Reduction spending, Excluding Mandatory Offsets | 276,628 | 266,581 |
| Mandatory Offsets Included in P.L. 105-277 | (2,806) | (2,414) |
| Total enacted, Non-Defense Discretionary, Excluding Violent Crime Reduction spending, Including Mandatory Offsets | 273,822 | 264,167 |

| | | |
|---|-------|---------|
| Appropriations over/under (-) spending limits, EXCLUDING mandatory offsets | 2,644 | 643 |
| Appropriations over/under (-) spending limits, INCLUDING mandatory offsets | (162) | (1,771) |

| VIOLENT CRIME REDUCTION SPENDING | | |
|--|-------|-------|
| Violent Crime Reduction spending limits..... | 5,800 | 4,953 |
| Amount previously enacted..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Agriculture and Rural Development Appropriations Act | --- | --- |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(In millions of dollars)

| | FY 1999 | |
|---|--------------|--------------|
| | BA | Outlays |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Commerce, Justice, State and Related Agencies Appropriations Act | 5,509 | 4,684 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the District of Columbia Appropriations Act | -- | -- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Foreign Operations Appropriations Act | -- | -- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Interior and Related Agencies Appropriations Act | -- | -- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Labor, Health and Human Services, Education and Related Agencies Appropriations Act | 156 | 138 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Transportation and Related Agencies Appropriations Act | -- | -- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Treasury and General Government Appropriations Act | 132 | 124 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for All Other Programs | -- | -- |
| Total enacted, Violent Crime Reduction spending | 5,797 | 4,946 |
| Appropriations over/under (-) spending limits | | |
| | (3) | (7) |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(In millions of dollars)

| | FY 1999 | |
|--|---------|----------------------|
| | BA | Outlays |
| DEFENSE DISCRETIONARY SPENDING | | |
| Defense Discretionary spending limits..... | 271,570 | 267,210 ¹ |
| Amount previously enacted..... | 270,943 | 265,303 ² |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Agriculture and Rural Development Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Commerce, Justice, State and Related Agencies Appropriations Act..... | 386 | 360 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the District of Columbia Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Foreign Operations Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Interior and Related Agencies Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Labor, Health and Human Services, Education and Related Agencies Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Transportation and Related Agencies Appropriations Act..... | 300 | 300 |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(In millions of dollars)

| | FY 1999 | |
|--|----------------|----------------|
| | BA | Outlays |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Treasury and General Government Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for All Other Programs..... | (65) | (49) |
| Total enacted, Defense Discretionary spending..... | 271,564 | 265,914 |

| | | |
|---|------------|----------------|
| Appropriations over/under (-) spending limits..... | (6) | (1,296) |
|---|------------|----------------|

| HIGHWAY CATEGORY SPENDING | | |
|--|-----|---------------------|
| Highway Category spending limits..... | --- | 21,977 ¹ |
| Amount previously enacted..... | --- | 92 ² |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Agriculture and Rural Development Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Commerce, Justice, State and Related Agencies Appropriations Act..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the District of Columbia Appropriations Act..... | --- | --- |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(in millions of dollars)

| | FY 1999 | |
|---|---------|---------|
| | BA | Outlays |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Foreign Operations Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Interior and Related Agencies Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Labor, Health and Human Services, Education and Related Agencies Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Transportation and Related Agencies Appropriations Act | --- | 21,462 |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Treasury and General Government Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for All Other Programs | --- | --- |
| Total enacted, Highway Category spending | --- | 21,554 |
| Appropriations over/under (-) spending limits | --- | (423) |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(in millions of dollars)

| | FY 1999 | |
|---|---------|---------|
| | BA | Outlays |
| MASS TRANSIT CATEGORY SPENDING | | |
| Mass Transit Category spending limits..... | --- | 4,401 |
| Amount previously enacted..... | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Agriculture and Rural Development Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Commerce, Justice, State and Related Agencies Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the District of Columbia Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Foreign Operations Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Interior and Related Agencies Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Labor, Health and Human Services, Education and Related Agencies Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Transportation and Related Agencies Appropriations Act | --- | 3,942 |

Table 11. (cont'd)
ENACTED APPROPRIATIONS AS OF OCTOBER 21, 1998
(in millions of dollars)

| | FY 1999 | |
|--|---------|---------|
| | BA | Outlays |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for Programs Normally Funded under the Treasury and General Government Appropriations Act | --- | --- |
| Amount provided in P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 for All Other Programs | --- | --- |
| Total enacted, Mass Transit Category spending | --- | 3,942 |
| | | |
| Appropriations over/under (-) spending limits | --- | (459) |

NOTES

1 FY 1999 limits are the limits included in the *Sequestration Update Report* that was transmitted to the Congress on August 26, 1998. They include: enacted emergency appropriations, released contingent emergency appropriations, and other adjustments permitted under the Budget Enforcement Act (BEA) of 1997 as of the release of the *August Sequestration Update Report*. The spending limits will change to include additional adjustments permitted by the BEA when OMB submits its *End-of-Session Update Report*. (NOTE: Neither the scoring of the individual appropriations bills or the discretionary spending caps have been adjusted for emergency spending provided in P.L. 105-277.)

