

DEAL COMPLIANCE

File:  
BUDGET -  
F199

5 issues:

1. ~~DEAF~~ GEF arrears
2. Gov. Comm. - FAA cost Govt tx ath. Byrd. Hiring freeze
3. Solar + Renewables - 60m intended, 10m provided
4. Millennium - Smithsonian \$3m for flag
5. Organ Donors - report lang. undetermined deal ~~disruption~~

Tax

1. Check Roth IRA →
2. No LIHTC

Ask Reid

NEW LANG.

1. VA Pers. Gulf benefits - no scientific std. \$6B/10

Ed Flex - with Corey Alex

Ed Flex

THE WHITE HOUSE  
WASHINGTON

3 proposals on

MSAs - dropped Roth IRA  
Rejected ~~Roth IRA~~

\* Gambling tax - 900m

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Home health fix

Chris → Bill Thomas

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SNF

- Harkin sent new offset

**PRESIDENT CLINTON, VICE PRESIDENT GORE, AND  
CONGRESSIONAL DEMOCRATS WIN ON THE BUDGET,  
BUT THERE IS STILL MORE WORK TO DO**

**TABLE OF CONTENTS**

- I. Education and Training Budget Chart
- II. 3-Page Budget Overview
- III. Budget Victories for President Clinton, Vice President Gore, and Congressional Democrats (11 pages)
- IV. Despite All the Progress in this Year's Budget, There Is Still More Work Left to Do

**PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL DEMOCRATS WIN ON THE EDUCATION AND TRAINING BUDGET**

|  | <b>PRESIDENT'S REQUEST</b>               | <b>HOUSE REPUBLICAN BUDGET</b>          | <b>FINAL BUDGET</b>                      | <b>DIFFERENCE (BETWEEN HOUSE &amp; FINAL)</b> |
|--|--|---|--|---|
| <b>Smaller Class Sizes</b>                 | \$1.1 billion                            | \$0                                     | \$1.2 billion                            | +\$1.2 billion                                |
| <b>Child Literacy (America Reads)</b>      | \$260 million                            | \$0                                     | \$260 million                            | +\$260 million                                |
| <b>College Mentoring (GEAR-UP)</b>         | \$140 million                            | \$0                                     | \$120 million                            | +\$120 million                                |
| <b>Summer Jobs</b>                         | \$871 million                            | \$0                                     | \$871 million                            | +\$871 million                                |
| <b>Youth Opportunities Area</b>            | \$250 million                            | \$0                                     | \$250 million                            | +\$250 million                                |
| <b>Teacher Preparation and Recruitment</b> | \$67 million                             | \$0                                     | \$75 million                             | +\$75 million                                 |
| <b>Title I (Basic Skills)</b>              | \$392 million increase (\$7.767 billion) | \$0 (\$7.375 billion)                   | \$301 million increase (\$7.676 billion) | +\$301 million                                |
| <b>Education Technology</b>                | \$721 million                            | \$541 million                           | \$698 million                            | +\$157 million                                |
| <b>After-School Programs</b>               | \$200 million                            | \$60 million                            | \$200 million                            | +\$140 million                                |
| <b>Goals 2000</b>                          | \$501 million                            | \$246 million                           | \$491 million                            | +\$245 million                                |
| <b>Head Start</b>                          | \$313 million increase (\$4.66 billion)  | \$153 million increase (\$4.50 billion) | \$313 million increase (\$4.66 billion)  | +\$160 million                                |
| <b>School Modernization</b>                | \$5 billion over five years              | \$0                                     | \$0                                      |   |
| <b>Education Opportunity Zones</b>         | \$200 million                            | \$0                                     | \$0                                      |   |

# PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL DEMOCRATS WIN ON THE BUDGET, BUT THERE IS STILL MORE WORK TO DO

October 15, 1998

The final FY99 budget represents a significant step forward for America, protecting the surplus until Social Security is reformed, forging a bipartisan agreement on funding the International Monetary Fund, and putting in place critical investments in education and training, from smaller class sizes to after-school care, and from summer jobs to college mentoring. While the final budget is clearly a win for President Clinton, Vice President Gore, and Congressional Democrats, there is still more work to do to prepare America for the 21st century. Unfortunately, Republicans blocked school modernization, Patients Bill of Rights, comprehensive tobacco legislation, child care investments, and campaign finance reform.

## Budget Victories:

**Saving Social Security First.** The President's commitment to Save Social Security First held the line against several Republican efforts to drain the surplus.

**Investing in Education and Training.** While House Republican tried to slash their education budget by over \$2 billion, President Clinton and Congressional Democrats delivered on their education agenda:

- ✓ **More High-Quality Teachers With Smaller Class Sizes:** \$1.2 billion for the first year of the President's new initiative to hire 100,000 new teachers to reduce class size in the early grades to a national average of 18. Through smaller classes this initiative will help recruit high-quality teachers and will insure that students will receive more individual attention, a solid foundation in the basics, and greater discipline in the classroom.
- ✓ **After School Programs:** \$200 million to expand programs and serve a quarter of a million children.
- ✓ **Child Literacy:** \$260 million for a new literacy initiative, consistent with the President's America Reads proposal.
- ✓ **College Mentoring for Middle School Children:** \$120 million for GEAR-UP, a new mentoring initiative to help up to 100,000 low income middle school children prepare for college.
- ✓ **Education Technology:** A \$114 million increase over FY98 to ensure that every child has access to computers, the Internet, high-quality educational software, and teachers that can use technology in the classroom.
- ✓ **Child Care Quality:** \$182 million to improve the quality of child care for America's working families.
- ✓ **Teacher Recruitment:** \$75 million for new teacher quality programs including to recruit and prepare thousands of teachers to teach in high-poverty areas.
- ✓ **Head Start:** A \$313 million increase to fund President's request of up to an additional 36,000 slots for children and keeping on track towards one million children served by 2002.
- ✓ **Charter Schools:** A 25% increase in funding for Charter Schools to keep on track toward 3,000 quality charter schools early in next century.
- ✓ **Hispanic Education Initiative:** Increases of \$524 million to enhance educational opportunities.
- ✓ **Pell Grants:** The largest maximum award ever for Pell grants -- \$3,125 a year per eligible student.

**Investing in a Cleaner Environment.** President Clinton won important new investments to combat water pollution, protect national parks, natural forests, and other public lands, restore salmon and other endangered species, and develop clean energy technologies and defeated many anti-environment riders:

- ✓ \$1.7 billion for the President's Clean Water Action Plan.
- ✓ \$325 million to preserve precious lands.
- ✓ A 23 percent increase to protect threatened endangered species.
- ✓ More than \$1 billion, a 26-percent increase, to fight global warming.

**Responding to the Farm Crisis at Home.** The final budget includes about \$6 billion in emergency assistance to farmers, ranchers, and their families -- \$1.7 billion over the vetoed agriculture bill.

**And to the Financial Turmoil Abroad.** The final budget includes the President's full funding request of \$17.9 billion for the IMF.

**Moving People from Welfare to Work and Empowering Communities.** President Clinton and Vice President Gore are committed to tapping the potential of America's urban and rural communities. This budget moves forward on their vision to help revitalize America's communities.

- ✓ **Welfare to Work Housing Vouchers:** \$283 million for 50,000 vouchers.
- ✓ **Access to Jobs:** \$75 million to link people on welfare to jobs.
- ✓ **Community Development Financial Institutions (CDFI) Fund:** A 20% expansion.
- ✓ **Empowerment Zones:** \$60 million in flexible funding.

**A Strong Research and Development Agenda.** The President's budget included an unprecedented commitment to key civilian research. The final budget includes many increases in priority areas:

- ✓ **National Science Foundation:** A 7 percent increase in support for science and engineering research.
- ✓ **National Institutes of Health:** A 14 percent, \$1.9 billion increase to support greater research on diabetes, cancer, genetic medicine, and the development of an AIDS vaccine.
- ✓ **Next Generation Internet:** More than \$100 million for a Federal R&D initiative which will connect more than 100 universities at speeds that are up to 1,000 times faster than today's Internet.
- ✓ **Advanced Technology Program:** About \$70 million for new awards for leading-edge civilian technology projects.

#### **Other Highlights:**

- ✓ **EEOC:** A \$37 million increase to reduce the average time it takes to resolve private sector complaints and reduce the backlog of cases.
- ✓ **Fighting Abusive Child Labor:** A 10-fold increase, from \$3 million to \$30 million, in our commitment to the International Programme for the Elimination of Child Labor (IPEC).
- ✓ **Police on the Street:** Funding for 17,000 additional Community Oriented Police Services (COPS) Program police officers toward the President's goal of 100,000 additional officers by 2000.
- ✓ **Food Safety Initiative:** \$79 million to expand food safety research, risk assessment capabilities, education, surveillance activities, and food import inspections
- ✓ **HIV/AIDS Prevention and Treatment:** An unprecedented over \$350 million increase to help prevent and treat HIV/AIDS, with special efforts to address the needs of the minority community.

## Much Work Still Left to Do:

In the waning days of the session, the President and Congressional Democrats prevailed in making critical investments to advance the President's comprehensive education agenda. Much work remains for the future because Republicans in Congress killed, at least for now, critical priorities, including:

- X **School Modernization.** Beginning with his State of the Union address, the President fought all year to modernize our schools. His fully paid for tax credits would have leveraged nearly \$22 billion in bonds to build and renovate schools. In the final days of the budget negotiations, Republicans in Congress refused to even meet on the critical issue of school construction.
- X **Patients Bill of Rights.** President Clinton repeatedly urged the Congress to pass a strong, enforceable patients' bill of rights that would assure Americans the quality health care they need. Congressional Republicans killed this year's effort to pass a Patients Bill of Rights.
- X **Comprehensive Tobacco Legislation.** This year, President Clinton made passage of legislation to reduce youth smoking a top priority, in order to stop kids from smoking before they start through a significant price increase, measures to prevent tobacco companies from marketing to children, and critical public health prevention and education programs. Congressional Republicans opted to act as politicians instead of parents, and killed this year's effort to pass bipartisan comprehensive tobacco legislation to reduce youth smoking.
- X **Campaign Finance Reform.** At the beginning of the year, the President made passage of bipartisan, comprehensive campaign finance reform a priority for his Administration. After months of delay, the House of Representatives overcame defenders of the status quo and passed the Shay-Meehan bill. However, the Senate Republicans killed this historic legislation.
- X **Child Care Initiative.** In his State of the Union, the President proposed an historic child care initiative to make child care better, safer and more affordable for America's working families. The President's proposal included \$7.5 billion over 5 years for child care subsidies for low-income working families and tax credits to help 3 million working families pay for child care. The Republicans refused to support these critical investments.
- X **Work Incentives Bill for People with Disabilities.** At the commemoration of the Americans with Disabilities Act last July, the President endorsed the bipartisan Jeffords-Kennedy bill that enables people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, as well as other pro-work initiatives. This bill was on the list of top Administration priorities in the final budget negotiations; but rejected by Republicans. The President will continue to fight to give people with disabilities the opportunity to work --including the critical health insurance that makes work possible.
- X **Speeding Toxic Cleanups.** President Clinton called for an additional \$650 million -- a 40 percent increase -- to accelerate Superfund cleanups with a goal of completing a total of 900 cleanups by 2001. The Republican majority refused these funds, threatening to delay cleanup at up to 171 sites across the country.

# PRESIDENT CLINTON, VICE PRESIDENT GORE, AND CONGRESSIONAL DEMOCRATS WIN ON THE BUDGET

October 15, 1998

## **Saving Social Security First**

In his State of the Union address, President Clinton asked a basic question -- "what should we do with this projected surplus?" -- and gave an historic four-word answer: "Save Social Security First." With our fiscal house in order, marked by the first budget surplus in a generation, President Clinton is determined to seize this unique opportunity to strengthen this most important program for generations to come. Protecting the surplus is a key step towards enacting Social Security reform. President Clinton defeated repeated efforts to squander the surplus and, at the end of this Congress, it remains intact.

## **Invests in Education and Training**

In the face of House Republican efforts to slash their education budget by more than \$2 billion, President Clinton and Vice President Gore delivered on their education agenda:

### **NEW EDUCATION AND TRAINING INITIATIVES IN FINAL BUDGET AGREEMENT:**

- ✓ **More High-Quality Teachers With Smaller Class Sizes.** In his State of the Union address, President Clinton said, "Tonight, I propose the first-ever national effort to reduce class size in the early grades. My balanced budget will help to hire 100,000 new teachers." Throughout the year, Republicans failed to consider this important initiative. The final budget provides \$1.2 billion for the first year of the President's new initiative to hire 100,000 new, well-prepared teachers, to reduce class sizes in the early grades to a national average of 18.
- ✓ **GEAR-UP: College Mentoring Initiative To Help Up to 100,000 Students Prepare for College.** In his State of the Union address, President Clinton urged Congress "to support our efforts to enlist colleges and universities to reach out to disadvantaged children, starting in the 6th grade, so that they can get the guidance and hope they need so they can know that they, too, will be able to go on to college." The President proposed \$140 million to get this effort started, but the House appropriations bill denied funding and the Senate provided only \$75 million. The final budget provides \$120 million for this new initiative which was authorized as part of the higher education legislation enacted on October 7th. GEAR-UP will expand mentoring efforts by States, and provide new grants to partnerships of middle schools, institutions of higher education, and community organizations, to provide intensive early intervention services to help prepare up to 100,000 students at high-poverty middle schools for college.
- ✓ **Child Literacy Initiative to Help Children Read Well By the End of the Third Grade.** In 1996, President Clinton proposed an America Reads Challenge to help three million children improve their reading skills. In 1997, he insisted that the new initiative be included as part of the Balanced Budget Agreement. With this budget, he has won the \$260 million that he proposed to help ensure that all children can read well and independently by the end of third grade. The budget includes the legislation creating a program that is consistent with the President's America Reads proposal. The new program will provide competitive grants to States to (1) improve teachers' ability to teach reading effectively; (2) promote family literacy programs to help parents be their child's first teacher; and (3) improve the quality of tutoring programs by supporting tutor training.

- ✓ **Youth Opportunity Areas To Help Increase Job Opportunities for 50,000 Youth in High-Poverty Communities.** Authorized in the Workforce Investment Act, President Clinton's Youth Opportunity Grants to direct resources to high-poverty areas, including Empowerment Zones and Enterprise Communities, to provide comprehensive services designed to increase employment and school completion rates for disadvantaged youth. The President's FY99 budget included \$250 million for this new innovative program. While the House Republican budget did not fund this critical initiative, the final agreement includes the full \$250 million request, which will help provide job training and social services to 50,000 youth.
- ✓ **New Learning Anytime, Anywhere Initiative.** The President's FY99 budget included a new initiative to enhance and promote distance learning opportunities -- learning outside the usual classroom settings, via computers and other technology -- for all adult learners. The final budget includes \$20 million for the Education and Labor Departments to implement this new initiative to demonstrate new high-quality uses of technology for distance learning in post-secondary education and training, and to help provide more accurate labor market information.
- ✓ **Teacher Recruitment and Preparation -- \$75 million.** On October 7th, President Clinton signed legislation that had incorporated the President's Teacher Recruitment and Preparation proposal. While House Republicans did not fund this important initiative, the final budget provides \$75 million, which will help recruit and prepare thousands of teachers to teach in high-poverty urban and rural communities and will strengthen teacher preparation programs across the country.
- ✓ **Training New Teachers to Use Technology Effectively.** President Clinton's FY99 budget requested \$75 million to train new teachers in how to use technology to improve student achievement. The House and Senate Republicans denied the request. The final agreement includes the full \$75 million the President requested.
- ✓ **Hispanic Education Action Plan To Attack Unacceptably High Drop-Out Rate.** Because the high-school drop-out rate of Hispanics is unacceptably high, President Clinton's FY99 budget included the first-ever Hispanic Education Action Plan. As part of this plan, the President proposed significant increases in Title I funding and a number of other programs that enhance educational opportunity for Hispanic Americans. The final budget includes increases of \$524 million for these programs; for example, it provides a \$301 million increase for Title I; \$600 million for TRIO college preparation programs, an increase of \$70 million over FY 1998, which will provide support services for over 700,000 students; and \$50 million for Bilingual Education Professional Development -- double the FY 1998 level -- to begin to provide 20,000 teachers over five years with the training they need to teach Limited English Proficient students.

#### EXPANDED KEY EDUCATION AND TRAINING INVESTMENTS:

- ✓ **Expanded After-School Programs To Serve A Quarter of A Million Children.** In his State of the Union address, President Clinton asked Congress to "dramatically expand our support for after-school programs." The President and Vice President proposed \$200 million for after-school programs in their FY99 budget. While the House Republican budget did not fund \$140 million of the President's and Vice President's request, which would have denied services to about 175,000 children, the final budget includes full funding for the President's and Vice President's initiative, which will serve a quarter of a million children each year.

- ✓ **Expanded Head Start.** President Clinton proposed a \$313 million increase for Head Start to add 30,000 to 36,000 new slots for children, continuing on the path to serving one million children by 2002. The House Republican budget did not provide the President's increase and would have denied up to 25,000 children Head Start slots if enacted. The final budget includes the President's full increase for Head Start, which is funded at \$4.660 billion.
- ✓ **Summer Jobs Protected for Half a Million Youth.** While House Republicans attempted to eliminate the successful Summer Jobs program, President Clinton prevailed with his request for \$871 million in funding, which will finance up to 530,000 summer jobs for disadvantaged youth.
- ✓ **Expanded Educational Technology -- Connecting Our Children to the Future.** President Clinton's and Vice President Gore's budget requested \$721 million -- a \$137 million increase -- for educational technology to ensure that every child has access to computers, the Internet, high-quality educational software, and teachers that can use technology effectively in the classroom. The House Republican denied the President's and Vice President's request for a funding increase, cutting funding \$43 million below last year. The final agreement includes \$698 million -- a 20-percent increase over the \$584 million funding level in FY98, including the new \$75 million initiative for training new teachers and \$10 million for new grants to public-private partnerships in low-income communities to provide residents access to computer facilities for educational and employment purposes. Education technology has always been a top priority for the President and Vice President; since 1993, they have created the Technology Literacy Challenge Fund and increased overall investments in educational technology by thirty-fold, from \$23 million to \$698 million this year.
- ✓ **Protected Goals 2000 to Promote High Academic Standards.** President Clinton created Goals 2000 in 1993 to promote high academic standards for all students and proposed a modest expansion in this year's budget. While the House Republican budget tried to cut the program in half, the final budget includes \$491 million which will help all 50 States continue raise academic standards and help at least 12,000 schools implement innovative and effective education reforms.
- ✓ **Improved Child Care Quality.** In his State of the Union, the President proposed an historic child care initiative to make child care better, safer and more affordable for America's working families. While the budget does not include critical investments in subsidies and tax credits to help working families pay for child care, it does include the President's request of \$182 million to improve the quality of child care.
- ✓ **Expanded Work Study To Help Nearly One Million Students Work Their Way Through College.** President Clinton's FY99 budget included a significant expansion of the Federal Work Study program. The final budget agreement provides \$870 million -- a \$40 million increase over the FY 1998 level of \$830 million -- which will allow nearly one million students to work their way through college and keeps us on track to the President's goal of one million students in work study by the year 2000.
- ✓ **Expanded Job Training To Help 666,000 Dislocated Workers.** President Clinton's FY99 budget included a significant expansion in the dislocated worker program. While the House froze job training funds for dislocated workers, the final agreement includes \$1.4 billion

which will help some 666,000 dislocated workers get the training and reemployment services they need to return to work as quickly as possible. This represents an increase of \$55 million -- to help 27,000 dislocated workers -- compared to FY98. Since 1993, dislocated worker funding has been expanded by 171 percent -- helping to well more than double the number of workers served.

- ✓ **Expanded Charter Schools to Promote Creation High-Quality Public Schools.** President Clinton's FY99 budget included \$100 million for Charter Schools to keep us on track toward the President's goal of creating 3,000 high-quality public charter schools that will educate more than half a million students by early in the next century. Charter schools are public schools started by teachers, parents and communities, that are given flexibility in decision-making, in exchange for high levels of accountability for results. The final budget provides \$100 million -- the President's 25-percent increase -- for Charter Schools and will give parents and students more choice, better schools, and greater accountability for results in public education.
- ✓ **Assistance to Help Over 400,000 More Students in Distressed Communities Learn Basic Skills.** President Clinton proposed a \$392 million increase in Title I funding to help students in high poverty communities receive the extra help they need to master the basics to reach high academic standards. The House Republican budget proposed a freeze in Title I funding. The final budget provides a \$301 million increase, from \$7.375 billion in FY98 to \$7.676 billion in FY99. This funding will support educational services for nearly 11 million students, over 400,000 more than last year.
- ✓ **Largest Maximum Pell Grant Award Ever.** Last year, President Clinton signed into law the largest one-year increase in Pell Grant scholarships in 20 years. This year, the final budget provides \$7.7 billion for Pell Grants, an increase of \$359 million over FY98, increasing the maximum Pell Grant award from \$3,000 to \$3,125 -- that's the largest maximum award ever, 36-percent higher than it was in 1994. This year, approximately 4 million students will receive Pell Grant awards.
- ✓ **Extends Trade Adjustment Assistance (TAA).** President Clinton proposed extending TAA and NAFTA-TAA in his FY99 budget in order to provide training and income support to workers adversely impacted by trade. The final budget extends these important programs through June 30, 1999.

## **Moves Forward On The Environment**

In the final budget, President Clinton won important increases to combat water pollution, protect national parks and other precious lands, restore salmon and other endangered species, and develop clean energy technologies. At the same time, President Clinton forced Congress to drop special-interest riders that would have cut roads through wilderness, forced overcutting on our national forests, crippled wildlife protections, and blocked common-sense actions to address global warming.

- ✓ **Clean, Safe Water for America.** The final budget provides \$1.7 billion -- an additional \$230 million or 16-percent increase from last year -- for the President's Clean Water Action Plan, a five-year initiative to help communities and farmers clean up the almost 40 percent of America's surveyed waterways still too polluted for fishing and swimming. In addition, the budget provides states \$2.15 billion in financing for clean water construction projects.

- ✓ **Preserving Precious Lands.** An additional \$325 million for FY99 -- a \$55-million increase from last year -- through the Land and Water Conservation Fund will be used to acquire dozens of natural and historic sites around the country, including critical winter range for Yellowstone bison, New Mexico's Baca Ranch and the last remaining private stretches of the Appalachian Trail.
- ✓ **Protecting Endangered Species.** The final budget provides an additional \$32 million in FY99 -- a 23-percent increase from last year -- providing funds for protection and recovery of endangered and threatened species, as well as enhancements for important habitats.
- ✓ **Leading the Fight Against Global Warming.** The final budget provides over \$1 billion -- a 26-percent increase from last year -- to support research investments that will reduce greenhouse gas emissions, oil consumption, and energy costs for consumers and businesses by promoting increased energy efficiency and clean energy technologies.
- ✓ **Defending Our Environment Against Stealth Attacks.** President Clinton forced Congress to drop special-interest riders that would have rolled back hard-won environmental protections. Anti-environmental language in the budget bills would have:
  - Forced overcutting of timber on national forests and accelerated logging of Alaskan rain forest.
  - Allowed intrusive helicopter landings in Alaska wilderness and the first road ever carved through a designated wilderness area.
  - Hindered salmon restoration in the Pacific Northwest, and allowed harmful commercial fishing in wilderness waters of Glacier Bay National Park.
  - Blocked common-sense actions to reduce greenhouse gas emissions, and barred the Administration from informing the public about the threat of global warming.
  - Placed restrictions on the use of brownfields funds that would have denied municipalities the funds they need to undertake clean-up at brownfield sites.

## **Responds to the Farm Crisis at Home...**

- ✓ **Emergency Farm Assistance.** President Clinton vetoed the Agriculture Appropriations bill on October 8th "because it fails to address adequately the crisis now gripping our Nation's farm community." The final budget includes a significant increase in total emergency assistance to farmers and ranchers compared to the bill the President vetoed -- about \$6 billion in the final budget versus \$4.2 billion in the vetoed bill, that's 40 percent more assistance than the bill the President vetoed. The final bill increased the amount for crop loss compensation by \$228 million, and increased the amount for economic loss compensation by \$1.4 billion, bringing the amounts for these to \$2.6 billion and about \$3 billion, respectively.

## ....And to Financial Turmoil Abroad

- ✓ **Full IMF Funding To Help Address International Financial Crisis.** With America's fiscal house in order, the United States is now the bulwark of economic stability in the world. Some other nations around the world, however, are experiencing major economic upheaval, hurting our exports, farmers, and ranchers. A strong International Monetary Fund is a stabilizing force in the world economy and is a critical piece of President Clinton's strategy to protect the international financial system -- and therefore the U.S. economy -- against the risk of new, escalating, or spreading crises. President Clinton fought for and won full funding of \$17.9 billion for the IMF -- a critical part of his strategy to help address the global financial crisis and to keep our economy strong. A stronger IMF will give the U.S. and its allies new flexibility in developing responses to protect the world from the spread of the financial crisis.
- ✓ **Fully Funds President Clinton's Child Labor Initiative.** In his State of the Union address, the President pledged to send legislation to Congress to fight abusive child labor and proposed making the United States the world leader in supporting programs to reduce abusive child labor, with a 10-fold increase in our commitment to the International Programme for the Elimination of Child Labor (IPEC), from \$3 million to \$30 million a year. While the Senate, with the strong leadership of Senator Harkin, fully funded the President's request, the House failed to do so, providing only \$6 million. In the final budget, Congress agreed to the President's full request of \$30 million for IPEC. The budget also fully funds the President's \$9 million request for domestic enforcement and a migrant youth job-training demonstration.

## Moves People from Welfare to Work and Empowers Communities

President Clinton and Vice President Gore are committed to tapping the potential of America's urban and rural communities. This budget moves forward on their vision to help revitalize America's communities:

- ✓ **50,000 Welfare-to-Work Housing Vouchers.** President Clinton's FY 1999 Budget included \$283 million for 50,000 new vouchers exclusively for people who need housing assistance to make the transition from welfare to work. The original House bill included \$100 million, while the Senate provided only \$40 million. The final budget includes President Clinton's full request of \$283 million for 50,000 welfare-to-work housing vouchers.
- ✓ **Flexible Funding for Empowerment Zones.** President Clinton and Vice President Gore requested mandatory funding for second-round urban and rural Empowerment Zones. The final budget includes \$60 million in this flexible discretionary funding for the next round of Empowerment Zones and 20 new rural Enterprise Communities.
- ✓ **Extended Welfare-to-Work Tax Credit.** This tax credit encourages employers to hire, invest in training, and retain long-term welfare recipients. The credit is for 35 percent of the first \$10,000 in wages in the first year of employment and 50 percent of the first \$10,000 in the second year. President Clinton proposed to extend the credit in his FY99 budget and the final budget includes an extension through June 30, 1999.
- ✓ **Community Development Financial Institution (CDFI) Expansion.** The Administration requested a major expansion of the CDFI program to continue building a national network of

community development banks. The original House bill froze CDFI funding at \$80 million, while the Senate cut funding to \$55 million. The final budget increases CDFI funding from \$80 million in FY98 to \$95 million in FY99 -- a 19-percent increase.

- ✓ **Public Housing Reform.** This legislation makes the President's landmark housing reform a reality. This bipartisan bill will allow more economic integration and deconcentration in our Nation's public housing, encourage and reward work, provide protections for those most in need, and put the Nation back into the housing business with the first new housing vouchers in five years.
- ✓ **FHA Loan Limit Increased.** President Clinton's FY99 budget included an increase in the FHA loan limit to expand homeownership opportunities to more Americans. The final budget includes an increase in the FHA loan limit, raising the limit from \$86,317 to \$109,032 in the lowest cost areas and from \$170,300 to \$197,621 in the highest cost areas.
- ✓ **Extended Work Opportunity Tax Credit.** This tax credit encourages employers to hire individuals who have traditionally had a hard time securing employment. Targeted groups include disadvantaged youth, including those living in empowerment zones and enterprise communities, welfare recipients, and qualified veterans. The maximum credit paid to the employer is as much as 40 percent of an individual's first \$6,000 in wages. The President proposed to extend this credit in his FY99 budget and the final budget includes an extension through June 30, 1999.
- ✓ **"Play-by-the-Rules" Homeownership Initiative.** President Clinton's FY99 budget included \$25 million for the Neighborhood Reinvestment Corporation to start the "Play-by-the-Rules" homeownership initiative, which would make homeownership more accessible to 10,000 families who have good rental histories, but are not adequately served in the housing market. The final budget includes \$25 million for this new initiative.
- ✓ **Increased Funding for Homeless Assistance.** The President proposed a major expansion of HUD's continuum of care program, designed to help homeless persons obtain health care, jobs, and permanent housing. The final budget includes \$975 million in funds for the homeless -- a \$152 million, or 18 percent, increase over last year.
- ✓ **HUD Fair Housing.** The President proposed a major expansion of HUD's Fair Housing programs, as part of his "One America" initiative. The final budget expands HUD's Fair Housing programs from \$30 million in FY98 to \$40 million in FY99. That 33-percent increase includes \$7.5 million for a new audit-based enforcement initiative proposed by the Administration.
- ✓ **Regional Opportunity Counseling.** The Administration requested funds to help counsel Section 8 certificate and voucher holders on their full range of housing options. While the Senate did not include any funding for this initiative, the final budget includes \$10 million for this voluntary effort to expand the housing and employment opportunities available to low-income families.
- ✓ **Expansion of HUD's Youthbuild Program.** The Administration proposed expanding funds for Youthbuild by more than a quarter. While the original House bill provided \$35

million and the Senate provided \$40 million, the final budget includes \$42.5 million -- an increase of over 20 percent.

- ✓ **Cleaning Up Brownfields.** The Administration proposed \$91 million for EPA's brownfield activities, such as grants for site assessment and community planning. The final budget includes the President's request of \$91 million.
- ✓ **Community Development Block Grant (CDBG) Expansion.** President Clinton's FY99 budget included an expansion of CDBG. The final budget increases funding for CDBG from \$4.675 billion in FY98 to \$4.750 billion in FY99 -- that's a \$75 million expansion this year.
- ✓ **Increased Help For Communities Suffering From Sudden and Severe Economic Dislocation.** President Clinton's FY99 budget included a 10-percent increase in funds for EDA so that they can better respond to sudden and severe economic dislocation. The final budget increases funding for EDA from \$361 million to \$393 million -- that's a 9-percent expansion this year.
- ✓ **Expansion of NADBank.** The Administration proposed providing the North American Development Bank's (NADBank) Community Adjustment and Investment Program \$37 million of paid-in capital, which would allow the Bank to leverage private capital markets to provide additional financing to trade-affected communities. The final budget includes \$10 million of paid-in capital for the NADBank.
- ✓ **\$75 Million for Welfare-to-Work Transportation Funds.** While the House and Senate provided \$50 million -- the minimum amount "guaranteed" in the transportation bill -- the final budget includes \$75 million for this competitive grant program. These funds will assist states and localities in developing flexible transportation alternatives, such as van services, to help former welfare recipients and other low income workers get to work.
- ✓ **Individual Development Accounts.** Since 1992, President Clinton has supported the creation of Individual Development Accounts (IDAs) to empower individuals to save for a first home, post-secondary education, or to start a new business. Congress recently passed legislation authorizing IDAs, and the final budget includes \$10 million to get this program off the ground.
- ✓ **Heating and Cooling Assistance for Low-Income Families Protected.** More than five million low-income families receive help to pay for home heating costs through this program, yet the House Republicans tried to eliminate it. The final budget includes the President's full request for funding to help low-income families pay for home heating and cooling assistance.

## **Advances a Strong Health and Technology Research Agenda**

For six years in a row, President Clinton and Vice President Gore have proposed substantial increases in the Federal government's research and development portfolio to build a healthier, more prosperous, and productive future. In FY 1999, the President proposed, within the first balanced budget in a generation, the largest commitment to key civilian research in the history of our country as part of the "Research Fund for America." Congress agreed to support significant increases in

R&D, including:

- ✓ **Expansion of National Science Foundation.** President Clinton proposed a major expansion of research and development funds for the National Science Foundation (NSF). The final budget includes a 7-percent increase -- from \$3.4 billion in FY98 to \$3.7 billion in FY99 -- in the NSF research budget to support science and engineering research across all fields and disciplines. NSF supports nearly half of the non-medical basic research conducted at universities.
- ✓ **Expansion of National Institutes of Health for Biomedical Research.** President Clinton's FY99 budget included the largest-ever dollar increase in funds for the National Institutes of Health (NIH). The final budget includes almost \$2 billion expansion of NIH research funding -- a 14-percent increase. Scientists are on the cusp of important new breakthroughs in biomedical research, which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. This increase will enable scientists to pursue a wide range of cutting edge research from Alzheimers to AIDS to genetic discoveries.
- ✓ **Research and Experimentation Tax Credit.** President Clinton proposed to extend the research tax credit because it provides incentives for private sector investment in research and innovation that can help increase America's economic competitiveness and enhance U.S. productivity. The final budget extends this research tax credit until June 30, 1999.
- ✓ **Expansion of Energy Department Science Budget.** President Clinton's FY99 included an 8 percent increase in the Department of Energy's science budget, including support for the National Spallation Neutron Source. The final budget fully funds the President's request.
- ✓ **Funds Next Generation Internet.** In his State of the Union address, President Clinton said, "I ask Congress to step up support for building the next generation Internet... And the next generation Internet will operate at speeds up to a thousand times faster than today." The final budget includes more than \$100 million funding for the Next Generation Internet, a Federal R&D initiative which will connect more than 100 universities at speeds that are up to 1,000 times faster than today's Internet, and establish the foundation for the networks and applications (e.g. telemedicine, distance learning) of the 21st century.
- ✓ **Expansion in Advanced Technology Program (ATP).** President Clinton's FY99 budget proposed an expansion of ATP to promote cutting-edge high-technology projects. While the Senate froze funding at the FY98 level and the House cut funding by \$13 million, the final budget increases ATP funding to \$204 million -- an \$11 million increase over last year -- which will allow for about \$70 million in new awards to develop high-risk technologies that promise significant commercial payoffs and widespread economic benefits.

## **Improving the Public Health of America**

For six years, President Clinton and Vice President Gore have been working hard to expand our Nation's health care investments, including research, prevention, and quality care for more Americans.

- ✓ **New Efforts to Prevent and Treat HIV/AIDS.** The Congress has responded to the

President's and Vice President's request to substantially increase efforts to prevent and treat HIV/AIDS. Congress has provided \$1.4 billion for Ryan White Care Act activities. This funding level includes a 61-percent increase for the AIDS drug assistance program, which provides funds to States to help uninsured and underinsured people with life-saving treatments for HIV/AIDS. In addition, Congress provided about \$630 million for HIV prevention activities at the Centers for Disease Control and Prevention.

- ✓ **Historic \$130 Million Effort to Address HIV/AIDS in Minority Community.** Minority communities make up the fastest growing portion of the HIV/AIDS caseload (44 percent of all new HIV cases). In FY99, there will be an unprecedented \$130 million investment, including that will improve prevention efforts in high-risk communities, and expand access to cutting edge HIV therapies and other treatment needed for HIV/AIDS.
- ✓ **Critical New Investments to Protect Public Health at the Centers for Disease Control (CDC).** The Congress has responded to President Clinton's request for a \$2.4 billion investment -- a \$222 million increase -- in public health at the CDC. This critical investment will address a host of public health challenges, including fighting emerging infectious diseases, combating new resistance to anti-biotics, and improving prevention for some of our nation's leading killers, such as diabetes, HIV/AIDS, and heart disease.
- ✓ **New Efforts to Improve the Quality of Health Care.** Congress has responded to the President's request for a \$25 million investment in new research at the Agency of Health Care Policy and Research (AHCPR) to research on the quality, costs, and outcomes of the health care delivery system. Identifying critical health care problems and educating health plans, medical professionals, patients, and advocates about solutions can lead to important improvements in the quality of health care.
- ✓ **Increasing Funding to Provide Health Insurance to Low-Income Children in Puerto Rico and the Territories.** Thousands of uninsured children in both Puerto Rico and the other territories will now be eligible for meaningful health care coverage for the first time under the Children's Health Insurance Program (CHIP). The territories were currently on schedule to receive an inadequate and inequitable \$10.7 million in FY99. Today, the Congress responded to the President's request and provided the territories with an additional \$32 million in FY99 for their new CHIP programs that will meet the needs of their uninsured children.
- ✓ **Funding the President's Commitment to Eliminate Racial Health Disparities.** Minorities suffer from higher rates for a number of critical diseases. For example, African Americans under the age of 65 have twice the rate of heart disease as whites, and Native Americans suffer from diabetes at nearly three times the average rate. The Congress has taken a critical first step in investing in the President's multi-year proposal to eliminate racial health disparities in six health areas, including HIV/AIDS, cancer, diabetes, and immunizations. The Congress has given the Administration authority to fund grants for communities to develop new strategies to address these disparities and has granted the President's request for increases in other critical public health programs, such as heart disease and diabetes prevention at CDC, that have proven effective in attacking these disparities.

- ✓ **Lead Poisoning Prevention.** The President requested a \$25 million increase in funding for HUD's Office of Lead Hazard Control, in order to reduce the threat posed by childhood lead poisoning and other housing-related environmental health hazards. While the Senate did not provide any additional funding, the final budget includes a \$20 million increase for lead poisoning prevention.

## **Other Highlights...**

- ✓ **Reduces Backlog and Expands Alternative Dispute Resolution at Equal Employment Opportunity Commission (EEOC).** The President's FY99 budget included \$279 million -- a \$37 million increase over the previous year -- to significantly expand EEOC's alternative dispute resolution program and reduce the backlog of private sector discrimination complaints. The final budget fully funds the President's request -- providing the first real increase for EEOC in several years.
- ✓ **President Clinton's Food Safety Initiative.** The final budget provided approximately \$79 million in new funds for the President's Food Safety Initiative to help implement a far-ranging plan to improve surveillance of food borne illnesses, education about proper food handling, research, and inspection of imported and domestic foods. The new funds are part of an Administration-wide effort, led by the Department of Agriculture and the Department of Health and Human Services, to create a seamless, science-based food safety system.
- ✓ **More Police on the Streets.** In 1994, President Clinton fought for and won a commitment to put 100,000 police officers on the street. The final budget includes funds for 17,000 additional Community Oriented Police Services (COPS) Program police officers toward the President's goal of 100,000 cops on the beat by 2000.
- ✓ **Increasing Law Enforcement in Indian Country.** The final bill includes \$20 million in FY99 for more police officers and public safety initiatives in the approximately 56 million acres of Indian lands serving more than 1.4 million residents.
- ✓ **Brings Financial Stability to Tennessee Valley Authority (TVA).** The final budget includes \$50 million that will allow TVA to better provide for the citizens of the seven states -- Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia -- that it serves. The agreement will let TVA refinance part of its debt to compensate for the loss of Federal funds for its non-power programs. The final budget also prevents TVA from losing the Land Between the Lakes Recreation Area.

**DESPITE ALL THE PROGRESS IN THIS YEAR'S BUDGET,  
THERE IS STILL MORE WORK LEFT TO DO**

In the waning days of the session, the President and Congressional Democrats prevailed in making critical investments in advancing the President's agenda. However, much work remains for the future because Republicans in Congress killed, at least for now, critical priorities, including:

- X School Modernization Tax Credits.** Beginning with his State of the Union address, the President fought all year to modernize our schools. His fully paid for tax credits would have leveraged nearly \$22 billion in bonds to build and renovate schools. In the final days of the budget negotiations, Republicans in Congress refused to even meet on the critical issue of school construction.
- X Patients Bill of Rights.** President Clinton repeatedly urged the Congress to pass a strong, enforceable patients' bill of rights that would assure Americans the quality health care they need. Congressional Republicans killed this year's effort to pass a Patients Bill of Rights.
- X Comprehensive Tobacco Legislation.** This year, President Clinton made passage of legislation to reduce youth smoking a top priority, in order to stop kids from smoking before they start through a significant price increase, measures to prevent tobacco companies from marketing to children, and critical public health prevention and education programs. Congressional Republicans opted to act as politicians instead of parents, and killed this year's effort to pass bipartisan comprehensive tobacco legislation to reduce youth smoking.
- X Campaign Finance Reform.** At the beginning of the year, the President made passage of bipartisan, comprehensive campaign finance reform a priority for his Administration. After months of delay, the House of Representatives overcame defenders of the status quo and passed the Shays-Meehan bill. However, the Senate Republicans killed this historic legislation.
- X Child Care Initiative.** In his State of the Union, the President proposed an historic child care initiative to make child care better, safer and more affordable for America's working families. The President's proposal included \$7.5 billion over 5 years for child care subsidies for low-income working families and tax credits to help 3 million working families pay for child care. The Republicans refused to support these critical investments.
- X Speeding Toxic Cleanups.** President Clinton called for an additional \$650 million -- a 40 percent increase -- to accelerate Superfund cleanups with a goal of completing a total of 900 cleanups by 2001. The Republican majority refused these funds, threatening to delay cleanup at up to 171 sites across the country.

- X **Work Incentives Bill for People with Disabilities.** At the commemoration of the Americans with Disabilities Act last July, the President endorsed the bipartisan Jeffords-Kennedy bill that enables people with disabilities to go back to work by providing an option to buy into Medicaid and Medicare, as well as other pro-work initiatives. This bill was on the list of top Administration priorities in the final budget negotiations, but rejected by Republicans. The President will continue to fight to give people with disabilities the opportunity to work --including the critical health insurance that makes work possible.
  
- X **Education Opportunity Zones.** President Clinton, in his budget, called for Education Opportunity Zones to help high-poverty urban and rural communities increase student achievement by raising standards, improving teaching, ending social promotions, and turning around failing schools. The Republican majority refused to provide the requested \$200 million in funds, which would have helped about 50 high-poverty, low-achieving, urban and rural school districts.
  
- X **Minimum Wage.** President Clinton and Congressional Democrats called for a \$1 increase in the minimum wage over two years -- to raise the wages of 12 million workers. For someone who works full-time, this minimum wage increase would have meant an additional \$2,000 per year. However, 95 percent of Senate Republicans voted to kill the President's minimum wage increase.
  
- X **Medicare Buy-In.** President Clinton proposed providing new options for Americans ages 55 to 65 to obtain health insurance, including buying into Medicare. This policy would not have hurt the Medicare Trust Fund. The Republican majority killed this new initiative that would have helped provide health care to hundreds of thousands of vulnerable Americans.

## 1. Class Size

The President's top priority this year in education is the plan he set forth in SOTU to hire 100,000 new teachers over the next 7 years to reduce class size to a national average of 18 in grades 1-3.

Studies show that smaller classes help teachers provide more personal attention to students, and ~~spend less time on~~ <sup>improve</sup> discipline, and help students to learn more and get a stronger foundation in the basic skills.

Any teacher & any parent will tell you that smaller classes make all the difference. This isn't politics. It's just common sense.

**Neither the House or Senate has included class size in their budget, but we're going to insist on it. Congress should not go home to campaign until they've passed a budget that provides communities the funds to reduce class size.**

## 2. After school programs

The President's budget would provide after-school opportunities to more than 425,000 students. It serves two purposes: students can get tutoring and extra help, and just as important, they'll have somewhere to go besides the streets.

Most juvenile crime occurs in those after-school hours between 3 and 6. That's when kids get into trouble with drugs or take up smoking.

Our budget asked for \$200 million. The House bill only includes \$60 million. **If this Congress is serious about improving public education and public safety, they'll give us our full request.**

## 3. Teacher recruitment

Earlier this week, the President signed <sup>bipartisan</sup> HEA, which includes his proposal to help recruit and prepare teachers to teach in high poverty communities. It authorizes funds for partnerships between universities and local school districts in high need communities to: 1) strengthen teacher preparation programs by making sure teachers are well-trained in the subject matter they will teach, and by giving prospective teachers more classroom experience before they become teachers; and 2) give **scholarships to prospective teachers** who agree to teach in high-need areas for a set number of years.

It also provides funds to states to raise teacher certification standards and hold teacher education programs accountable, including by creating "report cards" for teacher education programs.

Our budget requested ~~\$57~~ <sup>\$75</sup> million for these programs. The House provided ~~\$28~~ <sup>zero</sup> million. **We're not going to help kids learn more if we try to shortchange the training we give their teachers.**

#### 4. Goals 2000

In 1994, an overwhelming bipartisan majority in Congress passed the President's Goals 2000 legislation to help states raise standards and accelerate education reform. But in the last few years, Republicans in the House have led a partisan effort to gut the program.

This year, the President asked for \$501 million, a modest increase from last year. The House bill would cut the program in half, to \$246 million. ~~We won't stand for it.~~ We should be moving forward on standards, not backward. *This is wrong.*

#### 5. Title I

Congress is even trying to shortchange Title I, the principal program for helping low-income children get extra help in learning the basics. We asked for a 6% increase. The House bill includes no increase.

#### 6. Education Opportunity Zones

Finally, the President proposed a new effort called Education Opportunity Zones to give underachieving school districts around the country an incentive to undertake the ambitious reforms that have been such a success in Chicago. This initiative basically says that if a community finally holds schools accountable for results by ending social promotion for kids who don't learn, we'll give them the money to pay for summer school and extra help to make sure those kids do learn.

As you've heard the President say on many occasions, we want every school district to do what Chicago has done. Our budget asked for \$200 million for zones, and Congressman Bill Clay has introduced a bill to put them into effect.

You'd think this Congress would want to join us in holding schools, teachers, and students accountable for results, but apparently not. **The House bill doesn't include a penny for ending social promotion.**

#### 7. RIDERS

The House bill also includes a number of highly objectionable riders that would take us backward on education. Let me mention four:

**1. A ban on national testing.** In last year's SOTU, the President called for a national effort to help students master the basics, which included national tests in 4th grade reading and 8th grade math. Last year, we worked with Congress to put development of these tests in the hands of NAGB, an independent, non-partisan group that oversees the widely-regarded NAEP test administered in 40 states.

But this year, the House is once again trying to stop the tests dead in their tracks. The

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But this year, the House is once again trying to stop the tests dead in their tracks. The President won't stand for this retreat from our effort to raise standards for our students.

**2. Block grant Goals 2000 and teacher training money.** A second rider on the House bill would undermine our efforts to help states and communities raise standards for students and better train teachers by essentially block granting Goals 2000 and the Eisenhower teacher development program. We have consistently opposed block grants that have no accountability and hurt public education.

**3. Bilingual.** A third rider on the House bill would gut bilingual education by forcing kids out of bilingual programs whether they've learned English or not. This is a bad idea. Congress has to reauthorize the Bilingual Education Act next year, and we should have this debate then.