2 Includes the second-year effect of both emergency spending and regular discretionary spending enacted in P.L. 105-174, the FY 1998 Supplemental Appropriations and Rescissions Act.

3 The FY 1999 Non-defense Discretionary Cap has been adjusted upward by the following amounts for comparability purposes to reflect scoring of provisions that would result in upward cap adjustments:

| | | |
|--|---------------|------------|
| Foreign Operations - MDB Arrears..... | 539 | 39 |
| Labor/HHS/Ed - Continuing Disability Reviews..... | 355 | 327 |
| Labor/HHS/Ed - Adoption Incentive Payments..... | 20 | 2 |
| Treasury/General Government - Earned Income Tax Compliance Initiative (EITC)..... | 143 | 143 |
| Commerce/Justice/State - Arrears..... | 475 | 475 |
| IMF: New Arrangements to Borrow (NAB)..... | 3,361 | --- |
| IMF: Increase in the U.S. Quota..... | 14,500 | --- |
| Total | 19,393 | 986 |

Spending caps will be adjusted upward officially for BEA purposes in OMB's *End-of-Session Report* for these adjustments and for emergency appropriations that have been provided and/or contingent appropriations that have been released since the *August Update Report*.

**OMB COST ESTIMATE
FOR PAY-AS-YOU-GO CALCULATIONS**

Report No: 471
Date: 11/25/98

1. LAW NUMBER: P.L. 105-277 (H.R. 4328)
2. BILL TITLE: Omnibus Consolidated and Emergency Supplemental Appropriations Act, FY 1999
3. BILL PURPOSE: The sections of P.L. 105-277 that are subject to pay-as-you-go scoring extend certain expiring tax and trade provisions, provide relief for farmers, close certain tax loopholes and make other changes in the tax code. The pay-as-you-go sections of the bill also affect various mandatory programs, including Medicare, veterans compensation, and Tennessee Valley Authority (TVA) debt refinancing.
4. OMB ESTIMATE: Additional detail shown in Table 12

(Fiscal years; in millions of dollars)

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|---------------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Outlay effect..... | 0 | 69 | 618 | 641 | 295 | 330 |
| Receipt effect..... | 0 | <u>-181</u> | <u>3,498</u> | <u>2,147</u> | <u>1,413</u> | <u>2,724</u> |
| Net cost..... | 0 | 250 | -2,880 | -1,506 | -1,118 | -2,394 |

OMB estimates that P.L. 105-277 will result in pay-as-you-go costs of \$250 million in 1999 but savings of \$7.6 billion over five years. The revenue provisions are estimated to reduce receipts \$181 million in 1999 and increase them \$9.6 billion over five years. The major tax provisions include the following:

- Extensions of the research and experimentation credit, the work opportunity tax credit, the welfare-to-work tax credit, and the Generalized System of Preferences. The extensions reduce receipts \$2.5 billion in 1999 and \$4.6 billion from 1999-2003.
- Offsets from closure of a corporate loophole regarding certain deductible liquidating distributions of regulated investment companies (RICs) and real estate investment trusts (REITs). This offset increases receipts \$2.7 billion in 1999 and \$15 billion from 1999-2003.
- A change in the tax treatment of cash options for "qualified prizes", which results in higher receipts of \$220 million in 1999, and \$1.4 billion from 1999-2003.
- Several sections provide tax relief to farmers, including the permanent extension of income averaging, and extending the net operating loss carryback period from two to five years. These provisions reduce receipts \$170 million in 1999 and \$1.0 billion over five years.

- P.L. 105-277 also accelerates the full deductibility of health insurance costs for the self-employed, phases in an increase in the private activity bond cap, and allows non-refundable personal tax credits to offset an individual's regular tax in full for 1998. These and other tax reduction provisions reduce receipts \$601 million in 1999 and \$1.9 billion over five years.

P.L. 105-277 also includes a variety of provisions affecting direct spending, which are estimated to increase outlays \$69 million in 1999 and \$2.0 billion over five years. The major provisions include the following:

- Medicare home health provisions that modify the interim payment system and delay by one year implementation of the prospective payment system and across-the-board payment reductions. The bill also reduces the home health inflation adjustment over the period 2000-2003. The net cost of these and other changes is \$20 million in 1999, and \$710 million from 1999-2003.
- A veterans compensation provision that lowers the standard for award of monthly veterans disability benefits for those who served in the Gulf War by requiring a presumption of service connection for illnesses based on a simple "positive association" standard. This provision increases outlays \$502 million from 2001-2003.
- An authorization for TVA to prepay debt it owes the Federal Financing Bank at the "nominal value" of that debt, rather than at the debt's higher "current market value," resulting in a total 17-year cost to the Federal government of about \$1.2 billion. This provision increases outlays \$94 million in 1999, and \$690 million from 1999-2003.
- Other outlay provisions in P.L. 105-277 affect visa fees for skilled nonimmigrant workers, amend the Public Health Service Act concerning vaccine injury compensation, accelerate privatization of the Student Loan Marketing Association, extend the Trade Adjustment Assistance program, and sell or convey land. These remaining outlay provisions result in net savings of \$45 million in 1999 and a net cost of \$51 million from 1999-2003.