**4. IDEA.** Finally, there are two riders on special education that would weaken protections for disabled youth, and are completely at odds with the IDEA reform bill that passed this same Congress with overwhelming bipartisan majorities just last year.

FY 1999 Appropriations Bills: Funding Issues  
(OMB scoring, budget authority in millions of dollars)

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| BILL/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |  |
|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|--|
|  |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |  |
| <b>COMMERCE/JUSTICE/STATE:</b>   |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| Legal Services Corporation.....  | 283                | 340                 | 250                       | 300                        | 275                         | -90                               | -40                                | -65                                  |  |
| COMMERCE: NOAA - Environmental Programs (Includes GLOBE<br>and High-Performance Computing, Excludes Clean Water).....  | 18                 | 18                  | 9                         | 17                         | 13                          | -9                                | -1                                 | -5                                   |  |
| COMMERCE: NOAA: Clean Water.....   | 5                  | 22                  | 12                        | 18                         | 16                          | -10                               | -3                                 | -7                                   |  |
| COMMERCE: NIST: Climate Change Tech. Init.....   | —                  | 7                   | —                         | —                          | —                           | -7                                | -7                                 | -7                                   |  |
| COMMERCE: NOAA: Weather Satellites.....  | 333                | 515                 | 435                       | 460                        | 448                         | -80                               | -55                                | -68                                  |  |
| NOTE: AT \$475 M, 1999 contract obligations could be fulfilled for NOAA weather satellites. However, some activities would be deferred to 2000. Sums lower than \$475 M would trigger contract violations.               |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| COMMERCE: NIST: Advanced Technology Program (ATP).....   | 193                | 260                 | 180                       | 193                        | 187                         | -80                               | -67                                | -74                                  |  |
| NOTE: "Proposed Final Level" represents Senate authorized level.   |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| SBA: Salaries and Expenses.....  | 254                | 281                 | 247                       | 265                        | 256                         | -34                               | -16                                | -25                                  |  |
| SBA: Disaster Loans.....   | 173                | 166                 | 216                       | 94                         | 155                         | 50                                | -72                                | -11                                  |  |
| EEOC.....  | 242                | 279                 | 281                       | 254                        | 258                         | -18                               | -25                                | -22                                  |  |
| STATE: Contributions to International Organizations.....   | 941                | 931                 | 915                       | 877                        | 896                         | -16                               | -54                                | -35                                  |  |
| STATE: Contributions to International Peacekeeping.....  | 256                | 231                 | 220                       | 210                        | 215                         | -11                               | -21                                | -16                                  |  |
| USIA: International Information Programs.....  | 452                | 462                 | 457                       | 427                        | 442                         | -5                                | -35                                | -20                                  |  |
| USIA: International Broadcasting Operations.....   | 387                | 389                 | 384                       | 355                        | 370                         | -5                                | -34                                | -20                                  |  |
| DOJ: Chem/Bio Weapons.....   | —                  | 171                 | 127                       | 176                        | 152                         | -44                               | 5                                  | -20                                  |  |
| DOJ: Critical Infrastructure.....  | —                  | 37                  | —                         | 20                         | 10                          | -37                               | -17                                | -27                                  |  |
| NOTE: Senate would provide add'l \$8 M from DOJ Working Capital Fund.  |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| DOJ: General Legal Activities.....   | 452                | 486                 | 470                       | 486                        | 478                         | -16                               | —                                  | -8                                   |  |
| NOTE: Senate action includes \$63 M for Winstar from General Legal base resources. For Proposed Final Level - either increase \$486 M by \$63 M for Winstar litigation or enact mandatory spending for Winstar from FRF. |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| DOJ: Indian Country Law Enforcement Initiative.....  | —                  | 157                 | 30                        | 144                        | 87                          | -127                              | -13                                | -70                                  |  |
| NOTE: The Interior component of this initiative is displayed under the Interior bill.  |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| DOJ: At-Risk Children's Grants.....  | —                  | 95                  | —                         | 95                         | 48                          | -95                               | —                                  | -48                                  |  |
| DOJ: INS Operating Program.....  | 2,345              | 2,723               | 2,568                     | 2,373                      | 2,471                       | -155                              | -350                               | -253                                 |  |
| STATE: Security and Maintenance of Overseas Missions.....  | 396                | 641                 | 396                       | 550                        | 473                         | -245                              | -91                                | -168                                 |  |
| STATE: CIO Arrearages.....   | 100                | 475                 | 475                       | 475                        | 475                         | —                                 | —                                  | —                                    |  |
| COMMERCE: 2000 Census.....   | 390                | 849                 | 956                       | 847                        | 902                         | 107                               | -2                                 | 53                                   |  |
| COMMERCE: Census Appropriation (Excludes 2000 Census).....   | 303                | 340                 | 296                       | 295                        | 296                         | -44                               | -45                                | -45                                  |  |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

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| BIA/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|
|   |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |
| COMMERCE: Nat'l Info. Infrastructure Grants Program (TIAP)..... | 20                 | 22                  | 16                        | 20                         | 18                          | -6                                | -2                                 | -4                                   |
| COMMERCE: Economic Development Administration (EDA).....        | 361                | 398                 | 393                       | 303                        | 348                         | -5                                | -95                                | -50                                  |
| DOJ: Narrowband Communications Account.....                     | 23                 | 86                  | ---                       | ---                        | ---                         | -86                               | -86                                | -86                                  |
| DOJ: Drug Testing Initiative and Intervention.....              | ---                | -85                 | ---                       | ---                        | ---                         | -85                               | -85                                | -85                                  |
| Y2K Funding/ Securities and Exchange Commission (SEC).....      | 317                | 341                 | 324                       | 341                        | 333                         | -17                               | ---                                | -9                                   |

**INTERIOR:**

|  |       |       |       |       |       |      |      |      |
|--|-------|-------|-------|-------|-------|------|------|------|
| DOI: Millennium Initiative.....  | ---   | 50    | ---   | 13    | 7     | -50  | -37  | -44  |
| DOI: Clean Water Action Plan (DOWFS).....  | 538   | 565   | 578   | 578   | 578   | -88  | -88  | -88  |
| DOI: Everglades Restoration (DOI only).....  | 136   | 144   | 83    | 106   | 95    | -61  | -38  | -50  |
| DOI: Bureau of Indian Affairs (BIA) Initiatives.....   | 594   | 687   | 620   | 607   | 614   | -67  | -80  | -74  |
| DOI: Disaster Information Network (DIN).....   | ---   | 15    | ---   | ---   | ---   | -15  | -15  | -15  |
| HHS: IHS: Race and Health Initiative.....  | ---   | 10    | ---   | ---   | ---   | -10  | -10  | -10  |
| DOE: CCTI (Includes Energy Efficiency and Conservation, Fossil<br>Energy and Energy Information Administration)..... | 457   | 651   | 472   | 493   | 480   | -179 | -158 | -169 |
| Smithsonian.....   | 402   | 420   | 397   | 405   | 401   | -23  | -15  | -19  |
| DOI: Land and Water Conservation Fund (DOWFS).....   | 969   | 270   | 139   | 233   | 186   | -131 | -37  | -84  |
| NOTE: FY 1998 includes \$699 M for priority Federal land acquisition.  |       |       |       |       |       |      |      |      |
| DOI: Endangered Species Act (DOI only).....  | 77    | 113   | 86    | 84    | 85    | -27  | -29  | -28  |
| DOI: National Park Service - Program Operation.....  | 1,246 | 1,321 | 1,333 | 1,288 | 1,311 | 12   | -33  | -11  |
| USDA: Forest Service: CCTI.....  | ---   | 3     | ---   | ---   | ---   | -3   | -3   | -3   |
| USDA: FS: Stewardship Incentives and Forest Legacy Progs.....  | 11    | 15    | 2     | 12    | 7     | -13  | -3   | -8   |
| IHS Health Care Construction Funding Level.....  | 14    | 39    | 41    | 14    | 28    | 2    | -25  | -12  |
| NEA.....   | 98    | 136   | 98    | 100   | 99    | -36  | -36  | -37  |

**LABOR/HHS/EDUCATION:**

**Education -- Existing Programs:**

|   |       |       |       |  |  |      |  |  |
|---|-------|-------|-------|--|--|------|--|--|
| ED: Title I -- Education for the Disadvantaged (Grants to LEAs).....    | 7,375 | 7,767 | 7,375 |  |  | -392 |  |  |
| ED: Child Care Init. - After Schl. Prog. (21st Cty. Comm. Learn'g Ctrs) | 40    | 200   | 60    |  |  | -140 |  |  |
| ED: Goals 2000.....   | 491   | 501   | 246   |  |  | -255 |  |  |
| ED: National Tests.....   | 19    | 15    | ---   |  |  | -15  |  |  |
| ED: Education Technology.....   | 584   | 721   | 541   |  |  | -180 |  |  |
| ED: Obey Comp. Schl. Reform - in Title I (Also Hisp. Init.).....        | 120   | 150   | 120   |  |  | -30  |  |  |
| ED: Hispanic Ed. Init. -- Bilingual Education.....                      | 354   | 387   | 354   |  |  | -33  |  |  |
| ED: Adult Education (Also Hisp. Init.).....                             | 361   | 384   | 378   |  |  | -16  |  |  |

FY 1999 Appropriations Bills: Funding Issues  
(OMB scoring, budget authority in millions of dollars)

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|
|   |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed |
| ED: School-to-Work.....   | 200                | 125                 | 75                        |                            |                             | -50                               |                                    |
| ED: Civil Rights.....   | 62                 | 68                  | 62                        |                            |                             | -6                                |                                    |
| ED: Pell Grants.....  | 7,345              | 7,594               | 7,795                     |                            |                             | 201                               |                                    |
| NOTE: House "parked" \$384 M in BA (for a total appropriation of \$8,179 M. The "parked" funding is not required to fund Pell policy. |                    |                     |                           |                            |                             |                                   |                                    |
| ED: Obey Comprehensive School Reform (non-Title I).....   | 25                 | 25                  | 25                        |                            |                             | —                                 |                                    |
| ED: Hispanic Ed. Init. — Migrant Educ. (Incls. Child Lab. Init.).....   | 305                | 355                 | 355                       |                            |                             | —                                 |                                    |
| ED: TRIO (Also Hisp. Init.).....  | 530                | 583                 | 600                       |                            |                             | 17                                |                                    |
| ED: Charter Schools.....  | 80                 | 100                 | 100                       |                            |                             | —                                 |                                    |
| ED: Work Study.....   | 630                | 900                 | 850                       |                            |                             | -50                               |                                    |
| ED: Title III HBCUs.....  | 118                | 135                 | 130                       |                            |                             | -5                                |                                    |
| ED: Safe and Drug Free Schools.....   | 556                | 606                 | 556                       |                            |                             | -50                               | (level funding)                    |
| ED: Perkins Loans.....  | 135                | 60                  | —                         |                            |                             | -60                               |                                    |
| ED: Hispanic Ed. Init. — Title III Hispanic Serving Institutions.....   | 12                 | 28                  | 16                        |                            |                             | -12                               |                                    |
| <b>Education — New Programs:</b>  |                    |                     |                           |                            |                             |                                   |                                    |
| ED: America Reads.....  | —                  | 260                 | —                         |                            |                             | -260                              |                                    |
| ED: Education Initiatives — High Hopes.....   | —                  | 140                 | —                         |                            |                             | -140                              |                                    |
| ED: Education Initiatives — Teacher Recruitment and Prep.....   | —                  | 67                  | —                         |                            |                             | -67                               |                                    |
| ED: Learning Anytime, Anywhere.....   | —                  | 30                  | —                         |                            |                             | -30                               |                                    |
| ED: Education Initiatives — Education Opportunity Zones.....  | —                  | 200                 | —                         |                            |                             | -200                              |                                    |
| <b>Labor — Existing Programs:</b>   |                    |                     |                           |                            |                             |                                   |                                    |
| DOL: Summer Jobs.....   | 871                | 871                 | —                         |                            |                             | -871                              |                                    |
| DOL: Dislocated Workers.....  | 1,351              | 1,451               | 1,351                     |                            |                             | -100                              |                                    |
| DOL: School-to-Work.....  | 200                | 125                 | 75                        |                            |                             | -50                               |                                    |
| DOL: Labor Law Enforcement (OSHA).....  | 338                | 355                 | 337                       |                            |                             | -18                               |                                    |
| DOL: Labor Law Enforcement (Excluding OSHA).....  | 589                | 616                 | 602                       |                            |                             | -14                               |                                    |
| DOL: Adult Training Program.....  | 955                | 1,000               | 955                       |                            |                             | -45                               |                                    |
| DOL: Office of Federal Contract Compliance Prog (OFCCP).....  | 62                 | 68                  | 65                        |                            |                             | -3                                |                                    |
| <b>Labor — New Programs:</b>  |                    |                     |                           |                            |                             |                                   |                                    |
| DOL: Youth Opportunities.....   | —                  | 250                 | —                         |                            |                             | -250                              |                                    |
| DOL: Child Labor (funds also requested in Customs).....   | 3                  | 39                  | 9                         |                            |                             | -30                               |                                    |
| DOL: Child Care Initiative: Child Care Apprenticeship.....  | —                  | 5                   | —                         |                            |                             | -5                                |                                    |
| UI Integrity.....   | —                  | 91                  | —                         |                            |                             | -91                               |                                    |

FY 1999 Appropriations Bills: Funding Issues  
(OMB scoring, budget authority in millions of dollars)

25-Aug-98

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| Bill/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |  |
|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|--|
|  |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |  |
| DOL: Learning Anytime, Anywhere .....  | —                  | 10                  | —                         |                            |                             | -10                               |                                    |                                      |  |
| <b>HHS – Existing Programs:</b>  |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| HHS: Child Care Initiative: Head Start.....  | 4,347              | 4,650               | 4,500                     |                            |                             | -160                              |                                    |                                      |  |
| HHS: LIHEAP.....   | 1,000              | 1,100               | —                         |                            |                             | -1,100                            |                                    |                                      |  |
| HHS: Family Planning.....  | 203                | 218                 | 203                       |                            |                             | -15                               |                                    |                                      |  |
| HHS: HRSA/CDC: Race and Health Initiative .....  | —                  | 70                  | → 125                     |                            |                             | 55                                |                                    |                                      |  |
| NOTE: Substance of House mark differs greatly from request.  |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| <b>HHS: Substance Abuse and Mental Health Services</b>   |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| Administration (SAMHSA).....   | 2,147              | 2,275               | 2,416                     |                            |                             | 143                               |                                    |                                      |  |
| SAMHSA - National Household Survey on Drug Abuse.....  | 18                 | 2                   | —                         |                            |                             |                                   |                                    |                                      |  |
| HHS: AHCPR (Program Level).....  | 147                | 171                 | 171                       |                            |                             | —                                 |                                    |                                      |  |
| HHS: HRSA – Ryan White AIDS Funding.....   | 1,150              | 1,313               | 1,331                     |                            |                             | 18                                |                                    |                                      |  |
| HHS: Nat'l Institutes of Health (NIH) (Includes Cancer funding)<br>(Estimates Adjusted for 1% Transfer Authority and CBW)..... | 13,622             | 14,763              | 14,862                    |                            |                             | 99                                |                                    |                                      |  |
| HHS: HCFA – Program Level (Includes Medicare User Fees).....   | 1,929              | 2,137               | 2,082                     |                            |                             | -55                               |                                    |                                      |  |
| HHS: CDC (Includes Violent Crime Funding).....   | 2,364              | 2,497               | 2,591                     |                            |                             | 94                                |                                    |                                      |  |
| <b>HHS – New Programs:</b>   |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| HHS: Child Care Initiative: Provider Scholarship, Standards<br>and Research (Within CCDBG) .....                               | —                  | 174                 | —                         |                            |                             | -174                              |                                    |                                      |  |
| HHS: Chem/Bio Weapons (Budget Amendment).....  | —                  | 111                 | 51                        |                            |                             | -60                               |                                    |                                      |  |
| HHS: Child Care Init. – Other (Developmental Disabilities).....  | —                  | 5                   | —                         |                            |                             | -5                                |                                    |                                      |  |
| <b>Other:</b>  |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| NLRB.....  | 175                | 184                 | 175                       |                            |                             | -9                                |                                    |                                      |  |
| CPB: Digital Conversion Initiative .....   | —                  | 50                  | —                         |                            |                             | -50                               |                                    |                                      |  |
| Corporation for National and Community Service.....  | 257                | 278                 | 251                       |                            |                             | -27                               |                                    |                                      |  |
| <i>(Other Amer/VISTA)</i>  |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| <i>NOT Americans</i>   |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| <i>Harkin will protect</i>   |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |

FY 1999 Appropriations Bills: Funding Issues  
(OMS scoring, budget authority in millions of dollars)

25-Aug-98

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|
|   |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |
| <b>FOREIGN OPERATIONS:</b>  |                    |                     |                           |                            |                             |                                   |                                    |                                      |
| Bill Total.....   | 13,192             | 14,003              | 12,785                    | 12,823                     | 12,805                      | -1,217                            | -1,180                             | -1,199                               |
| TREASURY: IMF/NAB (non-add).....  | —                  | 17,861              | 3,361                     | 17,861                     | 10,611                      | -14,500                           | —                                  | -7,250                               |
| NOTE: Treasury has not yet requested to re-propose the<br>FY 1998 request as a FY 1999 request.                                 |                    |                     |                           |                            |                             |                                   |                                    |                                      |
| TREASURY: Int'l Development Assoc. — Appropriation.....   | 800                | 800                 | 800                       | 800                        | 800                         | —                                 | —                                  | —                                    |
| TREASURY: Int'l Development Assoc. — MDB Arrearages.....  | 235                | —                   | —                         | —                          | —                           | —                                 | —                                  | —                                    |
| TREASURY: Global Environment Fund (GEF) — Appropriation.....  | 48                 | 107                 | —                         | —                          | —                           | -107                              | -107                               | -107                                 |
| TREASURY: Global Environment Fund (GEF) — MDB Arrearages.....   | —                  | 193                 | 42                        | 48                         | 45                          | -151                              | -145                               | -148                                 |
| TREASURY: Asian Dev. Bank and Fund — Appropriation.....   | 113                | 113                 | 73                        | 13                         | 43                          | -40                               | -100                               | -70                                  |
| TREASURY: Asian Dev. Bank and Fund — MDB Arrearages.....  | 50                 | 150                 | 150                       | 187                        | 169                         | —                                 | 37                                 | 19                                   |
| TREASURY: African Development Fund — Appropriation.....   | —                  | 67                  | 40                        | —                          | 20                          | -27                               | -67                                | -47                                  |
| TREASURY: African Development Fund — Arrears.....   | 45                 | 88                  | 88                        | 5                          | 47                          | —                                 | -83                                | -42                                  |
| TREASURY: North American Dev. Bank (NADBANK).....   | —                  | 37                  | —                         | —                          | —                           | -37                               | -37                                | -37                                  |
| TREASURY: Other MDBs — Appropriation.....   | 139                | 63                  | 62                        | 62                         | 62                          | -1                                | -1                                 | -1                                   |
| TREASURY: Other MDBs — MDB Arrearages.....  | 75                 | 71                  | 72                        | 71                         | 72                          | 1                                 | —                                  | 1                                    |
| TREASURY: Debt.....   | 27                 | 72                  | 35                        | 25                         | 30                          | -37                               | -47                                | -42                                  |
| STATE: Africa Initiatives — Development Assistance.....   | —                  | 30                  | —                         | —                          | —                           | -30                               | -30                                | -30                                  |
| NOTE: No DA resources earmarked for Africa Initiatives in<br>either H or S. DA level in H is well below the request.            |                    |                     |                           |                            |                             |                                   |                                    |                                      |
| STATE: Africa Initiatives — Special Debt Forgiveness.....   | —                  | 35                  | —                         | —                          | —                           | -35                               | -35                                | -35                                  |
| STATE: Africa Initiatives — ESF, Conflict Prevent. and Resolut.....   | —                  | 30                  | —                         | —                          | —                           | -30                               | -30                                | -30                                  |
| NOTE: No ESF funds earmarked for Africa Initiatives in either<br>H or S. ESF levels are well below the request in both H and S. |                    |                     |                           |                            |                             |                                   |                                    |                                      |
| STATE: Assistance for Eastern Europe and Baltic States.....   | 483                | 463                 | 450                       | 433                        | 442                         | -13                               | -30                                | -22                                  |
| STATE: New Independent States (NIS).....  | 769                | 922                 | 590                       | 740                        | 665                         | -332                              | -182                               | -257                                 |
| STATE: Non-Proliferation, Demining, and Related.....  | 133                | 216                 | 152                       | 170                        | 161                         | -64                               | -46                                | -55                                  |
| STATE: Foreign Military Financing Grants.....   | 3,343              | 3,276               | 3,336                     | 3,323                      | 3,330                       | 60                                | 47                                 | 54                                   |
| STATE: Economic Support Fund.....   | 2,420              | 2,514               | 2,346                     | 2,306                      | 2,326                       | -168                              | -208                               | -188                                 |
| AID: Development Assistance and Child Survival.....   | 1,719              | 1,729               | 1,719                     | 1,762                      | 1,741                       | -10                               | 33                                 | 12                                   |
| AID: Operating Expenses.....  | 479                | 484                 | 460                       | 475                        | 468                         | -24                               | -9                                 | -17                                  |
| AID: Disaster Assistance.....   | 190                | 205                 | 150                       | 200                        | 175                         | -55                               | -5                                 | -30                                  |
| International Organizations and Programs.....   | 295                | 314                 | 260                       | 270                        | 265                         | -54                               | -44                                | -49                                  |
| Peacekeeping Operations (PKO).....  | 78                 | 83                  | 62                        | 69                         | 66                          | -21                               | -14                                | -18                                  |
| Export-Import Bank.....   | 732                | 859                 | 796                       | 834                        | 815                         | -63                               | -25                                | -44                                  |
| Peace Corps.....  | 226                | 270                 | 230                       | 221                        | 226                         | -40                               | -49                                | -45                                  |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

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| Bill/Account/Program                        | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|
|   |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |
| State: International Narcotics Control..... | 230                | 275                 | 275                       | 222                        | 249                         | --                                | -53                                | -27                                  |
| All Other:.....                             | 12,382             | 13,061              | 11,928                    | 11,920                     | 11,924                      | -1,133                            | -1,141                             | -1,137                               |

**TRANSPORTATION:**

|   |       |       |       |       |       |      |      |      |
|---|-------|-------|-------|-------|-------|------|------|------|
| DOT: FAA, Excluding Airport Grants .....  | 7,106 | 8,008 | 7,673 | 7,756 | 7,716 | -335 | -252 | -294 |
| NOTE: FY 1999 Proposed Final Level assumes no OL cap on<br>FAA capital (as contained in Senate bill). |       |       |       |       |       |      |      |      |
| DOT: Access to Jobs.....  | --    | 100   | 50    | 50    | 50    | -50  | -60  | -50  |
| NOTE: Of the \$100 M requested for "Access to Jobs,"<br>\$50 M is "guaranteed" in TEA-21.             |       |       |       |       |       |      |      |      |
| DOT: AMTRAK.....  | 793   | 621   | 609   | 555   | 582   | -12  | -60  | -39  |
| DOT: Coast Guard (Includes Functions 400 and 050).....  | 3,264 | 3,338 | 3,200 | 3,316 | 3,258 | -138 | -22  | -80  |
| NOTE: FY 1999 Proposed includes: \$35 M for CG user<br>fees and \$17 M for Alteration of Bridges.     |       |       |       |       |       |      |      |      |

**TREASURY/GENERAL GOVERNMENT:**

|   |       |       |       |       |       |      |      |      |
|---|-------|-------|-------|-------|-------|------|------|------|
| TREASURY: Internal Revenue Service (IRS).....   | 7,758 | 8,339 | 7,766 | 7,851 | 7,809 | -573 | -488 | -531 |
| TREASURY: Customs Modernization (ACE).....  | 11    | 56    | 8     | 8     | 8     | -48  | -48  | -48  |
| ONDCP: Youth Anti-Drug Media Campaign.....  | 195   | 195   | 195   | 175   | 185   | --   | -20  | -10  |
| TREASURY: Youth Gun Crime Interdiction .....  | 12    | 27    | 27    | 27    | 27    | --   | --   | --   |
| TREASURY: Child Labor - Outreach/Investigations/Information<br>(funds also requested in Labor)..... | --    | 3     | 3     | 3     | 3     | --   | --   | --   |
| Federal Election Commission.....  | 32    | 37    | 37    | 34    | 36    | --   | -3   | -2   |

**VA/HUD/INDEPENDENT AGENCIES:**

|   |       |       |       |       |       |      |      |      |
|---|-------|-------|-------|-------|-------|------|------|------|
| Corp. for Nat'l and Community Service (Including IG).....             | 429   | 502   | --    | 429   | 215   | -502 | -73  | -288 |
| HUD: Welfare-to-Work Housing Vouchers .....                           | --    | 283   | 100   | 40    | 70    | -183 | -243 | -213 |
| HUD: Fair Housing (FHIP and FHAP).....                                | 30    | 52    | 40    | 35    | 38    | -12  | -17  | -16  |
| HUD: Regional Opportunity Counseling.....                             | --    | 20    | 10    | --    | 5     | -10  | -20  | -15  |
| HUD: Empowerment Zones ( as MANDATORY in the<br>FY 1999 Budget) ..... | --    | 150   | --    | --    | --    | -150 | -150 | -150 |
| HUD: HOPWA.....   | 204   | 225   | 204   | 225   | 215   | -21  | --   | -11  |
| EPA: Superfund (Pre-transfer) (Excludes Brownfields) .....            | 1,411 | 2,002 | 1,409 | 1,409 | 1,409 | -593 | -593 | -593 |

FY 1999 Appropriations Bills: Funding Issues  
(OMB scoring, budget authority in millions of dollars)

28-Aug-98

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |  |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|--|
|   |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |  |
| NOTE: Proposed Final Level of \$1,609 M would provide a modest, face-saving increase (+ \$200 M), but still would result in missing the 2001 target for cleanup of 900 sites. |                    |                     |                           |                            |                             |                                   |                                    |                                      |  |
| EPA: Boston Harbor .....  | 50                 | 50                  | 23                        | ---                        | 12                          | -27                               | -50                                | -39                                  |  |
| NSF/EPA: GLOBE .....  | 2                  | 3                   | ---                       | 2                          | 1                           | -3                                | -1                                 | -2                                   |  |
| NASA: International Space Station.....  | 2,441              | 2,270               | 2,100                     | 2,300                      | 2,200                       | -170                              | 30                                 | -70                                  |  |
| Community Dev't Financial Institutions (COFI).....  | 60                 | 125                 | 80                        | 55                         | 68                          | -45                               | -70                                | -58                                  |  |
| National Science Foundation (NSF) (Includes Functions 250 and 054) (Excludes GLOBE).....  | 3,427              | 3,771               | 3,695                     | 3,642                      | 3,669                       | -76                               | -129                               | -103                                 |  |
| EPA: Climate Change Tech. Init. (CCTI).....   | 90                 | 205                 | 99                        | 114                        | 107                         | -106                              | -91                                | -99                                  |  |
| EPA: Brownfields (requested in HUD and EPA).....  | 89                 | 91                  | 91                        | 91                         | 91                          | ---                               | ---                                | ---                                  |  |
| EPA: Clean Water Initiative.....  | 484                | 629                 | 629                       | 599                        | 614                         | ---                               | -30                                | -15                                  |  |
| HUD: Community Empowerment Fund (EDI).....  | 138                | 400                 | 50                        | 85                         | 68                          | -350                              | -315                               | -333                                 |  |
| HUD: Climate Change Tech. Init. (CCTI) (PATH/Housing Tech.).....  | ---                | 10                  | 10                        | ---                        | 5                           | ---                               | -10                                | -5                                   |  |
| HUD: Brownfields (requested in HUD and EPA).....  | 25                 | 50                  | 20                        | 25                         | 23                          | -30                               | -25                                | -28                                  |  |
| HUD: Youthbuild.....  | 35                 | 45                  | 35                        | 40                         | 38                          | -10                               | -5                                 | -8                                   |  |
| HUD: Office of Lead Hazard (Lead-Based Paint Abatement).....  | 60                 | 85                  | 80                        | 70                         | 75                          | -5                                | -15                                | -10                                  |  |
| HUD: Section 8 Contract Renewals.....   | 8,180              | 7,191               | 9,600                     | 9,540                      | 9,570                       | 2,409                             | 2,349                              | 2,379                                |  |
| HUD: Section 8 Amendments.....  | 850                | 1,337               | 98                        | ---                        | 49                          | -1,239                            | -1,337                             | -1,288                               |  |
| HUD: Other Section 8.....   | 343                | 453                 | 443                       | 434                        | 439                         | -10                               | -19                                | -15                                  |  |
| HUD: Section 8 Rescissions.....   | -3,022             | ---                 | ---                       | -1,400                     | -700                        | ---                               | -1,400                             | -700                                 |  |
| VA: Medical Care .....  | 17,057             | 17,028              | 17,338                    | 17,250                     | 17,294                      | 310                               | 222                                | 266                                  |  |
| Neighborhood Reinvestment Corporation.....  | 60                 | 90                  | 90                        | 60                         | 75                          | ---                               | -30                                | -15                                  |  |

AGRICULTURE/RURAL DEVELOPMENT:

|   |       |       |       |       |       |      |      |      |  |
|---|-------|-------|-------|-------|-------|------|------|------|--|
| HHS/USDA: FDA: Food Safety Initiative (FDA and USDA).....   | 190   | 291   | 207   | 259   | 233   | -84  | -32  | -58  |  |
| HHS: FDA: Tobacco Enforcement .....   | 34    | 134   | 34    | 34    | 34    | -100 | -100 | -100 |  |
| USDA: Emergency Farm Assistance.....  | ---   | 500   | ---   | 600   | 250   | -500 | ---  | -250 |  |
| USDA: Women, Infants, and Children (WIC).....   | 3,924 | 4,081 | 3,924 | 3,948 | 3,936 | -157 | -133 | -145 |  |
| USDA: USDA Discrimination Claim Payments.....   | ---   | 20    | 10    | 12    | 11    | -10  | -8   | -9   |  |
| USDA: Socially Disadv'd Farmers - Outreach.....   | 3     | 10    | 3     | 3     | 3     | -7   | -7   | -7   |  |
| USDA: Socially Disadv'd Farmers - Farm Ownership Direct Lns.....  | 8     | 13    | 11    | 13    | 12    | -2   | ---  | -1   |  |
| NOTE: Latest Senate action includes credit sales of inventory property (funded separately in "FY 1999 Proposed" and "Latest House Action"). |       |       |       |       |       |      |      |      |  |
| USDA: Climate Change Technology Initiative (CCTI).....  | ---   | 7     | ---   | ---   | ---   | -7   | -7   | -7   |  |

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FY 1999 Appropriations Bills: Funding Issues  
(OMB scoring, budget authority in millions of dollars)

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Average<br>House/<br>Senate | Difference:                       |                                    |                                      |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|-----------------------------------|------------------------------------|--------------------------------------|
|   |                    |                     |                           |                            |                             | House less<br>FY 1999<br>Proposed | Senate less<br>FY 1999<br>Proposed | Avg. H/S<br>less FY 1999<br>Proposed |
| USDA: Clean Water Action Plan (NRCS).....   | —                  | 23                  | —                         | —                          | —                           | -23                               | -23                                | -23                                  |
| USDA: Rural Community Advancement Program.....  | 652                | 715                 | 745                       | 703                        | 724                         | 30                                | -12                                | 9                                    |
| USDA: Init. for Future Agriculture and Food Systems (Disc.<br>Reduction to MANDATORY acc't - Ag Research Bill)..... | —                  | 120                 | —                         | 120                        | 60                          | -120                              | —                                  | -60                                  |
| USDA: Fund for Rural America (Discretionary reduction to<br>MANDATORY account - Ag Research Bill).....              | —                  | 60                  | —                         | —                          | —                           | -60                               | -60                                | -60                                  |

ENERGY/WATER DEVELOPMENT:

|   |     |     |     |     |     |      |      |      |
|---|-----|-----|-----|-----|-----|------|------|------|
| CORPS: Everglades Restoration.....  | 59  | 98  | 41  | 55  | 48  | -57  | -43  | -50  |
| CORPS: Clean Water Initiative (excluding Everglades).....   | 106 | 142 | 110 | 106 | 108 | -32  | -36  | -34  |
| CORPS: Kill Van Kull.....   | 1   | 32  | 32  | 19  | 26  | —    | -13  | -7   |
| CORPS: Columbia River Salmon Restoration.....   | 95  | 117 | 8   | 95  | 52  | -109 | -22  | -66  |
| NOTE: Below the \$95 M Proposed Final Level the Corps will have<br>ESA non-compliance problems.                   |     |     |     |     |     |      |      |      |
| DOE: CCTI (Includes funding for all of Solar and Renewable<br>Energy, and new activities in Energy Research)..... | 272 | 409 | 286 | 377 | 332 | -123 | -32  | -78  |
| DOE: Science: Next Generation Internet.....   | —   | 22  | —   | 21  | 11  | -22  | -1   | -12  |
| DOE: Nuclear Waste Disposal (Yucca Mountain).....   | 350 | 380 | 350 | 375 | 363 | -30  | -5   | -18  |
| DOE: Defense Environmental Management Privatization.....  | 200 | 517 | 287 | 242 | 265 | -230 | -275 | -253 |
| DOE: Nuclear Energy (NE): NE Research Initiative.....   | —   | 24  | 5   | 24  | 15  | -19  | —    | -10  |
| DOE: Spallation Neutron Source.....   | 23  | 157 | 100 | 157 | 129 | -57  | —    | -29  |
| TVA.....  | 70  | 77  | —   | 70  | 35  | -77  | -7   | -42  |

NOTE: The \$42 M Proposed Final Level is the level noted in OMB's  
report on TVA's non-power program for navigation, flood control,  
and other essential services.

DC:

|  |   |     |    |    |    |     |     |     |
|--|---|-----|----|----|----|-----|-----|-----|
| DC: Economic Development Initiative..... | — | 100 | 25 | 50 | 38 | -75 | -50 | -63 |
|--|---|-----|----|----|----|-----|-----|-----|

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

08-Oct-98

11:53 AM

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|---|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| <b>COMMERCE/JUSTICE/STATE:</b>  |                            |                             |                                   |                                      |   |
| Legal Services Corporation.....   | 283                        | 340                         | 287                               | 300                                  | -13                                       |
| SBA: Salaries and Expenses.....   | 254                        | 281                         | 270                               | 272                                  | -2  |
| SBA: Disaster Loans.....  | 173                        | 166                         | 192                               | 216                                  | -24                                       |
| EEOC.....   | 242                        | 279                         | 261                               | 279                                  | -18                                       |
| STATE: Contributions to International Peacekeeping (CIPA).....  | 210                        | 231                         | 210                               | 231                                  | -21                                       |
| DOJ: INS Fee Restoration.....   | ---                        | ---                         | --- "O"                           | 166                                  | -166                                      |
| Winstar.....  | ---                        | ---                         | --- "O"                           | 51                                   | -51                                       |
| COMMERCE: NOAA - Environmental Programs (Includes GLOBE<br>and High-Performance Computing, Excludes Clean Water)..... | 18                         | 18                          | 14                                | 18                                   | -4  |
| NOTE: \$2.5 M provided for GLOBE in conf. -- \$3.5 M below request.   |                            |                             |                                   |                                      |   |
| COMMERCE: NOAA: Clean Water.....  | 5                          | 22                          | 12                                | 19                                   | -7  |
| STATE: Contributions to International Organizations (CIO).....  | 895                        | 931                         | 900                               | 918                                  | -18                                       |
| Shortfall, C/J/S.....   |                            |                             |                                   |                                      | -324                                      |
| COMMERCE: NOAA: Weather Satellites.....   | 333                        | 515                         | 450                               | 475                                  | -25                                       |
| NOTE: Conference level is \$20 M less than request for NPOS.  |                            |                             |                                   |                                      |   |
| COMMERCE: NIST: Advanced Technology Program (ATP).....  | 193                        | 260                         | 193                               | 204                                  | -11                                       |
| USIA: International Information Programs.....   | 452                        | 462                         | 455                               | 462                                  | -7  |
| USIA: International Broadcasting Operations.....  | 387                        | 389                         | 352                               | 387                                  | -25                                       |
| DOJ: Drug Testing Initiative and Intervention.....  | ---                        | 85                          | ---                               | 40                                   |   |
| COMMERCE: NIST: Climate Change Tech. Init.....  | ---                        | 7                           | ---                               |                                      |   |
| DOJ: Chem/Bio Weapons.....  | ---                        | 171                         | 165                               |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

08-Oct-98

11:53 AM

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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| DOJ: Critical Infrastructure.....  | —                          | 37                          | 4                                 |                                      |   |
| NOTE: Senate would provide add'l \$8 M from DOJ Working Capital Fund.  |                            |                             |                                   |                                      |   |
| DOJ: General Legal Activities/Winstar .....  | 452                        | 486                         | 475                               |                                      |   |
| NOTE: Senate action includes \$63 M for Winstar from General Legal base resources. For Proposed Final Level - either increase \$486 M by \$63 M for Winstar litigation or enact mandatory spending for Winstar from FRF. |                            |                             |                                   |                                      |   |
| DOJ: Indian Country Law Enforcement Initiative.....  | —                          | 157                         | 89                                |                                      |   |
| NOTE: The Interior component of this initiative is displayed under the Interior bill.  |                            |                             |                                   |                                      |   |
| DOJ: At-Risk Children's Grants.....  | —                          | 95                          | 95                                |                                      |   |
| STATE: Security and Maintenance of U.S. Overseas Missions.....   | 398                        | 641                         | 404                               |                                      |   |
| STATE: CIO Arrearages.....   | 100                        | 475                         | 475                               |                                      |   |
| COMMERCE: 2000 Census.....   | 390                        | 849                         | N/A "O"                           |                                      |   |
| COMMERCE: Census Appropriation (Excludes 2000 Census).....   | 303                        | 340                         | 296                               |                                      |   |
| COMMERCE: Nat'l Info. Infrastructure Grants Program (TIAP).....  | 20                         | 22                          | 18                                |                                      |   |
| COMMERCE: Economic Development Administration (EDA).....   | 361                        | 398                         | 392                               |                                      |   |
| DOJ: Narrowband Communications Account.....  | 23                         | 86                          | —                                 |                                      |   |
| Y2K Funding/ Securities and Exchange Commission (SEC).....   | —                          | 6                           | —                                 |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

06-Oct-98

11:53 AM

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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| DOI: Millennium Initiative.....  | ---                        | 50                          | 13                                | 25                                   | -12                                       |
| NOTE: Senate level includes \$10 M in NPS + \$3 M in Smithsonian.<br>We assume prelim. conf. level at Senate levels. |                            |                             |                                   |                                      |   |
| DOI: Clean Water Action Plan (DOI/FS).....   | 299                        | 358                         | N/A                               | 328                                  | N/A                                       |
| DOI: Everglades Land Acquisition (DOI only).....   | 76                         | 81                          | 42                                | 78                                   | -36                                       |
| HHS: IHS: Race and Health Initiative.....  | ---                        | 10                          | ---                               | 10                                   | -10                                       |
| DOE: CCTI (Includes Energy Efficiency and Conservation, Fossil<br>Energy and Energy Information Administration)..... | 457                        | 651                         | N/A                               | 600                                  | N/A                                       |
| DOI: Endangered Species Act (DOI only).....  | 77                         | 113                         | 86                                | 105                                  | -19                                       |
| DOI: Disaster Information Network (DIN).....   | ---                        | 15                          | ---                               | 8                                    | -8  |
| Elk Hills, CA Retired Teachers System Payment.....   | ---                        | 36                          | ---                               | 36                                   | -36                                       |
| <b>Shortfall, Interior.....</b>  |                            |                             |                                   |                                      | <b>-121</b>                               |
| Smithsonian.....   | 402                        | 420                         | 408                               | 410                                  | -2  |
| DOI: Bureau of Indian Affairs (BIA) Initiatives (School Ops./Educ. Construc./<br>Law Enforcement/Land Consol.).....  | 594                        | 687                         | 619                               |                                      |   |
| DOI: Land and Water Conservation Fund (DOI/FS).....  | 270                        | 270                         | 238                               |                                      |   |
| NOTE: FY 1998 includes \$699 M for priority Federal land acquisition.  |                            |                             |                                   |                                      |   |
| DOI: National Park Service - Program Operation .....   | 1,246                      | 1,321                       | 1,286                             |                                      |   |
| USDA: Forest Service: CCTI.....  | ---                        | 3                           | N/A                               |                                      |   |
| USDA: FS: Stewardship Incentives and Forest Legacy Progs.....  | 11                         | 15                          | N/A                               |                                      |   |
| IHS Health Care Construction Funding Level.....  | 14                         | 39                          | N/A                               |                                      |   |
| NEA .....  | 98                         | 136                         | 98                                |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

08-Oct-98  
 11:53 AM  
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|--|----------------------------|-----------------------------|---|--------------------------------------|---|
| <b>LABOR/HHS/EDUCATION:</b>  |                            |                             | Average of H/S<br>is assumed for<br>"Open" items. |                                      |   |
| ED: Education Technology.....  | 584                        | 721                         | 614 "O"   | 707                                  | -93                                       |
| ED: Obey Comp. Schl. Reform - in Title I (Also Hisp. Init.).....         | 120                        | 150                         | 120   | 150                                  | -30                                       |
| ED: Hispanic Ed. Init. - Bilingual and Immigrant Education.....          | 354                        | 387                         | 355   | 387                                  | -32                                       |
| ED: Adult Education (Also Hisp. Init.).....                              | 361                        | 394                         | 377   | 394                                  | -17                                       |
| ED: Civil Rights .....   | 62                         | 68                          | 65  | 68                                   | -3  |
| ED: Education Initiatives - High Hopes/GEAR UP <i>Efforts only</i> ..... | ---                        | 140                         | 50  | 90                                   | -40                                       |
| ED: Education Initiatives - Education Opportunity Zones.....             | ---                        | 200                         | ---   | ---                                  | ---                                       |
| ED: Learning Anytime, Anywhere .....                                     | ---                        | 30                          | 5 "O"   | 20                                   | -15                                       |
| HHS: HRSA/CDC: Race and Health Initiative .....                          | ---                        | 70                          | 39  | 70                                   | -31                                       |
| MEMO: Race and Health Demonstration Grants (CDC) (included above).....   | (---)                      | (30)                        | (---)   | (30)                                 | (-30)                                     |
| HHS: HCFA - Program Level (Includes Medicare User Fees).....             | 1,929                      | 2,138                       | 2,092   | 2,138                                | -46                                       |
| <b>Shortfall, Labor/HHS/Education.....</b>                               |                            |                             |   |                                      | <b>-307</b>                               |

**NOTE:** For items listed below, substantially higher advance appropriations are required to fund the Senate level.

|   |     |       |       |     |     |
|---|-----|-------|-------|-----|-----|
| Total, FY 2000 Advance Appropriations Provided.....                           |     | 2,798 | 1,282 |     |     |
| ED: Child Care Init. - After Schl. Prog. (21st Cty. Comm. Learn'g Ctrs.)..... | 40  | 200   | 200   | 200 | --- |
| ED: America Reads Challenge.....  | --- | 260   | 260   | 210 | 50  |
| ED: Education Initiatives - Teacher Recruitment and Prep.....                 | --- | 67    | 75    | 67  | 8   |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

06-Oct-98

11:53 AM

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|---|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| ED: Hispanic Ed. Init. – Title III Hispanic Serving Institutions .....  | 12                         | 28                          | 28                                | 28                                   | —   |
| DOL: Labor Law Enforcement (OSHA).....  | 338                        | 355                         | 353                               | 355                                  | -2  |
| HHS: Family Planning.....   | 203                        | 218                         | 215                               | 218                                  | -3  |
| ED: Title I – Education for the Disadvantaged (Grants to LEAs):   |                            |                             |                                   |                                      |   |
| Appropriations Request.....   | (7,375)                    | (6,319)                     | (6,078) "O"                       |                                      |   |
| FY 1999 Advance Appropriation (provided in FY 1998 bill).....   | —                          | (1,448)                     | (1,448) "O"                       |                                      |   |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                          | (1,448)                     | — "O"                             |                                      |   |
| Total, Title I Grants to LEAs (Request + FY 2000 Advance).....  | 7,375                      | 7,767                       | 7,526 "O"                         |                                      |   |
| ED: Goals 2000.....   | 491                        | 501                         | 371 "O"                           |                                      |   |
| ED: National Testing.....   | 19                         | 15                          | N/A "O"                           | <i>Big fight</i>                     |   |
| ED: School-to-Work.....   | 200                        | 125                         | 125                               |                                      |   |
| ED: School Construction.....  | —                          | —                           | 50 "O"                            |                                      |   |
| ED: Pell Grants.....  | (7,345)                    | (7,594)                     | (7,704)                           |                                      |   |
| House "Parked" BA.....  | —                          | —                           | (N/A)                             |                                      |   |
| Senate "Parked" BA.....   | —                          | —                           | (N/A)                             |                                      |   |
| Total, Pell Grants.....   | 7,345                      | 7,594                       | 7,704                             |                                      |   |
| NOTE: House "parked" \$384 M in BA and the Senate parked \$931 M in BA (for a total appropriation of \$8,179 M in the House and \$8,570 in the Senate). The "parked" funding is not required to fund Pell policy. |                            |                             |                                   |                                      |   |
| ED: Obey Comprehensive School Reform (non-Title I).....   | 25                         | 25                          | N/A                               |                                      |   |
| ED: Hispanic Ed. Init. – Migrant Educ. (Incls. Child Lab. Init.) - in Title I.....  | 305                        | 355                         | 355                               |                                      |   |
| ED: TRIO (Also Hisp. Init.).....  | 530                        | 583                         | 600                               |                                      |   |
| ED: Charter Schools.....  | 80                         | 100                         | 100                               |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

06-Oct-98

11:53 AM

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|---|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| ED: Work Study.....   | 830                        | 900                         | 870                               | "O"                                  |   |
| ED: Title III HBCUs.....                                      | 118                        | 135                         | 135                               | "O"                                  |   |
| ED: Safe and Drug Free Schools.....                           | 556                        | 606                         | 556                               |                                      |   |
| ED: Perkins Loans.....  | 135                        | 60                          | 60                                |                                      |   |
| DOL: Summer Jobs.....   | 871                        | 871                         | 871                               |                                      |   |
| DOL: Dislocated Workers.....                                  | 1,351                      | 1,451                       | 1,406                             |                                      |   |
| DOL: School-to-Work.....                                      | 200                        | 125                         | 125                               |                                      |   |
| DOL: Youth Opportunities Areas (YOA):                         |                            |                             |                                   |                                      |   |
| FY 1999 Advance Appropriation (provided in FY 1998 bill)..... | —                          | (250)                       | (125)                             | "O"                                  |   |
| FY 2000 Advance Appropriation (provided in FY 1999 bill)..... | —                          | (250)                       | —                                 | "O"                                  |   |
| Total, DOL: Youth Opportunities Areas (YOA).....              | —                          | 500                         | 125                               | "O"                                  |   |
| DOL: Child Labor (funds also requested in Customs).....       | 3                          | 39                          | N/A                               |                                      |   |
| DOL: Labor Law Enforcement (Excluding OSHA).....              | 589                        | 616                         | 616                               |                                      |   |
| DOL: Adult Training Program.....                              | 955                        | 1,000                       | 955                               |                                      |   |
| DOL: Office of Federal Contract Compliance Prog (OFCCP).....  | 62                         | 68                          | 65                                |                                      |   |
| DOL: Child Care Initiative: Child Care Apprenticeship.....    | —                          | 5                           | N/A                               |                                      |   |
| DOL: UI Integrity.....  | —                          | 91                          | —                                 |                                      |   |
| DOL: Learning Anytime, Anywhere.....                          | —                          | 10                          | 10                                |                                      |   |
| HHS: Child Care Initiative: Head Start:                       |                            |                             |                                   |                                      |   |
| Appropriations Request.....                                   | (4,347)                    | (4,660)                     | (4,660)                           |                                      |   |
| FY 2000 Advance Appropriation (provided in FY 1999 bill)..... | —                          | —                           | —                                 |                                      |   |
| Total, Head Start.....  | 4,347                      | 4,660                       | 4,660                             |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

08-Oct-98

11:53 AM

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|---|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| <b>HHS: LIHEAP:</b>   |                            |                             |                                   |                                      |   |
| Appropriations Request.....   | (1,000)                    | —                           | —                                 |                                      |   |
| FY 1999 Advance Appropriation (provided in FY 1998 bill).....   | —                          | (1,100)                     | (1,100)                           |                                      |   |
| Total, LIHEAP (Request + FY 1999 Advance).....  | 1,000                      | 1,100                       | 1,100                             |                                      |   |
| MEMO: FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                          | (1,100)                     | (1,100)                           |                                      |   |
| MEMO: LIHEAP Emergency Contingency Fund.....  | (300)                      | (300)                       | (300)                             |                                      |   |
| <b>HHS: Child Care Initiative: Provider Scholarship, Standards<br/>and Research (Within CCDBG):</b>                   |                            |                             |                                   |                                      |   |
| Appropriations Request.....   | —                          | (174)                       | —                                 |                                      |   |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                          | —                           | (182)                             |                                      |   |
| Total, Child Care Initiative.....   | —                          | 174                         | 182                               |                                      |   |
| NOTE: Conference agreement makes funding <u>subject to authorization</u> .  |                            |                             |                                   |                                      |   |
| <b>HHS: Chem/Bio Weapons (Budget Amendment):</b>  |                            |                             |                                   |                                      |   |
| Appropriations Request.....   | (2)                        | (115)                       | —                                 |                                      |   |
| NOTE: Some of these fund on the line above are included in the<br>CDC and NIH totals above.                           |                            |                             |                                   |                                      |   |
| Contingent Emergency Funding Provided (\$81 M of the \$153 is<br>included in CDC emergency funding listed above)..... | —                          | —                           | (162)                             |                                      |   |
| Total, HHS: Chem/Bio Weapons.....   | 2                          | 115                         | 162                               |                                      |   |
| <b>HHS: Substance Abuse and Mental Health Services<br/>Administration (SAMHSA):</b>                                   |                            |                             |                                   |                                      |   |
| SAMHSA - National Household Survey on Drug Abuse.....   | (18)                       | (22)                        | —                                 |                                      |   |
| SAMHSA - Other.....   | (2,129)                    | (2,253)                     | (2,446)                           |                                      |   |
| Total, SAMHSA.....  | 2,147                      | 2,275                       | 2,446 "O"                         |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
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08-Oct-98

11:53 AM

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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| HHS: HRSA – Ryan White AIDS Funding:   |                            |                             |                                   |                                      |   |
| Appropriations Request.....  | (1,150)                    | (1,313)                     | (1,399)                           |                                      |   |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....  | —                          | —                           | —                                 |                                      |   |
| Total, Ryan White AIDS Funding.....  | 1,150                      | 1,313                       | 1,399                             |                                      |   |
| HHS: Nat'l Institutes of Health (NIH) (Includes Cancer funding).....   | 13,622                     | 14,763                      | 15,582                            |                                      |   |
| HHS: CDC (Includes Violent Crime Funding).....   | (2,384)                    | (2,497)                     | (2,503)                           |                                      |   |
| Contingent Emergency Funding:  |                            |                             |                                   |                                      |   |
| Base Funding.....  | —                          | —                           | —                                 |                                      |   |
| Bio-terrorism Funding.....   | —                          | —                           | —                                 |                                      |   |
| Total, Contingent Emergency Funding.....   | —                          | —                           | —                                 |                                      |   |
| Total, CDC Funding.....  | 2,384                      | 2,497                       | 2,503                             |                                      |   |
| HHS: Child Care Initiative (Developmental Disabilities).....   | —                          | 5                           | 4                                 |                                      |   |
| NLRB.....  | 175                        | 184                         | 180 "O"                           |                                      |   |
| CPB: Digital Conversion Initiative.....  | —                          | 50                          | N/A "O"                           |                                      |   |
| Corporation for National and Community Service.....  | 257                        | 278                         | 275                               |                                      |   |
| SSA: Discretionary Cap Adjustment.....   | —                          | 50                          | —                                 |                                      |   |
| NOTE: Instead of a cap adjustment, Conference adds \$47 M to the base<br>SSA limitation account. This is acceptable. |                            |                             |                                   |                                      |   |
| SSA: User Fee Proposal.....  | —                          | 19                          | —                                 |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
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08-Oct-98

11:53 AM

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|---|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| <b>TRANSPORTATION:</b>  |                            |                             |                                   |                                      |   |
| DOT: FAA, Excluding Airport Grants .....  | 7,402                      | 8,008                       | 7,770                             | 7,842                                | -72                                       |
| DOT: FAA: Omnibus Emergency Funding.....  | —                          | —                           | 100                               | —                                    | 100                                       |
| DOT: Access to Jobs.....  | —                          | 100                         | 50                                | 75                                   | -25                                       |
| NOTE: Of the \$100 M requested for "Access to Jobs,"<br>\$50 M is "guaranteed" in TEA-21.         |                            |                             |                                   |                                      |   |
| <b>Shortfall, Transportation.....</b>   |                            |                             |                                   |                                      | <b>3</b>                                  |
| DOT: AMTRAK.....  | 793                        | 621                         | 609                               | 609                                  | —   |
| DOT: Coast Guard (Includes Functions 400 and 050).....  | 3,264                      | 3,338                       | 3,200                             | 3,316                                | -116                                      |
| NOTE: FY 1999 Proposed includes: \$35 M for CG user<br>fees and \$17 M for Alteration of Bridges. |                            |                             |                                   |                                      |   |
| DOT: CG: Omnibus Emergency Funding.....   | —                          | —                           | 110                               | —                                    | 110                                       |
| DOT: Office of the Secretary: S&E.....  | 61                         | 62                          | 58                                | 62                                   | -4  |
| DOT: FAA: Flight 2000 (non-add, included in FAA program total).....                               | —                          | (90)                        | N/A                               | (4)                                  | N/A                                       |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

06-Oct-98

11:53 AM

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--- CLOSE HOLD ---

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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| <b>VA/HUD/INDEPENDENT AGENCIES:</b>  |                            |                             |                                   |                                      |   |
| HUD: Empowerment Zones ( as MANDATORY in the FY 1999 Budget).....  | —                          | 150                         | 60                                | 60                                   | -60                                       |
| EPA: Boston Harbor .....   | 50                         | 50                          | 30                                | 50                                   | -20                                       |
| Community Dev't Financial Institutions (CDFI).....   | 80                         | 125                         | 80                                | 96                                   | -16                                       |
| NSF/EPA: GLOBE .....   | 2                          | 3                           | 2                                 | 3                                    | -1  |
| EPA: Climate Change Tech. Init. (CCTI).....  | 90                         | 205                         | 99                                | 125                                  | -26                                       |
| Corp. for Nat'l and Community Service (Including IG).....  | 429                        | 502                         | 429                               | 450                                  | -21                                       |
| HUD: HOPWA.....  | 204                        | 225                         | 215                               | 225                                  | -10                                       |
| EPA: Superfund (Pre-transfer) (Excludes Brownfields) .....   | 1,411                      | 2,002                       | 1,409                             | 1,509                                | -100                                      |
| NOTE: Proposed Final Level of \$1,609 M would provide a modest, face-saving increase (+\$200 M), but still would result in missing the 2001 target for cleanup of 900 sites. |                            |                             |                                   |                                      |   |
| <b>Shortfall, VA/HUD.....</b>  |                            |                             |                                   |                                      | <b>-254</b>                               |
| HUD: Welfare-to-Work Housing Vouchers .....  | —                          | 283                         | 283                               | 140                                  | 143                                       |
| NASA: International Space Station.....   | 2,441                      | 2,270                       | 2,270                             | 2,300                                | -30                                       |
| HUD: Brownfields (requested in HUD and EPA) .....  | 25                         | 50                          | 25                                | 25                                   | —   |
| HUD: Fair Housing (FHIP and FHAP).....   | 30                         | 52                          | 40                                |                                      |   |
| HUD: Regional Opportunity Counseling.....  | —                          | 20                          | 10                                |                                      |   |
| National Science Foundation (NSF) (Incls. 254 and 054; excl. GLOBE).....   | 3,427                      | 3,771                       | 3,670                             |                                      |   |
| EPA: Brownfields (requested in HUD and EPA) .....  | 89                         | 91                          | 91                                |                                      |   |
| EPA: Clean Water Initiative.....   | 484                        | 629                         | 629                               |                                      |   |
| HUD: Community Empowerment Fund (EDI) .....  | 138                        | 400                         | 225                               |                                      |   |

**FY 1999 Appropriations Bills: Funding Issues**  
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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| HUD: Climate Change Tech. Init. (CCTI) (PATH/Housing Tech.).....       | —                          | 10                          | 10                                |                                      |   |
| HUD: Youthbuild.....   | 35                         | 45                          | 42                                |                                      |   |
| HUD: Office of Lead Hazard (Lead-Based Paint Abatement) .....          | 60                         | 85                          | 80                                |                                      |   |
| HUD: Section 8 Contract Renewals.....                                  | 8,180                      | 7,191                       | 9,600                             |                                      |   |
| HUD: Section 8 Amendments.....   | 850                        | 1,337                       | —                                 |                                      |   |
| HUD: Other Section 8 (Excludes "Regional Opportunity Counseling")..... | 343                        | 434                         | 434                               |                                      |   |
| HUD: Section 8 Rescissions.....  | -3,022                     | —                           | -1,650                            |                                      |   |
| VA: Medical Care.....  | 17,057                     | 17,028                      | 17,306                            |                                      |   |
| Neighborhood Reinvestment Corporation.....                             | 60                         | 90                          | 80                                |                                      |   |
| FEMA: Chem-Bio Program.....  | —                          | 12                          | 11                                |                                      |   |

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|---|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| <b>AGRICULTURE/RURAL DEVELOPMENT:</b>   |                            |                             |                                   |                                      |   |
| HHS/USDA: FDA: Food Safety Initiative (FDA and USDA).....   | 190                        | 286                         | 242                               | 287                                  | -45                                       |
| USDA: USDA Discrimination Claim Payments.....   | —                          | 20                          | 13                                | 15                                   | -2  |
| <b>Shortfall, Agriculture/RD.....</b>   |                            |                             |                                   |                                      | <b>-47</b>                                |
| HHS: FDA: Tobacco Enforcement .....   | 34                         | 134                         | 34                                |                                      |   |
| USDA: Emergency Farm Assistance.....  | —                          | 500                         | 4,100                             |                                      |   |
| USDA: Women, Infants, and Children (WIC).....   | 3,924                      | 4,081                       | 3,924                             |                                      |   |
| USDA: Socially Disadv'd Farmers — Outreach.....   | 3                          | 10                          | 3                                 |                                      |   |
| USDA: Socially Disadv'd Farmers -- Farm Ownership Direct Lns.....   | 8                          | 13                          | 12                                |                                      |   |
| NOTE: Latest Senate action includes credit sales of inventory property (funded separately in "FY 1999 Proposed" and "Latest House Action"). |                            |                             |                                   |                                      |   |
| USDA: Climate Change Technology Initiative (CCTI).....  | —                          | 7                           | —                                 |                                      |   |
| USDA: Clean Water Action Plan (NRCS).....   | —                          | 23                          | —                                 |                                      |   |
| USDA: Rural Community Advancement Program.....  | 652                        | 715                         | 725                               |                                      |   |
| USDA: Init. for Future Agriculture and Food Systems (Disc. Reduction to MANDATORY acc't - Ag Research Bill).....                            | —                          | 120                         | —                                 |                                      |   |
| USDA: Fund for Rural America (Discretionary reduction to MANDATORY account - Ag Research Bill) .....  | —                          | 60                          | —                                 |                                      |   |

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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| <b>ENERGY/WATER DEVELOPMENT:</b>   |                            |                             |                                   |                                      |   |
| TVA .....  | 70                         | 77                          | —                                 | 42                                   | -42                                       |
| NOTE: The \$42 M Proposed Final Level is the level noted in OMB's report on TVA's non-power program for navigation, flood control, and other essential services. |                            |                             |                                   |                                      |   |
| DOE: Science: Next Generation Internet.....  | —                          | 22                          | —                                 | 21                                   | -21                                       |
| Shortfall, E/W.....  |                            |                             |                                   |                                      | -63                                       |
| CORPS: Everglades Restoration.....   | 59                         | 98                          | 46                                | 55                                   | -9  |
| CORPS: Clean Water Initiative (excluding Everglades).....  | 106                        | 142                         | 106                               | 110                                  | -4  |
| CORPS: Kill Van Kull.....  | 1                          | 32                          | 30                                | 32                                   | -2  |
| CORPS: Columbia River Salmon Restoration.....  | 95                         | 117                         | 60                                | 95                                   | -35                                       |
| NOTE: Below the \$95 M Proposed Final Level the Corps will have ESA non-compliance problems.   |                            |                             |                                   |                                      |   |
| DOE: CCTI (Includes funding for all of Solar and Renewable Energy, and new activities in Energy Research).....   | 272                        | 409                         | 289                               | 409                                  | -120                                      |
| DOE: Nuclear Waste Disposal (Yucca Mountain).....  | 350                        | 380                         | 358                               | 380                                  | -22                                       |
| DOE: Defense Environmental Management Privatization.....   | 200                        | 517                         | 228                               | 287                                  | -59                                       |
| DOE: Nuclear Energy (NE): NE Research Initiative.....  | —                          | 24                          | 19                                | 24                                   | -5  |
| DOE: Spallation Neutron Source.....  | 23                         | 157                         | 130                               | 157                                  | -27                                       |

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|---|--------------------|---------------------|---------------------------|-----------------------------|----------------------------------|
| <b>FOREIGN OPERATIONS</b> .....   | 13,192             | 14,003              | 12,872                    | 13,472                      | -600                             |
| <b>Shortfall, Foreign Operations</b> .....  |                    |                     |                           |                             | -600                             |
| TREASURY: International Monetary Fund (IMF) Funding Level (non-add).....                        | —                  | (17,861)            | N/A                       | 17,861                      |                                  |
| NOTE: Treasury has not yet requested to re-propose the<br>FY 1998 request as a FY 1999 request. |                    |                     |                           |                             |                                  |
| TREASURY: MDBs: Global Env. Fnd (GEF) – Approp.....   | 48                 | 108                 | —                         | 23                          | -23                              |
| TREASURY: MDBs: Global Env. Fnd (GEF) – Arrears.....  | —                  | 192                 | 48                        | 192                         | -144                             |
| TREASURY: Asian Dev. Fund – Approp.....   | 100                | 100                 | 60                        | 60                          |                                  |
| TREASURY: African Dev. Fund – Approp.....   | —                  | 67                  | 40                        | 40                          | —                                |
| TREASURY: Asian Dev. Fund – MDB Arrears.....  | 50                 | 150                 | 150                       | 150                         | —                                |
| TREASURY: African Dev. Fund – MDB Arrears.....  | 45                 | 88                  | 88                        | 88                          | —                                |
| TREASURY: North American Dev. Bank (NADBANK: CAIP).....   | —                  | 37                  | —                         | —                           | —                                |
| TREASURY: Debt Restructuring Funding Level (Including Africa).....                              | 27                 | 72                  | 33                        | 33                          | —                                |
| STATE: Central and Eastern European Assist./Bosnia Levels.....                                  | 483                | 463                 | 430                       | 450                         | -20                              |
| STATE: Non-Proliferation, Demining, and Related.....  | 133                | 216                 | 133                       | 216                         | -83                              |
| STATE: Foreign Military Financing Grants.....   | 3,343              | 3,276               | 3,330                     | 3,330                       | —                                |
| STATE: Economic Support Fund (includes Africa Initiatives).....                                 | 2,420              | 2,514               | 2,340                     | 2,380                       | -40                              |
| USAID: Assistance to the New Independent States (NIS).....                                      | 769                | 922                 | 651                       | 770                         | -119                             |
| USAID: Development Assistance/Child Survival (includes Africa init.).....                       | 1,719              | 1,729               | 1,739                     | 1,759                       | -20                              |
| USAID: Operating Expenses.....  | 479                | 484                 | 470                       | 480                         | -10                              |
| USAID: International Disaster Assistance.....   | 190                | 205                 | 165                       | 200                         | -35                              |
| International Organizations and Programs.....   | 295                | 314                 | 268                       | 275                         | -7                               |

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|--|----------------------------|-----------------------------|-----------------------------------|--------------------------------------|---|
| Peacekeeping Operations (PKO).....   | 78                         | 83                          | 72                                | 83                                   | -11                                       |
| U.S. Export-Import Bank.....   | 732                        | 859                         | 800                               | 835                                  | -35                                       |
| Peace Corps.....   | 226                        | 270                         | 227                               | 250                                  | -23                                       |
| State: International Narcotics Control.....  | 230                        | 275                         | 261                               | 275                                  | -14                                       |
| All Other.....   | 1,825                      | 1,579                       | 1,567                             | 1,583                                | -16                                       |
| <b>Total, Shortfall .....</b>  |                            |                             |                                   |                                      | <b>-1,713</b>                             |
| <b>Total, Shortfall Required, if Additional Advance Appropriations are not Provided.....</b> |                            |                             |                                   |                                      | <b>1,284</b>                              |

October 12, 1998

MEMORANDUM FOR ERSKINE BOWLES

FROM: Bruce Reed  
SUBJECT: Goals 2000 Compromise

Attached is language amending the Goals 2000 Act, which we could offer in place of the Republicans' proposal to absorb Goals 2000 into the Title VI block grant. The language retains Goals 2000 as a separate program (with its basic structure and accountability requirements intact), but permits states and school districts to use Goals funds for the full range of purposes that Title VI allows.

We should not agree to this language easily: although we do not think it greatly undermines the program, Republicans will claim that they have gutted one of the President's signature education initiatives. But if you need to make a concession that will enable them to make such a claim, we are better off giving them this than retreating any further on national testing.

**AUTHORIZING STATES AND LOCAL EDUCATIONAL AGENCIES TO USE GOALS 2000 FUNDS FOR TITLE VI PURPOSES**

\_\_\_\_\_. Title III of The Goals 2000: Educate America Act is amended as follows:

“(a) At the end of section 308(b)(2) [relating to State Use of Funds], add:

(N) supporting technology related to the implementation of school based reform programs, including professional development to assist teachers and other school officials regarding how to use effectively such equipment and software;

(O) supporting programs for the acquisition and use of instructional and educational materials, including library services and materials (including media materials), assessments, reference materials, computer software and hardware for instructional use, and other curricular materials which are tied to high academic standards and which will be used to improve student achievement and which are part of an overall education reform program;

(P) supporting promising education reform projects including effective schools and magnet schools;

(Q) supporting programs to improve the higher order thinking skills of disadvantaged elementary and secondary school students and to prevent students from dropping out of school;

(R) supporting programs to combat illiteracy in the student and adult population, including parent illiteracy;

(S) supporting programs that provide for the educational needs of gifted and talented children;

(T) supporting school improvement programs or activities under section 1116 and 1117 of Title I of the Elementary and Secondary Education Act of 1965.

“(b) section 309(a)(6)(A)(ii) [relating to authorized State and Local activities] is amended to insert after “... use of technology-enhanced curricula and instruction,”: “and activities authorized under subparagraphs (N) through (T) of section 308(b)(2),”

-----  
This language ensures that States and local educational agencies have complete flexibility to use Goals 2000 funds to carry out activities authorized under Title VI of the Elementary and Secondary Education Act.

## REPORT ON SUCCESSFUL BILINGUAL EDUCATION PRACTICES

Sec. ----. Subpart 2 of Part A of title VII of the Elementary and Secondary Education Act of 1965 is amended by adding at the end thereof a new section 7137 to read as follows:

"Section 7137. SPECIAL REPORT. (a) The Secretary shall carry out a report on successful education practices for limited English proficient children. The report will identify at least 10 highly successful projects, including English immersion programs, Structured English as a Second Language Programs, Transitional Bilingual Education Programs, and Two-Way Bilingual Education Programs, funded from any source, to help limited English proficient students in high poverty schools attain proficiency in English and high levels of academic achievement. The report shall identify the features of each project that made it successful, and shall specify the characteristics of the schools and communities in which the programs were conducted, and of the children.

(b) The report in paragraph (a) shall be conducted with funds available to carry out section 7132.

© The report is to be carried out by a respected, non-partisan organization outside the Department of Education, such as the National Academy of Sciences.

(d) The report is to be submitted by the Secretary to the President and to the Congress not later than September 30, 1999, with such interim reports as may be necessary.

(e) The Secretary shall disseminate the findings of the report to State and local education agencies.

---

The Managers note that there are a number of techniques in use to help Limited English Proficient children learn English and acquire academic skills rapidly and efficiently. Grantees under the Bilingual Education Act should have information on the features of program designs that work well, in order to design the best programs to meet the needs of their children.

The Act includes language directing the Secretary to develop a report on successful practices through a non-partisan organization, for use by grantees and to inform the Congress' deliberations on reauthorization of Title VII of the Elementary and Secondary Education Act in the next Congress.

## REPORT ON BILINGUAL EDUCATION PRACTICES

Sec. ----. Subpart 2 of Part A of title VII of the Elementary and Secondary Education Act of 1965 is amended by adding at the end thereof a new section 7137 to read as follows:

"Section 7137. SPECIAL REPORT. (a) The Secretary shall carry out a report on education practices for limited English proficient children. The report will (1) identify at least 10 highly successful projects, including English immersion programs, Structured English as a Second Language Programs, Transitional Bilingual Education Programs, and Two-Way Bilingual Education Programs, funded from any source, to help limited English proficient students in high poverty schools attain proficiency in English and high levels of academic achievement, and (2) at least 10 less successful such projects. The report shall identify the features of each project that made it successful or unsuccessful, and shall specify the characteristics of the schools and communities in which the programs were conducted, and of the children.

(b) The report in paragraph (a) shall be conducted with funds available to carry out section 7132.

© The report is to be carried out by a respected, non-partisan organization outside the Department of Education, such as the National Academy of Sciences.

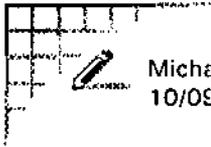
(d) The report is to be submitted by the Secretary to the President and to the Congress not later than September 30, 1999, with such interim reports as may be necessary.

(e) The Secretary shall disseminate the findings of the report to State and local education agencies.

---

The Managers note that there are a number of techniques in use to help Limited English Proficient children learn English and acquire academic skills rapidly and efficiently. Grantees under the Bilingual Education Act should have information on the features of program designs that work as well as programs that have not worked, in order to design the best programs to meet the needs of their children.

The Act includes language directing the Secretary to develop a report on practices that work and those that have not worked, through a non-partisan organization, for use by grantees and to inform the Congress' deliberations on reauthorization of Title VII of the Elementary and Secondary Education Act in the next Congress..



Michael Cohen  
10/09/98 05:26:15 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Barbara Chow/OMB/EOP, Bruce N. Reed/OPD/EOP

cc:

Subject: Goals 2000 and Ed-Flex

After hearing Barbara's description of the Republican idea of paring down the block grant proposal to specifying new ways in which Goals 2000 funds could be used, I think the Republican strategy may be shifting away from advocating block grants and towards a new assault on Goals 2000, in order to have something to take away from the table. I believe we should resist, in a number of ways:

**1. Oppose the idea of further specifying the purposes for which Goals \$ can be used.** This seems innocuous, especially since Goals funds are designed to be flexible enough to be used for virtually any purpose consistent with a school, district or state plan for education reform. However, the last time we went down this road with the Republicans, we got burned. In '95 we agreed to a provisions that "clarified" that schools could buy computers with Goals 2000 funds; we agreed because it had no practical effect--schools already could do that. As a result, the amendment sponsor (Ishtook) claimed that he gutted the program, and David Broder wrote a column claiming that POTUS caved on his flagship program.

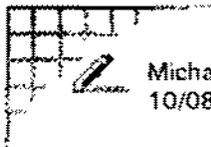
We shouldn't open ourselves to that again. If the R's want to enumerate some of the uses of federal program funds, they should clarify how their Title VI funds can be used.

**2. Stiffen our resolve on the requirement that states have a Goals 2000 plan in order to participate in Ed-Flex.** This is the provision that Goodling removed from the Castle/Roemer Ed-Flex bill (with the agreement of Castle, Roemer and the Dem. gov's.) Our position has been to take Ed-Flex as an alternative to block grants, and not fight too hard over the G2k provision. I now think we should dig in much harder, especially since the R's appear to be already giving so much ground on their block grant proposal. At this point, giving ground on the Goals 2000 provision is a gift to the R's, and to the gov's--who need ed-flex much more than we do, and who haven't done much to help us on the rest of our education agenda.

The rationale for requiring a Goals 2000 plan in the first place is sound--we will give added flexibility to a state only in the context of an overall, cohesive approach to reforming education so kids can meet high standards (and to accountability provisions that are not in dispute). Without such a plan, how could the state tell if a particular federal requirement was in fact interfering with its own approach to education reform?

Clearly we should still be use Ed-Flex if needed as an alternative to block grants. We should also be willing to take Ed-Flex if Castle/Roemer want to push it on the omnibus bill--as long as it contains the Goals provision.

Hope this makes sense to you; track me down if you need anything.



Michael Cohen  
10/08/98 08:19:24 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP  
cc: Laura Emmett/WHO/EOP  
Subject: Education updates

1. **Charters:** should come up for a vote in the Senate tonight and go to the House tomorrow. No problems expected in the Senate; the only House problem we are worried about is Goodling--his staff says he doesn't want us to have any more bill signings, and may force this into the omnibus bill. Hard to know whether to take his staff seriously.

2. **Literacy:** Goodling's staff is telling ed. groups, as well as Broderick Johnson and Scott Fleming, that they are holding the literacy bill until they get what they want on the testing language. However, Goodling himself denies this and has told Riley and the press that he has a problem with a Judd Gregg provision that requires a set funding increase for IDEA before the reading bill can be funded. He is talking about changing the provision and sending this back to the Senate; a strategy which on its face makes no sense, and lends some support to the idea that he is diddling around with the bill until he gets what he wants on testing.

I think Brod. should push back on Goodling's staff, and tell them that linking literacy and testing, or trading one for the other, is simply unacceptable to us. Kennedy's staff, Brod. Johnson, and ED staff and I think we should call Goodling's bluff, and that he will let the literacy bill go. Kennedy is ready to go to the floor and to put out a press release attacking Goodling for tying up the bipartisan bill, and for blocking efforts to help kids learn to read by opposing higher standards and tests and better teachers and tutors.

Elena--are you seeing anything in the omnibus negotiations that suggests Goodling is making this linkage?

3. **Voc-Ed bill.** Is reportedly coming to the floor in the House tonight, and the Senate tomorrow. No one has yet gotten their hands on the conference report and knows in any detail what is in the bill--but the Voc. Ed folks in ED are sure we like it.

4. **Ed-Flex.** Our preference remains to use Ed-Flex as a bargaining chip in the negotiations over block grants. Our preferred Ed-Flex bill is one sponsored by Castle and Roemer. Goodling is now also championing Castle/Romer--but has deleted a provision that requires states to have a Goals 2000 education reform plan in order to be eligible for Ed-Flex (this provision is symbolically important to us, but we can live without it if we can't get it back in the bill). Goodling is reportedly planning on adding Ed-Flex to an Assistive Technology bill--perhaps in a move to take it out of play in the omnibus negotiations. However, like much of what Goodling is up to, this move makes no sense, since the bill has already passed the Senate and would have to go back there if Ed-Flex is added--where it would most likely die (or get added to the omnibus).

The governors, who have been working with Castle, know nothing about Goodling's move. They think Ed-Flex is already in the Labor/HHS bill (though they don't know if that's the bill that was taken up on the floor of the House, or in the omnibus bill).

Given this confusion, right now I think we simply stick to our plan--use Ed-Flex as a bargaining chip. If we get block grants out without using Ed-Flex, and if Castle/Goodling try to add it separately, we should fight to get our Goals 2000 provision back in, but not fall on our sword if we don't succeed. We can live with the provision as is, as long as we don't look to happy about it.

- ① Maxine City meeting hand all <sup>P. 2</sup>
- ② Nled nursery facility.
- ③ ~~EB~~ ~~Grdo~~
- ④ ~~Nominees~~ ~~State~~
- ⑤ ~~Stipend~~

October 7, 1998 (8:23 AM)  
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FY 1999 APPROPRIATIONS BILLS: OBJECTIONABLE LANGUAGE ISSUES

AGRICULTURE/RURAL DEVELOPMENT

Black Farmers (Statute of Limitations Waivers)

Give King

The Administration had a proposal for Waiver of Statute of Limitation. It was negotiated with Martha Foley, House Judiciary, House Ag, House Approps

The Senate version is much broader and goes well beyond "Black Farmers". ~~Approps~~

A compromise was reached in conference already to go further than the House position. In fact Black Caucus members spoke in favor of ~~conference report~~ on floor.

This ~~is~~ should be closed. no further negotiation  
The House bill cost \$10 million, the Senate the Conference report \$12 million.  
Bill \$15 million  
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COMMERCE/JUSTICE/STATE DETCH, KAGAN, KYLE

check  
Lang

Annual U.N. Assessments (Report Language) (appears to be resolved) ?

Authorization Waivers - ~~resolved~~ waiver included.

Brady Handgun Insta-Check System ~~unresolved~~ from Admin perspective, House and Senate agreed to provide funds, priority fees and limit record retention. Have not addressed Admin concerns on a transition period for the records retention limit.  
Bureau of Export Administration (BXA) Licensing Notification (appears to be resolved) - notification language included check w/ DoD.

check  
Lang

Bureau of Prisons/Abortion prohibition included (as carried for several years)

Census Sampling - open

Controlled Substances Act - compromise language included.

Coordinated Drug Strategy (appears to be resolved) - report language has been dropped.

Department of Justice/State Ethics Rules - open

check  
language

Exxon Valdez - open (Stevens) but compromise language has been floated, awaiting confirmation that Admin has signed off on language.

Foreign Policy Provisions Regarding Jerusalem - open, Senate unwilling to recede.

FCC - Free Air Time (pending confirmation) - language included prohibiting use of funds.

Funding ABM Treaty Negotiations (McIntosh Amendment) - open staff discussion

FEES IN

~~INS Fees - open. Senate referring to report program in 1995 and 1996~~

Internet Regulation - all provisions open, Senate unwilling to recede.

Limitation on Immigration and Naturalization Service (INS) Non-Career Appointments - limitation included, as carried in FY98.

National Oceanic and Atmospheric Administration (NOAA) Restrictions on Executive Direction - resolved (compromise language included)

10/7/98 (12)

- NIST: Advanced Technology Program (ATP) - Cap on New Awards - \$55 m cap included LOS was carried in FY98.
- Prohibition on Intervention in Certain Court Proceedings (appears to be resolved) - resolved (dropped)
- Restriction on Agricultural Export Controls (appears to be resolved) - resolved (probably dropped)
- Restriction on FCC Funding for Portals Move ~~192 million~~ 192 million RPT LAND
- SBA Administrative Expenses - resolved, above both House and Senate levels for SBA Admin.
- Teamsters (appears to be resolved) - IN
- Use of Visa Fees (State) - open
- Visas for Agricultural Workers - open
- Visas for Foreign Nurses (appears to be resolved) - open
- INS Reform Package <sup>Chair</sup>
- Physician Assisted Suicide.

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DISTRICT OF COLUMBIA ELENA, DEICH

- IN • Abortion (Prohibition of Federal and District funds.)
- IN • D.C. Micromanagement
  - Criminalizing minors possession of tobacco (pending confirmation)
  - DC voting rights suit (pending confirmation)
- IN • National Capital Revitalization Corporation (new issue)
  - o Funds
  - o ang- cannot be capitalized
- OUT • Permit Use of Federal Funds for Private School Vouchers in D.C. (appears to be resolved)
- IN • Prohibition on Adoption in D.C. by Unmarried Couples
- IN • Prohibition on the Use of Federal and Local Funds for D.C. Needle Exchange Programs
- OUT • Prohibition on Payment of Attorney's Fees in Special Education Cases
- DC Contingency Fee Contract Authority

Foreign Operations *KYLE, MARA*

*need to see language*

- Climate Change: RESOLVED. Senate notification requirement dropped.
- Development Assistance: RESOLVED. negative impact of Indonesia earmark mitigated by requiring only \$50m in new money.
- Eastern Europe – RESOLVED. Restrictions on Aid to Bosnia: \$200m out of E. Europe for Bosnia, no restrictions on other accounts.
- Export-Import Bank: RESOLVED. No restrictions on environmental standards.
- Foreign Assistance Act Authorities: Repeal of section 451 dropped; reduction from \$50m to \$35m of sec. 614 authority retained because of overuse and abuse in recent years.

*Staff maybe perhaps*

*KU  
KU*

- KEDO: House insisting on no funding for KEDO.
- IMF: Most language and conditions informally agreed to among House and Senate Republicans; actual funding level for IMF Quota and preconditions for quota reserved by Speaker, House Democrats have problems with trade & investment liberalization language carried in both Senate and House bills.

*staff attempt*

- Iraqi National Congress: sub-earmark of \$3 million.
- International Organizations and Programs: prohibits funding of UNFPA.

*- staff attempt*

*KU*

- Mexico City Abortion language: same language on population that was in FY98 bill.

*need to see lang  
need to see lang*

- NIS – RESOLVED. Restrictions on Aid to Russia over Links to Iran and Taxation of Assistance: House (FY98) language on Iran, and taxation issue resolved in consultation with USG in Moscow.
- Overseas Private Investment Corporation: RESOLVED. \$5m withheld until report provided.
- Palestine Liberation Organization: RESOLVED. Senate accepted House provision allowing office to remain open.
- Tiahart family planning: RESOLVED. Conference language negotiated with AID and Democrats.

- CTBT
- OK w/ 907 Azerbaijan

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INTERIOR CHOW, MCGINTY, HOLSTEIN

- Alaska Land Purchases *in bill*
- Alaska Subsistence Fishing (House Sec. 341) *open*
- Airstrip within Denali National Park and Preserve (AK) (Report Language) *Rediffing*
- BIA and IHS Tribal Contract Moratorium *in bill w/ exception for health safety upon B. level in BIA search* *at prod. - eliminated - 1975 comment*
- BIA - Amendment on Indian Class III Gaming *in bill*
- BIA - Tribal Priority Allocations (TPA) Funding *Rediffed to do study*
- BIA - Prohibition on Taking Land into Trust Status for Tribes *not in bill*
- *g* BLM - Grazing Permits *in bill*
- *g* BLM - Hardrock Mining Surface Management Regulations *1 yr only w/ study*
- Chugach National Forest Road Easement *change public road to forest road*
- Columbia Basin *open*
- Commercial Fishing in Glacier Bay National Park (AK) *DOT deal: 1 yr extension for commercial fishing, \$100,000 for subsistence, buy out*
- *g* Coastal Barriers *in bill w/ 50 Carolina Cratered*
- *long* Forest Plan Revisions *modified to accept 11 additional plans + to strike provisions limiting plan in effect beyond 15 years.*
- *g* Grizzly Bear Reintroduction *in bill*
- King Cove/Izemek Road (AK) *in bill*
- Land Between The Lakes *open*
- Mandated Appraisal Procedures (Forest Service- AK only) *eliminated - need to be approved*
- Mandated Increase in Nationwide Timber Sales *in bill*
- Prohibition on Improvements to Pennsylvania Avenue *in bill*

maybe go

- Oil Valuation Royalty Rule *open*
- Pro-rata Allocation of Contract Support Costs/Indian Health Service *in bill* *stett*
- Receding from National Finance Center *deleted*
- *g* Rent Subsidies in Sawtooth National Forest, ID *modified to 25% increase*
- *"give"* Remove Dams on Elwha River *modified to limit funding.   
 Canyon Dam prior to dam removal decision.*
- Road Obliteration: Prioritization
- Salmon Habitat in Columbia and Snake Rivers *open*
- Stewardship Contracting/Demonstration Projects *added. 22 added projects   
 at A.L.M. request.*
- Timber Production Through Prescribed Burns *not in bill*
- Tongass National Forest (AK) Timber Sale Offer Target *open*
- *LWCF lapses*

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**LABOR/HHS/EDUCATION**

- Abortion - In, Bipartisan support
- Bilingual Education - Open
- Black Lung Regulations - Open
- Block Grants - Partial Close - Applies only to grants 2000, but still open.
- D.C. School Reform ~~is~~ included
- Family Planning out
- HHS/Child Care Initiative - in/subject to authorization
- HHS/NAS Ergonomics Study - open
- IDEA Amendment: Services to Disabled Youth 18-21 in Adult Prisons - open
- IDEA Amendment: (Sec. 309) Removal of Disabled Children Exhibiting Violent Behavior - Open
- Internet Access in Schools and Libraries - out.
- Mine Safety and Health Administration (MSHA) Training (appears to be resolved) ~~Resolved~~ included
- National Labor Relations Board (NLRB) - Open
- National Testing - Open
- Needle Exchange - House language included
- NIH Office of AIDS Research - As in House bill, current law for 3 years.
- OSHA Peer Review - Open
- Organ Donation - Open
- RRB Inspector General/Medicare ~~closed~~ prominent extension included. Pres. signed bill last year w/ ban.

need to see  
larger

need to  
see larger

- Social Services Block Grant (SSBG). TANF Transfer Authority *Dropped*
- Teamsters (appears to be resolved) *Resolved*
- Viagra - *Dropped*

- **ADDITIONS**

- SNE - PPS
- Home Health / IPS
- ~~WALTON~~
- CHIP ISSUES
- DSH

## Transportation - White House Concerns

1. **Airline Competition.**—The conference agreement includes no language on airline competition. The issue is to be addressed in the aviation bill. Chairman Wolf has indicated that if the FAA bill falters, he would be inclined to include language that the Administration has negotiated with Chairman Shuster.
2. **Coast Guard Roles and Mission.**—The conference agreement provides that no more than \$1 million shall be available for a study of the roles and missions of the Coast Guard.
3. **Disadvantaged Business Enterprise.**—By direction of the leadership of the House, the House receded to the Senate on expedited judicial review of the DBE program.
4. **WAAS.**—The conference agreement provides \$85 million for WAAS to be available only for Phase 1 activities. Senate conditions problematic to the Administration have been dropped.
5. **Fuel economy standards.**—The conference agreement includes the prohibition on CAFE standards, as has been the case for the last four years.
6. **Helicopters in Alaska.**—We have been presuming that the issue shall be addressed someplace other than the transportation title.
7. **Restrictions on Environmental Review of Transportation Projects.**—The conference agreement includes 3 limited waivers of NEPA: one in California (Packard); one in Alabama (Callahan) and one in New York (D'Amato), similar to ones included in TEA-21 over which the Administration did not object.
8. **Restrictions on political appointees.**—The conferees have agreed to increase the cap to 100 (the level sought by the Administration) from the House level of 88 and the Senate level of 91.

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**TREASURY/GENERAL GOVERNMENT**

- IN* • Abortion
- IN* • Family Assessments - *HOUSE/SENATE AUTHORIZERS WANT IT IN*
- OUT* • Federal Election Commission (FEC)
- IN* • Foreign State Economic Sanctions - *LAUTNER*
- OUT* • Haitian Immigration (retain Senate language; oppose House "extreme hardship" alternative)
- OUT* • Prescription Contraceptives

• *Prohibition on Intervention*

**Nicole R. Rabner**

10/07/88 12:03:40 PM

Record Type: Record

To: Martha Foley/WHO/EOP, Janet Murguia/WHO/EOP, Barbara Chow/OMB/EOP, Elena Kagan/OPD/EOP  
cc: Jennifer L. Klein/OPD/EOP  
Subject: Update: Child Care Legislation

For those of you who may be working on Treasury-Postal and/or omnibus appropriations, I wanted to provide the following update about the "Improving Federal Child Care Act," in the hopes that, in the last days of negotiations, we may get this important bill passed.

The bill, sponsored by Jeffords in the Senate and Morella/Gilman in the House, improves federally-sponsored child care through a number of measures, including allowing agencies to provide child care subsidies to low-income federal workers and giving the General Services Administration greater oversight of federal child care facilities, specifically directing GSA to develop health and standards and holding federal facilities accountable to these standards or to state standards, which ever is more rigorous.

In the Senate, the full bill was attached by voice vote to Treasury-Postal. We understand, however, that in conference this bill may be stripped of its authorizing amendments, including this piece. In the House, the full bill was voted unanimously out of committee and headed for suspension calendar consideration, but was side-tracked by last minute objections by Reps. Hoekstra and Thomas, and Ron Haskins of the House Ways and Means Committee, who argued that the bill would be a slippery slope to national standards. Because of these objections, the House on Monday passed on suspension only the subsidy piece, which is Morella's bill, and did not consider the quality piece, which was Gilman's bill. GSA, HHS, and CDF have been working hard to convince these members of the importance of improving the quality of federal child care and holding the centers to some reasonable standards of health and safety.

As final negotiations proceed, there is likely to be a renewed attempt by Jeffords and others to attach this bill to an omnibus appropriations package, and, if possible, we should weigh in to support that effort. We should, however, support passage of the entire bill, not just the subsidy piece.

## Child Care Bill and Report Language

### Child Care Bill Language

In the House bill, p. 41, line 17, strike "1,000,000,000" and insert "1,182,672,000".

In the Senate bill at p. 43, line 2, and in the House bill at p. 41, line 17, strike the period and insert the following:

: Provided further, That \$180,000,000 is available consistent with the purposes of Section 658G to improve the quality and availability of child care; of which \$100,000,000 shall be available to assist States in child care health and safety standards enforcement activities and that allotment of such funds to states shall reward those states with improved records of standards enforcement, \$50,000,000 shall be available to assist States in supporting scholarships of up to \$1,500 annually to child care providers who commit to remaining in the field for one year and that such funds shall require a state match and state plans shall require a commitment from child care employers to provide bonuses or other increases in compensation to scholarship recipients upon completion of training, and \$30,000,000 shall be available to the Secretary for child care research, demonstration and evaluation activities (directly or by grants or contracts), consumer education, and a child care parent hotline.

### Child Care Report Language

In the Senate report, at p. 173, add the following at the end of the section on the Child Care and Development Block Grant; and in the House report, at p. 117, add the following before the last paragraph in the section on the Child Care and Development Block Grant:

The Committee has provided an additional \$180,000,000 in FY 2000 for activities that will improve the quality and availability of child care. Within this amount, \$100,000,000 is provided for state programs of standards enforcement to help improve child care licensing systems, enforce State child care health and safety standards, promote licensing and accreditation, and ensure the health and safety of all children in child care. The Committee urges the Department of Health and Human Services to provide funds to states in such a manner so that financial incentives are available for states showing improvement in their standards enforcement programs.

The bill provides that \$50,000,000 of the amount appropriated shall be for state scholarship programs that provide up to \$1,500 annually to current and future child care providers who agree to remain in the field for at least one year after completion of the education for which the scholarship is used. The Committee believes that the success of this program is dependent on a commitment to the program on the part of the states, individual providers, and child care employers. The Committee therefore recommends that in addition to the provider's commitment to remain in the field, the program design also include a state match and a commitment by the child care employer to provide a bonus or other increase in compensation upon completion of training. The funds provided for standards enforcement activities and provider scholarships are to be in addition to the funds States are required to reserve under

section 658G of the Omnibus Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990).

The Committee recommendation also includes \$30,000,000 for the Secretary to carry out research, demonstrations and evaluation projects to identify the child care needs of low-income working families; expand the nation's knowledge of good policies and practices, including the types of child care settings, parent activities, and provider training that most benefit the early development of children; enhance availability, affordability and quality of child care for low-income families; provide child care consumer education; and establish parent child care hotlines.

### Simplified Child Care Language

Option 1: Allow states to use \$150M on enforcement and/or scholarships, as they wish. Leave \$30M for HHS. Note that language on enforcement and scholarships is also simpler.

: provided further, that \$180,000,000 is available consistent with the purposes of Section 658G to improve the quality and availability of child care through improvements in health and safety standards enforcement activities and through scholarships for child care providers. Provided further, that \$30,000,000 of the \$180,000,000 shall be available to the Secretary for child care research, demonstration and evaluation activities (directly or by grants or contracts), consumer education, and a child care parent hotline.

Option 2: Reduce or eliminate HHS set aside for research.

1 of the request as an emergency requirement as defined in  
2 the Balanced Budget and Emergency Deficit Control Act.

3 REFUGEE AND ENTRANT ASSISTANCE

4 For making payments for refugee and entrant assist-  
5 ance activities authorized by title IV of the Immigration  
6 and Nationality Act and section 501 of the Refugee Edu-  
7 cation Assistance Act of 1980 (Public Law 96-422),  
8 \$415,000,000: *Provided*, That funds appropriated pursu-  
9 ant to section 414(a) of the Immigration and Nationality  
10 Act under Public Law 104-208 for fiscal year 1997 shall  
11 be available for the costs of assistance provided and other  
12 activities conducted in such year and in fiscal years 1998  
13 and 1999.