5. CBO ESTIMATE: Additional detail shown in Table 12

| | (Fiscal years; in millions of dollars) | | | | | |
|------------------|--|-------------|-------------|-------------|-------------|-------------|
| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
| Outlay effect... | 0 | 121 | 1,989 | -1,037 | 102 | -40 |
| Receipt effect.. | 0 | 201 | 1,869 | 14 | -734 | -240 |
| Net cost..... | 0 | -80 | 120 | -1,051 | 836 | 200 |

6. EXPLANATION OF DIFFERENCES BETWEEN OMB AND CBO ESTIMATES:

For the bill as a whole, OMB estimates a net pay-as-you-go cost of \$250 million in 1999.

and a net savings of \$7.6 billion over five years. CBO estimates a net savings of \$80 million in 1999, and a net cost of \$25 million over five years. OMB estimates a net increase in outlays of \$32 million in 1999 and \$1.9 billion over five years. CBO estimates a net increase in outlays of \$121 million in 1999, and \$1.1 billion over five years. OMB estimates a net reduction in receipts of \$181 million in 1999, and a net revenue gain of \$9.6 billion over five years. CBO estimates a net revenue gain of \$201 million in 1999, and \$1.1 billion over five years.

Of the five-year, \$8.5 billion receipts difference, the largest difference is due to the provision restricting abusive liquidating REIT transactions. Over five years, OMB estimates receipt increases of \$15 billion from this provision, while CBO estimates receipt increases of \$5.6 billion. P.L. 105-277 required that OMB score this provision using the economic and technical assumptions used in preparing the FY 1999 Mid-Session Review (MSR) baseline receipts forecast. The OMB MSR receipts baseline contained an explicit adjustment for anticipated revenue losses associated with liquidating REIT transactions. It is believed that CBO's estimate was made relative to a baseline that did not fully capture the potential revenue erosion of these transactions. Because of the baseline differences, OMB estimates that the provision restricting liquidating REIT transactions raises significantly more revenue.

Partially offsetting the estimating difference for the liquidating REIT provision are differences in estimates for the extension of certain expiring tax and trade provisions and provisions relating to farmers. OMB estimates of the revenue loss for the tax and trade extensions and farming provisions exceed CBO's estimates by \$886 million and \$675 million, respectively. Technical modeling differences of the 1-year extension of a modified exception from subpart F for active financing income and the provision of a special 5-year net operating loss carryback period for farming losses account for most of the estimating differences.

There are differences between OMB and CBO scoring of the provisions affecting Medicare, veterans compensation, and TVA debt refinancing. For the Medicare provisions, CBO estimates \$150 million in outlays in 1999 and \$800 million over five years. OMB estimates 1999 outlays of \$20 million, and five-year outlays of \$710 million. In 2000, OMB estimates outlays of \$510 million, while CBO estimates outlays of \$2.0 billion. In 2001, OMB estimates outlays \$480 million, while CBO estimates outlay savings of \$1.1 billion. CBO's baseline assumes higher Medicare spending, and this accounts for the large differences in the home health estimates in 2000 and 2001. For veterans compensation, OMB and CBO differ in their assumptions of veterans behavior and how quickly the Department of Veterans Affairs (VA) will implement the provision affecting benefits for Gulf War veterans. Based on experience with Agent Orange legislation, OMB assumes VA will process and grant more claims than CBO does. OMB estimates outlays of \$502 million from 2001-2003, while CBO estimates outlays of \$40 million over the same three years. For the TVA debt repayment provision, OMB assumes lower long-term interest rates and thus a higher market value for TVA's debt than does CBO. OMB estimates outlays of \$94 million in 1999, and \$690 million over five years. CBO estimates outlays of \$16 million in 1999, and \$306 million over five years.

7. CUMULATIVE EFFECT OF DIRECT SPENDING AND REVENUE LEGISLATION ENACTED TO DATE:

(Fiscal years; in millions of dollars)

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|---------------------|-------------|-------------|--------------|--------------|-------------|--------------|
| Outlay effect..... | -180 | -746 | 731 | 918 | 558 | 812 |
| Receipt effect..... | <u>91</u> | <u>98</u> | <u>3,696</u> | <u>1,778</u> | <u>754</u> | <u>1,958</u> |
| Net cost..... | -271 | -844 | -2,965 | -860 | -196 | -1,146 |