14 CHILD CARE AND DEVELOPMENT BLOCK GRANT

15 For carrying out sections 658A through 658R of the  
16 Omnibus Budget Reconciliation Act of 1981 (The Child  
17 Care and Development Block Grant Act of 1990), to be  
18 come available on October 1, 1999 and remain available  
19 through September 30, 2000, \$1,182,672,000: *Provided*,

20 That \$19,120,000 shall be available for child care resource  
21 and referral and school-aged child care activities: *Provided*  
22 *for fiscal years 1999 and 2000* further, That of the funds provided, \$50,000,000 shall be  
23 reserved for each of ~~fiscal years 1999 and 2000~~ by the  
24 States for activities *such fiscal year* authorized under section 658G of the  
25 Omnibus Budget Reconciliation Act of 1981 (The Child  
26 Care and Development Block Grant Act of 1990), such

*Senate bill*

*under this Act  
Ord. P.L.  
105-78*

1 funds to be in addition to the amounts required to be re-  
2 served by States under section 658G.

3 SOCIAL SERVICES BLOCK GRANT

4 For making grants to States pursuant to section  
5 2002 of the Social Security Act, \$1,909,000,000: *Pro-*  
6 *vided*, That (1) notwithstanding section 2003(e) of such  
7 Act, as amended, the amount specified for allocation under  
8 such section for fiscal year 1999 shall be \$1,909,000,000  
9 and (2) notwithstanding subparagraph (B) of section  
10 404(d)(2) of such Act, the applicable percent specified  
11 under such subparagraph for a State for fiscal year 1999  
12 shall be the percent of the State grant under section  
13 403(a) of such Act for fiscal year 1998 transferred in fis-  
14 cal year 1998 to the State program under title XX of such  
15 Act.

16 CHILDREN AND FAMILIES SERVICES PROGRAMS

17 (INCLUDING RESCISSIONS)

18 For carrying out, except as otherwise provided, the  
19 Runaway and Homeless Youth Act, the Developmental  
20 Disabilities Assistance and Bill of Rights Act, the Head  
21 Start Act, the Child Abuse Prevention and Treatment Act  
22 (including section 105(a)(2) of the Child Abuse Prevention  
23 and Treatment Act), the Native American Programs Act  
24 of 1974, title II of Public Law 95-266 (adoption opportu-  
25 nities), the Adoption and Safe Families Act of 1997 (Pub-  
26 lic Law 105-89), the Abandoned Infants Assistance Act

21

**CHILD CARE AND DEVELOPMENT BLOCK GRANT**  
(INCLUDING TRANSFER OF FUNDS)

For carrying out sections 658A through 658R of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), in addition to amounts already appropriated for fiscal year 1998, \$65,672,000; and to become available on October 1, 1998 and remain available through September 30, 1999, \$1,000,000,000: Provided, That of funds appropriated for each of fiscal years 1998 and 1999, \$19,120,000 shall be available for child care resource and referral and school-aged child care activities, of which for fiscal year 1998 \$3,000,000 shall be derived from an amount that shall be transferred from the amount appropriated under section 452(j) of the Social Security Act (42 U.S.C. 652(j)) for fiscal year 1997 and remaining available for expenditure: Provided further, That of the funds provided for fiscal year 1998, \$50,000,000 shall be reserved by the States for activities authorized under section 658G of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), such funds to be in addition to the amounts required to be reserved by States under such section 658G.

Last years  
language

**SOCIAL SERVICES BLOCK GRANT**

For making grants to States pursuant to section 2002 of the Social Security Act, \$2,299,000,000: Provided, That notwithstanding section 2003(c) of such Act, as amended, the amount specified for allocation under such section for fiscal year 1998 shall be \$2,299,000,000.

**CHILDREN AND FAMILIES SERVICES PROGRAMS**  
(INCLUDING RESCISSIONS)

For carrying out, except as otherwise provided, the Runaway and Homeless Youth Act, the Developmental Disabilities Assistance and Bill of Rights Act, the Head Start Act, the Child Abuse Prevention and Treatment Act, (including section 105(a)(2) of the Child Abuse Prevention and Treatment Act), the Family Violence Prevention and Services Act, the Native American Programs Act of 1974, title II of Public Law 95-266 (adoption opportunities), the Abandoned Infants Assistance Act of 1988, part B(1) of title IV and sections 413, 429A and 1110 of the Social Security Act; for making payments under the Community Services Block Grant Act; and for necessary administrative expenses to carry out said Acts and titles I, IV, X, XI, XIV, XVI, and XX of the Social Security Act, the Act of July 5, 1960 (24 U.S.C. ch. 9), the Omnibus Budget Reconciliation Act of 1981, title IV of the Immigration and Nationality Act, section 501 of the Refugee Education Assistance Act of 1980, and section 126 and titles IV and V of Public Law 100-485, \$5,682,916,000, of which \$542,165,000 shall be for making payments under the Community Services Block Grant Act, and of which \$4,355,000,000 shall be for making payments under the Head Start Act: Provided, That of the funds made available for the Head Start Act, \$279,250,000 shall be set aside for the Head Start Program for Families with Infants and Toddlers (Early Head Start):

October 5, 1998

MEMORANDUM FOR BRUCE REED AND ELENA KAGAN

FROM: DPC Team Leaders

SUBJECT: Appropriations Riders

Commerce/Justice/State

**Visas for Agricultural Workers:** High priority; important for the Hispanic and Labor communities (if we are doing constituency specific one-pagers)

**Department of Justice/State Ethics Rules:** This provision to allow state ethics rules to be applied to the U.S. Attorneys is strongly opposed by Justice and prosecutors groups. We should join the Department in vigorously opposing this provision.

**Brady Handgun Insta-Check System:** The Brady rider should be strongly opposed. It undermines implementation of the permanent Brady provisions in two ways: (1) it does not allow the FBI to charge a user fee for background checks, so funds will have to be especially appropriated for this purpose; and (2) it does not allow the FBI to retain record of checks, so Brady implementation would need to be delayed for about 6 months until the software is reconfigured. OMB, DPC and Justice are currently working out a bottom-line compromise, in case it is necessary.

**INS Fees:** High priority; also important for the Hispanic community; would remove \$166 million from the Exams Fees account (which would ordinarily be used for immigration services, including naturalization processing) and use it to fund discretionary programs.

**Visas for Foreign Nurses:** Low priority; we opposed, but the provision now includes better labor protections and is a small number targeted to inner-city areas.

**Abortions for Federal Prisoners:** We should continue to oppose the prohibitions on funding abortions for federal prisoners except in the case of rape or where the life of the mother is endangered. However, this prohibition is in both the House and Senate bills and is current law.

**Controlled Substances Act:** We should strongly oppose the changes to this Act, which would reduce the record-keeping requirements and penalties that work to prevent precursor chemicals from being diverted to illegal markets.

**Coordinated Drug Strategy:** Although we do not support this unnecessary and duplicative requirement to have Justice develop its own drug strategy for drug prosecutions, it is not worth fighting over.

**Limitation on INS Non-Career Appointments:** Low priority; this is part of appropriations language. We asked in FY99 budget that the limitation be deleted (limited INS to four Schedule C employees, including the Commissioner). Included in both House and Senate. Very little chance of getting this out.

**Assault Weapons:** We support language in the Treasury-Postal appropriations to allow ATF to compensate for their losses a very small group of persons with permits to import certain modified assault weapons.

**Gun Prosecutions:** Although Justice is concerned with a \$1.5 million earmark for U.S. Attorneys to focus on gun prosecutions in Philadelphia, we can accept this amendment. We just need to be sure that the final language does not mandate what cases the U.S. Attorney's office has to take. Additionally, we should make sure that the final language does not re-write the President's Youth Crime Gun Interdiction Initiative or impose any undue burdens on U.S. Attorneys in general.

## Interior

**Pro-rata Allocation of Contract Support Costs/Indian Health Service:** High priority -- this provision would reallocate the way Indian Health Service funding is given to tribes with the result that many tribes will lose hundred of thousands of dollars.

**Bureau of Indian Affairs and Indian Health Service Tribal Contract Moratorium:** High priority -- this provision would interfere with tribal self-determination by prohibiting tribes that want to contract to provide their own health services or other services from doing so (which they are permitted to do under current law).

**Sen. Enzi/Sessions Amendment on Indian Class III Gaming (BIA):** High priority --this provision would prohibit the promulgation of the Indian gaming provisions from the Gaming Commission.

**BIA-Tribal Priority Allocations (TPA) Funding:** This is a non-issue at this point. Senator Gorton had wanted funding to be provided to tribes on a means testing basis. Interior worked out a compromise that would permit a study to be done first.

**BIA-Prohibition of Taking Land into Trust Status for Tribes:** High priority. Will this specific provision only affects the Shakopee Sioux in Minnesota, the effect of this provision would be to prevent BIA from taking lands into trust status for the tribes.

### Labor/HHS/Education

**National Testing:** The House language effectively bans any additional work on test development; the Senate language permits pilot testing to proceed this year as planned. We should negotiate something close to the Senate position, perhaps with additional studies thrown in (as was done last year) to give Goodling something to claim credit for. Barbara Chow, Broderick Johnson and I are meeting with Goodling's staff this afternoon to explore their position.

**Block Grants:** The House bill includes language permitting states to shift funds from Goals 2000 to Title VI (an existing block grant). We must oppose this, with no negotiation. If kept, this provision would kill Goals 2000 and eliminate its emphasis on standards and accountability. It will also be seen as a huge defeat for the Administration, because we lose Goals 2000 and cave on Block Grants.

There is an even worse block grant bill Sen. Gorton is pushing, that would consolidate a large number of programs (Goals 2000, professional development, technology, etc.), end their purpose, and provide no accountability. It also contains a version of Ed-Flex (which allows states to waive federal requirements) which we should also oppose, because it is way too broad in its scope, and because there are no accountability provisions to go along with the added flexibility.

If we need to negotiate in this area, our alternative should be the bipartisan Ed-Flex bill (Frist/Wyden in the Senate, Castle/Romer in the House) which we support because it incorporates the principles we articulated earlier this year when POTUS proposed Ed-Flex expansion to NGA. NGA is also supporting this bill.

**Bilingual Education:** This rider contains a 2-year limit on participation in bilingual education, with an absolute cut-off of participation after 4 years. It also has provisions that strengthen accountability and expand flexibility in the existing bilingual ed program. Substantively, we must oppose with no negotiations the time limit and cutoff. While we might be able to work out flexibility and accountability language to our substantive satisfaction, politically we will never work that out in this context to the satisfaction of the CHC.

**Family Planning:** Our draft SAP strongly objects to language in the Committee bill and any proposed amendments that require family planning grantees either to receive 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, more abortions, and more sexually transmitted diseases, including HIV. Federal health program costs could increase if this amendment interferes with the prevention of teen pregnancy. We would support adoption of the proposed

Castle/Greenwood amendment, which would ensure that grantees encourage minors to seek Their family's participation in family planning decisions.

**Organ Donation:** This has been resolved.

**Medicare Home Health:** Although this issue has been under discussion because the interim payment system has been very controversial and there may be efforts to put fixes in report language that could be problematic, in part because of excessive budget costs.

**D.C. School Reform:** After further checking, our position should clearly be to oppose this rider. It prevents ED from providing continuing funding to important DC school reform projects (to hire reading and math specialists, and to support Obey/Porter type schoolwide reforms using effective practices). These projects are important to keeping DC education reform moving in the right direction.

**IDEA Riggs Amendment:** We have and should continue to oppose this provision, which limits the ability of ED to enforce IDEA, with regard to providing educational services to disabled 18-21 year olds.

There is also a Livingston amendment on IDEA that may come up -- it would allow school officials to remove indefinitely (as opposed to for 45 days and then going to a hearing officer) kids with disabilities who bring weapons or drugs to schools, or who engage in violent behavior which could be harmful to other kids. We should oppose this flat out. If this doesn't work, we have developed with OMB and ED several fall back positions: (1) codify the reg that ED will release soon, that will allow schools to repeat 45-day expulsions over and over as long as the hearing officer agrees; (2) propose an independent study (NAS or GAO) to evaluate implementation of new law, and determine if changes are needed; (3) propose specific wording changes to remove most objectionable provisions of Livingston amendment.

**Viagra:** This is being resolved.

**Organ Reallocation:** Could be a major problem. Congress may undermine our current position on how organs are reallocated.

**CHIP reallocation Issues:** There are a number of state reallocation problems that we are trying to resolve, including Washington state, that we are in negotiations about.

**Pennsylvania Medicare DSH problem:** This may show up on a rider. We want to try to work out something for the state on. Unclear if it will happen in appropriations context, but it is a possibility.

### Foreign Operations

**Mexico City Abortion Language:** The President has issued a veto threat on this language in the past, and said he would veto it again. The House bill contains which would prohibit foreign non-governmental organizations from receiving US family planning funds if the organization uses any of its own funding from non-US Government sources for abortion-related services or advocacy. The Senate bill does not contain this, and the conference is once again at an impasse.

### Treasury/General Government

**Federal Election Commission (FEC):** A rider for which we thought we had a compromise has been reborn. McConnell, in retaliation for the General Counsel of the FEC's recommendation to restrict soft money, included a rider on the Treasury, Postal Appropriations bill in the that would require that four of the six commissioners vote to **retain** the General Counsel in his current position. Currently, no vote is necessary. Only when you hire a new General Counsel is a vote necessary.

We had a compromise in the House bill, where Livingstone had originally put forward this rider. It would have allowed the current General Counsel to keep his job, then institute this new voting procedure on retention for future General Counsels.

**Abortion:** We oppose this language which prevents FEHBP coverage for abortions for federal employees, except in cases of rape and incest, and when necessary to save the life of the woman. This restriction has been the law for the past few years.

**Prescription Contraceptives:** We support this language, which would require plans participating in the FEHBP program to provide coverage of prescription contraceptives.

### YA/HUD/Independent Agencies

**HUD: Public Housing Reform Legislation:** Although still some problems, most of the differences have been resolved and Cuomo has scheduled a news conference to announce a compromise agreement.

**HUD: Director of Mark-to-Market Program Office:** No longer an issue because Director is about to be confirmed.

**HUD: Single-family Property Disposition:** Resolved in our favor.

**HUD: FHA Mortgage Limit:** Compromise achieved.

**HUD: Homeless Assistance Grants:** Congress included a 30% set-aside which we opposed. Can't win this fight.

**HUD: Ninety-day Delay of Reissuing Vouchers and Certificates (Section 8):** Republicans took out which frees up another 40,000 vouchers. Good news for us.

**EPA: Brownfields Cleanup Funding:** Has been resolved in our favor.

### Agriculture/Rural Development

**Prohibition on Use of Food and Nutrition Service (FNS) Funds to do Research and Program Evaluations:** The conference provides that a small portion of research on nutrition programs be conducted by the FNS, however, the bulk of that research would be provided by the Economic Research Service. USDA would urge Congress to allow all research to be conducted by FNS.

**FDA Drug Reviews/RU-486:** This rider has been dropped from the conference report.

**USDA Rural Development:** The conference report blocks use of mandatory funding under Fund for Rural America. We urge the conference to remove this provision.

**Country of Origin Labeling -- New issue:** This is currently going to be a study, I put in a call to NEC but because of relations with Canada, I don't think we had agreement to push this.

### District of Columbia

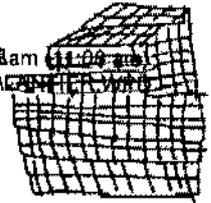
**Permit Use of Federal Funds for Private School Vouchers in D.C.:** We have to insist this be dropped, with no compromise. I've heard the Republicans are prepared to drop this rather than fight.

**Abortion:** This amendment would prevent unmarried couples in DC from jointly adopting or becoming foster parents. We strongly oppose the amendment because it would interfere in caseworkers decisions about the best interests of the child and with matters of state and local policy. While the amendment would affect the ability of all unmarried couples to adopt, it clearly targets gay and lesbian couples.

**FY 1999 APPROPRIATIONS BILLS: OBJECTIONABLE LANGUAGE ISSUES**

***AGRICULTURE/RURAL DEVELOPMENT***

- Black Farmers (Statute of Limitations Waivers)



**COMMERCE/JUSTICE/STATE**

- Brady Handgun Insta-Check System - *AUDIT TO PREVENT FRAUD, keep 6-18 mos. NO USER FEE*
- Census Sampling
- Funding ABM Treaty Negotiations (McIntosh Amendment)
- Foreign Policy Provisions Regarding Jerusalem
- Internet Regulation / *E-rate* *Spam filter*
- INS Fees - *takes money away from naturalization*
- Visas for Agricultural Workers / *H2A* - *Wyden/Graham*
  
- Annual U.N. Assessments (Report Language) (appears to be resolved)
- Authorization Waivers
- Bureau of Export Administration (BXA) Licensing Notification (appears to be resolved)
- Bureau of Prisons/Abortion
- Controlled Substances Act - *meth labs (precursor chemical penalties)*
- Coordinated Drug Strategy (appears to be resolved)
- Department of Justice/State Ethics Rules
- Exxon Valdez
- Global Maritime Distressed and Safety System

- Law Enforcement Block Grant
- Limitation on Immigration and Naturalization Service (INS) Non-Career Appointments
- National Oceanic and Atmospheric Administration (NOAA) Restrictions on Executive Direction
- NIST: Advanced Technology Program (ATP) -- Cap on New Awards
- Prohibition on Intervention in Certain Court Proceedings (appears to be resolved)
- Restriction on Agricultural Export Controls (appears to be resolved)
- Restriction on FCC Funding for Portals Move
- SBA Administrative Expenses
- Teamsters (appears to be resolved)
- Use of Visa Fees (State)
- Visas for Foreign Nurses (appears to be resolved)
- Whale Conservation Act

**DISTRICT OF COLUMBIA**

① Permit Use of Federal Funds for Private School Vouchers in D.C. (appears to be resolved)

- Prohibition on Adoption in D.C. by Unmarried Couples
- Prohibition on the Use of Federal and Local Funds for D.C. Needle Exchange Programs - prevents local + private \$
- Abortion (Prohibition of Federal and District funds.) - done before / Hyle andt.
- D.C. Micromanagement
- Prohibition on Payment of Attorney's Fees in Special Education Cases

## **FOREIGN OPERATIONS**

- Climate Change
- Export Import Bank (appears to be resolved)
- Foreign Assistance Act Authorities-Sections 451 and 614
- Korean Peninsula Energy Development Organization (KEDO)
- Mexico City Abortion Language
- NIS -- Restrictions on Aid to Russia over Links to Iran and Taxation of Assistance
  
- Development Assistance
- Eastern Europe -- Restrictions on Aid to Bosnia
- ↳ IMF -- Restrictions on the IMF Quota Increase and the New Arrangements to Borrow
- International Organizations and Programs
- Overseas Private Investment Corporation
- Palestine Liberation Organization (appears to be resolved)

## **INTERIOR**

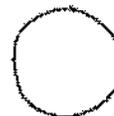
- BIA -- Amendment on Indian Class III Gaming
- Columbia Basin
- Commercial Fishing in Glacier Bay National Park (AK)
- King Cove/Izemeck Road (AK)
- Land Between The Lakes
- Oil Valuation Royalty Rule
- Remove Dams on Elwha River
- Road Obliteration: Prioritization
- Salmon Habitat in Columbia and Snake Rivers
- Timber Production Through Prescribed Burns
- Tongass National Forest (AK) Timber Sale Offer Target
  
- Alaska Land Purchases
- Alaska Subsistence Fishing (House Sec. 341)
- Airstrip within Denali National Park and Preserve (AK) (Report Language)
- BIA and IHS Tribal Contract Moratorium
- BIA -- Tribal Priority Allocations (TPA) Funding
- BIA --Prohibition on Taking Land into Trust Status for Tribes
- BLM -- Grazing Permits

- BLM – Hardrock Mining Surface Management Regulations
- Chugach National Forest Road Easement
- Coastal Barriers
- Forest Plan Revisions
- Grizzly Bear Reintroduction
- Mandated Appraisal Procedures (Forest Service- AK only)
- Mandated Increase in Nationwide Timber Sales
- Prohibition on Improvements to Pennsylvania Avenue
- Pro-rata Allocation of Contract Support Costs/Indian Health Service
- Receding from National Finance Center
- Rent Subsidies in Sawtooth National Forest, ID
- Stewardship Contracting/Demonstration Projects

## LABOR/HHS/EDUCATION

- Bilingual Education - 2 yr goal, 4 yr limit
- Block Grants - Goals 2000 → Title VI
- Family Planning - parental consent for contraceptives
- National Labor Relations Board (NLRB)
- National Testing
- OSHA Peer Review
- Organ Donation - organ Reallocation
- HCFA Recompment ?
- Abortion
- Black Lung Regulations
- D.C. School Reform
- HHS/NAS Ergonomics Study
- IDEA Amendment: Services to Disabled Youth 18-21 in Adult Prisons
- IDEA Amendment: (Sec. 309) Removal of Disabled Children Exhibiting Violent Behavior
- Internet Access in Schools and Libraries
- Mine Safety and Health Administration (MSHA) Training (appears to be resolved)
- Needle Exchange - Secy authority
- NIH Office of AIDS Research ?

- RRB Inspector General/Medicare
- Social Services Block Grant (SSBG). TANF Transfer Authority
- Teamsters (appears to be resolved)
- Viagra
- Welfare-to-Work Grants (period of obligation of funds)



## **TRANSPORTATION**

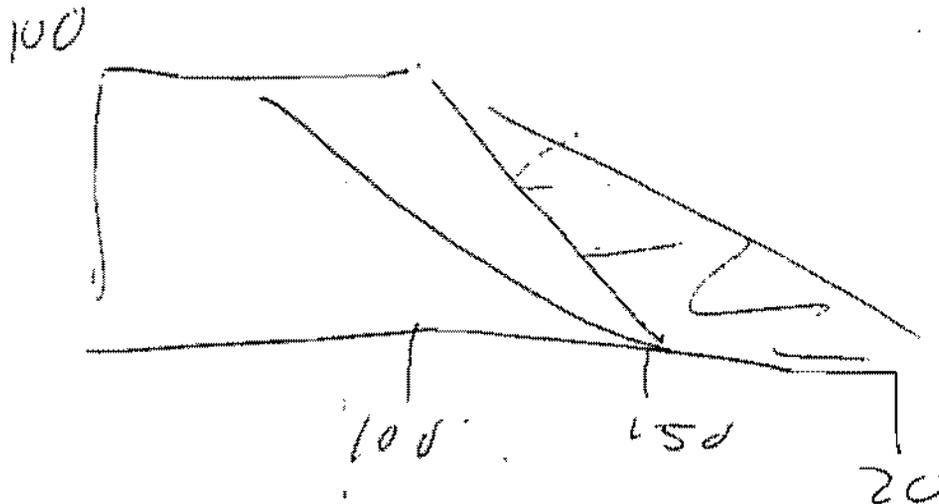
- Helicopters in Alaskan Wilderness Areas
- Airline Competition (not in bill yet)
- Coast Guard Roles and Missions Review
- Expedited Judicial Review of Disadvantaged Business Enterprise (DBE) Program
- FAA Wide Area Augmentation System (WAAS)
- Fuel Economy Standards (National Highway Traffic Safety Administration)
- Restrictions on Environmental Review of Transportation Projects
- Restrictions on Political Appointees

**TREASURY/GENERAL GOVERNMENT**

- Federal Election Commission (FEC)
- Abortion - FEHB
- Family Assessments
- Foreign State Economic Sanctions
- Haitian Immigration (retain Senate language; oppose House "extreme hardship" alternative)
- Prescription Contraceptives - *relig or moral objection*  
*- relig-based plans*

**Workers Chaffing Jobs Program**

|   | 1999  | 2000  | 2001  | 2002  | 2003  | 5 Years |
|---|-------|-------|-------|-------|-------|---------|
| <b>100% Federal</b>   |       |       |       |       |       |         |
| 240% Option   | 2,424 | 2,545 | 2,672 | 2,806 | 2,946 | 13,394  |
| Adults Covered  | 2.6   |       |       |       |       |         |
| 200% Option   | 2,178 | 2,287 | 2,401 | 2,521 | 2,647 | 12,035  |
| Adults Covered  | 1.6   |       |       |       |       |         |
| 150% Option   | 1,860 | 1,953 | 2,051 | 2,153 | 2,261 | 10,278  |
| Adults Covered  | 1.3   |       |       |       |       |         |
| <b>Assuming State Share</b>                                   |       |       |       |       |       |         |
| Full Option   | 1,818 | 1,909 | 2,004 | 2,105 | 2,210 | 10,046  |
| Adults Covered  | 2.6   |       |       |       |       |         |
| 200% Option   | 1,634 | 1,715 | 1,801 | 1,891 | 1,986 | 9,026   |
| Adults Covered  | 1.6   |       |       |       |       |         |
| 150% Option   | 1,395 | 1,465 | 1,538 | 1,615 | 1,696 | 7,708   |
| Adults Covered  | 1.3   |       |       |       |       |         |
| <b>Proportional Reduction of People Up to 200% of Poverty</b> |       |       |       |       |       |         |
| High Option   | 699   | 734   | 771   | 809   | 850   | 3,864   |
| Adults Covered  | 1     |       |       |       |       |         |
| High Option   | 350   | 367   | 385   | 405   | 425   | 1,932   |
| Adults Covered  | 0.5   |       |       |       |       |         |



**FY 1999 Appropriations Bills: Funding Issues**  
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29-Sep-98

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|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|------------|------------|--|
|   |                    |                     |                           |                            |                             | House                                   | Senate     | Avg. H/S   |  |
| <b>COMMERCE/JUSTICE/STATE:</b>  |                    |                     |                           |                            |                             |   |            |            |  |
| Legal Services Corporation.....   | 283                | 340                 | 250                       | 300                        | 300                         | 50                                      | ---        | 25         |  |
| SBA: Salaries and Expenses.....   | 254                | 281                 | 247                       | 265                        | 272                         | 25                                      | 7          | 16         |  |
| SBA: Disaster Loans.....  | 173                | 166                 | 216                       | 94                         | 216                         | ---                                     | 122        | 61         |  |
| COMMERCE: NOAA: Weather Satellites.....   | 333                | 515                 | 435                       | 460                        | 475                         | 40                                      | 15         | 28         |  |
| COMMERCE: NIST: Advanced Technology Program (ATP).....  | 193                | 260                 | 180                       | 193                        | 204                         | 24                                      | 11         | 18         |  |
| EEOC.....   | 242                | 279                 | 261                       | 254                        | 261                         | -279                                    | 7          | 4          |  |
| STATE: Contributions to International Peacekeeping (CIPA).....  | 210                | 231                 | 220                       | 210                        | 231                         | 11                                      | 21         | 16         |  |
| USIA: International Information Programs.....   | 452                | 462                 | 457                       | 427                        | 462                         | 5                                       | 35         | 20         |  |
| USIA: International Broadcasting Operations.....  | 387                | 389                 | 384                       | 355                        | 387                         | 3                                       | 32         | 18         |  |
| DOJ: INS Fee Restoration.....   | ---                | ---                 | ---                       | ---                        | 166                         | 166                                     | 166        | 166        |  |
| <b>Resources Required, C/J/S.....</b>   |                    |                     |                           |                            |                             | <b>324</b>                              | <b>416</b> | <b>370</b> |  |
| * DOJ: Drug Testing Initiative and Intervention.....  | ---                | 85                  | ---                       | ---                        |                             |   |            |            |  |
| COMMERCE: NOAA - Environmental Programs (Includes GLOBE<br>and High-Performance Computing, Excludes Clean Water).....   | 18                 | 18                  | 9                         | 17                         |                             |   |            |            |  |
| COMMERCE: NOAA: Clean Water.....  | 5                  | 22                  | 12                        | 19                         |                             |   |            |            |  |
| COMMERCE: NIST: Climate Change Tech. Init.....  | ---                | 7                   | ---                       | ---                        |                             |   |            |            |  |
| STATE: Contributions to International Organizations (CIO).....  | 895                | 931                 | 915                       | 877                        |                             |   |            |            |  |
| DOJ: Chem/Bio Weapons.....  | ---                | 171                 | 127                       | 176                        |                             |   |            |            |  |
| DOJ: Critical Infrastructure.....   | ---                | 37                  | ---                       | 20                         |                             |   |            |            |  |
| NOTE: Senate would provide add'l \$8 M from DOJ Working Capital Fund.   |                    |                     |                           |                            |                             |   |            |            |  |
| DOJ: General Legal Activities/Winstar.....  | 452                | 486                 | 470                       | 486                        |                             |   |            |            |  |
| NOTE: Senate action includes \$63 M for Winstar from General Legal<br>base resources. For Proposed Final Level - either increase \$486 M by<br>\$63 M for Winstar litigation or enact mandatory spending for Winstar<br>from FRF. |                    |                     |                           |                            |                             |   |            |            |  |
| DOJ: Indian Country Law Enforcement Initiative.....   | ---                | 157                 | 30                        | 144                        |                             |   |            |            |  |
| NOTE: The Interior component of this initiative is displayed<br>under the Interior bill.  |                    |                     |                           |                            |                             |   |            |            |  |
| DOJ: At-Risk Children's Grants.....   | ---                | 95                  | ---                       | 95                         |                             |   |            |            |  |
| STATE: Security and Maintenance of U.S. Overseas Missions.....  | 398                | 641                 | 396                       | 550                        |                             |   |            |            |  |
| STATE: CIO Arrearages.....  | 100                | 475                 | 475                       | 475                        |                             |   |            |            |  |

Budget - FY 99

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

29-Sep-98

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|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|--------|----------|
|   |                    |                     |                           |                            |                             | House                                   | Senate | Avg. H/S |
| COMMERCE: 2000 Census.....                                      | 390                | 849                 | 956                       | 847                        |                             |   |        |          |
| COMMERCE: Census Appropriation (Excludes 2000 Census).....      | 303                | 340                 | 296                       | 295                        |                             |   |        |          |
| COMMERCE: Nat'l Info. Infrastructure Grants Program (TIAP)..... | 20                 | 22                  | 16                        | 20                         |                             |   |        |          |
| COMMERCE: Economic Development Administration (EDA).....        | 361                | 398                 | 393                       | 303                        |                             |   |        |          |
| DOJ: Narrowband Communications Account.....                     | 23                 | 86                  | --                        | --                         |                             |   |        |          |
| Y2K Funding/ Securities and Exchange Commission (SEC).....      | 317                | 341                 | 324                       | 341                        |                             |   |        |          |

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29-Sep-98

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|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|------------|------------|
|  |                    |                     |                           |                            |                             | House                                   | Senate     | Avg. H/S   |
| <b>INTERIOR:</b>   |                    |                     |                           |                            |                             |   |            |            |
| DOI: Millennium Initiative.....  | ---                | 50                  | ---                       | 13                         | 25                          | 25                                      | 12         | 19         |
| DOI: Clean Water Action Plan (DOI/FS).....   | 299                | 358                 | 308                       | 303                        | 328                         | 20                                      | 25         | 23         |
| DOI: Everglades Land Acquisition (DOI only).....   | 76                 | 81                  | 20                        | 42                         | 54                          | 34                                      | 12         | 23         |
| HHS: IHS: Race and Health Initiative.....  | ---                | 10                  | ---                       | ---                        | 10                          | 10                                      | 10         | 10         |
| DOE: CCTI (Includes Energy Efficiency and Conservation, Fossil<br>Energy and Energy Information Administration)..... | 457                | 651                 | 472                       | 493                        | 651                         | 179                                     | 158        | 169        |
| DOI: Endangered Species Act (DOI only).....  | 77                 | 113                 | 88                        | 84                         | 96                          | 10                                      | 12         | 11         |
| Smithsonian.....   | 402                | 420                 | 397                       | 405                        | 410                         | 13                                      | 5          | 9          |
| <b>Resources Required, Interior.....</b>   |                    |                     |                           |                            |                             | <b>291</b>                              | <b>234</b> | <b>263</b> |
|  |                    |                     |                           |                            |                             |   |            |            |
| DOI: Bureau of Indian Affairs (BIA) Initiatives (School Ops/Educ. Construc./<br>Law Enforcement/Land Consol.).....   | 594                | 687                 | 620                       | 607                        |                             |   |            |            |
| DOI: Disaster Information Network (DIN).....   | ---                | 15                  | ---                       | ---                        |                             |   |            |            |
| DOI: Land and Water Conservation Fund (DOI/FS).....  | 270                | 270                 | 139                       | 233                        |                             |   |            |            |
| NOTE: FY 1998 includes \$899 M for priority Federal land acquisition.  |                    |                     |                           |                            |                             |   |            |            |
| DOI: National Park Service - Program Operation.....  | 1,246              | 1,321               | 1,333                     | 1,288                      |                             |   |            |            |
| USDA: Forest Service: CCTI.....  | ---                | 3                   | ---                       | ---                        |                             |   |            |            |
| USDA: FS: Stewardship Incentives and Forest Legacy Progs.....  | 11                 | 15                  | 2                         | 12                         |                             |   |            |            |
| IHS Health Care Construction Funding Level.....  | 14                 | 39                  | 41                        | 14                         |                             |   |            |            |
| NEA.....   | 98                 | 136                 | 98                        | 100                        |                             |   |            |            |
| Eik Hills, CA Retired Teachers System Payment.....   | ---                | 36                  | ---                       | ---                        |                             |   |            |            |

**FY 1999 Appropriations Bills: Funding Issues**  
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29-Sep-98

08:10 AM

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|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|------------|------------|
|   |                    |                     |                           |                            |                             | House                                   | Senate     | Avg. H/S   |
| <b>LABOR/HHS/EDUCATION:</b>   |                    |                     |                           |                            |                             |   |            |            |
| ED: Child Care Init. - After Schl. Prog. (21st Cty. Comm. Learn'g Ctrs.)....  | 40                 | 200                 | 60                        | 75                         | 100 <sup>60 for 200</sup>   | 40                                      | 25         | 33         |
| ED: Education Technology.....   | 564                | 721                 | 541                       | 624                        | 707                         | 166                                     | 83         | 125        |
| ED: Obey Comp. Schl. Reform - in Title I (Also Hisp. Init.).....  | 120                | 150                 | 120                       | 120                        | 150                         | 30                                      | 30         | 30         |
| ED: Hispanic Ed. Init. - Bilingual and Immigrant Education.....   | 354                | 387                 | 354                       | 354                        | 387                         | 33                                      | 33         | 33         |
| ED: Adult Education (Also Hisp. Init.).....   | 381                | 394                 | 378                       | 356                        | 367                         | -11                                     | 11         | —          |
| ED: Civil Rights.....   | 62                 | 68                  | 62                        | 64                         | 68                          | 6                                       | 4          | 5          |
| ED: America Reads Challenge.....  | —                  | 260                 | —                         | —                          | 210                         | 210                                     | 210        | 210        |
| ED: Education Initiatives - High Hopes.....   | —                  | 140                 | —                         | 75                         | 140                         | 140                                     | 65         | 103        |
| ED: Education Initiatives - Teacher Recruitment and Prep.....   | —                  | 67                  | —                         | —                          | 67                          | 67                                      | 67         | 67         |
| <b>* ED: Education Initiatives - Education Opportunity Zones.....</b>   | —                  | 200                 | —                         | —                          | —                           | —                                       | —          | —          |
| ED: Learning Anytime, Anywhere.....   | —                  | 30                  | —                         | 10                         | 20                          | 20                                      | 10         | 15         |
| DOL: Labor Law Enforcement (OSHA).....  | 338                | 355                 | 337                       | 349                        | 355                         | 18                                      | 6          | 12         |
| HHS: Family Planning.....   | 203                | 218                 | 203                       | 215                        | 218                         | 15                                      | 3          | 9          |
| HHS: HRSA/CDC: Race and Health Initiative.....  | —                  | 70                  | 125                       | 49                         | 70                          | -55                                     | 21         | -17        |
| HHS: HCFA - Program Level (Includes Medicare User Fees).....  | 1,929              | 2,138               | 2,082                     | 1,826                      | 2,138                       | 56                                      | 312        | 184        |
| <b>Resources Required, Labor/HHS/Education.....</b>   |                    |                     |                           |                            |                             | <b>735</b>                              | <b>880</b> | <b>808</b> |
| <br><b>NOTE: For items listed below, substantially higher advance appropriations are required to fund the Senate level.</b> |                    |                     |                           |                            |                             |   |            |            |
| Total, FY 2000 Advance Appropriations Provided.....   |                    | 2,798               | 2,548                     | 5,545                      |                             |   |            |            |
| <b>ED: Title I - Education for the Disadvantaged (Grants to LEAs):</b>  |                    |                     |                           |                            |                             |   |            |            |
| Appropriations Request.....   | (7,375)            | (6,319)             | (5,927)                   | (5,175)                    |                             |   |            |            |
| FY 1999 Advance Appropriation (provided in FY 1998 bill).....   | —                  | (1,448)             | (1,448)                   | (1,448)                    |                             |   |            |            |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                  | (1,448)             | (1,448)                   | (2,500)                    |                             |   |            |            |
| Total, Title I Grants to LEAs (Request + FY 2000 Advance).....  | 7,375              | 7,767               | 7,375                     | 7,676                      |                             |   |            |            |
| ED: Goals 2000.....   | 491                | 501                 | 246                       | 496                        |                             |   |            |            |
| ED: National Testing.....   | 19                 | 15                  | —                         | 15                         |                             |   |            |            |
| ED: School-to-Work.....   | 200                | 125                 | 75                        | 125                        |                             |   |            |            |
| ED: School Construction.....  | —                  | —                   | —                         | 100                        |                             |   |            |            |

*Advance  
Appropriations*

FY 1999 Appropriations Bills: Funding Issues  
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29-Sep-98

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|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|--------|----------|
|   |                    |                     |                           |                            |                             | House                                   | Senate | Avg. H/S |
| ED: Pell Grants.....  | (7,345)            | (7,594)             | (7,795)                   | (7,639)                    |                             |   |        |          |
| House "Parked" BA.....  | ---                | ---                 | (384)                     | ---                        |                             |   |        |          |
| Senate "Parked" BA.....   | ---                | ---                 | ---                       | (931)                      |                             |   |        |          |
| Total, Pell Grants.....   | 7,345              | 7,594               | 8,179                     | 8,570                      |                             |   |        |          |
| NOTE: House "parked" \$384 M in BA and the Senate parked \$931 M in BA (for a total appropriation of \$8,179 M in the House and \$8,570 in the Senate). The "parked" funding is not required to fund Pell policy. |                    |                     |                           |                            |                             |   |        |          |
| ED: Obey Comprehensive School Reform (non-Title I).....   | 25                 | 25                  | 25                        | 26                         |                             |   |        |          |
| ED: Hispanic Ed. Init. - Migrant Educ. (Incl. Child Lab. Init.) - in Title I ..   | 305                | 355                 | 355                       | 320                        |                             |   |        |          |
| ED: TRIO (Also Hisp. Init.).....  | 530                | 583                 | 600                       | 555                        |                             |   |        |          |
| ED: Charter Schools.....  | 80                 | 100                 | 100                       | 80                         |                             |   |        |          |
| ED: Work Study.....   | 830                | 900                 | 850                       | 900                        |                             |   |        |          |
| ED: Title III HBCUs.....  | 118                | 135                 | 130                       | 122                        |                             |   |        |          |
| ED: Safe and Drug Free Schools.....   | 556                | 606                 | 556                       | 556                        |                             |   |        |          |
| ED: Perkins Loans.....  | 135                | 60                  | ---                       | 60                         |                             |   |        |          |
| ED: Hispanic Ed. Init. - Title III Hispanic Serving Institutions .....  | 12                 | 28                  | 16                        | 17                         |                             |   |        |          |
| DOL: Summer Jobs.....   | 871                | 871                 | ---                       | 871                        |                             |   |        |          |
| DOL: Dislocated Workers.....  | 1,351              | 1,451               | 1,351                     | 1,406                      |                             |   |        |          |
| DOL: School-to-Work.....  | 200                | 125                 | 75                        | 125                        |                             |   |        |          |
| DOL: Youth Opportunities Areas (YOA):   |                    |                     |                           |                            |                             |   |        |          |
| FY 1999 Advance Appropriation (provided in FY 1998 bill).....   | ---                | (250)               | ---                       | (125)                      |                             |   |        |          |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | ---                | (250)               | ---                       | (250)                      |                             |   |        |          |
| Total, DOL: Youth Opportunities Areas (YOA).....  | ---                | 500                 | ---                       | 375                        |                             |   |        |          |
| DOL: Child Labor (funds also requested in Customs).....   | 3                  | 39                  | 9                         | 40                         |                             |   |        |          |
| DOL: Labor Law Enforcement (Excluding OSHA).....  | 589                | 616                 | 602                       | 611                        |                             |   |        |          |
| DOL: Adult Training Program.....  | 955                | 1,000               | 955                       | 950                        |                             |   |        |          |
| DOL: Office of Federal Contract Compliance Prog (OFCCP).....  | 62                 | 68                  | 65                        | 65                         |                             |   |        |          |
| DOL: Child Care Initiative: Child Care Apprenticeship.....  | ---                | 5                   | ---                       | 4                          |                             |   |        |          |
| DOL: UI Integrity.....  | ---                | 91                  | ---                       | ---                        |                             |   |        |          |
| DOL: Learning Anytime, Anywhere .....   | ---                | 10                  | ---                       | 10                         |                             |   |        |          |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

29-Sep-98

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |        |          |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|--------|----------|
|   |                    |                     |                           |                            |                             | House                                   | Senate | Avg. H/S |
| <b>HHS: Child Care Initiative: Head Start:</b>  |                    |                     |                           |                            |                             |   |        |          |
| Appropriations Request.....   | (4,347)            | (4,660)             | (4,500)                   | (3,295)                    |                             |   |        |          |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                  | —                   | —                         | (1,365)                    |                             |   |        |          |
| Total, Head Start.....  | 4,347              | 4,660               | 4,500                     | 4,660                      |                             |   |        |          |
| <b>HHS: LIHEAP:</b>   |                    |                     |                           |                            |                             |   |        |          |
| Appropriations Request.....   | (1,000)            | —                   | —                         | —                          |                             |   |        |          |
| FY 1999 Advance Appropriation (provided in FY 1998 bill).....   | —                  | (1,100)             | —                         | (1,100)                    |                             |   |        |          |
| Total, LIHEAP (Request + FY 1999 Advance).....  | 1,000              | 1,100               | —                         | 1,100                      |                             |   |        |          |
| MEMO: FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                  | (1,100)             | (1,100)                   | (1,100)                    |                             |   |        |          |
| MEMO: LIHEAP Emergency Contingency Fund.....  | (300)              | (300)               | —                         | (300)                      |                             |   |        |          |
| <b>HHS: Child Care Initiative: Provider Scholarship, Standards<br/>and Research (Within CCDBG):</b>                   |                    |                     |                           |                            |                             |   |        |          |
| Appropriations Request.....   | —                  | (174)               | —                         | —                          |                             |   |        |          |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                  | —                   | —                         | (180)                      |                             |   |        |          |
| Total, Child Care Initiative.....   | —                  | 174                 | —                         | 180                        |                             |   |        |          |
| <b>HHS: Chem/Bio Weapons (Budget Amendment):</b>  |                    |                     |                           |                            |                             |   |        |          |
| Appropriations Request.....   | (2)                | (115)               | (52)                      | (12)                       |                             |   |        |          |
| NOTE: Some of these fund on the line above are included in the<br>CDC and NIH totals above.                           |                    |                     |                           |                            |                             |   |        |          |
| Contingent Emergency Funding Provided (\$81 M of the \$153 is<br>included in CDC emergency funding listed above)..... | —                  | —                   | —                         | (153)                      |                             |   |        |          |
| Total, HHS: Chem/Bio Weapons.....   | 2                  | 115                 | 52                        | 155                        |                             |   |        |          |
| <b>HHS: Substance Abuse and Mental Health Services<br/>Administration (SAMHSA):</b>                                   |                    |                     |                           |                            |                             |   |        |          |
| SAMHSA - National Household Survey on Drug Abuse.....   | (18)               | (22)                | —                         | (18)                       |                             |   |        |          |
| SAMHSA - Other.....   | (2,129)            | (2,253)             | (2,458)                   | (2,134)                    |                             |   |        |          |
| Total, SAMHSA.....  | 2,147              | 2,275               | 2,458                     | 2,152                      |                             |   |        |          |
| <b>HHS: HRSA -- Ryan White AIDS Funding:</b>  |                    |                     |                           |                            |                             |   |        |          |
| Appropriations Request.....   | (1,150)            | (1,313)             | (1,331)                   | (1,218)                    |                             |   |        |          |
| FY 2000 Advance Appropriation (provided in FY 1999 bill).....   | —                  | —                   | —                         | (150)                      |                             |   |        |          |
| Total, Ryan White AIDS Funding.....   | 1,150              | 1,313               | 1,331                     | 1,368                      |                             |   |        |          |
| HHS: Nat'l Institutes of Health (NIH) (Includes Cancer funding).....  | 13,622             | 14,763              | 14,862                    | 15,582                     |                             |   |        |          |

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**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

29-Sep-98

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| Bill/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |        |          |
|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|--------|----------|
|  |                    |                     |                           |                            |                             | House                                   | Senate | Avg. H/S |
| HHS: CDC (Includes Violent Crime Funding).....               | (2,384)            | (2,497)             | (2,591)                   | (2,367)                    |                             |   |        |          |
| Contingent Emergency Funding:                                |                    |                     |                           |                            |                             |   |        |          |
| Base Funding.....  | ---                | ---                 | ---                       | (108)                      |                             |   |        |          |
| Bio-terrorism Funding.....                                   | ---                | ---                 | ---                       | (120)                      |                             |   |        |          |
| Total, Contingent Emergency Funding.....                     | ---                | ---                 | ---                       | (228)                      |                             |   |        |          |
| Total, CDC Funding.....                                      | 2,384              | 2,497               | 2,591                     | 2,595                      |                             |   |        |          |
| HHS: Child Care Initiative (Developmental Disabilities)..... | ---                | 5                   | ---                       | 6                          |                             |   |        |          |
| NLRB.....  | 175                | 184                 | 175                       | 184                        |                             |   |        |          |
| CPB: Digital Conversion Initiative.....                      | ---                | 50                  | ---                       | 15                         |                             |   |        |          |
| Corporation for National and Community Service.....          | 257                | 278                 | 251                       | 275                        |                             |   |        |          |
| SSA: Discretionary Cap Adjustment.....                       | ---                | 50                  | ---                       | 50                         |                             |   |        |          |
| SSA: User Fee Proposal.....                                  | ---                | 19                  | ---                       | ---                        |                             |   |        |          |

FY 1999 Appropriations Bills: Funding Issues  
 (OMB scoring, budget authority in millions of dollars)

29-Sep-98

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| Bill/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |        |          |
|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|--------|----------|
|  |                    |                     |                           |                            |                             | House                                   | Senate | Avg. H/S |
| <b>TRANSPORTATION:</b>   |                    |                     |                           |                            |                             |   |        |          |
| DOT: FAA, Excluding Airport Grants   | 7,402              | 8,008               | 7,678                     | 7,757                      | 7,842                       | 184                                     | 65     | 125      |
| Resources Required, Transportation   |                    |                     |                           |                            |                             | 184                                     | 65     | 125      |
| * DOT: Access to Jobs  |                    | 100                 | 50                        | 50                         | <i>Range</i>                |   |        |          |
| NOTE: Of the \$100 M requested for "Access to Jobs," \$50 M is "guaranteed" in TEA-21.         |                    |                     |                           |                            |                             |   |        |          |
| DOT: AMTRAK  | 793                | 621                 | 609                       | 555                        |                             |   |        |          |
| DOT: Coast Guard (Includes Functions 400 and 050)  | 3,284              | 3,338               | 3,200                     | 3,315                      |                             |   |        |          |
| NOTE: FY 1999 Proposed includes: \$35 M for CG user fees and \$17 M for Alteration of Bridges. |                    |                     |                           |                            |                             |   |        |          |
| DOT: Office of the Secretary: S&E  | 61                 | 62                  | 58                        | 58                         |                             |   |        |          |
| DOT: FAA: Flight 2000 (non-add, included in FAA program total)                                 | —                  | (90)                | —                         | (4)                        |                             |   |        |          |

FY 1999 Appropriations Bills: Funding Issues  
(OMB scoring, budget authority in millions of dollars)

29-Sep-98

09:10 AM

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--- CLOSE HOLD ---

| Bill/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |            |            |
|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|------------|------------|
|  |                    |                     |                           |                            |                             | House                                   | Senate     | Avg. H/S   |
| <b>VA/HUD/INDEPENDENT AGENCIES:</b>  |                    |                     |                           |                            |                             |   |            |            |
| * HUD: Welfare-to-Work Housing Vouchers  |                    | 283                 | 100                       | 40                         | 140                         | 40                                      | 100        | 70         |
| HUD: Empowerment Zones (as MANDATORY in the FY 1999 Budget)  |                    | 150                 |                           |                            | 57                          | 57                                      | 57         | 57         |
| EPA: Boston Harbor   | 50                 | 50                  | 23                        |                            | 50                          | 27                                      | 50         | 39         |
| Community Dev'l Financial Institutions (CDFI)  | 80                 | 125                 | 80                        | 55                         | 98                          | 16                                      | 41         | 29         |
| NSF/EPA: GLOBE   | 2                  | 3                   |                           | 2                          | 3                           | 3                                       | 1          | 2          |
| NASA: International Space Station  | 2,441              | 2,270               | 2,100                     | 2,300                      | 2,300                       | 200                                     |            | 100        |
| EPA: Climate Change Tech. Init. (CCTI)   | 90                 | 205                 | 99                        | 114                        | 125                         | 26                                      | 11         | 19         |
| HUD: Brownfields (requested in HUD and EPA)  | 25                 | 50                  | 20                        | 25                         | 25                          | 5                                       |            | 3          |
| <b>Resources Required, VA/HUD</b>  |                    |                     |                           |                            |                             | <b>374</b>                              | <b>260</b> | <b>317</b> |
| Corp. for Nat'l and Community Service (including IG)   | 428                | 502                 |                           | 429                        |                             |   |            |            |
| HUD: Fair Housing (FHIP and FHAP)  | 30                 | 52                  | 40                        | 35                         |                             |   |            |            |
| HUD: Regional Opportunity Counseling   |                    | 20                  | 10                        |                            |                             |   |            |            |
| HUD: HOPWA   | 204                | 225                 | 204                       | 225                        |                             |   |            |            |
| EPA: Superfund (Pre-transfer) (Excludes Brownfields)   | 1,411              | 2,002               | 1,409                     | 1,409                      |                             |   |            |            |
| NOTE: Proposed Final Level of \$1,609 M would provide a modest, face-saving increase (+\$200 M), but still would result in missing the 2001 target for cleanup of 900 sites. |                    |                     |                           |                            |                             |   |            |            |
| National Science Foundation (NSF) (Incls. 254 and 054; excl. GLOBE)  | 3,427              | 3,771               | 3,695                     | 3,642                      |                             |   |            |            |
| EPA: Brownfields (requested in HUD and EPA)  | 89                 | 91                  | 91                        | 91                         |                             |   |            |            |
| EPA: Clean Water Initiative  | 484                | 629                 | 629                       | 599                        |                             |   |            |            |
| HUD: Community Empowerment Fund (EDI)  | 138                | 400                 | 50                        | 85                         |                             |   |            |            |
| HUD: Climate Change Tech. Init. (CCTI) (PATH/Housing Tech.)  |                    | 10                  | 10                        |                            |                             |   |            |            |
| HUD: Youthbuild  | 35                 | 45                  | 35                        | 40                         |                             |   |            |            |
| HUD: Office of Lead Hazard (Lead-Based Paint Abatement)  | 80                 | 85                  | 80                        | 70                         |                             |   |            |            |
| HUD: Section 8 Contract Renewals   | 8,180              | 7,191               | 9,600                     | 9,540                      |                             |   |            |            |
| HUD: Section 8 Amendments  | 850                | 1,337               | 97                        |                            |                             |   |            |            |
| HUD: Other Section 8 (Excludes "Regional Opportunity Counseling")  | 343                | 434                 | 434                       | 434                        |                             |   |            |            |
| HUD: Section 8 Rescissions   | -3,022             |                     |                           | -1,400                     |                             |   |            |            |
| VA: Medical Care   | 17,057             | 17,028              | 17,338                    | 17,250                     |                             |   |            |            |
| Neighborhood Reinvestment Corporation  | 60                 | 90                  | 90                        | 60                         |                             |   |            |            |
| FEMA: Chem-Bio Program   |                    | 12                  |                           | 11                         |                             |   |            |            |

**FY 1999 Appropriations Bills: Funding Issues**  
(OMB scoring, budget authority in millions of dollars)

29-Sep-99

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |           |           |  |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|-----------|-----------|--|
|   |                    |                     |                           |                            |                             | House                                   | Senate    | Avg. H/S  |  |
| <b>AGRICULTURE/RURAL DEVELOPMENT:</b>   |                    |                     |                           |                            |                             |   |           |           |  |
| HHS/USDA: FDA: Food Safety Initiative (FDA and USDA).....   | 190                | 291                 | 207                       | 259                        | 287                         | 80                                      | 28        | 54        |  |
| USDA: USDA Discrimination Claim Payments.....   | —                  | 20                  | 10                        | 12                         | 15                          | 5                                       | 3         | 4         |  |
| <b>Resources Required, Agriculture/RD.....</b>  |                    |                     |                           |                            |                             | <b>85</b>                               | <b>31</b> | <b>58</b> |  |
| HHS: FDA: Tobacco Enforcement .....   | 34                 | 134                 | 34                        | 34                         |                             |   |           |           |  |
| USDA: Emergency Farm Assistance.....  | —                  | 500                 | —                         | 500                        |                             |   |           |           |  |
| USDA: Women, Infants, and Children (WIC).....   | 3,924              | 4,081               | 3,924                     | 3,948                      |                             |   |           |           |  |
| USDA: Socially Disadv'd Farmers — Outreach.....   | 3                  | 10                  | 3                         | 3                          |                             |   |           |           |  |
| USDA: Socially Disadv'd Farmers — Farm Ownership Direct Lns.....  | 8                  | 13                  | 11                        | 13                         |                             |   |           |           |  |
| NOTE: Latest Senate action includes credit sales of inventory property (funded separately in "FY 1999 Proposed" and "Latest House Action"). |                    |                     |                           |                            |                             |   |           |           |  |
| USDA: Climate Change Technology Initiative (CCTI).....  | —                  | 7                   | —                         | —                          |                             |   |           |           |  |
| USDA: Clean Water Action Plan (NRCS).....   | —                  | 23                  | —                         | —                          |                             |   |           |           |  |
| USDA: Rural Community Advancement Program.....  | 652                | 715                 | 745                       | 703                        |                             |   |           |           |  |
| USDA: Init. for Future Agriculture and Food Systems (Disc. Reduction to MANDATORY acc't - Ag Research Bill).....                            | —                  | 120                 | —                         | 120                        |                             |   |           |           |  |
| USDA: Fund for Rural America (Discretionary reduction to MANDATORY account - Ag Research Bill) .....  | —                  | 60                  | —                         | —                          |                             |   |           |           |  |

**FY 1999 Appropriations Bills: Funding Issues**  
 (OMB scoring, budget authority in millions of dollars)

29-Sep-98

08:10 AM

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| Bill/Account/Program   | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |           |           |
|--|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|-----------|-----------|
|  |                    |                     |                           |                            |                             | House                                   | Senate    | Avg. H/S  |
| <b>ENERGY/WATER DEVELOPMENT:</b>   |                    |                     |                           |                            |                             |   |           |           |
| NOTE: Latest House Action and Latest Senate Action estimates reflect Conference Action.  |                    |                     |                           |                            |                             |   |           |           |
| TVA.....   | 70                 | 77                  | —                         | —                          | 42                          | 42                                      | 42        | 42        |
| NOTE: The \$42 M Proposed Final Level is the level noted in OMB's report on TVA's non-power program for navigation, flood control, and other essential services. |                    |                     |                           |                            |                             |   |           |           |
| DOE: Science: Next Generation Internet.....  | —                  | 22                  | —                         | —                          | 21                          | 21                                      | 21        | 21        |
| <b>Resources Required, E/W.....</b>  |                    |                     |                           |                            |                             | <b>63</b>                               | <b>63</b> | <b>63</b> |
| CORPS: Everglades Restoration.....   | 59                 | 98                  | 46                        | 46                         |                             |   |           |           |
| CORPS: Clean Water Initiative (excluding Everglades).....  | 106                | 142                 | 106                       | 106                        |                             |   |           |           |
| CORPS: Kill Van Kull.....  | 1                  | 32                  | 30                        | 30                         |                             |   |           |           |
| CORPS: Columbia River Salmon Restoration.....  | 95                 | 117                 | 60                        | 60                         |                             |   |           |           |
| NOTE: Below the \$95 M Proposed Final Level the Corps will have ESA non-compliance problems.   |                    |                     |                           |                            |                             |   |           |           |
| DOE: CCTI (Includes funding for all of Solar and Renewable Energy, and new activities in Energy Research).....   | 272                | 409                 | 289                       | 289                        |                             |   |           |           |
| DOE: Nuclear Waste Disposal (Yucca Mountain).....  | 350                | 380                 | 358                       | 358                        |                             |   |           |           |
| DOE: Defense Environmental Management Privatization.....   | 200                | 517                 | 228                       | 228                        |                             |   |           |           |
| DOE: Nuclear Energy (NE): NE Research Initiative.....  | —                  | 24                  | 19                        | 19                         |                             |   |           |           |
| DOE: Spallation Neutron Source.....  | 23                 | 157                 | 130                       | 130                        |                             |   |           |           |

**FY 1999 Appropriations Bills: Funding Issues**  
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29-Sep-98

08:10 AM

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| Bill/Account/Program  | FY 1998<br>Enacted | FY 1999<br>Proposed | Latest<br>House<br>Action | Latest<br>Senate<br>Action | Estimated<br>Final<br>Level | Difference: Estimated Final Level Less: |        |              |
|---|--------------------|---------------------|---------------------------|----------------------------|-----------------------------|---|--------|--------------|
|   |                    |                     |                           |                            |                             | House                                   | Senate | Avg. H/S     |
| <b>FOREIGN OPERATIONS</b> .....   | 13,192             | 14,003              | 12,788                    | 12,851                     | 13,219                      | 431                                     | 368    | 400          |
| Resources Required, Foreign Operations.....   |                    |                     |                           |                            |                             | 431                                     | 368    | 400          |
| TREASURY: International Monetary Fund (IMF) Funding Level (non-add<br>NOTE: Treasury has not yet requested to re-propose the<br>FY 1998 request as a FY 1999 request. | —                  | (17,861)            | (3,301)                   | (17,861)                   |                             |   |        |              |
| TREASURY: MDBs: Global Env. Fnd (GEF) -- Approp.....  | 48                 | 108                 | —                         | —                          |                             |   |        |              |
| TREASURY: MDBs: Global Env. Fnd (GEF) -- Arrears.....   | —                  | 192                 | 43                        | 48                         |                             |   |        |              |
| TREASURY: Asian and African Dev. Fund -- Approp.....  | 100                | 157                 | 100                       | —                          |                             |   |        |              |
| TREASURY: Asian and African Dev. Fund -- MDB Arrears.....   | 95                 | 238                 | 238                       | 192                        |                             |   |        |              |
| TREASURY: North American Dev. Bank (NADBANK: CAIP).....   | —                  | 37                  | —                         | —                          |                             |   |        |              |
| TREASURY: Debt Restructuring Funding Level.....   | 27                 | 37                  | 35                        | 25                         |                             |   |        |              |
| TREASURY: Africa Initiatives - Special Debt Forgiveness.....  | —                  | 35                  | —                         | —                          |                             |   |        |              |
| STATE: Central and Eastern European Assist./Bosnia Levels.....  | 483                | 463                 | 450                       | 433                        |                             |   |        |              |
| STATE: Non-Proliferation, Demining, and Related.....  | 133                | 216                 | 152                       | 199                        |                             |   |        |              |
| STATE: Foreign Military Financing Grants.....   | 3,343              | 3,276               | 3,336                     | 3,323                      |                             |   |        |              |
| STATE: Economic Support Fund.....   | 2,420              | 2,484               | 2,346                     | 2,306                      |                             |   |        |              |
| STATE: Africa Initiatives -- Economic Support Fund.....   | —                  | 30                  | —                         | —                          |                             |   |        |              |
| USAID: Assistance to the New Independent States (NIS).....  | 769                | 922                 | 590                       | 740                        |                             |   |        |              |
| USAID: Development Assistance/Child Survival.....   | 1,719              | 1,729               | 1,719                     | 1,774                      |                             |   |        |              |
| USAID: Africa Initiatives -- Development Assistance.....  | —                  | 30                  | —                         | —                          |                             |   |        |              |
| USAID: Operating Expenses.....  | 479                | 484                 | 460                       | 475                        |                             |   |        |              |
| USAID: International Disaster Assistance.....   | 190                | 205                 | 150                       | 200                        |                             |   |        |              |
| International Organizations and Programs.....   | 295                | 314                 | 260                       | 270                        |                             |   |        |              |
| Peacekeeping Operations (PKO).....  | 78                 | 83                  | 62                        | 75                         |                             |   |        |              |
| U.S. Export-Import Bank.....  | 732                | 859                 | 796                       | 834                        |                             |   |        |              |
| Peace Corps.....  | 226                | 270                 | 230                       | 221                        |                             |   |        |              |
| State: International Narcotics Control.....   | 230                | 275                 | 275                       | 222                        |                             |   |        |              |
| All Other.....  | 1,825              | 1,549               | 1,546                     | 1,514                      |                             |   |        |              |
| <b>Total, Additional Resources Required</b> .....   |                    |                     |                           |                            |                             |   |        | <b>2,402</b> |
| <b>Total, Additional Resources Required, if Additional Advance Appropriations are not Provided</b> .....  |                    |                     |                           |                            |                             |   |        | <b>5,399</b> |

**FY 1999 APPROPRIATIONS BILLS: LANGUAGE ISSUES**

**AGRICULTURE/RURAL DEVELOPMENT**

- Prohibition on Use of Food and Nutrition Service (FNS) Funds to do Research and Program Evaluations
- FDA Drug Reviews/RU-486 *Friendly Repubs may need hard veto threat; MF says Senate can get 70 votes in Senate + get it out. LS to check on this a bit further.*
- USDA Rural Development
- Executive Branch Management -- FDA Lab Consolidation
- WIC Program Administration
- Executive Branch Review of USDA Responses

**COMMERCE/JUSTICE/STATE**

- Teamsters *TP - limit matter*
- Census Sampling
- Department of Justice/Codes of Conduct
- Brady Handgun Insta-Check System *How long? what is the cost of signature etc?*
- Department of Justice/Winstar
- INS Fees
- SBA Administrative Expenses
- Authorization Waivers
- Prohibition on Intervention in Certain Court Proceedings
- Reauthorization of Small Business Innovation Research (SBIR) Program (Language affects agencies in VA/HUD; Labor/HHS/Education; Defense; Energy/Water Development; Interior; Agriculture/Rural Development.)
- Foreign Policy Provisions Regarding Jerusalem
- Funding ABM Treaty Negotiations (McIntosh Amendment)
  
- Visas for Foreign Nurses
- Visas for Agricultural Workers
- National Oceanic and Atmospheric Administration (NOAA) Restrictions on Executive Direction
- Advanced Technology Program (ATP) -- Cap on New Awards
- Bureau of Export Administration (BXA) Licensing Restriction
- Internet Regulation
- Restriction on FCC Funding for Portals Move
- Use of Visa Fees (State)

- Controlled Substances Act
- Exxon Valdez
- Bureau of Prisons/Abortion
- Coordinated Drug Strategy
- Limitation on Immigration and Naturalization Service (INS) Non-Career Appointments
- Annual U.N. Assessments

## **DEFENSE**

- Prior Authorization Requirement
- Prohibition on Deployment in the Balkans
- Reauthorization of Small Business Innovation Research (SBIR) Program  
(Also in Commerce/Justice/State, under HIGH-priority category.)
- Import of PCBs
- Human Rights Violations

**DISTRICT OF COLUMBIA**

- Permit Use of Federal Funds for Private School Vouchers in D.C.
- Prohibition on Adoption in D.C. by Unmarried Couples
- Prohibition on the Use of Federal and Local Funds for D.C. Needle Exchange Programs
  
- Abortion (Prohibition of Federal and District funds.)
- D.C. Micromanagement

## **ENERGY/WATER DEVELOPMENT**

- Waste Isolation Pilot Plant
- DOE Laboratory Competition
  
- Transferring Regulatory Authority for Berkeley Laboratory
- Corps of Engineers Continuing Contracts

## ***FOREIGN OPERATIONS***

- Mexico City Abortion Language
- IMF
- NIS
- Korean Peninsula Energy Development Organization (KEDO)
- Export Import Bank
  
- International Organizations and Programs
- Climate Change
- Eastern Europe
- Palestine Liberation Organization
- Development Assistance
- Overseas Private Investment Corporation

## **INTERIOR**

- Columbia Basin
- King Cove Health and Safety Act
- Tongass National Forest (AK) Timber Production Targets
- Oil Royalties Rule
- Forest Plan Revisions
- Grizzly Bear Reintroduction
- Commercial Fishing in Glacier Bay National Park (AK)
- Bureau of Land Management (BLM) Hardrock Mining Surface Management Regulations
- Salmon Habitat in Columbia and Snake Rivers
- Elwha and Glines Canyon Dams
- Timber Production Through Prescribed Burns
- Alaska Land Purchases
- Stewardship Demonstration Projects
- Road Obliteration: Require Specific Roads to be Obliterated First
- Mandated Increase in Timber Sales
- Coastal Barriers
- Land Between The Lakes
- Allocation of Indian Health Service (IHS) Contract Support Costs on a Pro-Rata Basis
- Chugach National Forest Road Easement
- BLM Grazing Permits

- Tribal Priority Allocations (TPA) Funding
- Receding from National Finance Center
- Rent Subsidies in Sawtooth National Forest, ID
- Prohibition on Taking Land into Trust Status for Tribes
- Mandated Appraisal Procedures
- Tribal Contract Moratorium
- Prohibition on Improvements to Pennsylvania Avenue
- Airstrip within Denali National Park and Preserve (AK)

## LABOR/HHS/EDUCATION

- National Testing
- Teamsters
- Block Grants
- Family Planning
- Viagra (check w/ Chris)
- Organ Donation
  
- National Labor Relations Board (NLRB)
- Social Services Block Grant (SSBG). and beyond, to FY 1999 and FY 2000:  
4.25%
- OSHA Peer Review
- D.C. School Reform (Bilingual Education)
- IDEA Riggs Amendment
- Abortion - Hyde ?
- Needle Exchange -
- Black Lung Regulations
- Mine Safety and Health Administration (MSHA) Training
- Railroad Retirement Board (RRB) Buyout Authority
- RRB Inspector General/Medicare
- Internet Access in Schools and Libraries
- IDEA Livingston Amendment
- NIH Office of AIDS Research

## **TRANSPORTATION.**

- Helicopters in Wilderness Areas
- Coast Guard and FAA User Fees
- Coast Guard Roles and Missions Review
- Fuel Economy Standards (National Highway Traffic Safety Administration)
- FAA Wide Area Augmentation System (WAAS)
- King Cove and Cold Bay, AK (Izembek) Road

## TREASURY/GENERAL GOVERNMENT

- Federal Election Commission (FEC)
- Treasury Department Obligation Delays
- Foreign State Economic Sanctions
- Exchange Stabilization Fund (ESF)
- Abortion - ~~FEB 78~~ (signed before)
- Prescription Contraceptives
  
- Family Impact Assessments
- Customs Service Modernization Project
- OMB Review of Agriculture Marketing Orders
- Pay Raise
- Judges/Executive Schedule Pay Raise
- Postal Service: Participation in the Universal Postal Union (UPU)
- Postal Service: Nonpostal Commercial Activities
- Executive Residence
- Electronic Tax Filing Services
- Bureau of Engraving and Printing (BEP)
- Reauthorization of ONDCP - ~~Porter/Hotel~~
- Health Care Task Force

## VA/HUD/INDEPENDENT AGENCIES

- HUD: Public Housing Reform Legislation
- HUD: Director of the Mark-to-Market Program Office
- EPA: Kyoto Protocol Implementation
- VA: Earmarked Funding for NY/NJ Health Care Network
- Consumer Product Safety Commission (CPSC)
- Corporation for National and Community Service
- HUD: FHA Mortgage Limit
- HUD: Single-family Property Disposition
- HUD: Homeless Vouchers.
- HUD: Section 8 Rental Certificates and Vouchers
- NASA: Earth-observing Space-based Mission
- NASA: Changes in Account Structure.
- Alaska Native Vietnam Era Veterans Land Allotment
- EPA: Brownfields Cleanup Funding
- EPA: Overseas Ship Scrapping
- Stipulation on Use of VA Appropriated Funds
- Council on Environmental Quality: Detailees
- Liberty Memorial Earmark/American Battle Monuments Commission (ABMC)
- VA: Changes to the Funding Mechanism for Adjudication Offices
- VA: New National Cemetery in Eastern Kentucky

*SF Domestic Partners*

Largest Tax Expenditures for FY2001<sup>1</sup>

| Provisions with greatest impact on businesses |   | Revenue Loss<br>(\$ billions) |
|---|---|-------------------------------|
| 1.  | Accelerated depreciation of machinery and equipment                       | 32.2                          |
| 2.  | Exclusion of interest for private purpose bonds                           | 6.8                           |
| 3.  | Graduated corporation income tax rate                                     | 6.1                           |
| 4.  | Credits for corporations receiving income from business in US possessions | 3.6                           |
| 5.  | Credit for low-income housing investments                                 | 3.4                           |
| 6.  | Deferral of income from controlled foreign corporations                   | 2.9                           |
| 7.  | Accelerated depreciation on rental housing                                | 2.5                           |
| 8.  | Expensing of R & E expenditures   | 2.3                           |
| 9.  | Exclusion of income of foreign sales corporations                         | 2.0                           |
| 10.   | Inventory property sales source rules exception                           | 1.9                           |
| 11.   | Percentage depletion  | 1.6                           |
| 12.   | Accelerated depreciation of buildings other than rental housing           | 1.6                           |
| 13.   | Exclusion of interest on owner-occupied mortgage subsidy bonds            | 1.5                           |
| 14.   | Exemption of credit union income  | 1.0                           |
| 15.   | Alternative fuel production credit  | 0.8                           |

Source: Budget of the US Government, Fiscal Year 1997, Table 5-2, pp.65-67.

Note: Tax expenditures estimates do not reflect taxpayer behavior or interaction effects, and may significantly differ from revenue estimates.

<sup>1</sup> Latest date available.

*Budget FY99*

## ADMINISTRATION REVENUE-RAISING PROPOSALS NOT INCLUDED IN TRA97

|                           |  | \$millions              |                         |
|---------------------------|--|-------------------------|-------------------------|
|                           |  | <u>5 Yr</u>             | <u>10 Yr</u>            |
| <u>Financial Products</u> |  |                         |                         |
| •                         | Defer interest deduction on certain convertible debt <sup>***</sup>                      | 160                     | 519                     |
| •                         | Reduce dividends-received deduction to 50% <sup>*</sup>                                  | 1750                    | 3918                    |
| •                         | Deny DRD for certain preferred stock <sup>***</sup>                                      | 184                     | 724                     |
| •                         | Disallowance of interest on debt allocable to tax-exempt obligations <sup>**</sup>       | 213                     | 636                     |
| •                         | Average cost basis for securities <sup>**</sup>  | 3011 <sup>a</sup>       | 6142 <sup>a</sup>       |
| <br><u>Corporate</u>      |  |                         |                         |
| •                         | Repeal percentage depletion for nonfuel minerals on certain Federal lands <sup>***</sup> | 476                     | 991                     |
| •                         | Sunset extension of section 29 credit for nonconventional fuels <sup>*</sup>             | 476                     | 1018                    |
| •                         | Conversion of large corporations into S corporations <sup>*</sup>                        | 119                     | 514                     |
| <br><u>Foreign</u>        |  |                         |                         |
| •                         | Captive insurance companies <sup>***</sup>   | 68                      | 67                      |
| •                         | Modify foreign tax credit carryover rules <sup>***</sup>                                 | 1221                    | 1946                    |
| •                         | Foreign oil and gas income <sup>**</sup>   | 371                     | 991                     |
| •                         | Sales source rule <sup>**</sup>  | 4518                    | 11483                   |
| <br><u>Accounting</u>     |  |                         |                         |
| •                         | Repeal lower-of-cost-or-market inventory method <sup>***</sup>                           | 1513                    | 1767                    |
| •                         | Repeal components-of-cost inventory method <sup>***</sup>                                | 934                     | 2110                    |
| <br><u>Administrative</u> |  |                         |                         |
| •                         | Increased information reporting penalties <sup>***</sup>                                 | 90                      | 223                     |
| •                         | Substantial understatement penalty for corporations <sup>***</sup>                       | 169                     | 248                     |
| •                         | Withholding on certain gambling winnings <sup>***</sup>                                  | 25                      | 30                      |
| •                         | Deposit requirement for FUTA taxes <sup>***</sup>  | 1320                    | 1481                    |
| <br><u>Excise Taxes</u>   |  |                         |                         |
| •                         | Reinstate Oil Spill Liability Trust Fund taxes <sup>***</sup>                            | 1161                    | 1408                    |
| •                         | Reinstate Superfund taxes <sup>***</sup>   | 7720 <sup>b</sup>       | 9869 <sup>b</sup>       |
| <br><u>Other</u>          |  |                         |                         |
| •                         | Section 1031 like-kind exchange modifications <sup>**</sup>                              | <u>1801<sup>a</sup></u> | <u>3953<sup>a</sup></u> |
|                           |  | 27300                   | 50038                   |

<sup>\*\*\*</sup>/ Politically viable.

<sup>\*\*</sup>/ Politically viable with modifications.

<sup>\*</sup>/ Not politically viable.

<sup>†</sup>/ Estimates were made prior to enactment of TRA 97. The provisions identified would have large interaction effects with the provisions of TRA 97 and, therefore, the estimates are no longer reliable.

<sup>b</sup>/ Extension of these taxes was already included in the Administration's FY 1998 Mid-Session Review.

TABLE 5-3. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 1998 REVENUE LOSS  
(In millions of dollars)

| Provision  | 1998   | 1998-2002 |
|--|--------|-----------|
| Exclusion of employer contributions for medical insurance premiums and medical care    | 75,750 | 435,745   |
| Net exclusion of employer pension-plan contributions and earnings                      | 58,245 | 285,445   |
| Deductibility of mortgage interest on owner-occupied homes                             | 52,115 | 284,790   |
| Step-up bases of capital gains at death  | 31,845 | 173,040   |
| Deductibility of nonbusiness State and local taxes other than on owner-occupied homes  | 30,995 | 169,370   |
| → Accelerated depreciation of machinery and equipment (normal tax method)              | 29,285 | 175,965   |
| Deductibility of charitable contributions  | 22,340 | 123,965   |
| Exclusion of OASI benefits for retired workers   | 18,495 | 100,345   |
| Deductibility of State and local property tax on owner-occupied homes                  | 17,435 | 85,285    |
| Exclusion of interest on public purpose State and local debt                           | 15,735 | 77,245    |
| Deferral of capital gains on home sales  | 15,290 | 81,165    |
| Deferral on income on life insurance and annuity contracts                             | 11,840 | 67,975    |
| → Exclusion of interest on State and local debt for various non-public purposes        | 8,825  | 42,450    |
| Net exclusion of Individual Retirement Account contributions and earnings              | 8,600  | 45,485    |
| Capital gains (other than agriculture, timber, iron ore, and coal) (normal tax method) | 8,480  | 45,010    |
| Earned income credit   | 5,814  | 31,725    |
| Exclusion of women's compensation benefits   | 5,305  | 29,590    |
| Exclusion of capital gains on home sales for persons age 55 and over                   | 5,085  | 27,210    |
| → Graduated corporation income tax rate (normal tax method)                            | 4,840  | 27,165    |
| → Accelerated depreciation of buildings other than rental housing (normal tax method)  | 4,660  | 13,190    |
| Deductibility of medical expenses  | 4,535  | 26,470    |
| Exclusion of Social Security benefits for dependents and survivors                     | 4,175  | 22,065    |
| Exception from passive loss rules for \$25,000 of rental loss                          | 3,470  | 15,395    |
| Net exclusion of Keogh plan contributions and earnings                                 | 3,325  | 18,480    |
| → Credit for low-income housing investments  | 3,270  | 17,135    |
| Exclusion of veterans' disability compensation   | 2,930  | 16,455    |
| Credit for child and dependent care expenses   | 2,840  | 15,700    |
| → Tax credit for corporations receiving income from doing business in U.S. possessions | 2,770  | 14,485    |
| Exclusion of employer-provided premiums on group term life insurance                   | 2,745  | 15,140    |
| Exclusion of Social Security disability insurance benefits                             | 2,615  | 15,315    |
| → Deferral of income from controlled foreign corporations (normal tax method)          | 2,420  | 14,000    |
| Exclusion of benefits and allowances to armed forces personnel                         | 2,095  | 10,895    |
| Exclusion of interest on State and local debt for private nonprofit health facilities  | 2,005  | 9,225     |
| Exclusion of income earned abroad by United States citizens                            | 1,865  | 11,590    |
| → Exclusion of income of foreign sales corporations                                    | 1,700  | 9,500     |
| Inventory property sales source rules exception  | 1,600  | 9,000     |
| → Accelerated depreciation on rental housing (normal tax method)                       | 1,555  | 10,395    |
| Additional deduction for the elderly   | 1,495  | 7,535     |
| Exclusion of reimbursed employee parking expenses                                      | 1,315  | 6,945     |
| Deferral of interest on savings bonds  | 1,285  | 6,695     |
| Excess of percentage over cost depletion (fuels)                                       | 1,170  | 6,045     |
| Credit for increasing research activities  | 1,045  | 1,445     |
| Deferral of income from post 1987 installment sales                                    | 995    | 5,175     |
| Expensing of certain small investments (normal tax method)                             | 900    | 3,900     |
| Exclusion of employer provided child care  | 890    | 5,150     |
| Parental personal exemption for students age 19 or over                                | 685    | 4,935     |
| Exclusion of scholarship and fellowship income (normal tax method)                     | 660    | 4,340     |
| Exemption of credit union income   | 745    | 4,195     |
| Special ESOP rules   | 720    | 3,830     |
| Empowerment zones  | 640    | 3,240     |
| Exclusion of employee meals and lodging (other than military)                          | 630    | 3,505     |
| Exclusion of public assistance benefits (normal tax method)                            | 550    | 3,005     |
| Deductibility of casualty losses   | 510    | 2,815     |
| Alternative fuel production credit   | 485    | 2,575     |
| Exclusion of railroad retirement system benefits                                       | 450    | 2,275     |
| Expensing of multiperiod timber growing costs  | 440    | 2,415     |
| Expensing of research and experimentation expenditures (normal tax method)             | 430    | 3,200     |
| Exclusion of percentage allowances   | 335    | 1,920     |
| Excess of percentage over cost depletion, nonfuel minerals                             | 300    | 1,585     |
| Exclusion of interest on small issue DBAs  | 280    | 1,255     |
| Tax exemption of certain insurance companies   | 255    | 1,400     |
| Amortization of start-up costs (normal tax method)                                     | 205    | 1,075     |
| Adoption assistance  | 200    | 1,010     |
| Capital gains treatment of certain income  | 175    | 925       |
| Exclusion of employer-provided premiums on accident and disability insurance           | 175    | 975       |
| Carryover basis of capital gains on gifts  | 160    | 900       |
| Permanent exceptions from imputed interest rules                                       | 155    | 800       |
| Work opportunity tax credit  | 150    | 275       |
| Exclusion of military disability pensions  | 130    | 650       |

From Don Lusick

97-1537

TR

## RIGOROUS REVIEW OF BUSINESS TAX EXPENDITURES

### INFORMATION

#### What is the issue?

Many business tax preferences have been enacted over the years to stimulate business investment or to promote other worthwhile objectives. However, in view of the budget deficit, it will be necessary to reduce direct government spending, and to subject business tax preferences to careful scrutiny. Many business tax preferences are not cost effective (the revenue cost of these incentives frequently exceeds the value of the induced activity). Even cost effective preferences may be inefficient because they encourage unproductive investments.

The issue has taken increased prominence in recent weeks as a group of nine senators, including McCain and Kennedy, introduced legislation on January 28 to establish a commission to attack corporate subsidies. John Kasich is leading the "Stop Corporate Welfare" coalition which has targeted 12 *expenditure* programs for elimination. Kasich's group has purposefully avoided targeting any corporate tax subsidies. Given the interest in the broad topic of trimming corporate subsidies, the following discussion lays out the pros and cons of different approaches to this issue.

#### What are the options?

There are at least four broad approaches to this issue: creating a high-level commission to assess and then make recommendations on the efficacy of various business tax subsidies; cutting or reforming on a case-by-case basis each provision; reducing a broad class of specified preferences by an across-the-board cut; or eliminating preferences by sunseting, possibly in exchange for restoring a smaller number of preferences. Presumably, each of these approaches would focus primarily on identified tax preferences and possibly "loophole closing," leaving compliance measures to be addressed in the ordinary fashion.

##### a. Establish a "Corporate Base Broadening Commission"

This option would create a commission, modeled after the base-closing commission, that would review corporate tax preferences item-by-item. After studying the economic rationale for each provision, it would recommend reduction or elimination of these preferences as a package to be voted up or down by Congress.

#### Pros and cons:

The commission idea is politically popular and may provide political cover for the inevitable screams of those whose tax preference may be lost. Subjecting a package of tax expenditure cuts for an up or down vote may also minimize log-rolling where votes in support of one preference item are traded for votes in support of another.

Treasury and the tax-writing committees of Congress would give up some of their power and responsibility to a base broadening commission. Taking this step is extreme -- it is a tacit

statement that the system is broken, so well-intentioned piecemeal reform of the corporate tax base is impossible. The FY 1998 budget proposes a number of provisions that would broaden the base, so Treasury clearly feels the system is not irreparably broken. However, the development of this package confirmed the difficulty in addressing business tax expenditures on a large scale. A different concern arises about the possible makeup of a base broadening commission. If appointments are shared jointly by Congress and the Administration, situations could arise where the actions of the committee are contrary to the Administration's interests and sound policy.

b. Eliminate specific tax preferences.

This proposal does the hard work of scouring, provision by provision, the tax code to root out the most objectionable preferences. Tax preferences to be eliminated may be narrow subsidies that benefit particular industries, such as exporters, credit unions, and energy producers, or broad provisions that benefit businesses in general, such as accelerated depreciation. Tax preferences for particular industries are often the most difficult to justify, and eliminating them would limit opposition to specific interest groups. Curtailing broad provisions would generate opposition from all capital intensive industries, including manufacturing, transportation, and utilities.

**Pros and cons**

This is the way that base broadening should proceed. Each provision of the code should periodically be subject to a rigorous cost-benefit test. Those that fail the test should be eliminated. This is, in fact, the path the Administration has taken in the last several budgets. This year we have proposed to curtail approximately \$25 billion through FY 2002 in unwarranted corporate tax preferences. We presumably will not be successful in eliminating these subsidies and others may be reform targets in the future. Hence, we have not reached the limits of this approach.

The problem with this approach is that special interests mobilize vigorously to defend "their" provision. An (almost) inevitable problem in representative democracies is that a small but actively mobilized minority can often thwart changes that would bring small benefits to the larger public, despite the fact that the aggregate benefit of reform outweighs the costs imposed on the special interests. While this problem arises frequently, it does not paralyze the system. In the specific case of loophole closers, we are likely to be successful with some of our initiatives. We should build on these successes.

c. Reduce tax expenditures across-the-board, for example, by 10 or 20 percent.

This option would provide an across-the-board reduction in the value of a broad range of business tax preferences, in some cases by restoring a percentage of the excess deductions or excluded receipts to taxable income, and in other cases by permitting taxpayers to use only a percentage of the credits that would otherwise be available. A 10 percent reduction applied to a comprehensive list of business tax expenditures would raise approximately \$4 billion per year, but would add significant complexity to the tax code.

## Pros and cons

The primary advantage to this approach is that it appears to be fair. It would be advanced with the rhetoric of shared sacrifice where all interests are asked to make due with smaller subsidies.

The apparent advantage of "shared sacrifice" would surely be ephemeral. Approximately 80 percent of the revenue gain from this option comes from scaling back accelerated depreciation. The other provisions, which save less than \$1 billion, will generate large political costs. Additionally, the reliance upon cutting back accelerated depreciation as the overriding constituent of the cutback endangers the image of the proposal as a broad-based attack on preferences. Moreover, the premise that the expenditures included in the "haircut" are all equally inappropriate would not withstand scrutiny. Rather, this approach can only be advocated on the basis of rough justice, together with the admission that the system generally is incapable of dealing with these issues in any substantive or policy-specific basis.

### d. Sunset all business tax expenditures.

Sunsetting all or virtually all business tax expenditures could be made effective at the beginning of 2001 or contingent on the failure to attain a specified budget target in the previous fiscal year. A trigger is contingent and less threatening than a hard sunset, but an enacted sunset indicates seriousness of motive and firm belief in the soundness of the policy to sacrifice all or some of the specified items. At the same time, the proposal would establish fast track procedures for, and would envision restoring, all but some amount (say \$5 billion in FY 2002) of the sunsetted tax expenditures.

## Pros and cons

This is a potentially elegant solution to reducing corporate tax expenditures if Congress agreed to the rules of the game. All (or most) corporate subsidies would be slated for termination, with the promise that some (fairly high) percentage would be renewed following the sunset. The burden would then be placed on Congress to determine which subsidies merited renewal and which would be allowed to lapse. Sunsetting tax expenditures on a specific date--the present treatment of certain tax expenditures, such as the research tax credit-- makes these incentives subject to periodic review. If applied across-the-board, the sunset approach would not narrowly target specific sectors. The pain would be spread unless Congress directs otherwise under the fast track procedures.

While decision-making responsibility may be deflected under this option, it is not clear why Congress would agree to this plan. It gives decision-making authority and responsibility to someone else, which in this case would not be welcome, particularly given the alternative of doing nothing. Moreover, this approach could create significant uncertainty and potentially encourage taxpayers to accelerate investment into the tax-favored activities to beat the sunset date. It may also be difficult for the Administration to sunset tax preferences that it has proposed or endorsed.

such as the low-income housing tax credit, expensing for small businesses, and empowerment zones. But if these expenditures were left off the specified list consistent with the Administration's priorities, surely Congressional leaders would demand the exclusion up front of other business tax expenditures that are consistent with their priorities.

Office of Tax Policy  
February 10, 1997

## Options for Increasing Standard Deduction Amounts

### Option 1: Loses \$10 billion in 2007

*Increase standard deduction amounts by 10 percent:*

|              | <u>Single</u> | <u>Joint</u> | <u>Head-of-Household</u> |
|--------------|---------------|--------------|--------------------------|
| Current Law  | \$5,400       | \$9,050      | \$7,950                  |
| Proposed Law | \$5,940       | \$9,955      | \$8,745                  |

- The number of returns with itemized deductions would be reduced by 4.2 million returns, from 44.5 million returns to 40.3 million returns.
- The number of returns with positive tax liability would be reduced by 1.3 million returns, from 100.3 million returns to 99.0 million returns.

### Option 2: Loses \$50 billion in 2007

*Increase standard deductions by 68 percent:*

|              | <u>Single</u> | <u>Joint</u> | <u>Head-of-Household</u> |
|--------------|---------------|--------------|--------------------------|
| Current Law  | \$5,400       | \$9,050      | \$7,950                  |
| Proposed Law | \$9,072       | \$15,204     | \$13,356                 |

- The number of returns with itemized deductions would be reduced by 15.9 million returns, from 44.5 million returns to 28.6 million returns.
- The number of returns with positive tax liability would be reduced by 8.6 million returns, from 100.3 million returns to 91.7 million returns.

**Options for Reducing Tax Rates 1/**  
(2007 law and levels)

---

| Revenue effect of reducing:        | <u>\$ billions</u> |
|------------------------------------|--------------------|
| 15% Rate to 14% for:               |                    |
| All taxpayers                      | -25.4              |
| Only current 15% bracket taxpayers | -12.7              |
| 28% Rate to 27%                    | -9.3               |
| 31% Rate to 30%                    | -1.7               |
| 36% Rate to 35%                    | -1.8               |
| 39.6% Rate to 38.6%                | -3.2               |

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Department of the Treasury

11/12/97

Office of Tax Analysis

1/ Estimates assume no taxpayer behavior and are therefore static.

**BUDGET TEAM MEETINGS: DEC. 15-16  
AGENDA**

Budget -  
~~1998~~  
FY99

**MONDAY:**

- (1) Table on Sources
- (2) Table on Overall Framework
- (3) Specific Mandatories
  - (a) Pre-65
  - (b) Other Health Care
  - (c) Child Care
  - (d) Class Size
  - (e) Food Stamps
  - (f) Higher Education
  - (g) School Construction

**TUESDAY:**

- (1) Follow-up on Remaining Mandatories
- (2) Table on Revenue Sources
- (3) Table on Overall Revenue Framework
- (4) Specific Tax Cuts
  - (a) Overview of Raisers through Reducing Subsidies and Closing Loopholes
  - (b) Child Care Tax Credit
  - (c) School Construction
  - (d) Pensions
  - (e) Climate Change
  - (f) Low-Income Housing Credit
  - (g) Trade

**Child Care  
Mandatory Spending Options  
(Five-Year Costs)**

|  | <u>Option 1</u>      | <u>Option 2</u>       |
|--|----------------------|-----------------------|
| <b><u>Mandatory Programs</u></b>                                 |                      |                       |
| Subsidies for Low-Income Families<br>Through Block Grant         | \$4.0 billion        | \$9.0 billion         |
| Early Learning Fund  | \$2.0 billion        | \$3.0 billion         |
|  | -----                | -----                 |
| <b>TOTAL MANDATORY</b>   | <b>\$6.0 billion</b> | <b>\$12.0 billion</b> |
| <br><b><u>Tax Credits</u></b>                                    |                      |                       |
| Child and Dependent Tax Credit                                   | \$5.2 billion        | \$5.2 billion         |
| Kohl Tax Credit for Businesses<br>That Provide Onsite Child Care | \$1.0 billion        | \$2.0 billion         |
|  | -----                | -----                 |
| <b>TOTAL TAX</b>   | <b>\$6.2 billion</b> | <b>\$7.2 billion</b>  |

**MANDATORY/NON MEDICARE  
AVAILABLE \$30.6 BILLION**

| ITEM                         | COST          |
|------------------------------|---------------|
| CHILD CARE                   | \$11 billion  |
| -- 8 Child Care Block Grants |               |
| -- 3 Early Learning          |               |
| CHILD HEALTH                 | \$2 billion   |
| CLASS SIZE K-2               | \$6 billion   |
| HIGHER EDUCATION             | \$1.4 billion |
| TRADE ADJUSTMENT ASSISTANCE  | \$0.6 billion |
| PRE-65                       | \$5 billion   |
| WORKERS BETWEEN JOBS         | \$1 billion   |
| PENSIONS                     | \$1 billion   |

**TAX SIDE  
AVAILABLE \$19.9 BILLION**

| ITEM                | COST                               |
|---------------------|------------------------------------|
| CLIMATE CHANGE      | <del>\$19.9</del><br>\$5.0 billion |
| CHILD CARE          | \$4.5 billion                      |
| PENSIONS            | \$1 billion                        |
| LOW-INCOME HOUSING  | \$1 billion                        |
| SCHOOL CONSTRUCTION | \$5 billion                        |
| TRADE AND EXTENDERS | \$3.4 billion                      |

**BUDGET MEETING**  
**December 17, 1997**

**AGENDA**

- I. CHILD CARE (Bruce Reed and Elena Kagan)**
- II. FOOD STAMPS (Jack Lew)**
- III. HIGHER EDUCATION (Bob Shireman)**
- IV. SCHOOL CONSTRUCTION/TAA (Gene Sperling)**
- V. REVENUES (Bob Rubin and Larry Summers)**

## OVERALL CHILD CARE PACKAGE

### DISCRETIONARY PROGRAMS

### Five-year Cost

**1. Expand After-School Programs**

**\$0.5-1.0 billion**

Helps 1,500-4,000 schools provide after-school programs for 75,000-200,000 children

**2. Standards Enforcement Fund**

**\$0.5 billion**

Helps states to improve licensing systems and enforce health and safety standards

**3. Provider Training**

**\$250-300 million**

Provides 50,000 scholarships per year for child care workers to get advanced training

**4. Research & Evaluation**

**\$50-150 million**

**5. Expand Head Start & Early Head Start**

**\$1.4-1.7 billion**

Enables over 50,000 additional children to receive Early Head Start in 2003

**TOTAL DISCRETIONARY**

**\$2.7-3.65 billion**

### MANDATORY SPENDING

**1. Expand Child Care and Development Block Grant**

**\$4-9 billion**

Increases number of low-income children receiving subsidies from 1 million in FY98 to between 1.54 million and 2.26 million in FY2003. See attached chart.

**2. Early Learning Fund**

**\$2-3 billion**

Provides funds to states and communities to improve early childhood education and child care quality for children 0-5

**TOTAL MANDATORY SPENDING**

**\$6-12 billion**

### TAX CREDITS

**1. Expand Child and Dependent Care Tax Credit**

**\$5.2 billion**

Raises top rate from 30% to 50% and phase-down from \$10-28k to \$30-59k, for avg. tax cut of \$358 -- eliminating tax liability for most families below 200% of poverty w/high child care costs

**2. Kohl Business Tax Credit for Child Care**

**\$1-2 billion**

Business credit for expenses incurred in building, expanding, or operating child care facilities

**TOTAL TAX**

**\$6.2-7.2 billion**

**OVERALL TOTAL FOR SPENDING AND TAX**

**\$14.9-22.8 billion**

**NUMBER OF CHILD CARE SLOTS FOR LOW-INCOME FAMILIES THROUGH  
THE CHILD CARE BLOCK GRANT**

|   | FY 1998                   | FY 1999               | FY 2000               | FY 2001               | FY 2002               | FY 2003                      |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
| Baseline # of children served through CCDBG (current law)   | <b>1 million children</b> | 1.07 million children | 1.13 million children | 1.2 million children  | 1.26 million children | 1.32 million children        |
| <b>Option One:<br/>\$4 billion increase over 5 years</b>    | --                        | \$0.8 billion                |
| 100% federal dollars  |                           | 1.29 million children | 1.35 million children | 1.42 million children | 1.49 million children | <b>1.54 million children</b> |
| 80-20% match  | --                        | 1.34 million children | 1.41 million children | 1.48 million children | 1.54 million children | <b>1.6 million children</b>  |
| <b>Option Two:<br/>\$9 billion increase over five years</b> | --                        | \$1.2 billion         | \$1.5 billion         | \$1.6 billion         | \$2.0 billion         | <b>\$2.7 billion</b>         |
| 100% federal dollars  |                           | 1.39 million children | 1.55 million children | 1.6 million children  | 1.82 million children | <b>2.07 million children</b> |
| 80-20% match  |                           | 1.48 million children | 1.65 million children | 1.75 million children | 1.96 million children | <b>2.26 million children</b> |

\*The Child and Development Block Grant (CCDBG) is funded through three streams: discretionary, mandatory non-matching, and mandatory matching (based on FMAP: average of 56% federal, 44% state). Each stream is funded at roughly \$1 billion in FY 1998. The mandatory matching stream is responsible for nearly all of the block grant growth in the outyears.

\*These calculations use FY 1998 dollars and assume a per-child cost of \$3,617, which largely represents the subsidy, but also includes set-asides and administrative costs.

**SUMMARY OF IMMIGRANT OPTIONS  
(Five Year Costs)**

|  | Dollars<br>in<br>Billions |
|--|---------------------------|
| <b>1) Exempt Vulnerable Groups from Food Stamps Restrictions</b>   |                           |
| A) Exempt families with children from the ban. Apply prior law rules for deeming sponsor's income (first three years in the country instead of deeming until citizenship).                     | 2.0                       |
| -Exempt only children from the ban (\$0.7 billion)   |                           |
| -Exempt parents of children from the ban (\$1.3 billion).  |                           |
| B) Extend exemption for refugees and asylees from 5 to 7 years, as provided for in SSI and Medicaid in the BBA.  | 0.2                       |
| C) Provide exemption for Hmong so that they are treated as if they meet the veterans exemption.  | 0.1                       |
| D) Exempt disabled and elderly who entered before welfare reform was enacted, as provided for in SSI and Medicaid in the BBA.  | 0.4                       |
| <br><b>2) Give States Option to Provide Health Assistance to Legal Immigrant Children</b>  |                           |
| A) Give States the option to provide Children's Health Insurance Program (CHIP) assistance to legal immigrant children (only available to States that create a CHIP program outside Medicaid). | 0.0                       |
| B) Give States the option to provide Medicaid to legal immigrant children.   | 0.2                       |

| Student Loan Options  | Costs<br>(cumulative) | Savings<br>(cumulative) |
|---|-----------------------|-------------------------|
| <p><b>Miscellaneous Reforms.</b> These are primarily aimed at improving financial incentives, and reducing costs, in the guaranteed loan program. Recall guaranty agency reserves, eliminate bankruptcy discharges, require flexible repayment options, eliminate payments for supplemental pre-claims assistance, reduce default retention.</p>  |                       | \$3.6 billion           |
| <p><b>Direct Federal Insurance.</b> This is needed in order to achieve the reforms and savings described above. Cost: \$0.7 billion.</p>  | (\$0.7 billion)       | \$2.9 billion           |
| <p><b>Reduce student-paid fees from 4% to 3%.</b> This addresses a problem where some agencies are undercutting direct lending. In the guarantee program, the 4% fee is composed of a 3% Federal fee and a 1% insurance premium charged by intermediaries (guaranty agencies). Some of these agencies have attempted to undermine direct lending by <i>not</i> charging the 1%, making direct loans more expensive. This option eliminates the insurance premium and reduces direct loan fees to the same level of 3%. Cost: \$0.6 billion.</p> | (\$1.3 billion)       | \$2.3 billion           |
| <p><b>Eliminate fees on need-based loans.</b> To minimize the cost of this option, this is a phase-down in the out-years, to 2% in 2001, 1% in 2002, 0 in 2003. Cost: \$0.4 billion.</p>  | (\$1.7 billion)       | \$1.9 billion           |

Budget -  
FY 99

Child Care  
Mandatory Spending Options  
(Five-Year Costs)

|  | <u>Option 1</u>      | <u>Option 2</u>       |
|--|----------------------|-----------------------|
| <b><u>Mandatory Programs</u></b>                                 |                      |                       |
| Subsidies for Low-Income Families<br>Through Block Grant         | \$4.0 billion        | \$9.0 billion         |
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| Kohl Tax Credit for Businesses<br>That Provide Onsite Child Care | \$1.0 billion        | \$2.0 billion         |
|  | _____                | _____                 |
| <b>TOTAL TAX</b>   | <b>\$6.2 billion</b> | <b>\$7.2 billion</b>  |

Budget - FY 99

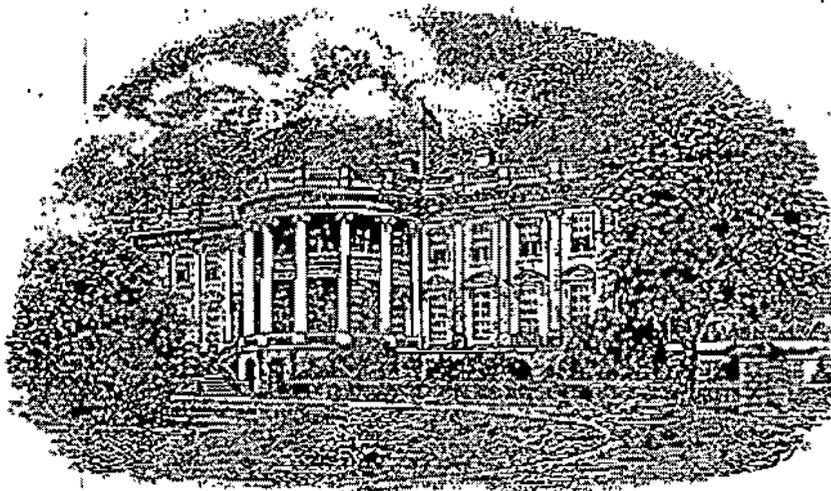
**NUMBER OF CHILD CARE SLOTS FOR LOW-INCOME FAMILIES THROUGH  
THE CHILD CARE BLOCK GRANT**

|   | FY 1998                   | FY 1999               | FY 2000               | FY 2001               | FY 2002               | FY 2003                      |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
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| <b>Option Two:<br/>\$9 billion increase over five years</b> | --                        | \$1.2 billion         | \$1.5 billion         | \$1.6 billion         | \$2.0 billion         | \$2.7 billion                |
| 100% federal dollars  |                           | 1.39 million children | 1.55 million children | 1.6 million children  | 1.82 million children | <b>2.07 million children</b> |
| 80-20% match  |                           | 1.48 million children | 1.65 million children | 1.75 million children | 1.96 million children | <b>2.26 million children</b> |

\*The Child and Development Block Grant (CCDBG) is funded through three streams: discretionary, mandatory non-matching, and mandatory matching (based on FMAP: average of 56% federal, 44% state). Each stream is funded at roughly \$1 billion in FY 1998. The mandatory matching stream is responsible for nearly all of the block grant growth in the outyears.

\*These calculations use FY 1998 dollars and assume a per-child cost of \$3,617, which largely represents the subsidy, but also includes set-asides and administrative costs.

# EXECUTIVE OFFICE OF THE PRESIDENT



Bruce -  
I asked Jack for  
this last week.

Elena  
FY99 Budget

## Office of Management and Budget FAX TRANSMITTAL COVER SHEET

Number of pages (including cover sheet) 15

Date: 12-31-97

To: Elena Kagan

Fax No. \_\_\_\_\_ Voice No. \_\_\_\_\_

Comments: Attached is a memo Frank walked through with the President on  
Friday before he actually marked it and added additional  
context.

From: Jack Lev

Fax No.: 202-395-3888

Voice No. 202-395-4840



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

Raines  
Bowles

THE DIRECTOR

December 26, 1997

12-30-97

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines 

SUBJECT: FY 1999 Budget Wrap-Up

On December 12, we met with you to review recommended FY 1999 discretionary levels for base programs and new initiatives. This memorandum describes the dollars we have added to settle most of the agency appeals and seeks your final decision on the remaining appeals. It also reviews the final composition of the Investments Funds for America, the major mandatory spending initiatives, and the offsets we use to pay for both mandatory and discretionary spending increases.

In mid-November, we passed back to the agencies \$560 billion in preliminary funding for base programs. This "passback" provided the minimum funding necessary to continue basic operations, but reserved additional dollars for you to spend on your highest priorities. Since passback, we have added \$6.3 billion to fund continuing and new priorities and to settle agency appeals -- with the exception of the eight agencies that appealed to you last Friday.

Presidential Appeals

Below is a brief summary of the eight pending appeals and our recommendations to resolve them:

- **ONDCP.** ONDCP has appealed for more funds for drug treatment, school coordinators, port and border security, Andean coca reduction, and a Caribbean initiative. We have approved increases of \$762 million (+5 percent) over 1998, which we believe is a responsible level of commitment. If you would like to provide additional drug funding, we recommend adding \$100 million to the Substance Abuse Block Grant, which would provide treatment for approximately 600,000 individuals by 2003.

OMB recommendation

Let's discuss

- **Health and Human Services.** Secretary Shalala wants \$1.3 billion in addition to the \$1.5 billion we have added over 1998 enacted levels. We recommend adding \$21 million for Early Head Start slots and \$100 million to the Substance Abuse Block Grant (as part of the ONDCP appeal). We also recommend \$10 million for a North Dakota drug prevention project sought by Senator Daschle and that HHS spend an additional \$65

12-30-97

million to prevent infectious diseases, by reprogramming excess State immunization dollars.

OMB recommendation

Let's discuss

- Education.** Secretary Riley wants \$800 million more than the \$1.6 billion over 1998 levels that we have allocated to the Department of Education. This is a smaller discretionary increase than in past years; we have larger increases for education in other parts of budget — +\$5 billion in school construction through tax benefits and \$7.7 billion in mandatory spending to increase the number of teachers. In our meeting two weeks ago, you expressed some concern that we had added funds to new initiatives at the expense of core education programs. The joint OMB/NEC/DPC recommendation reallocates funds to Title I and Afterschool Programs (+\$100 million each) and to Early Head Start (+\$21 million).

OMB recommendation

Let's discuss

- Transportation.** Secretary Slater has appealed for \$4.5 billion above the passback. In our meetings with Erskine and the budget group, we have added \$3.0 billion to bring highways, highway safety, transit programs, and airport grants to the 1998 enacted level. We have also started in 2000 new fees of \$1.7 billion annually.

OMB recommendation

Let's discuss

- Veterans Affairs.** Our preliminary mark for VA, including both mandatory and discretionary spending, is more than \$500 million higher than 1998 enacted levels. Acting Secretary Guber is appealing for another \$220 million because the discretionary portion of the VA budget alone is that much less than the 1998 level. The VA proposes to spread the \$220 million among research, benefits administration, and construction. If you want to bring the VA discretionary budget up to the 1998 level, we suggest adding dollars for medical and prosthetic research (\$66 million); medical administration (\$2 million); smoking cessation (\$87 million); and general operating expenses (\$65 million).

Add \$220 million

Let's discuss

- Agriculture.** Secretary Glickman has appealed for a new mandatory initiative to provide free breakfasts to all children through Grade 3, regardless of income, and to increase the reimbursement rates and number of meals in existing feeding programs. We have already included in the 1999 budget \$2.5 billion in Food Stamp benefit restorations for vulnerable immigrant families with children and refugees and asylees. We recommend not including USDA's proposal in the budget because there is no compelling need for this program and because it does not have support among your senior advisors or the constituency groups that normally support nutrition programs.

12-30-97

12-30-97

OMB recommendation

Let's discuss

- **Environmental Protection Agency – Clean Water.** Carol Browner has appealed for funding in a number of areas, and particularly for \$450 million more annually in EPA's water State Revolving Funds, which we have reduced to pay for the new Water Quality Initiative. As a result of our discussions with Ron Klain, we have raised funding for this initiative to \$2.45 billion over five years -- more than the amount by which we reduced the SRFs. We recommend adding another \$150 million in budget authority (and no outlays) to the SRFs, and believe that Ron Klain would support this increase.

OMB recommendation

Let's discuss

- **Commerce – Census 2000.** Secretary Daley has appealed for \$128 million to prepare for both possible types of Census enumeration (sampling and traditional house-to-house). We recommend an additional \$36 million to fully fund the agreement with Congress on the dual-track census demonstration through February 1999. We have *not* included funds for infrastructure (e.g., field offices) to support traditional full enumeration. Our position, which is supported by your senior advisors, is that the 1999 budget should include funds for the dual track approach, consistent with the agreement, but not include funding that pre-judges the decision about which enumeration method we will use.

OMB recommendation

Let's discuss

#### Other Outstanding Issues

In addition to the major agency appeals, there are several smaller outstanding issues:

- **Army Corps of Engineers.** The Corps' 1999 construction budget of \$864 million is \$605 million (40 percent) below 1998 enacted. This level allows us to fund continuing water projects at about \$18 million each in 1999, after protecting a limited number of Administration priority projects. This funding level would accommodate projects in which you have expressed an interest.

Below is more information on the two projects we discussed with you:

- **Kill Van Kull Project (New York and New Jersey)** -- In July 1996, the Vice President announced a plan to help ensure the long-term competitiveness of the Port of New York and New Jersey, including studying the viability of a 50-foot deep Port. Construction of the 45-foot Kill Van Kull project was not a commitment in the plan. However, local sponsors believe it is implicit in the commitment to study a 50-foot port, and CEQ believes strongly that the Administration should fund construction of the project.

We recommend providing \$10 million for this project in 1999, which can be accommodated within our total Corps budget. Including even a low funding level in 1999 means a commitment to eventually fund the full \$505 million Federal cost. A second option is to fund the project at the Corps' requested level of \$32 million, which would make the Port of New York and New Jersey the Administration's highest priority port and would be considered unfair by other ports that will get minimal 1999 funding, some of which have been under construction for several years. A third option is to not include any funds for Kill Van Kull, which would allow limited available funds to be focused on completing projects that are further along in construction.

**Grand Prairie and Bayou Meto Projects (Arkansas)** – Senator Bumpers met with you on December 19 to discuss these two segments of a large agricultural water supply project in Arkansas. The total cost is \$507 million, of which \$330 million is Federal and \$177 million is non-Federal. The project would transfer surface waters in certain basins to water-depleted areas where the original water source has been nearly exhausted as a result of intensive, long-term pumping for agricultural use.

As currently designed, this project is inconsistent with long-standing Administration policy not to propose the study or construction of single-purpose municipal or agricultural water supply projects. However, the Corps could work with State and local interests to modify the design to include more environmental features and make it a model of sustainable ground water and surface water uses, making the project more consistent with Corps policy. These changes are likely to increase the costs of what is already an expensive project. Our recommendation is based on Corps estimates that \$14 million in 1999 and \$215 million for 1999-2003 would be an optimum construction schedule for these two segments.

OMB recommendation \_\_\_\_\_ Let's discuss \_\_\_\_\_

**Constitution Center.** Mayor Rendeli of Philadelphia has urged you to include funds to build a new National Constitution Center (NCC) museum on Philadelphia's Independence Mall. Rendell is seeking \$65 million in Federal funds to cover half of the \$130 million that NCC plans to raise. We recommend \$500,000 in National Park Service (NPS) technical assistance to develop much-needed detailed construction plans and cost estimates. An alternative would be to provide Federal matching funds for costs directly related to construction (excluding funds for an endowment and other non-construction items), which would suggest a Federal share of about \$30-45 million over three years. This would be much more expensive than typical NPS projects, and without the required planning, it is difficult for us to judge whether the estimates are sound.

OMB recommendation ✓Let's discuss 12-30-97Other Policy Changes

We have also added or reallocated funds to address specific concerns raised in our meeting with you on the 12th:

- **Food Stamps.** Last week, you approved a \$2.5 billion restoration of Food Stamp benefits for all immigrant children and their families, regardless of whether they entered the country before or after August 1996 (consistent with our policy that this cut-off date is arbitrary). Since then, we have heard from immigrant groups and other advocates who argue that -- while they strongly support this policy -- it will be difficult to achieve in Congress. They also argue that it will be divisive within the immigrant community unless we also restore benefits for the disabled and elderly population entering the country prior to August 1996.

In light of their strong views, we recommend a reconfiguration of the \$2.5 billion to partially restore Food Stamps for the elderly and disabled. We can do this with only slight alterations in the children's benefit policy (e.g., deeming where there is a binding affidavit of support) coupled with some noncontroversial reductions in other programs. NEC, DPC, and OMB jointly recommend this change, provided that the constituency groups join us in recommending that the children's benefit restoration is the highest priority. We will consult with these groups after the holidays.

- **International Programs.** You specifically asked about funding levels for New Independent States, Eastern and Central Europe, and the Agency for International Development. We have added \$368 million to these programs in aggregate:
  - +\$175 million for New Independent States, for a total of \$946 million, 23 percent over 1998 enacted;
  - +\$85 million for Development Assistance (Agency for International Development programs), for a total of \$1,774 million, 3 percent over 1998 enacted;
  - +\$28 million for Central and Eastern European States, for a total of \$465 million, 4 percent below 1998 (due to the successful completion of country programs in some northern countries) and level with 1998 for Bosnia programs; and
  - +\$80 million for Economic Support Funds, for a total of \$2,449 million, 1 percent over 1998.

**Millennium Programs.** The table at TAB A shows all of the programs we have identified as contributing towards recognition of the Millennium. You and the First Lady have been particularly interested in the following component programs:

- We have included \$50 million in 1999 and 2000 in Interior's existing Historic Preservation Fund to support Federal, State, local, and private preservation activities related to recognition of the Millennium. We will propose legislative language to facilitate transfer of these funds to other Federal and non-Federal entities, with coordination by a new Millennium Council.
- We have included \$178 million -- \$28 million more than the \$150 million requested in 1998 and more than \$1 billion over five years -- to finance backlog construction projects in the National Parks. (In 1998, Congress added \$76 million in unrequested, low-priority, non-backlog construction.)
- We have discussed with Archivist John Carlin whether relocating the Charters of Freedom to the Smithsonian, even on a temporary basis, might provide better security and more opportunity for the public to see these historic documents. Carlin asked for more time to review the issue. We have provided Carlin a total of \$75 million, of which \$71 million is to renovate the main Archives building on the Mall and \$4 million is to re-encase the Charters of Freedom. We are discussing with him establishment of a Presidential Commission that would recommend ways to increase access to and security for the Charters.

**Climate Change.** The Vice President was also concerned about funding for climate change. The total program is currently \$2.5 billion in discretionary funding and \$3.5 billion on the tax side. We are funding increased R&D to reduce carbon-dioxide emissions through the use of solar and renewable energy and increased energy efficiency in buildings, industry, and transportation. We are also providing incentives for deployment of the best available technologies, research to reduce industrial emissions of greenhouse gases other than carbon-dioxide, and research on agricultural and industrial methods of removing carbon-dioxide from the atmosphere.

**Courthouses.** The 1999 budget does not include any funds for courthouse construction; instead, we spend the limited dollars available in the Federal Buildings Fund (\$44 million) on high priority Federal construction projects. The Federal government spent \$3.2 billion on courthouse construction between 1990 and 1997; since then, Congress has been critical of escalating courthouse costs and the need for non-courthouse Federal construction. Both the Congress and the Administration have pressed the Courts to do better utilization studies to measure the need for additional courthouse space. Thus far, the Courts have been unwilling to do these studies. Our strategy for 1999 -- consistent with the position taken by the Appropriations Committee in 1998 -- is to withhold further construction dollars while we continue to encourage the Courts to do these studies.

- **Local Law Enforcement Block Grant.** We include no funding in 1999 for this program, for which Congress appropriated \$523 million in 1998. We proposed to eliminate this program in your 1998 budget. We can expect some criticism from local law enforcement groups for this reduction.
- **Cancer clinical trials.** After much internal discussion of how to configure a new program to pay for the medical costs of clinical trials, your senior advisors have settled on a formulation that would use tobacco receipts to finance a three-year HCFA demonstration limited to NIH-sponsored trials. We estimate this demonstration will cost \$750 million over three years.

### Investment Funds for America

We propose to showcase investments in the your budget and establish a mechanism to offset discretionary spending with mandatory offsets by creating a set of Investment Funds. Each Fund is financed by reducing the discretionary caps and by new or expanded dedicated revenues and/or mandatory offsets.

The **Research Fund for America** includes all of the National Institutes of Health and the National Science Foundation, and certain research activities of the Departments of Energy, Commerce, Agriculture, Veterans Affairs, and NASA.

- The Research Fund is financed in part by tobacco tax revenues, an extension of the tax on gasoline, and the repeal of VA tobacco-related compensation.
- The Fund spends \$28.1 billion in 1999 (a 8.4 percent increase over 1998) and \$154.4 billion over five years. NIH's National Cancer Institute (NCI) increases by 65 percent by 2003, and the rest of NIH increases by 48 percent over the same period.

In addition, the Research fund increases National Science Foundation spending by 10 percent in 1999 and approximately the rate of inflation annually thereafter. It also increases funding for research by the Food and Drug Administration, the Centers for Disease Control, the Agency for Health Care Policy and Research, NASA, Veterans health care, Interior, Commerce, USDA, and Education.

The **Environmental Resources Fund for America** includes enhanced construction, maintenance, and land acquisition for Interior's and USDA's land management agencies (including national parks and forests); the new multi-agency water quality initiative for watershed restoration; water infrastructure, including EPA's Clean Water and Drinking Water State Revolving Funds (SRFs) and USDA's water/wastewater assistance; and EPA's Superfund program to clean up hazardous waste sites.

- The Environmental Resources Fund is financed in part by extension of the Superfund tax.
- The Fund spends \$8.2 billion in 1999 (a 12 percent increase over 1998), and \$38.6 billion over five years. The largest increases in the Fund are \$1.6 billion over five years for the multi-agency water quality initiative, which will provide assistance to States, farmers, and Federal land management agencies to restore up to 1,000 U.S. watersheds over the next several years; and \$2.4 billion over five years for land, water, and facility restoration programs to address critical facility maintenance and construction needs of Federal land management agencies (including national parks), and conserve priority resources through Federal land acquisition from willing sellers.

The Transportation Fund for America includes the Department of Transportation's surface transportation activities, and all of the Federal Aviation Administration. The

- The Transportation Fund is financed in part by new FAA user fees.
- The Fund spends \$36.7 billion in 1999 (1.7 percent more than in 1998), and \$189.0 billion over five years. Surface transportation is funded at the 1998 enacted level of \$27.1 billion. FAA airport grants are funded at the 1998 enacted level of \$1.7 billion, and fully-financed by user fees starting in 2000. FAA air safety programs -- including air traffic control modernization and security -- are funded at the levels recommended by the Gore Commission through 2003.

Because we use revenues and mandatory savings -- the tobacco tax, VA tobacco, the gasahol tax, Superfund, and FAA fees -- to offset the new spending in the Funds, we are able to reduce the discretionary caps by less than the amount in the Funds, which leaves room to finance your other priorities.

#### Mandatory Initiatives

Last Friday, we showed you a schedule for raising the tobacco excise tax that would produce \$65.6 billion in additional revenues (above current law) over five years. The Research Investment Fund is financed by \$32.5 billion of these new revenues, which leaves the remaining \$33.1 billion to finance mandatory initiatives. We propose to combine these remaining tobacco revenues with \$17 billion in other mandatory savers and Medicare error-reduction proposals (described below) to finance a package of \$50.1 billion in mandatory initiatives over five years.

**Expand the Child Care Development** (5-year cost: \$7.5 billion). Expansion of the Child Care Development Fund would serve an additional 500,000 to 1 million children. When combined with the program growth in current law, this Fund would serve between 1.8 million and 2.3 million children in 2003.

**New Teachers/Class Size Reduction Initiative** (5-year cost: \$7.3 million). This initiative would increase the number of trained teachers in elementary and secondary education to help reduce class size and thus increase student achievement.

**Early Learning Fund** (5-year cost: \$3 billion). The Early Learning Fund is a new program under the Child Care Initiative. It would offer challenge grants to communities for a range of activities, including: training child care providers; supporting family day care networks; assisting providers in meeting accreditation and licensing requirements; linking providers with health professionals; reducing child-to-staff ratios; and providing home visits, parent education and consumer education about child care.

**Student Loans** (5-year savings: \$3.6 billion; 5-year costs: \$1.7 billion; remaining savings finance other budget initiatives). The student loan initiative reforms the current guaranteed student loan program to make it more efficient and to reduce excess subsidies. The initiative would also incorporate financial incentives for more effective performance, and reduce student fees for both guaranteed and direct loans.

**Legal Immigrants** (5-year costs: \$2.5 billion). The Legal Immigrants initiative would restore Food Stamps and Medicaid coverage to certain immigrants who lost benefits under welfare reform, and would allow States to provide coverage for children in their CHIP programs.

**Medicare pre-65 buy-in** (5-year costs: \$1.8 billion). The pre-65 policy will allow individuals between the age of 62-64 who are not otherwise covered by Federally-sponsored health plans to buy into Medicare managed care plans at an actuarially fair rate. Also under discussion is the additional option of allowing "displaced workers" between the age of 55-62 to buy into Medicare, which would increase spending by \$350-\$700 million over five years.

**Prior commitments and other obligations** (5-year cost: \$2.7 billion). Prior mandatory funding commitments include rural and urban enterprise zones, Fast Track trade adjustment assistance, USDA environment activities, benefits for Filipino veterans, DC court pensions, SSI administrative costs, and Winstar litigation costs.

#### Mandatory and Revenue Offsets

We are using the following mandatory savings proposals to finance both the mandatory increases and the amount of discretionary spending over the caps:

- **Tobacco tax revenues** (\$3.6 billion in 1999; \$65.6 billion over 5 years): Increasing the tobacco tax from the current 50 cents per pack to \$1.10 by 2003 will produce an additional \$65.6 billion over five years. Of the total, States will direct the spending of \$23.6 billion, and the Federal government will either spend or direct the spending (by the States) of the remaining \$42.0 billion.

| Cents per pack: | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| Proposal        | 0.62           | 0.80           | 0.90           | 1.00           | 1.10           |

The table at TAB B shows how we propose to spend tobacco tax revenues over 5 years.

- **VA tobacco repeal** (\$500 million in 1999; \$15.5 billion over 5 years): We plan to repropose legislation to reverse the recent VA General Counsel ruling that the VA must pay monthly service-connected disability compensation benefits to veterans for tobacco-related illnesses that occur after separation from the military. We estimate that 542,000 veterans are potentially eligible to claim these benefits, and an additional 6,600 will become eligible annually. We have not yet included these costs in our baseline. We plan to increase the baseline by \$15.5 billion over 5 years, which will make available a PAYGO credit for eliminating these benefits.

We understand that CBO will also estimate substantial costs over 10 years, although they will concentrate much of the spending in the last five years.

- **Medicare error reduction and other savings** (\$0.14 billion in 1999; \$1.82 billion over 5 years): We have worked with the DPC to develop sufficient Medicare savings proposals to finance the pre-65 buy-in.
- **Education Loan Reforms** (\$0.9 billion in 1999; \$3.5 billion over 5 years): Provides a direct guarantee for student loans not in the direct loan program -- rather than relying on intermediaries -- and recalls all loan guarantee reserves, plus other student loan reforms and benefits for students.
- **Cost Allocation** (\$0.5 billion in 1999; \$2.9 billion over 5 years): Restricts States' ability to shift their State administrative costs from TANF to Federally-funded administrative sources such as Food Stamps and Medicaid.
- **Two Agriculture Savings Proposals** (\$0.3 billion in 1999; \$1.6 billion over 5 years): Reduces the Export Enhancement Program (EEP) further than requested in FY 2001 through FY 2003, because market conditions (high world commodity prices projected for the foreseeable future) do not warrant the full use of EEP. A second proposal would restructure USDA's cotton user marketing certificates. We have dropped the proposal that would have re-opened the Farm Bill, and USDA supports this package. We have also added funds to extend mandatory treatment of crop insurance for five years.
- **Increase in FHA Single Family Loan Limit** (\$0.2 billion in 1999; \$1.1 billion over 5 years): This proposal would allow FHA to insure a single family mortgage with a principal amount not exceeding the GSE (Fannie Mae, Freddie Mac) loan limit of

\$227,150. Currently, FHA may not insure a mortgage exceeding 75% of the GSE conforming limit. By raising the limit, an increased number of potential homebuyers will have access to FHA insured mortgages, thereby increasing access to affordable loans and homeownership.

- **State Bank Exam Fees** (\$0.1 billion in 1999; \$0.5 billion over 5 years): Requires the Federal Reserve to assess fees for examinations of state-chartered banks and bank holding companies (current law permits, but does not require, fees).
- **Child Support Enforcement** (\$0.06 billion in 1999; \$0.3 billion over 5 years): Savings for child support enforcement (CSE) are controversial. We have recommended the smallest and least controversial of the options, which reduces Federal funding to States to reflect an increase in the collection of State fees of \$25 for non-TANF child support enforcement cases. States could collect more on a sliding scale basis, or pay the user fee out of other State resources. All TANF collections would be redirected to the States and Federal grants for State administration would be reduced by an equivalent amount.

#### Attachments

TAB A: Millennium spending table

TAB B: Tobacco tax revenue spending table

**Millennium Program**  
(BA in \$M)

| Program   | FY98 Enacted | FY99 Recommended | Comments  |
|---|--------------|------------------|---|
| National Archives Capital Improvements            | 0            | 71               | Provides for a four-year renovation of the Main Archives building, scheduled for the period 1999-2002 (+\$71M). The renovation project would bring Main Archives into compliance with the Americans with Disability Act and with modern fire, life safety and environmental codes. All of Main Archives major mechanical systems would be replaced.   |
| National Archives Core Programs                   | 221          | 227              | The recommended level provides an additional \$15M (offset by \$8M in one-time 1998 cost(s) to allow NARA to pay for inflationary increases, as well as: (1) institute an automated front-end records management system; (2) process the increase in electronic records; (3) make electronic records more accessible; (4) accelerate records preservation activities; and, (5) plan and implement a reimbursable records center initiative.   |
| National Park Service Operations                  | 1,234        | 1,311            | The recommended level provides a total increase of \$78M (5%) over FY98 enacted for the six NPS items listed here. NPS operations are \$77M (6%) above FY98 enacted to maintain services, meet new requirements (such as FDR Top Cottage), and address deferred critical maintenance (backlog). \$35M of this increase would come from the proposed Land, Water, and Facility Restoration Initiative. Passbook includes proposal for NPS to keep and spend all fee receipts to supplement discretionary funding (see below).      |
| National Park Service Construction -- Priorities  | 139          | 178              | The recommended level increases funding for priority (backlog) construction projects by \$39M (28%) over FY98 enacted and \$28M over Interior's FY99 request. (This excludes the \$76M in unrequested FY98 funding for non-park or low-priority projects.) \$38M of the increase would come from the proposed Land, Water, and Facility Restoration Initiative. In addition, a key project planned for FY99 (restore Elwha River, WA) is now proposed to be funded in FY98 through \$699M for Priority Federal Land Acquisitions. |
| National Park Service Construction -- Unrequested | 76           | 0                | NPS construction in FY98 includes over \$76M of unrequested items, most of which were for low priorities or non-park purposes.  |
| National Park Service Recreation Fees             | 137          | 141              | To supplement operational funding and address deferred maintenance, the budget proposes permanent authority for NPS to keep and spend all receipts from recreation, entrance, and other user fees.  |
| National Park Service Concession Fees             | 24           | 50               | To supplement operational funding and address deferred maintenance, the budget proposes new authority for NPS to use all fee receipts paid to parks by park concessioners.  |
| National Park Service Historic Preservation Fund  | 41           | 98               | The recommended level includes \$50M in FY99 and \$50M in FY00 to support Federal, state, local, and private preservation activities related to the Millennium recognition.   |
| Smithsonian Institution Salaries and Expenses     | 333          | 349              | The recommended level includes \$5 million as requested to initiate a jointly funded public/private multi-year partnership to digitize a portion of the Smithsonian collections.  |

| Program   | FY99 Enacted | FY99 Recommended | Comments  |
|---|--------------|------------------|---|
| Smithsonian Institution<br>Repair and Renovation (R&R)  | 36           | 46               | The recommended level provides an additional \$10 million to allow the Smithsonian to address the backlog of needed repairs at several of its major museums, e.g., National Museum of Natural History. The recommended funding for FY 1999-2003 will eliminate a substantial portion of the current repair backlog.   |
| Smithsonian Institution<br>Repair and Renovation (R&R)  | 0            | 20               | The recommended level includes \$20 million to relocate the "Charters of Freedom" from the National Archives to the Smithsonian National Museum of American History. These documents include the Constitution, the Bill of Rights, and the Declaration of Independence. The Smithsonian will use \$4 million to preserve the charters and \$16 million to display them. |
| Smithsonian Institution Construction<br>Mall Museum -- National<br>Museum of the American<br>Indian | 29           | 16               | The recommended level includes funds in FY 1999 and the outyears to complete construction and to start operations for the opening of this museum in 2002.   |
| Other Construction  | 4            | 2                | The recommended level for this account includes \$2 million toward development of a jointly funded public/private partnership "Blueprint" for renovation in the National Museum of American History. A focal point of the Blueprint is the preservation program for the Star Spangled Banner.   |
| The Kennedy Center<br>Repair and Renovation (R&R)   | 9            | 20               | The recommended level provides an additional \$11 million to allow the Kennedy Center to continue major interior renovations, e.g., the Opera House. The FY 1999 renovations are part of an 11-year program estimated at \$171 million. Authorization for the program will be requested in the FY 1999 budget.  |
| The National Gallery of Art   | 62           | 64               | The recommendation includes funds for the maintenance of a new Sculpture Garden being built with private funds. Funds are provided to initiate repair work on the Mall steps of the West Wing Building of the Gallery. The outyears include funds to eliminate a substantial portion of the backlog of repairs.   |
| National Endowment for the<br>Humanities  | 111          | 155              | (Recommended amount includes \$20 million from President's initiative reserve fund.) The total recommended level includes \$29 million to support preservation projects, including brittle books, digitization of humanities material, and stabilization of material culture collections.   |
| National Endowment for the Arts   | 98           | 155              | (Recommended amount includes \$20 million from President's Initiative reserve fund.) The total recommended level includes \$15 million for conservation, cataloging, and restoration of works of art.   |
| Institute for Museum and Library<br>Services  | 23           | 28               | (Recommended amount includes \$2 million from President's initiative reserve fund.) Total recommended level includes \$6 million to support conservation programs for museum collections to provide access to museum collections through the Internet.  |
| TOTAL with Major Construction*  | 2,577        | 2,929            |   |
| TOTAL without Major Construction*   | 2,472        | 2,913            |   |

\* NOTE: These special items include major construction which in FY 1999 and 1999 make comparisons problematic. For example, in the case of American Indian Museum, the decline in budget authority hides the fact that the President's budget has sufficient authority to complete the museum in the outyears.

## TOBACCO LEGISLATION

|  | 1999                | 2000                 | 2001                 | 2002                 | 2003                 | Total<br>FY99-03     |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>USES OF RECEIPTS FROM TOBACCO LEGISLATION</b> |                     |                      |                      |                      |                      |                      |
| <i>Federally Operated Programs</i>               |                     |                      |                      |                      |                      |                      |
| Research Fund for America                        | 3,553               | 4,619                | 5,176                | 5,733                | 6,268                | 25,349               |
| CDC Smoking Prevention                           | 59                  | 61                   | 62                   | 64                   | 65                   | 310                  |
| FDA Enforcement Activities                       | 271                 | 279                  | 286                  | 294                  | 302                  | 1,432                |
| Medicaid Child Outreach Reforms                  | 120                 | 160                  | 200                  | 200                  | 220                  | 900                  |
| Cancer Clinical Trials Demonstration             | <u>200</u>          | <u>250</u>           | <u>300</u>           | <u>--</u>            | <u>--</u>            | <u>750</u>           |
| Subtotal, Federally operated programs            | 4,203               | 5,368                | 6,024                | 6,291                | 6,856                | 28,742               |
| <i>Federally Directed State Programs</i>         |                     |                      |                      |                      |                      |                      |
| Child Care & Development Block Grant             |                     |                      |                      |                      |                      | 7,500                |
| Teachers Initiative                              |                     |                      |                      |                      |                      | <u>7,335</u>         |
| Subtotal, State prgms with Federal direction     | 2,255               | 2,580                | 2,900                | 3,300                | 3,800                | 14,835               |
| <i>Cessation, Other State &amp; Other Uses</i>   | 3,300               | 3,891                | 4,582                | 4,972                | 5,362                | 22,107               |
| <b>Total Uses</b>                                | <b><u>9,758</u></b> | <b><u>11,839</u></b> | <b><u>13,506</u></b> | <b><u>14,563</u></b> | <b><u>16,018</u></b> | <b><u>65,684</u></b> |

## TOBACCO LEGISLATION RECEIPTS REQUIRED

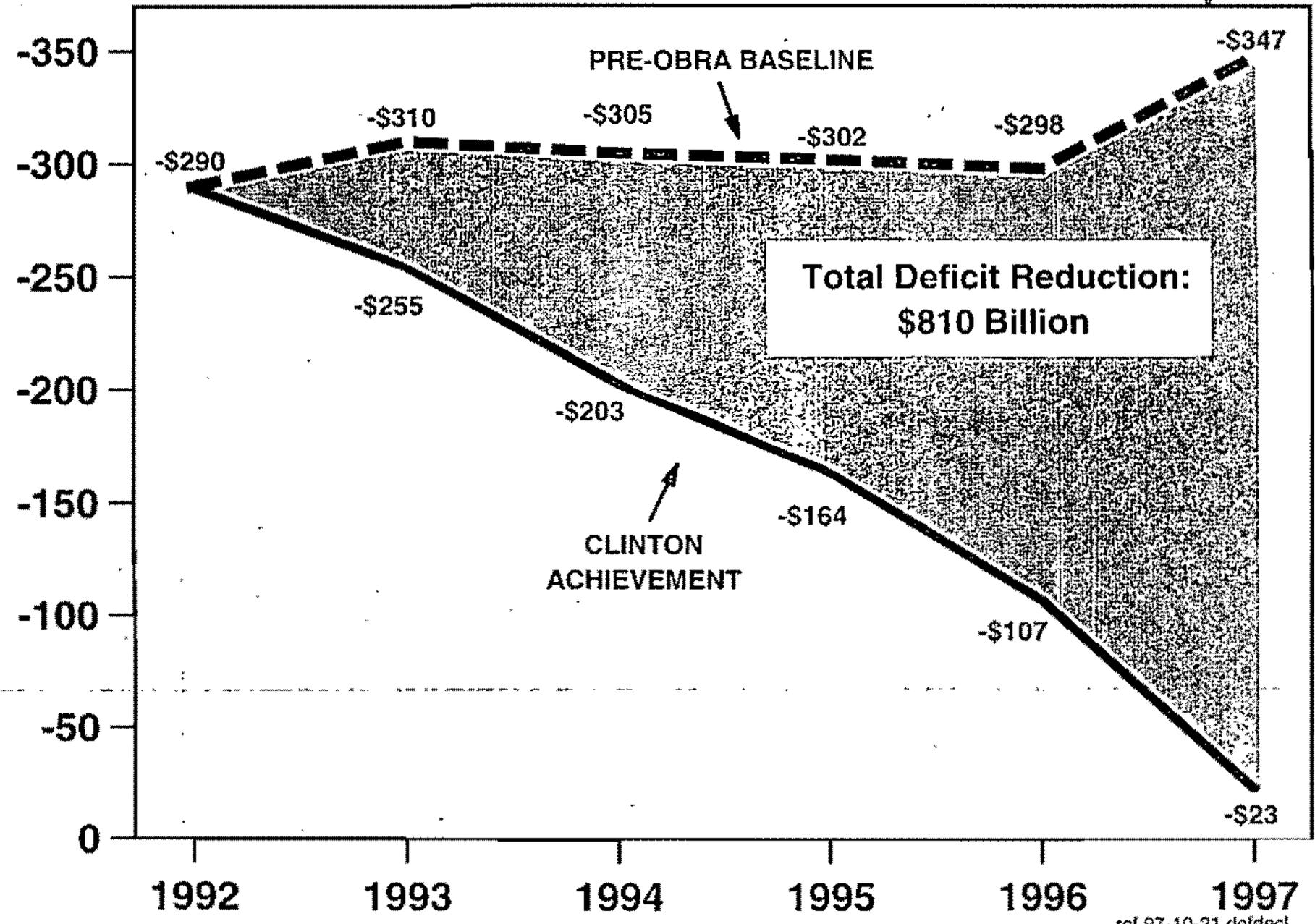
|  |              |               |               |               |               |               |
|--|--------------|---------------|---------------|---------------|---------------|---------------|
| Approx. Equivalent Per-Pack Amount Required (current \$) | \$0.62       | \$0.82        | \$0.95        | \$1.09        | \$1.24        |               |
| Federal Programs, Total                                  | 4,203        | 6,859         | 7,506         | 7,863         | 8,418         | 34,849        |
| State Programs with Federal Guidance, Total              | 2,255        | 2,580         | 2,900         | 3,300         | 3,800         | 14,835        |
| Other State & Cessation & Other Uses                     | <u>3,300</u> | <u>2,400</u>  | <u>3,100</u>  | <u>3,400</u>  | <u>3,800</u>  | <u>16,000</u> |
| Total Additional Net Receipts                            | <u>9,758</u> | <u>11,839</u> | <u>13,506</u> | <u>14,563</u> | <u>16,018</u> | <u>65,684</u> |

Budget - FY 99

From Frank's meeting yesterday. He's going to use these to brief the POTUS on Friday. E. L.

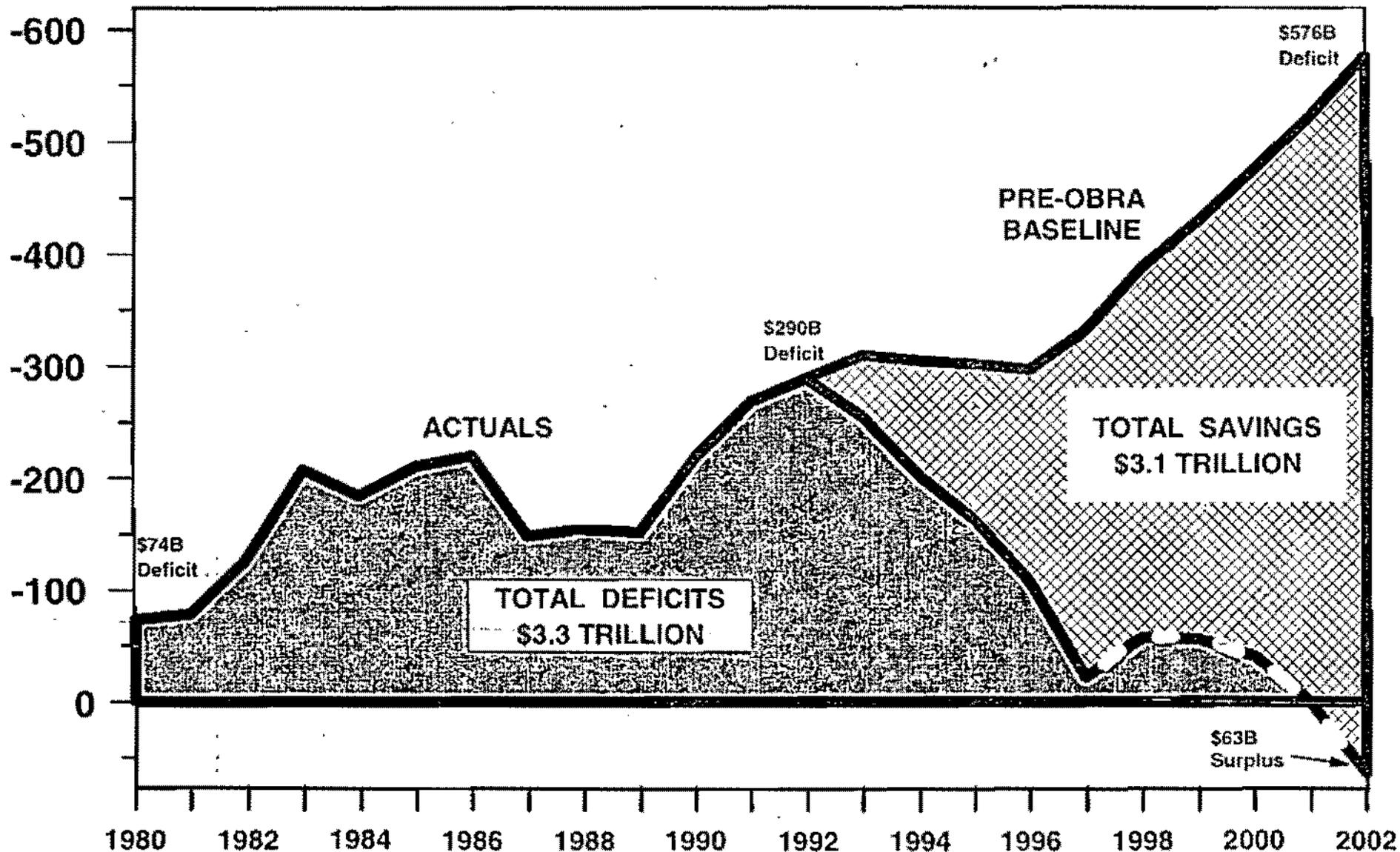
# REDUCING THE DEFICIT: THE CLINTON RECORD

DOLLARS IN BILLIONS



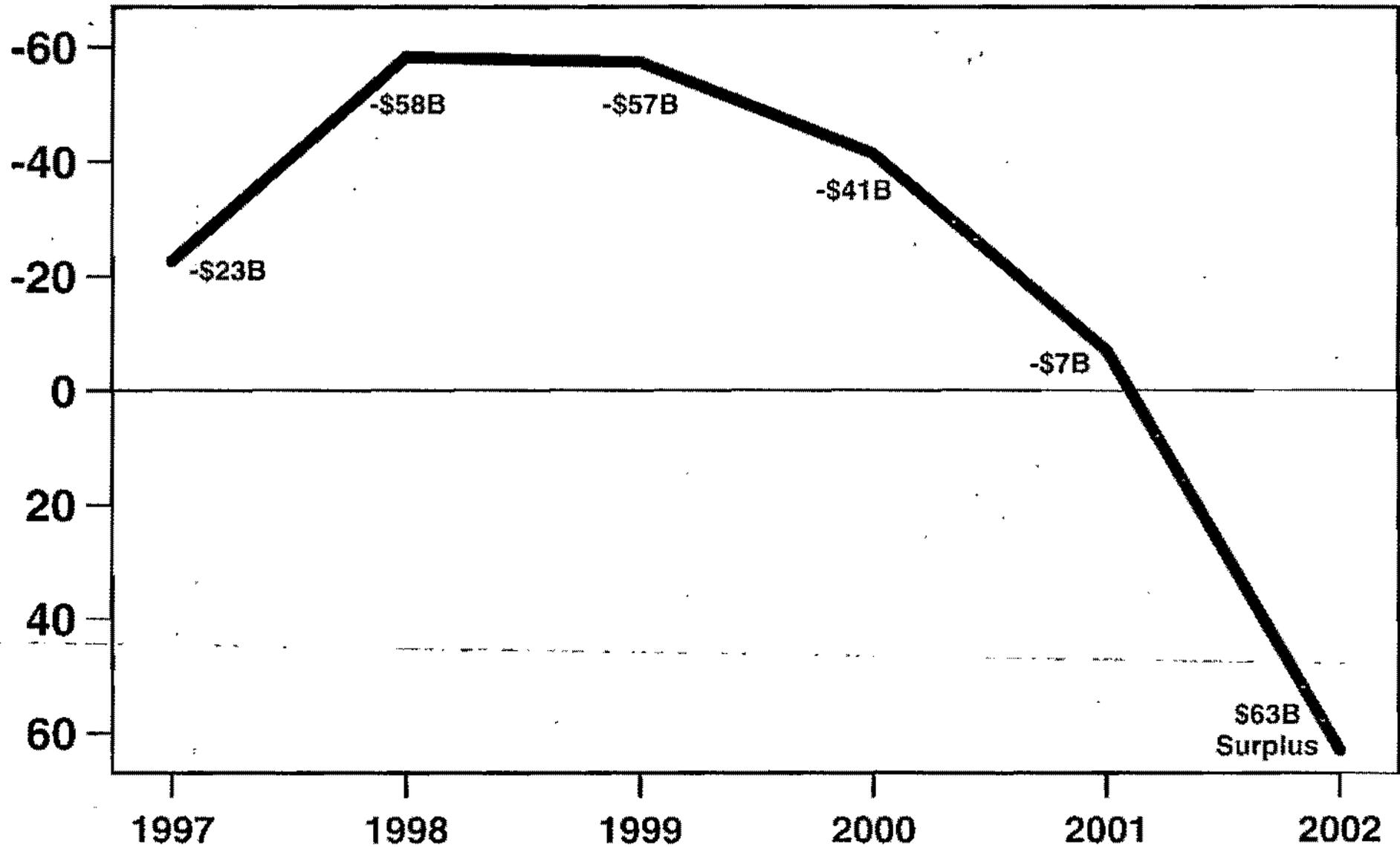
# FINISHING THE JOB: BALANCING THE BUDGET AFTER DECADES OF DEFICITS

SURPLUS (+) / DEFICITS (-) IN BILLIONS



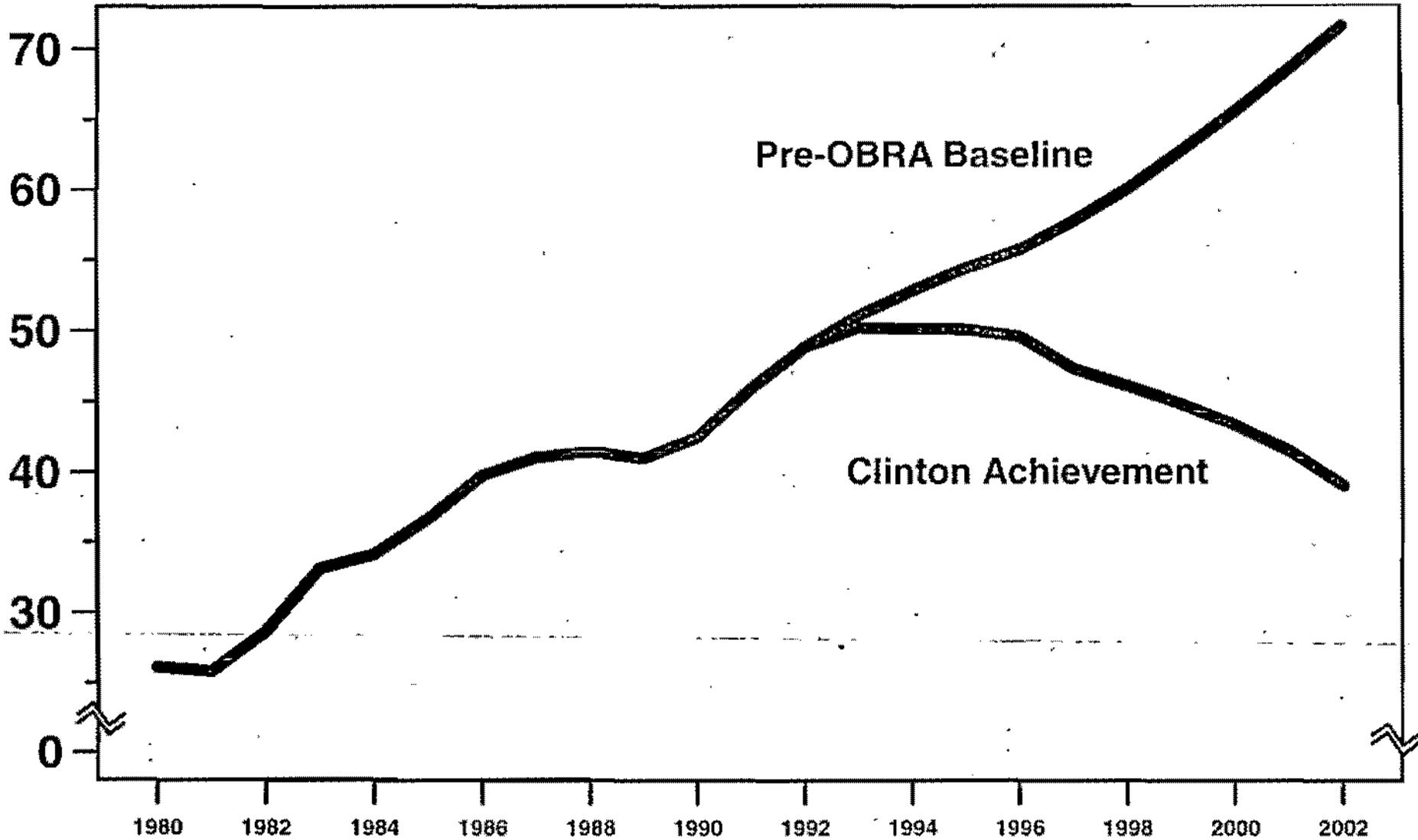
# Mid-Session Review Budget Projection

SURPLUS (+)/DEFICIT (-) IN BILLIONS OF DOLLARS



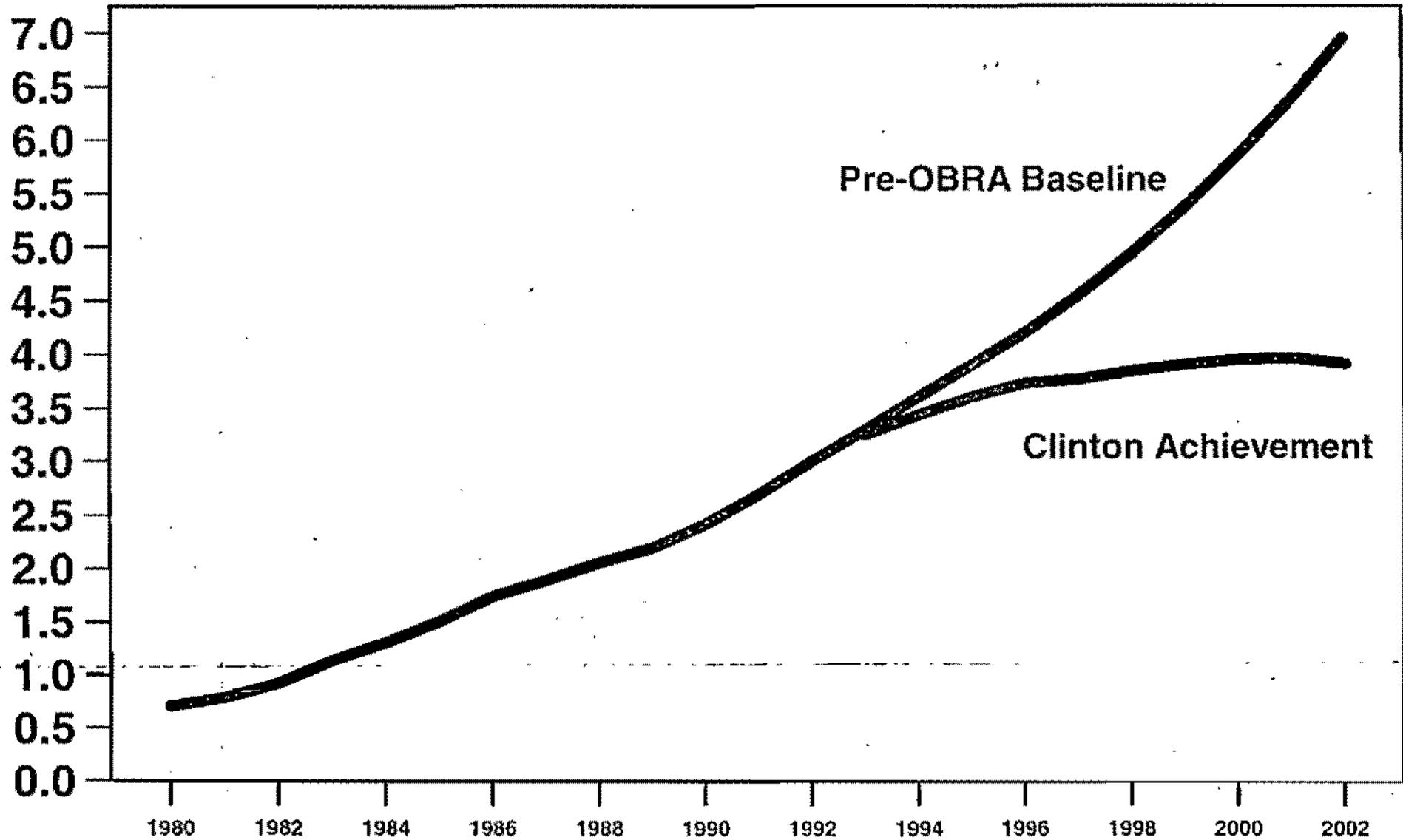
# Debt Held by the Public

PERCENT OF GDP



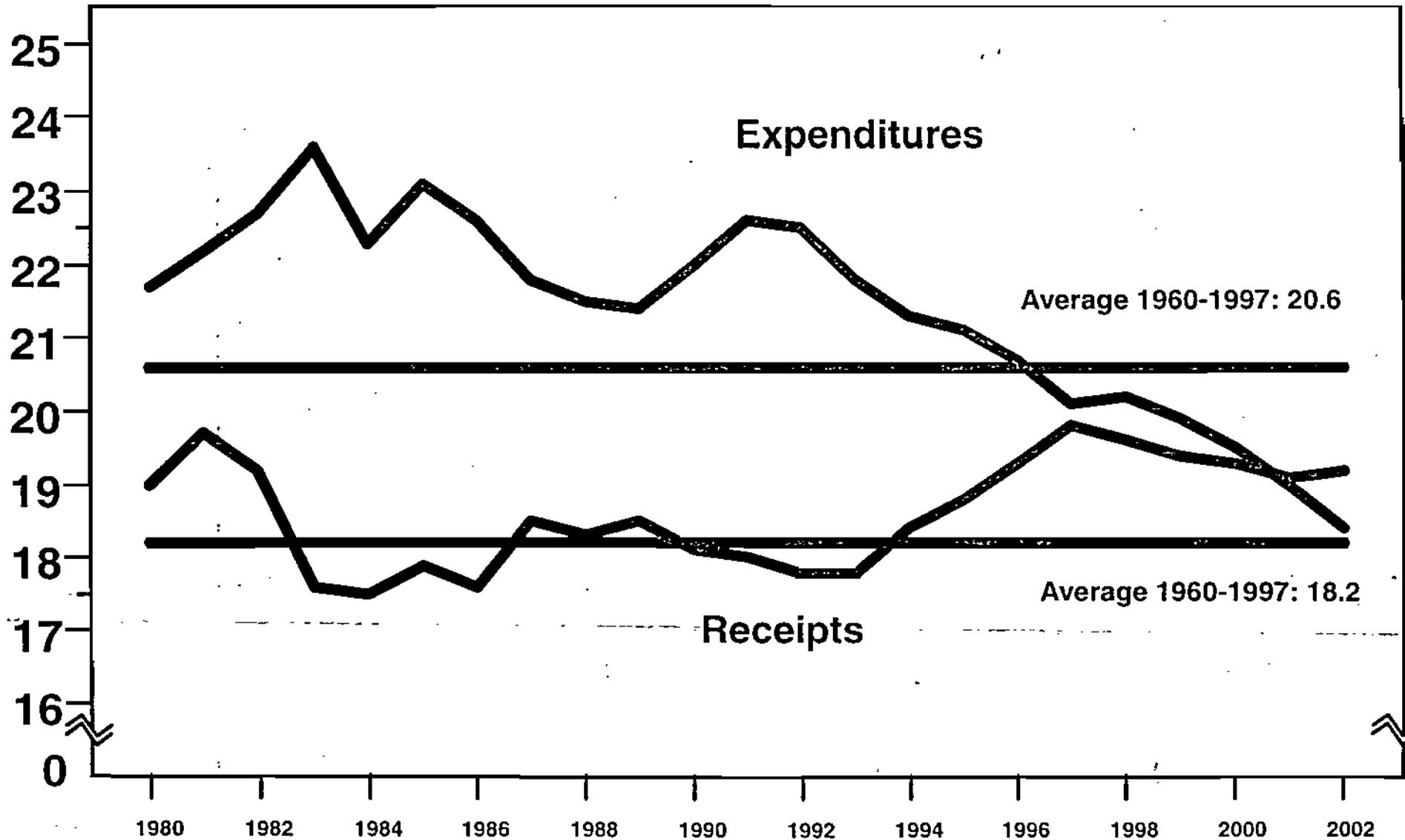
# Debt Held by the Public

TRILLIONS OF DOLLARS



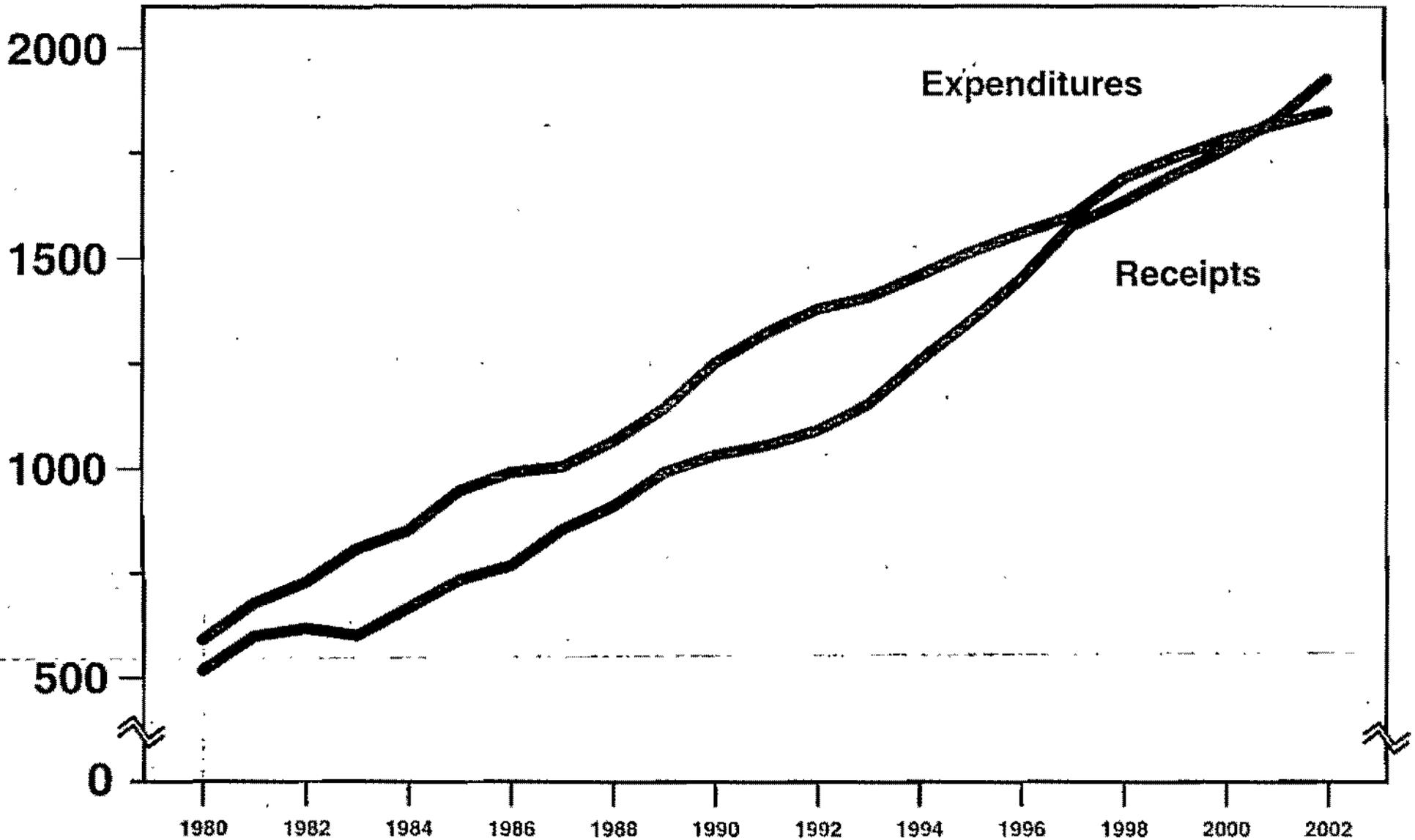
# Receipts and Expenditures

PERCENT OF GDP



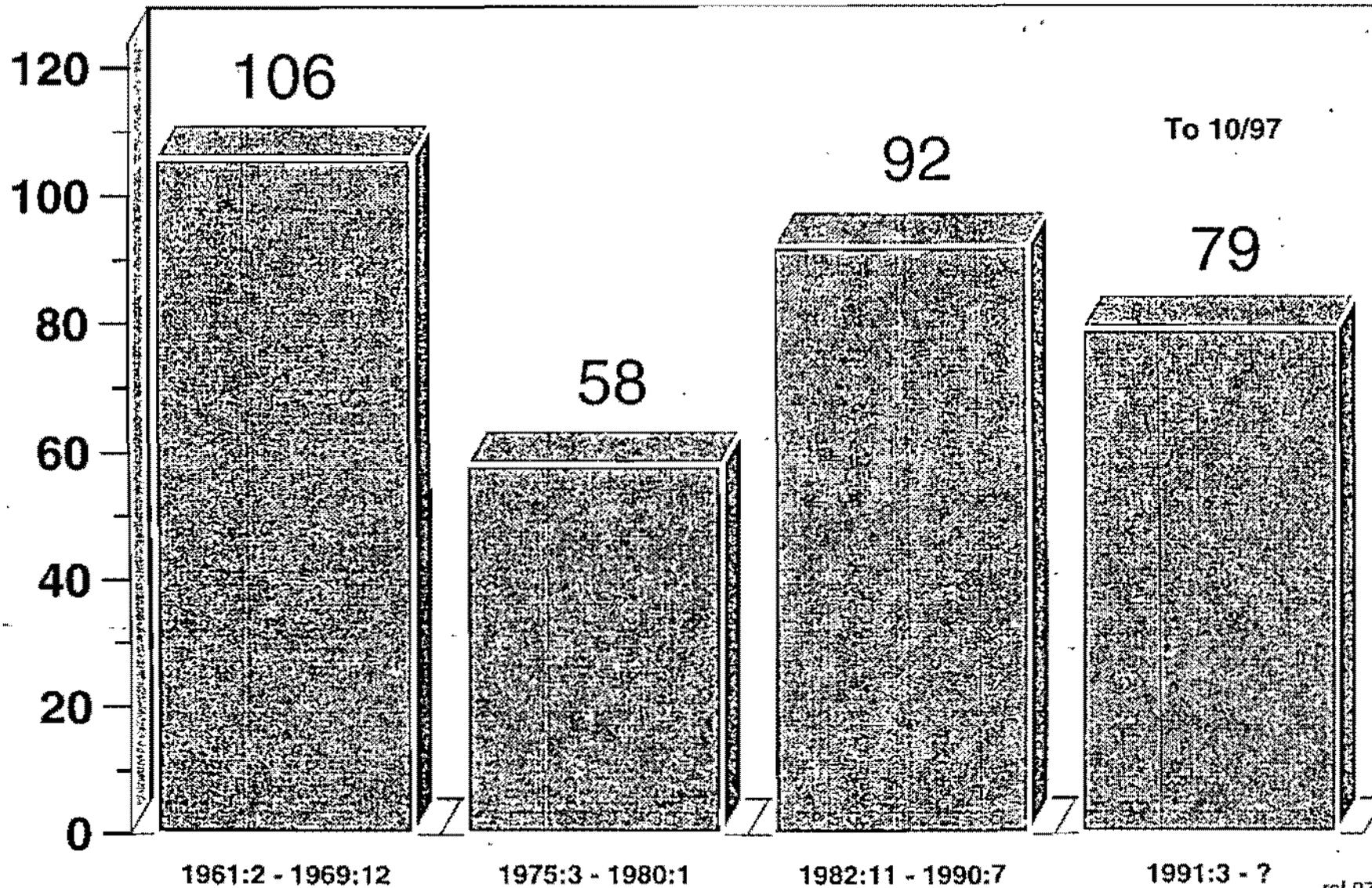
# Receipts and Expenditures

DOLLARS IN BILLIONS

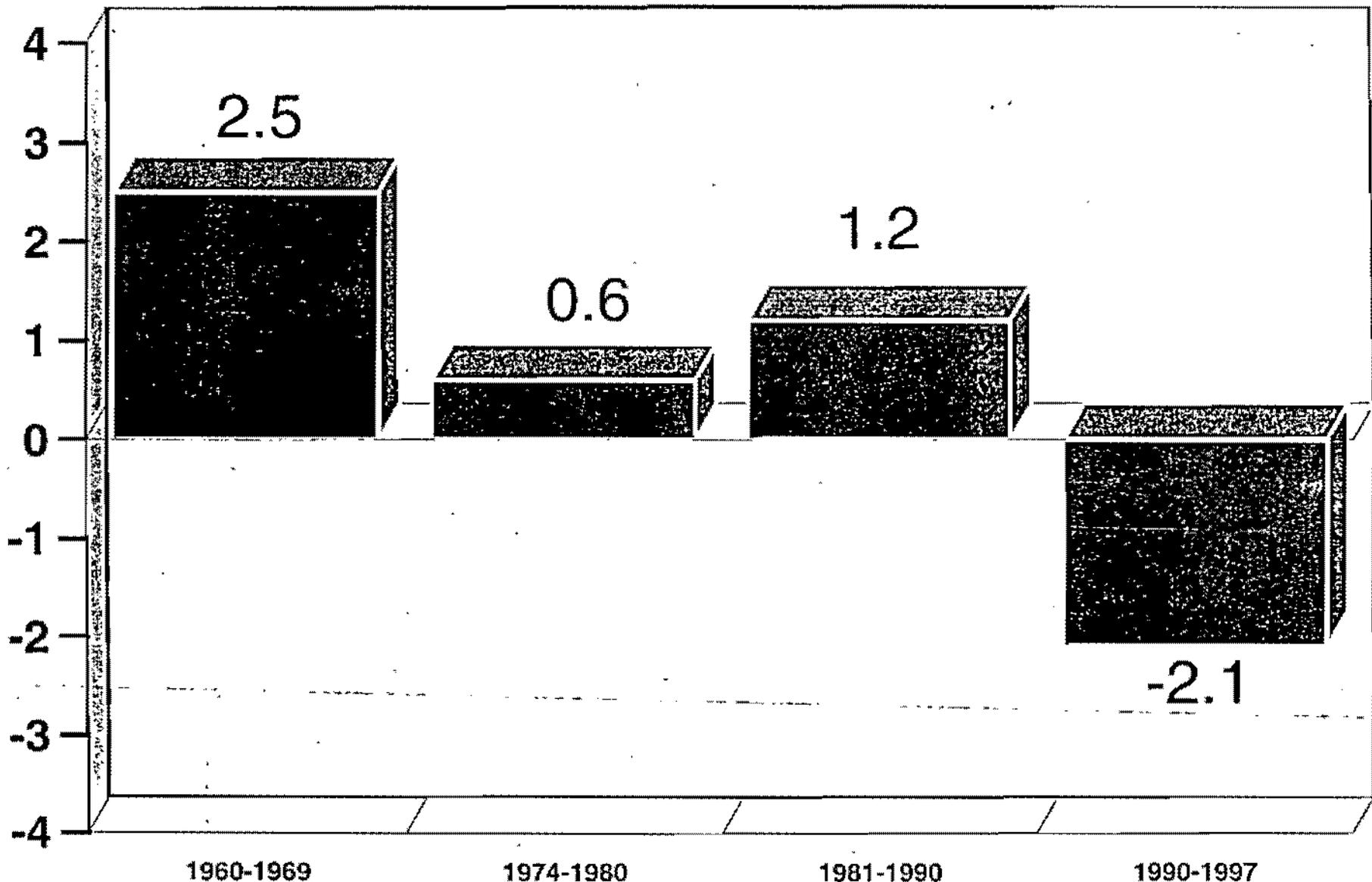


# The Four Longest Postwar Expansions

MONTHS FROM TROUGH TO PEAK

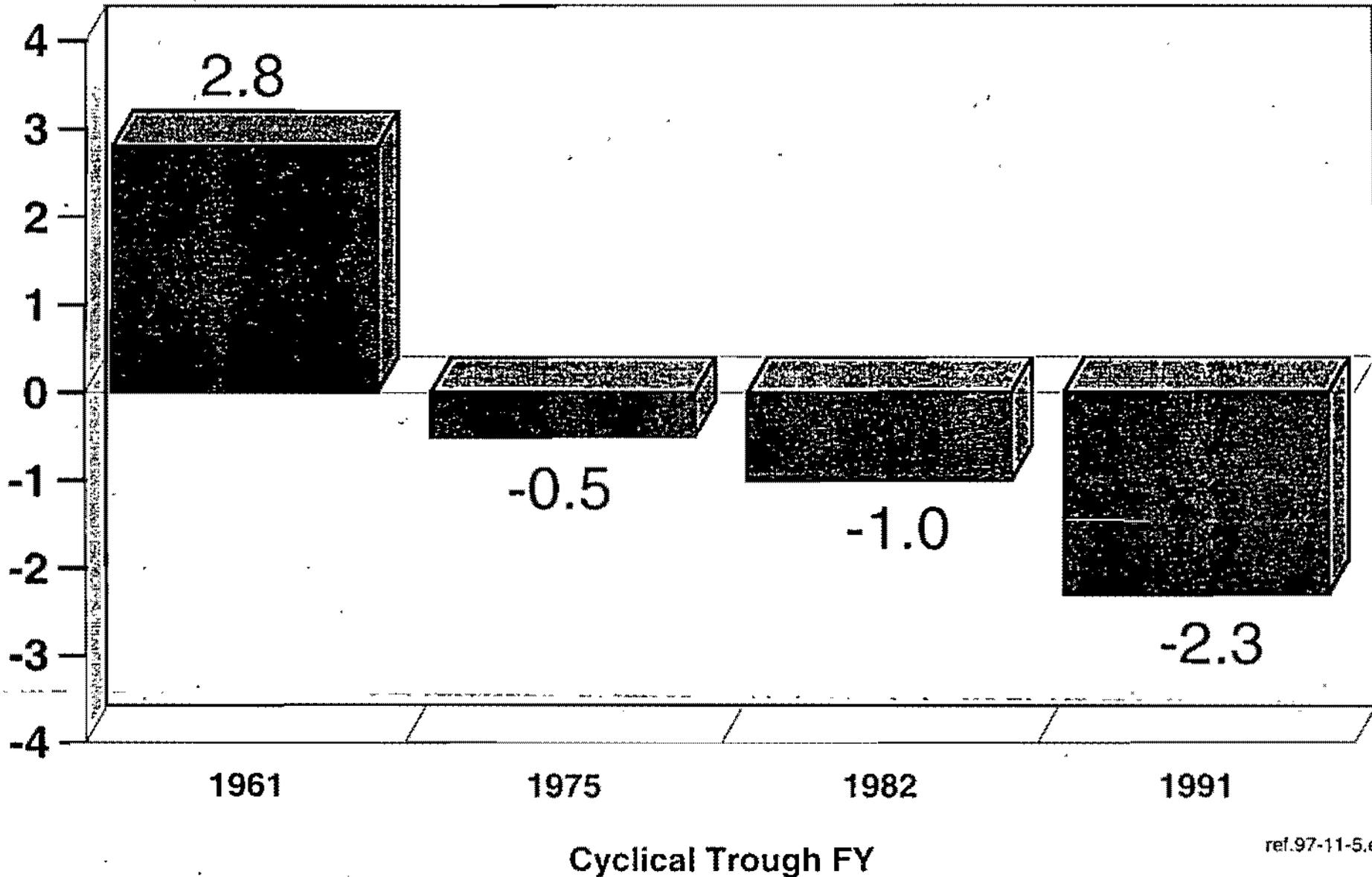


# Change in Full Employment Deficit as a Percent of Potential GDP During Four Longest Postwar Expansions (Preceding Cyclical Peak FY to Seventh Following FY)



Increase in CBO standardized-employment deficit as a share of potential GDP. Full employment deficit is adjusted for deposit insurance, allied contributions to Desert Storm and spectrum auctions. Potential GDP is an estimate of GDP at full employment.

# Change in Full Employment Deficit as a Percent of Potential GDP During Four Longest Postwar Expansions (Preceding Cyclical Trough FY to Sixth Following FY)

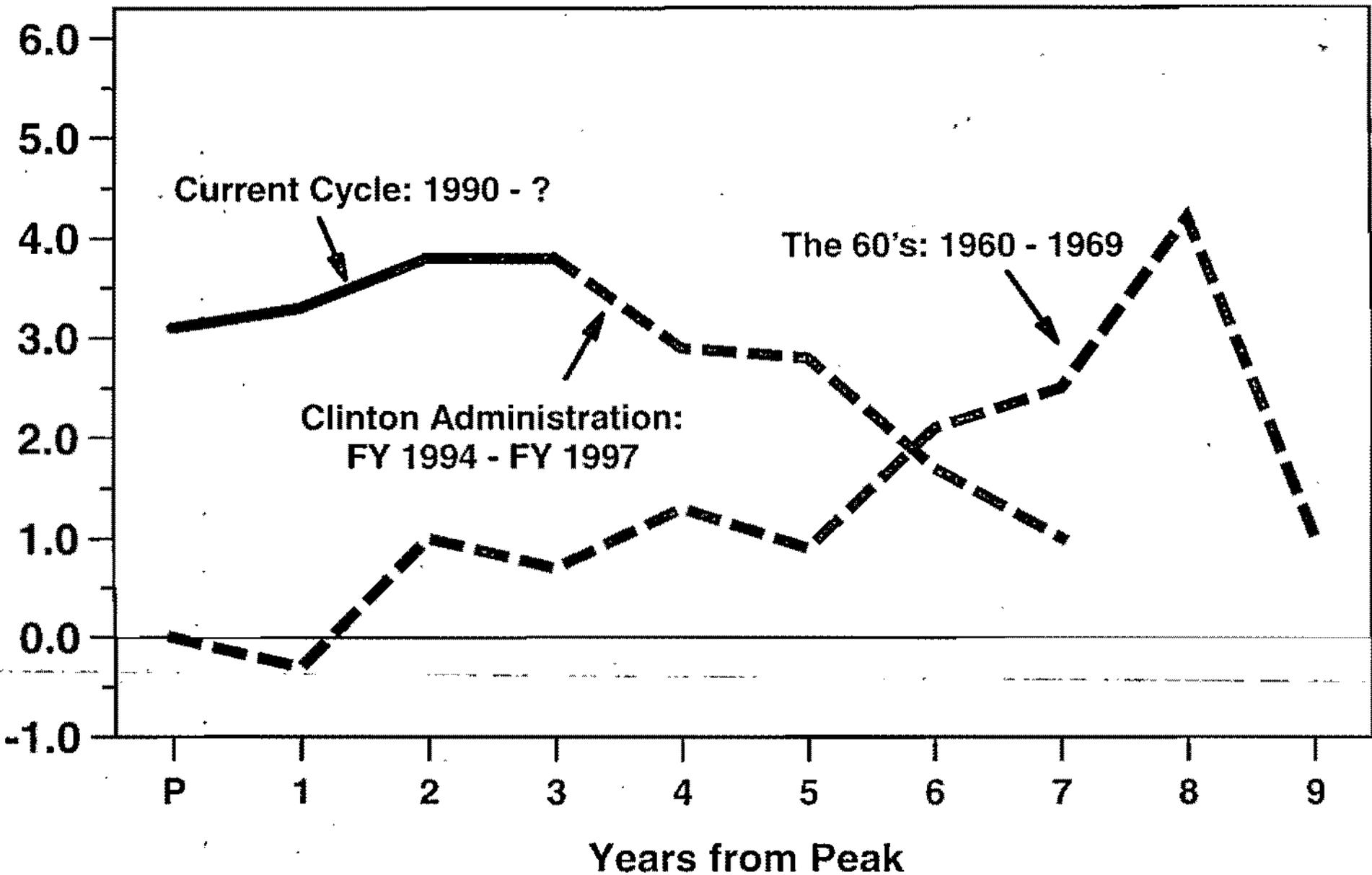


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Increase in CBO standardized-employment deficit as a share of potential GDP. Full employment deficit is adjusted for deposit insurance, allied contributions to Desert Storm and spectrum auctions. Potential GDP is an estimate of GDP at full employment.

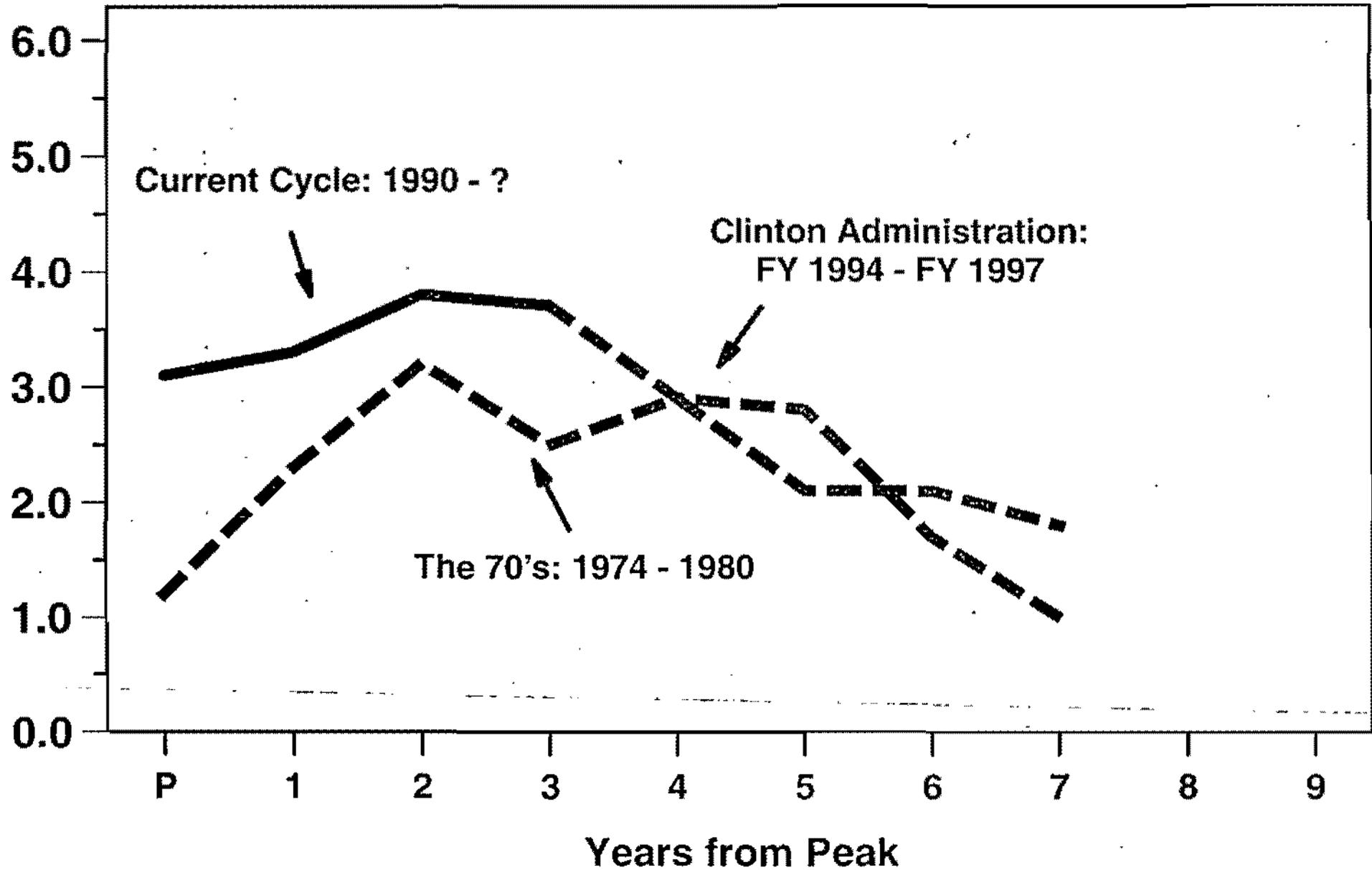
# Structural Deficit as a Percent of Potential GDP

(Fiscal Years, 1990s vs 1960s)



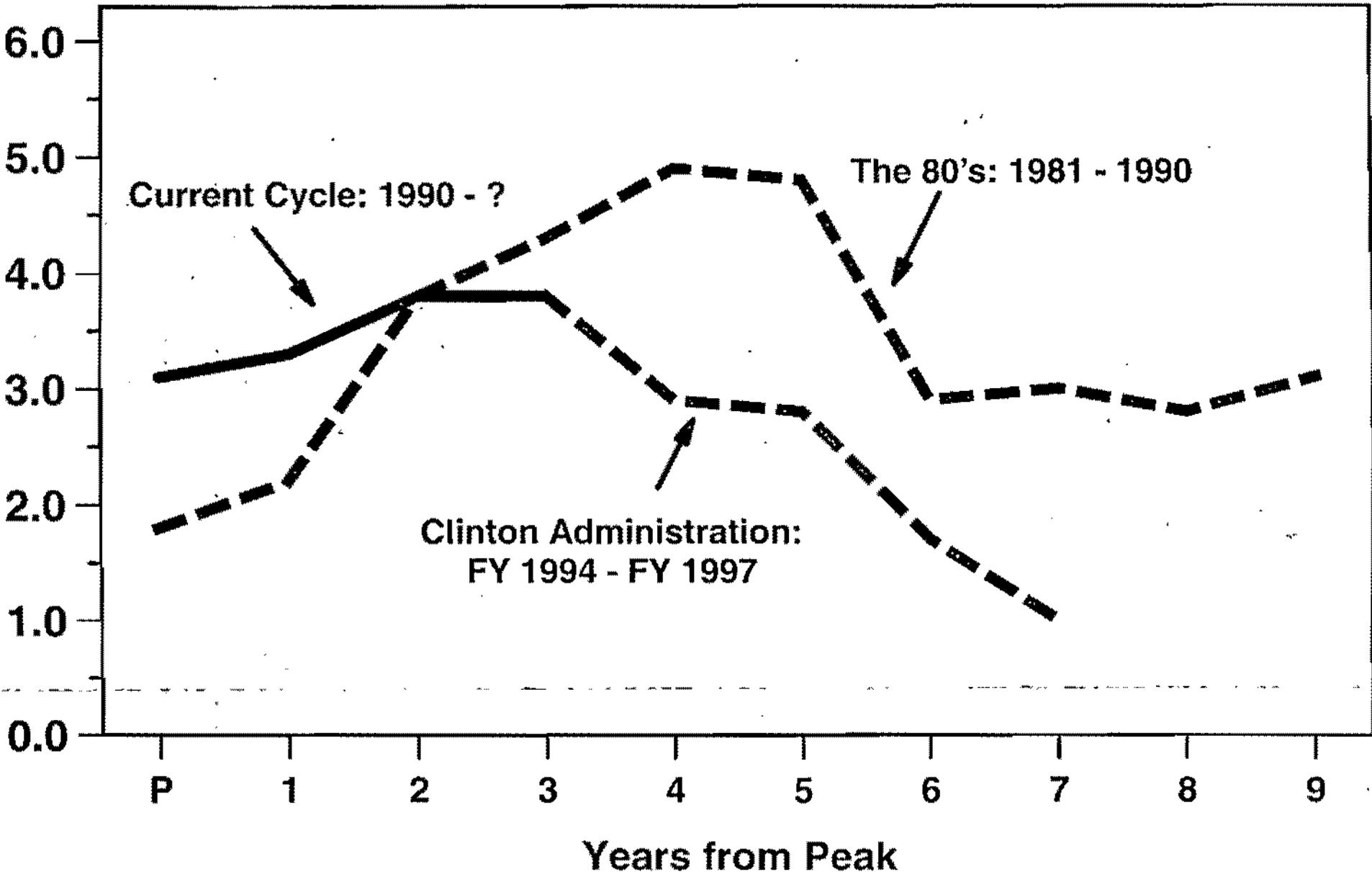
# Structural Deficit as a Percent of Potential GDP

(Fiscal Years, 1990s vs 1970s)



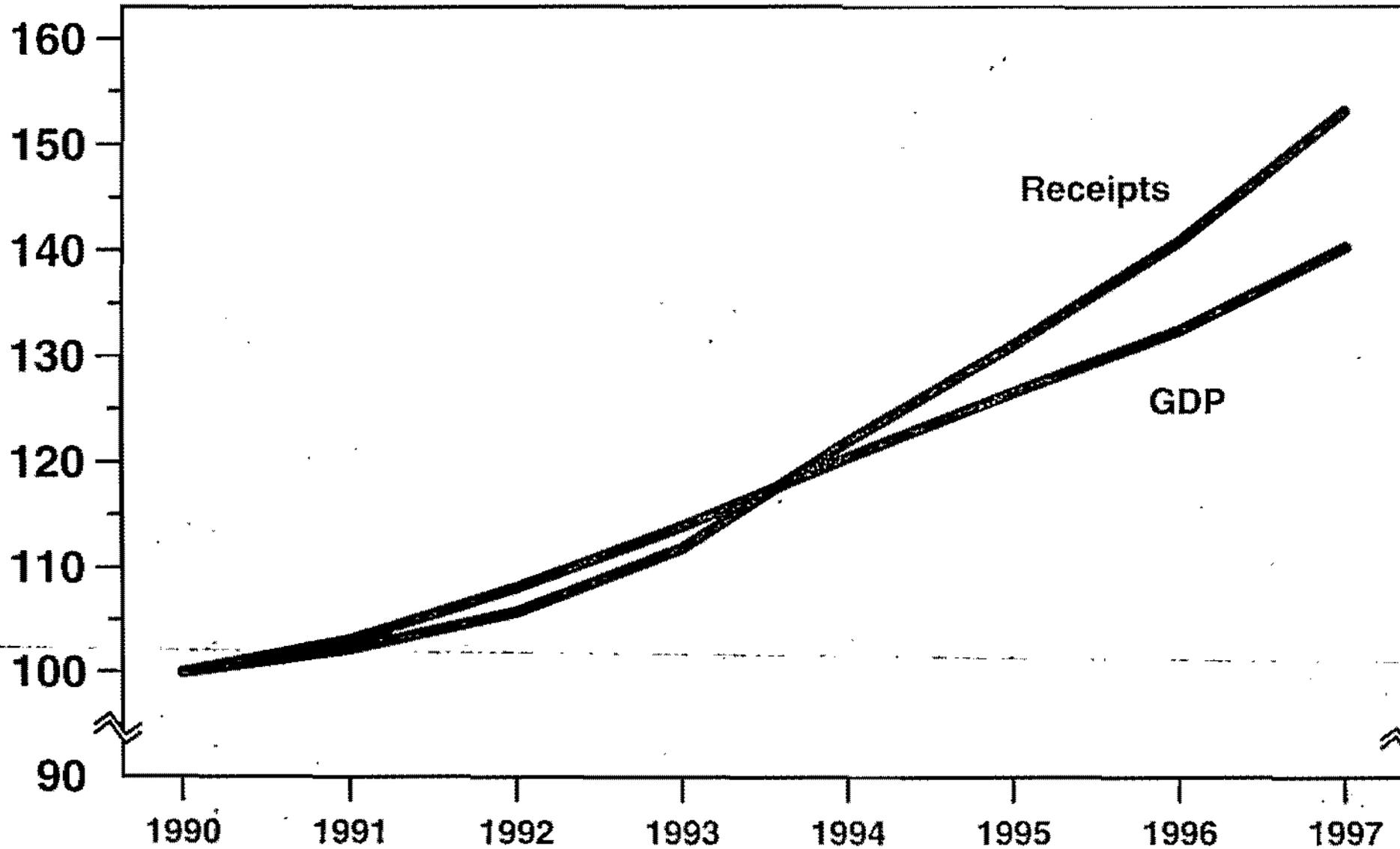
# Structural Deficit as a Percent of Potential GDP

(Fiscal Years, 1990s vs 1980s)



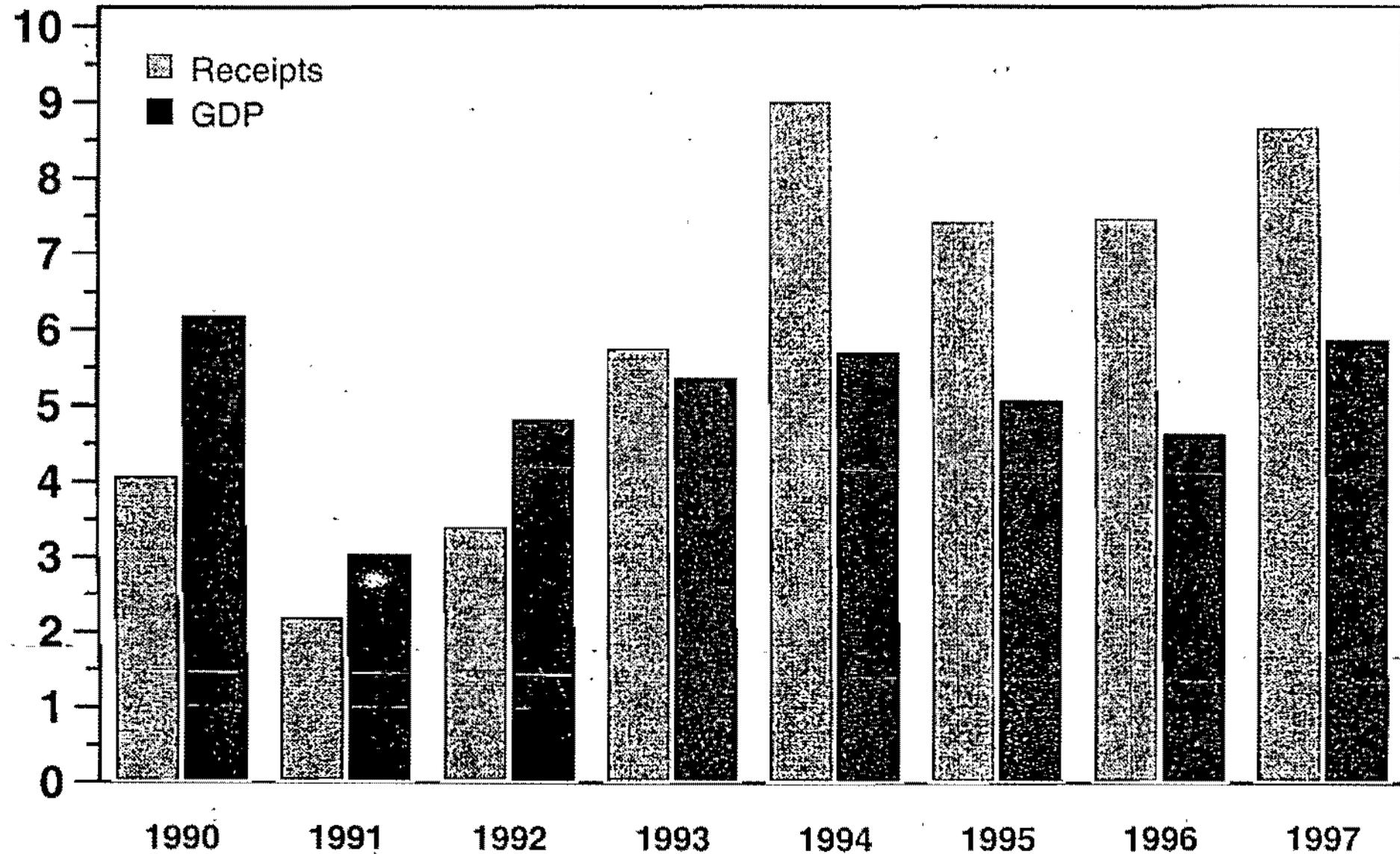
# Receipts Grew Faster than GDP

Index, 1990 = 100



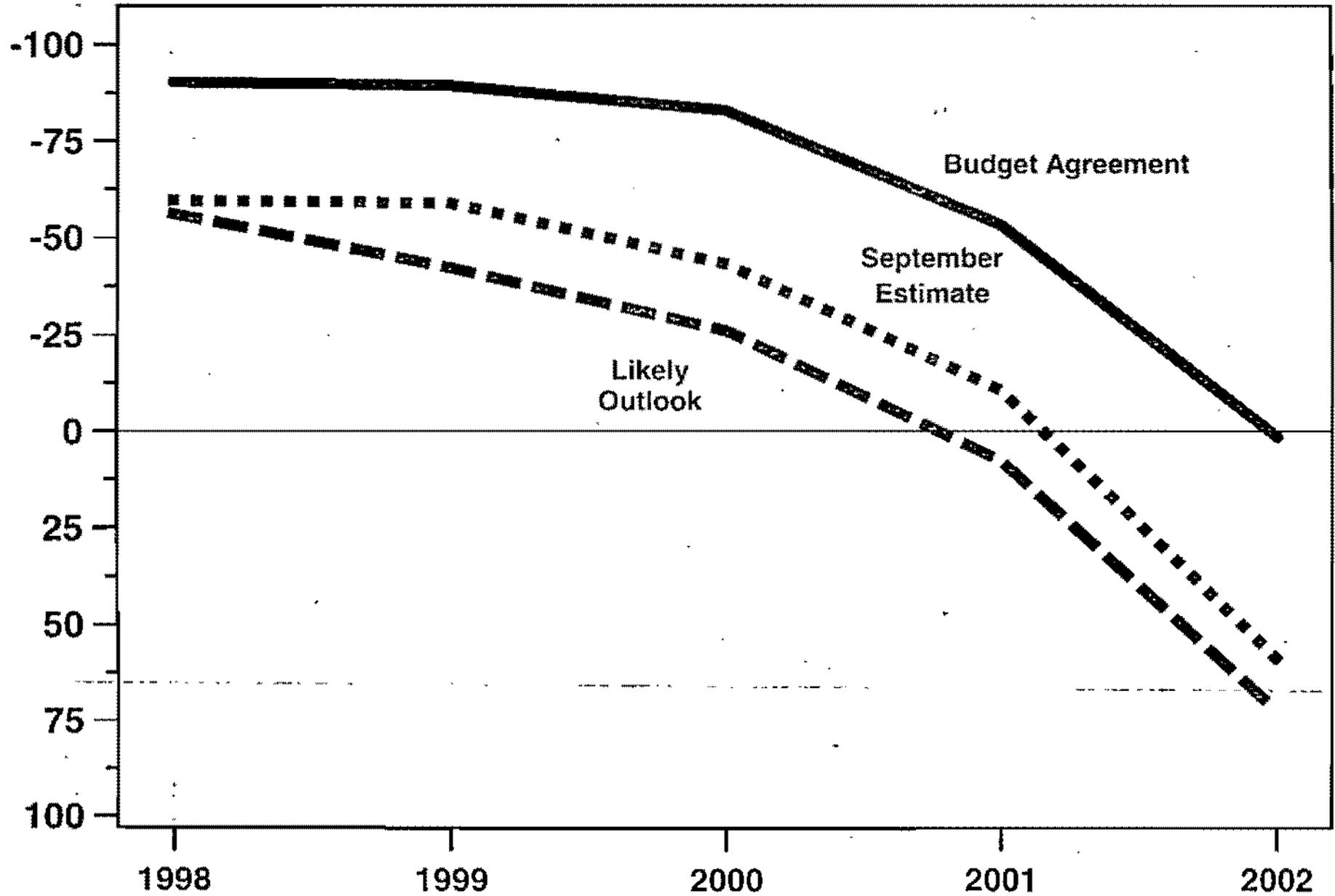
# Receipts and Nominal GDP

ANNUAL % CHANGE



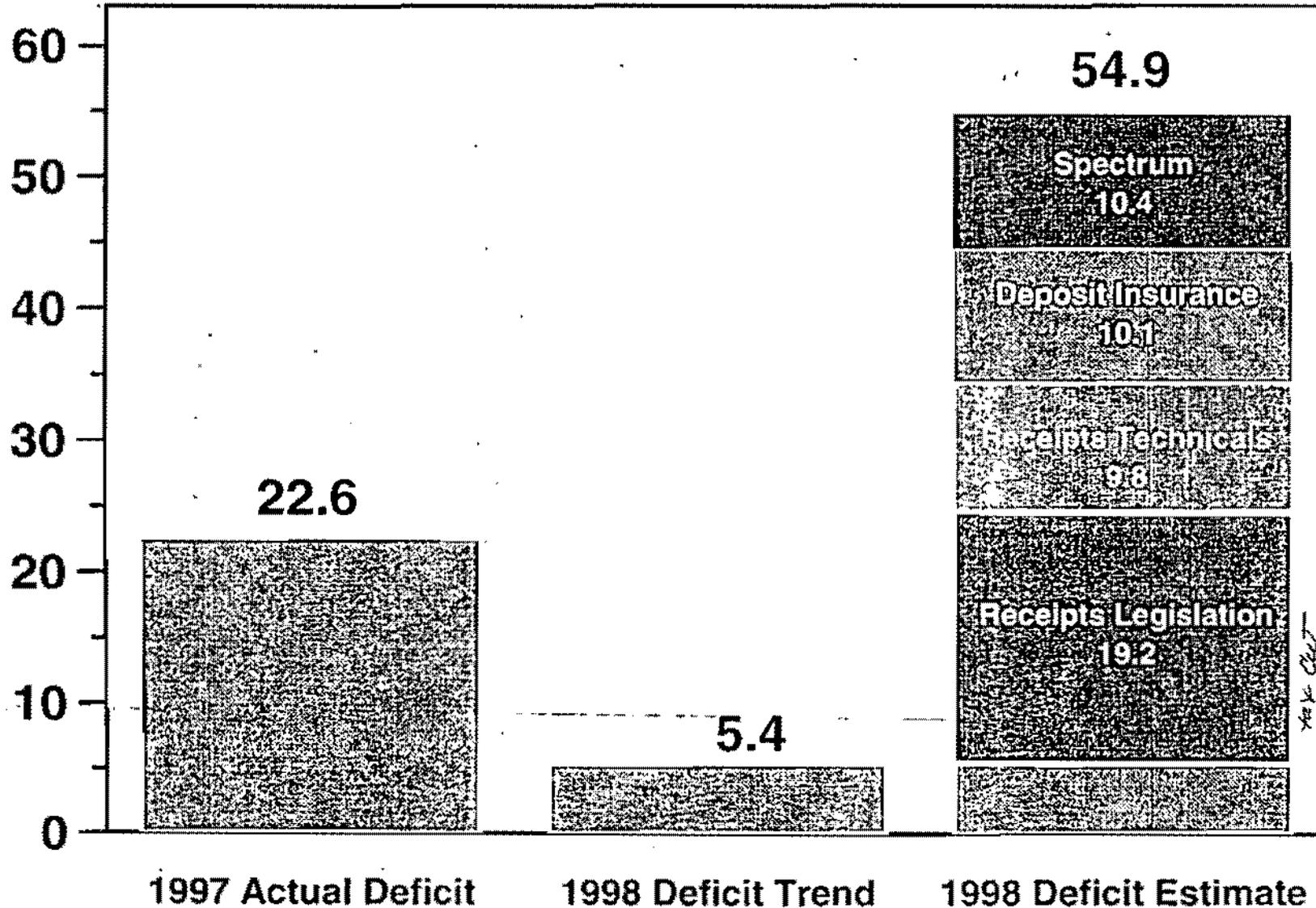
# Changes in Estimates of the Budget Agreement

DEFICIT (-)/SURPLUS (+) IN BILLIONS OF DOLLARS



# Why Does the 1998 Deficit Go Up?

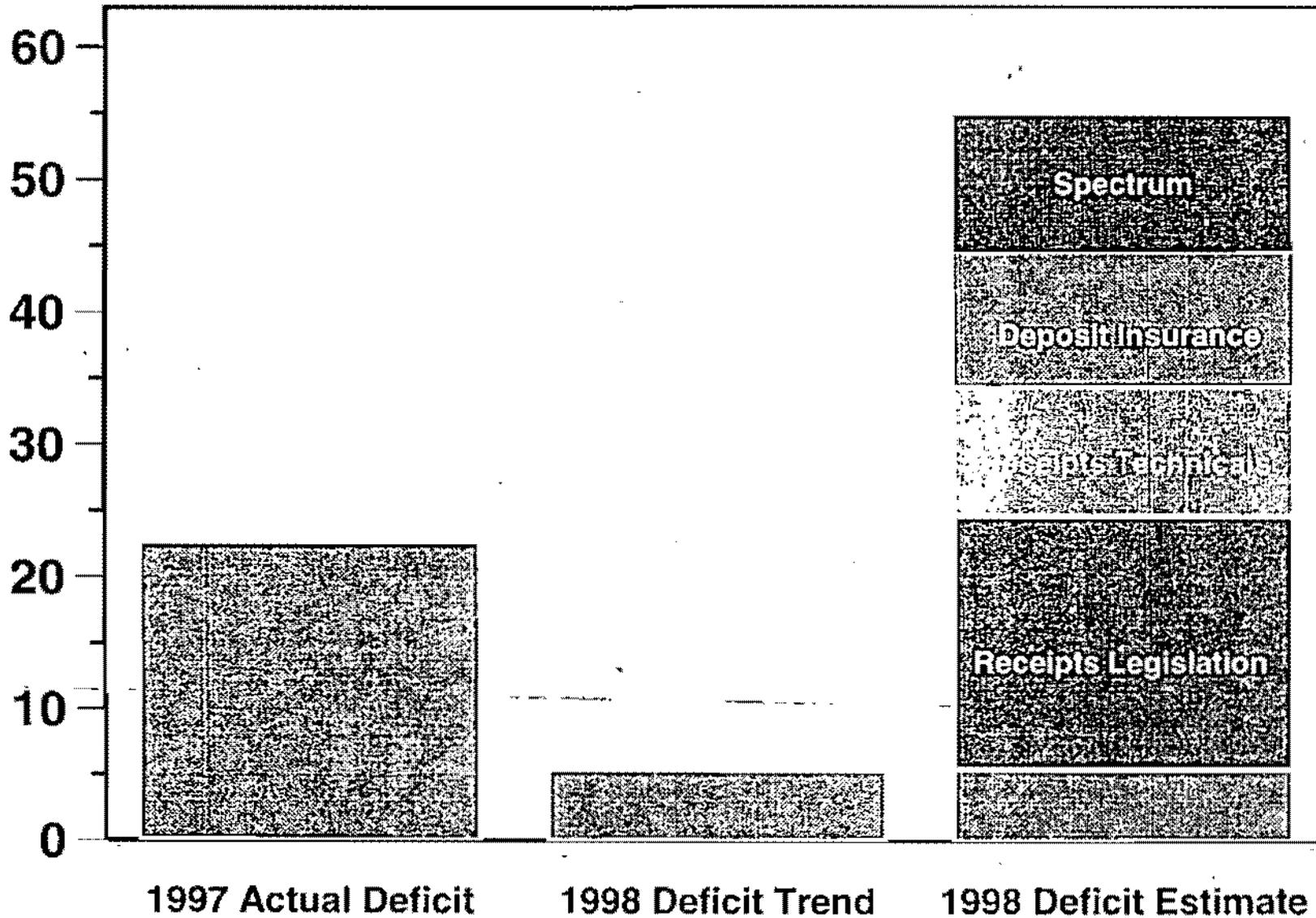
BILLIONS OF DOLLARS



Yaxx Chart

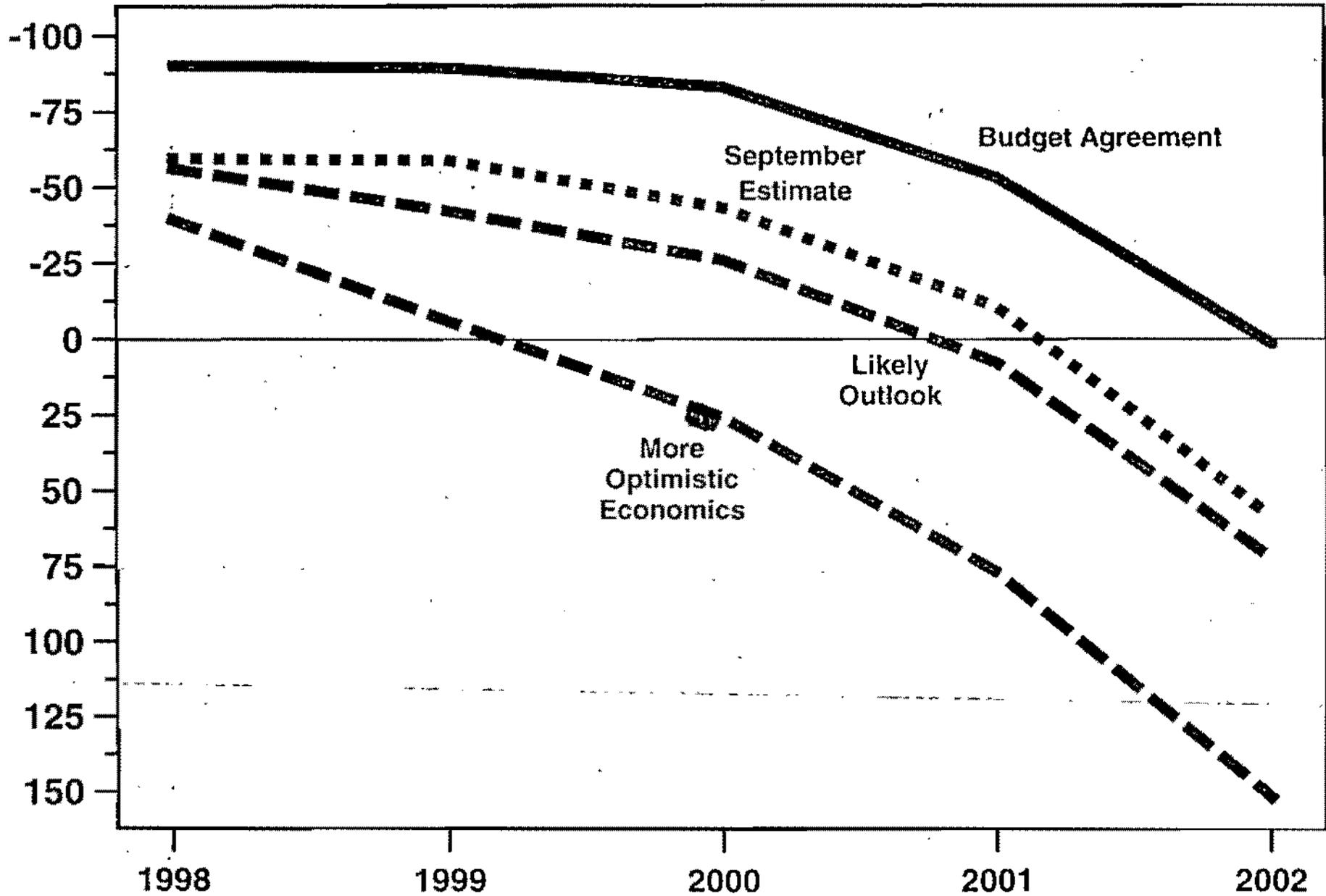
# Why Does the 1998 Deficit Go Up?

BILLIONS OF DOLLARS



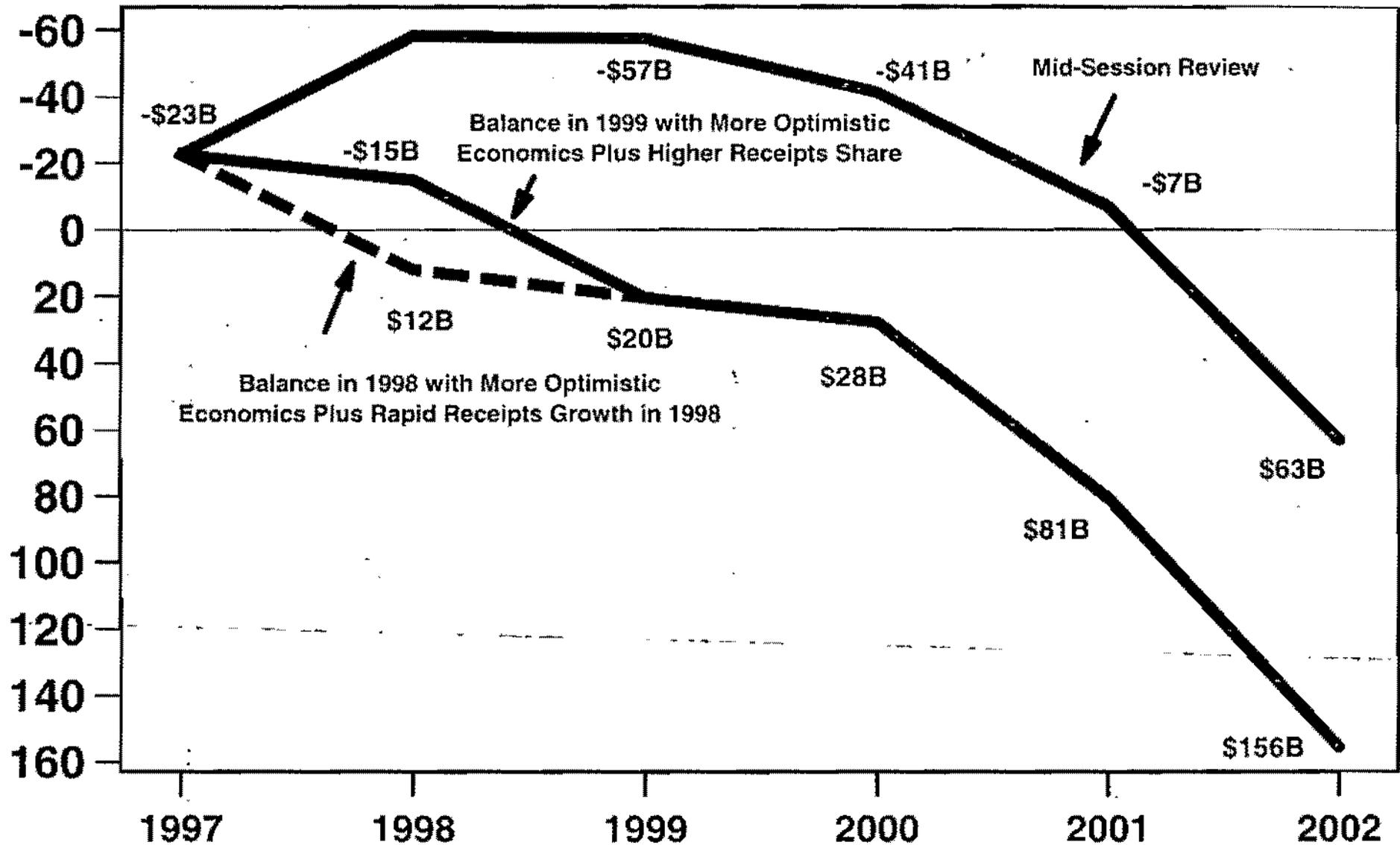
# Changes in Estimates of the Budget Agreement

DEFICIT (-)/SURPLUS (+) IN BILLIONS OF DOLLARS



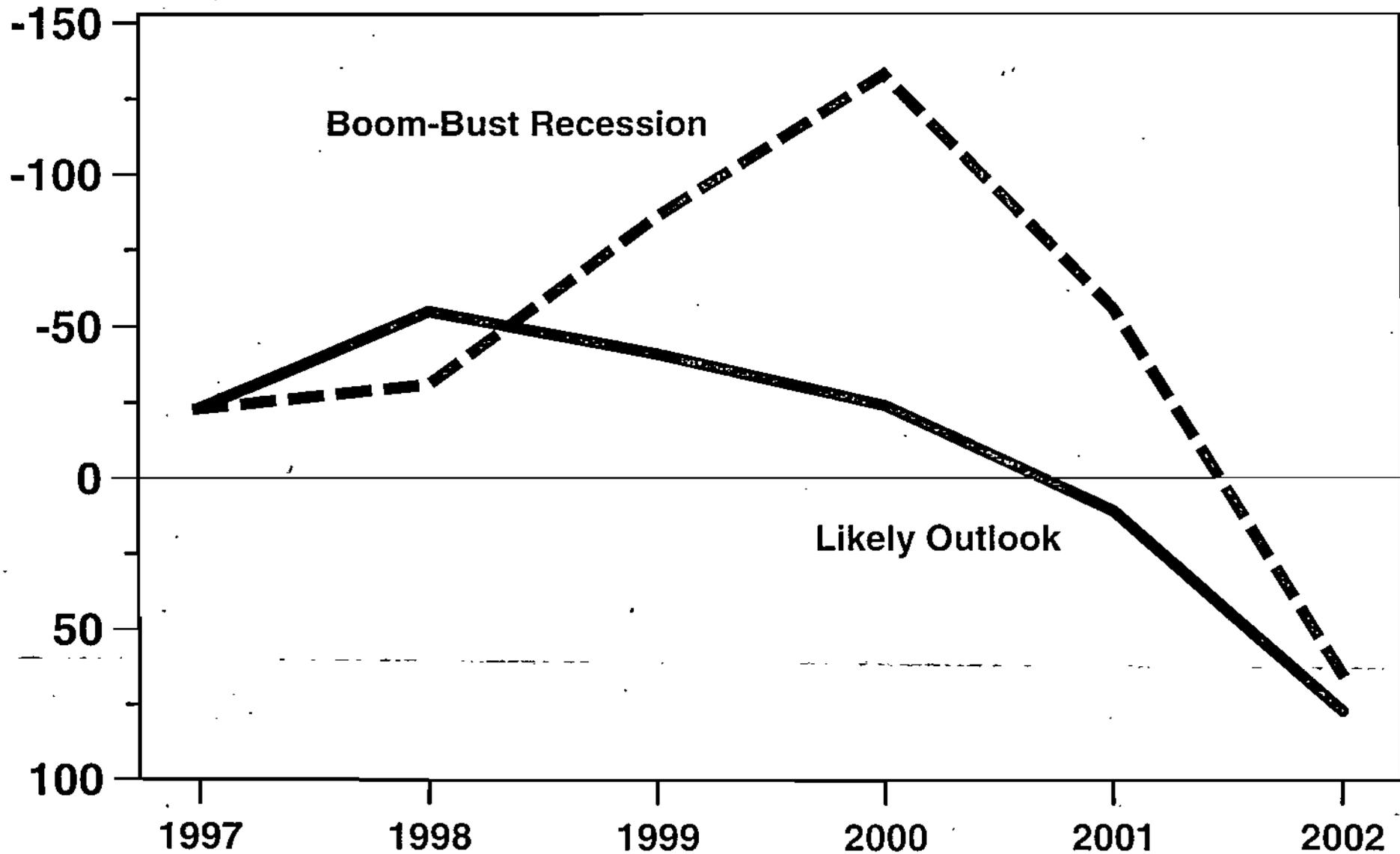
# Balanced Budget in 1998 and 1999

SURPLUS (+)/DEFICIT (-) IN BILLIONS OF DOLLARS



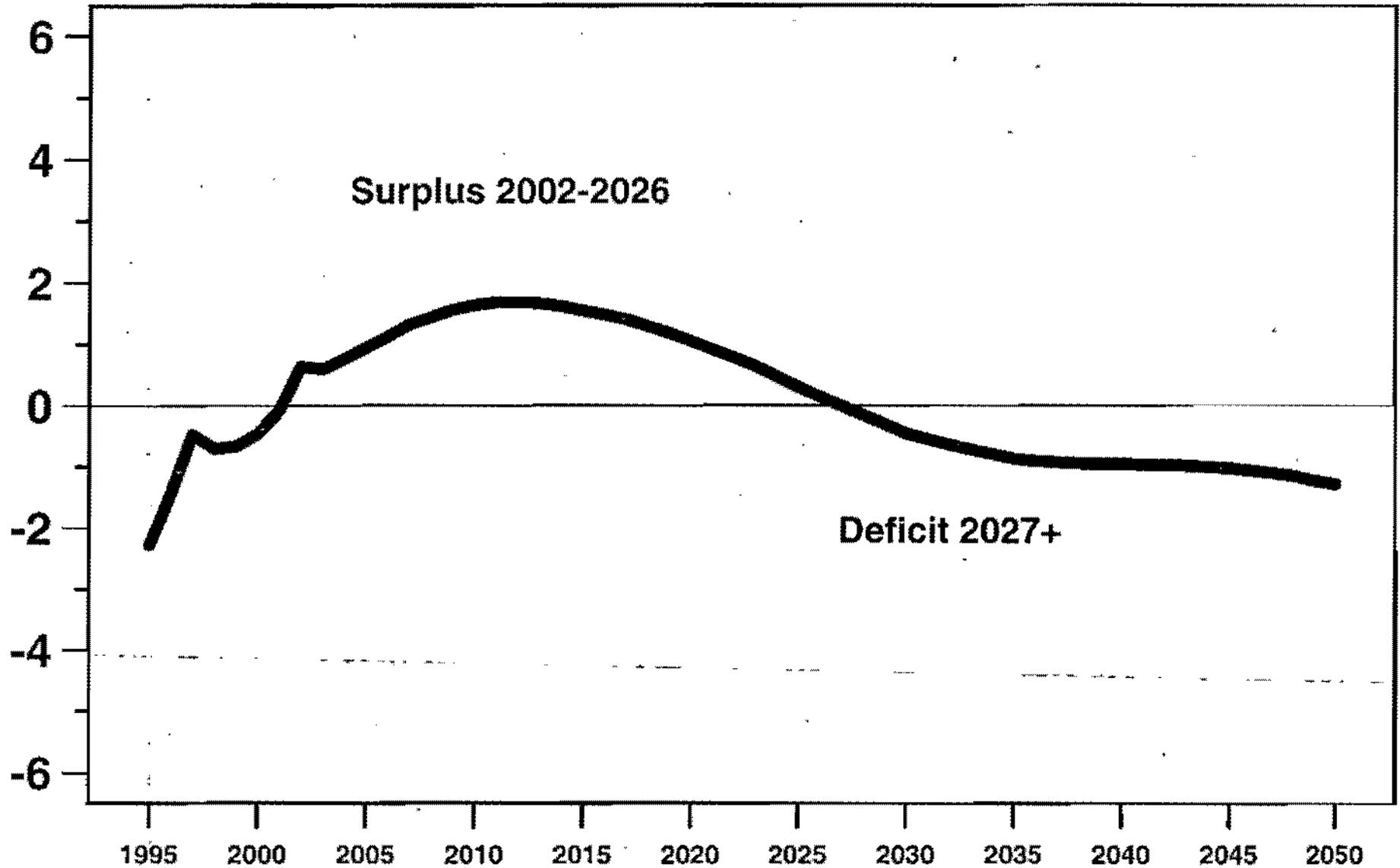
# Impact of a Boom-Bust Recession

DEFICIT (-)/SURPLUS (+) IN BILLIONS OF DOLLARS



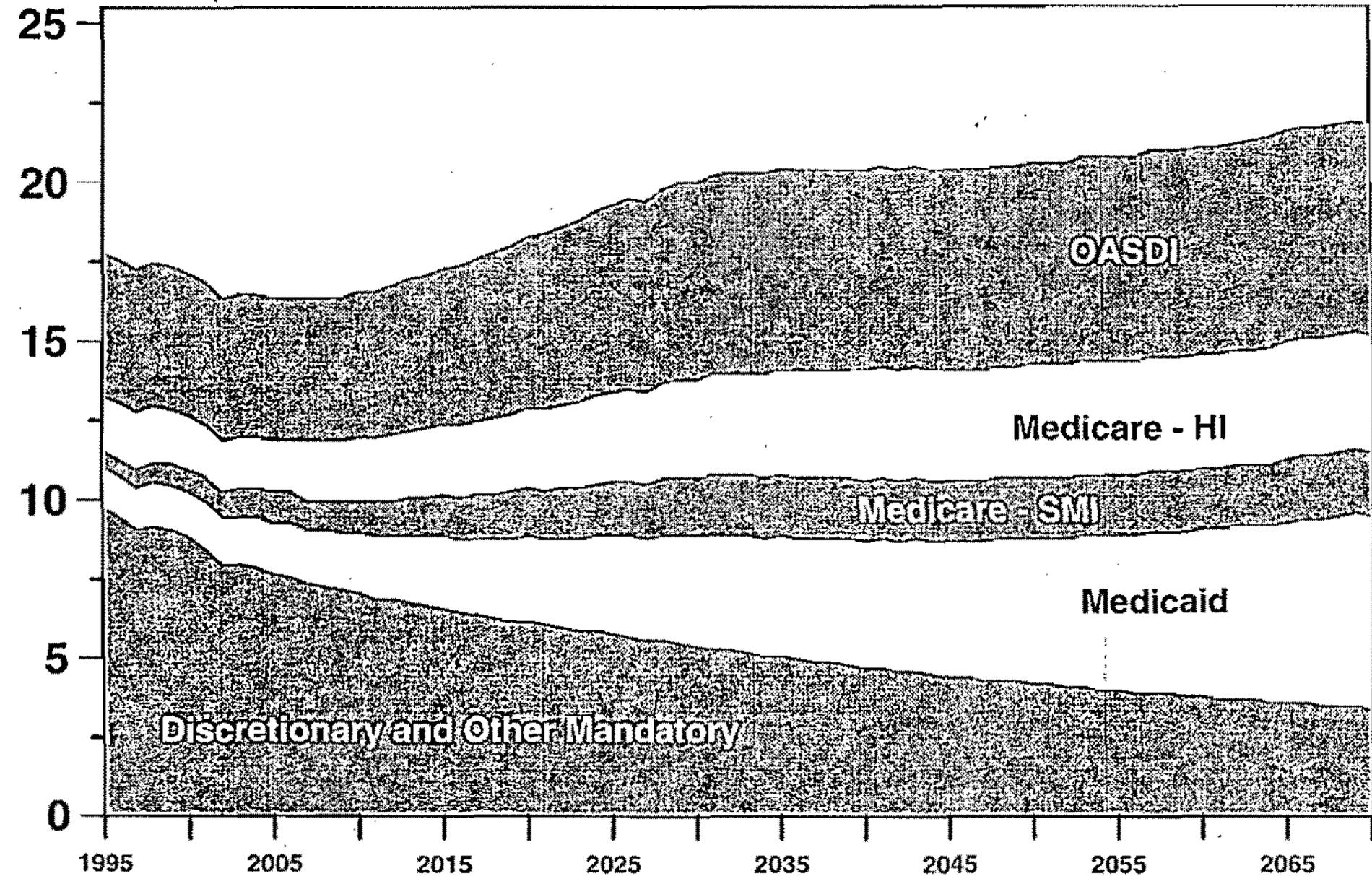
# The Long-Run Outlook

DEFICIT (-)/SURPLUS (+) AS A PERCENT OF GDP



# Total Outlays as a Percent of GDP

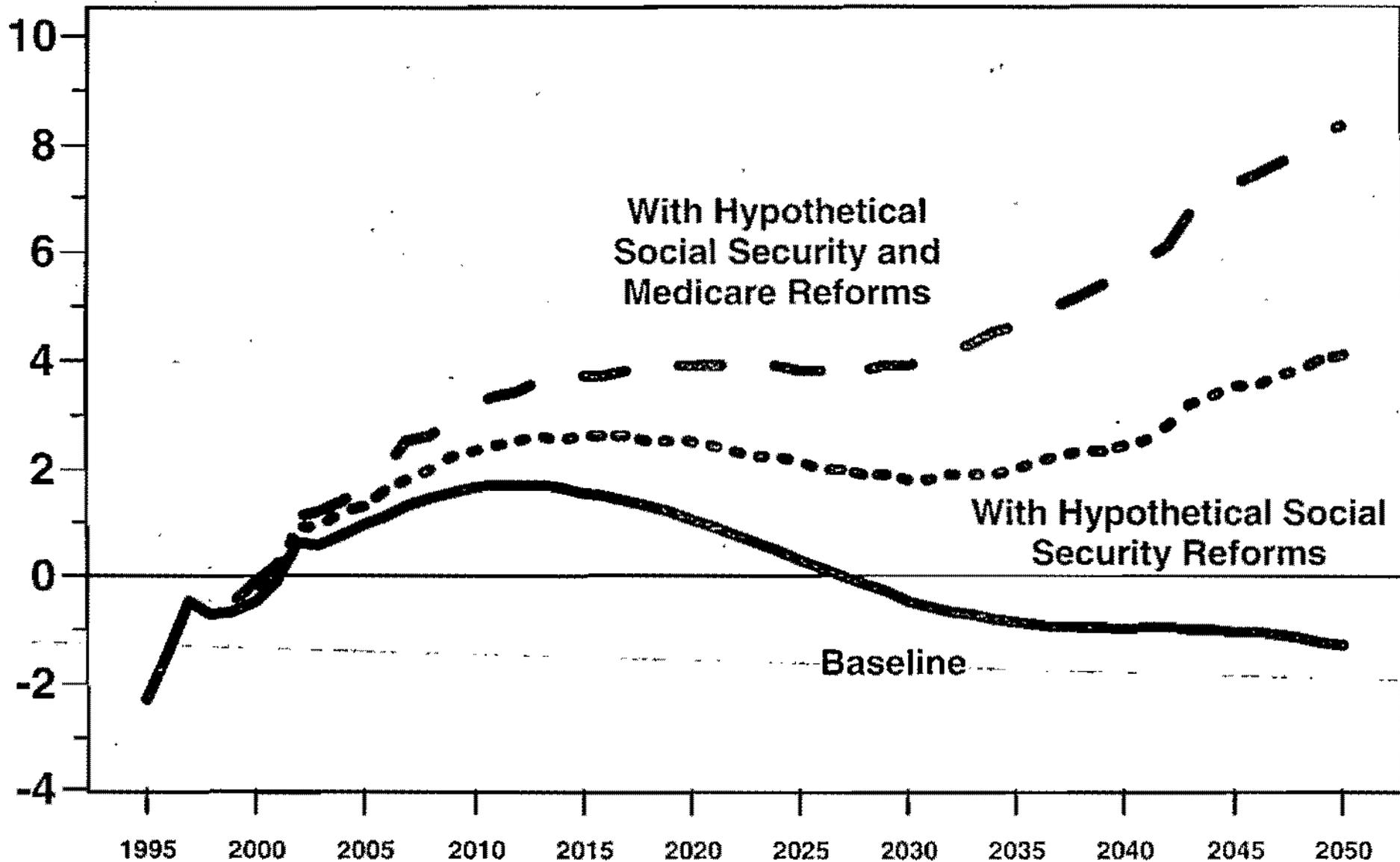
(Excluding Net Interest)



Medicare and Social Security outlays based on OMB economic assumptions, which differ from those in the Trustees' reports.

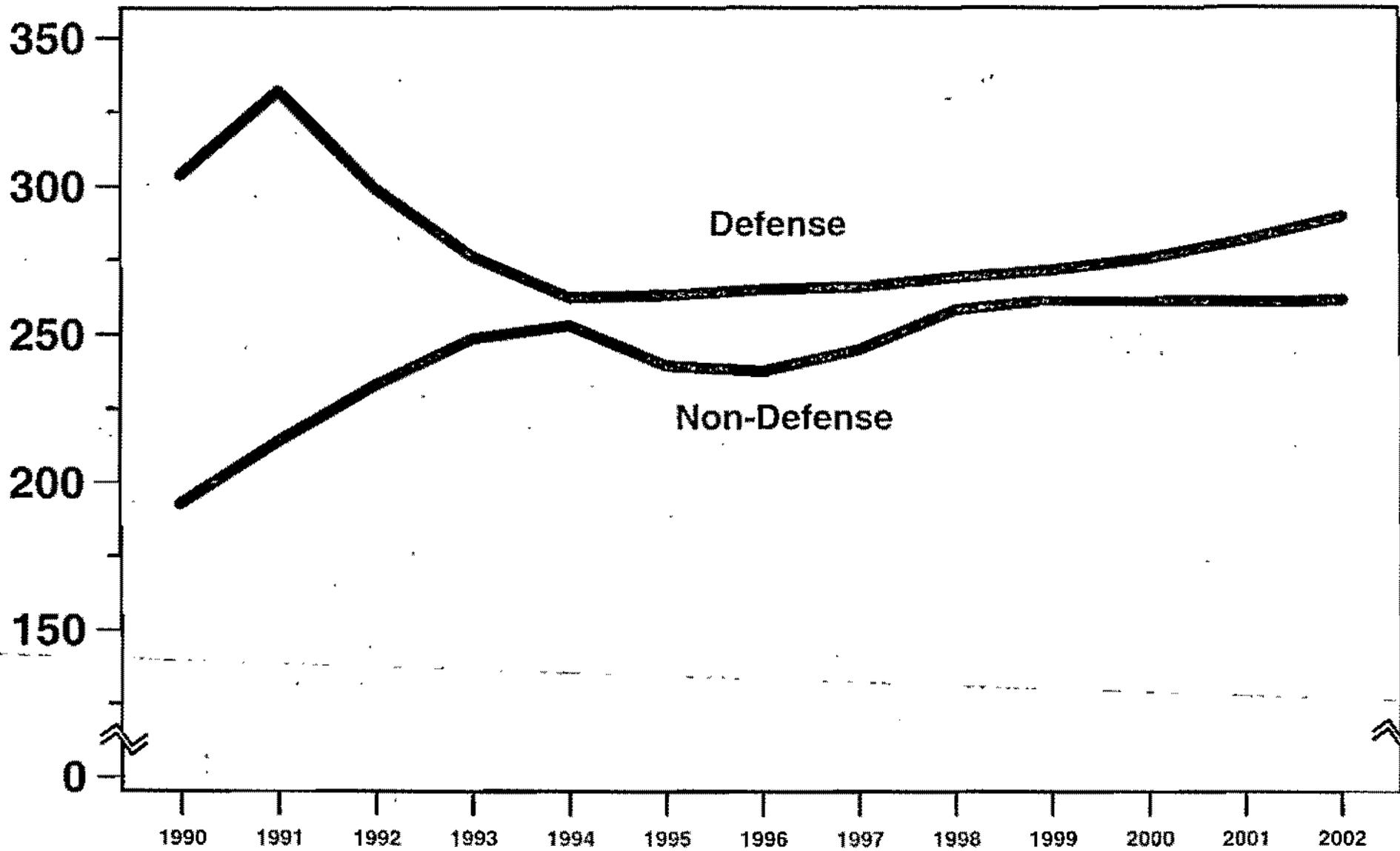
# Effect of Social Security and Medicare Reforms

DEFICIT (-)/SURPLUS (+) AS A PERCENT OF GDP



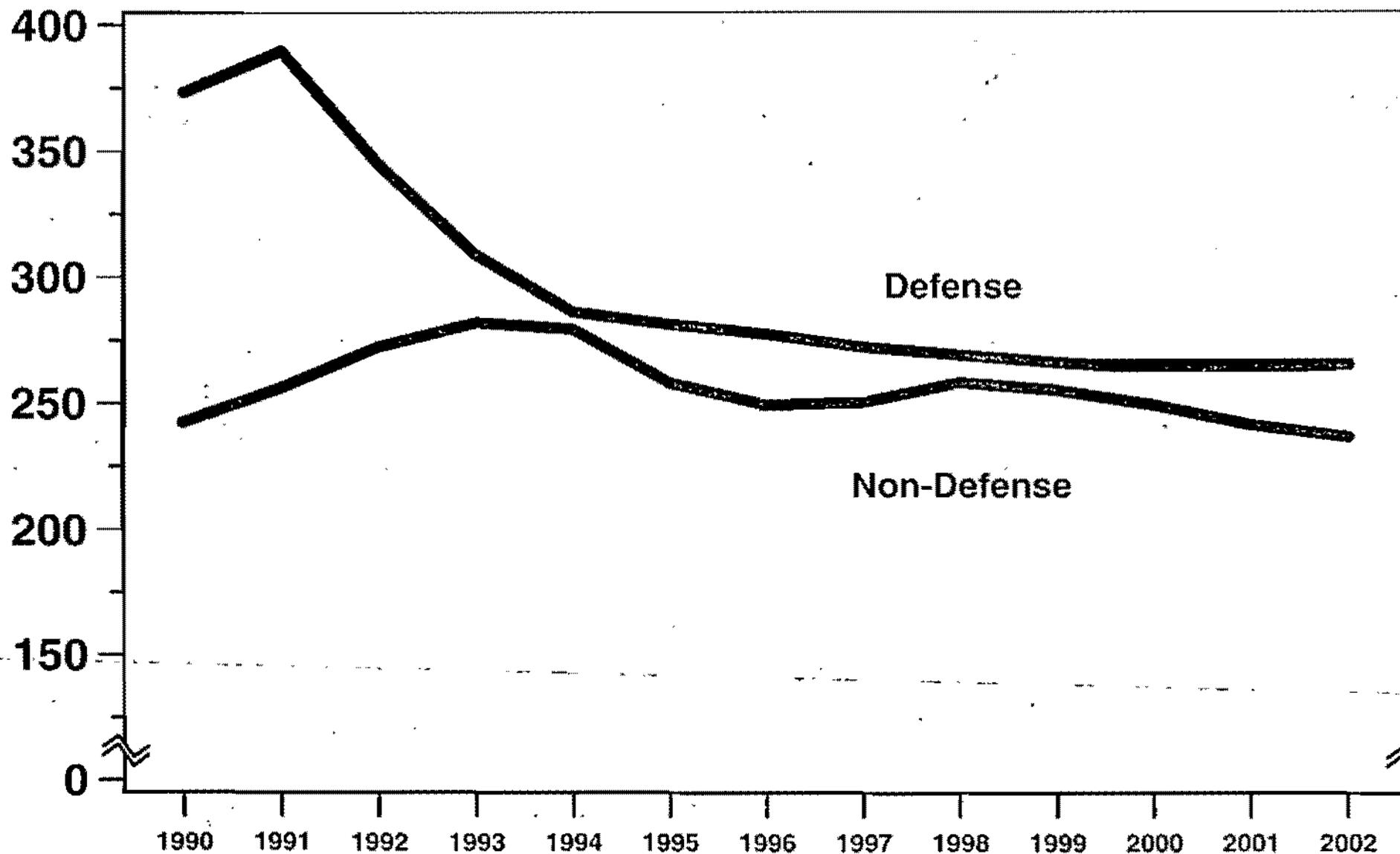
# Trends in Discretionary Spending in Nominal Dollars

BILLIONS OF DOLLARS



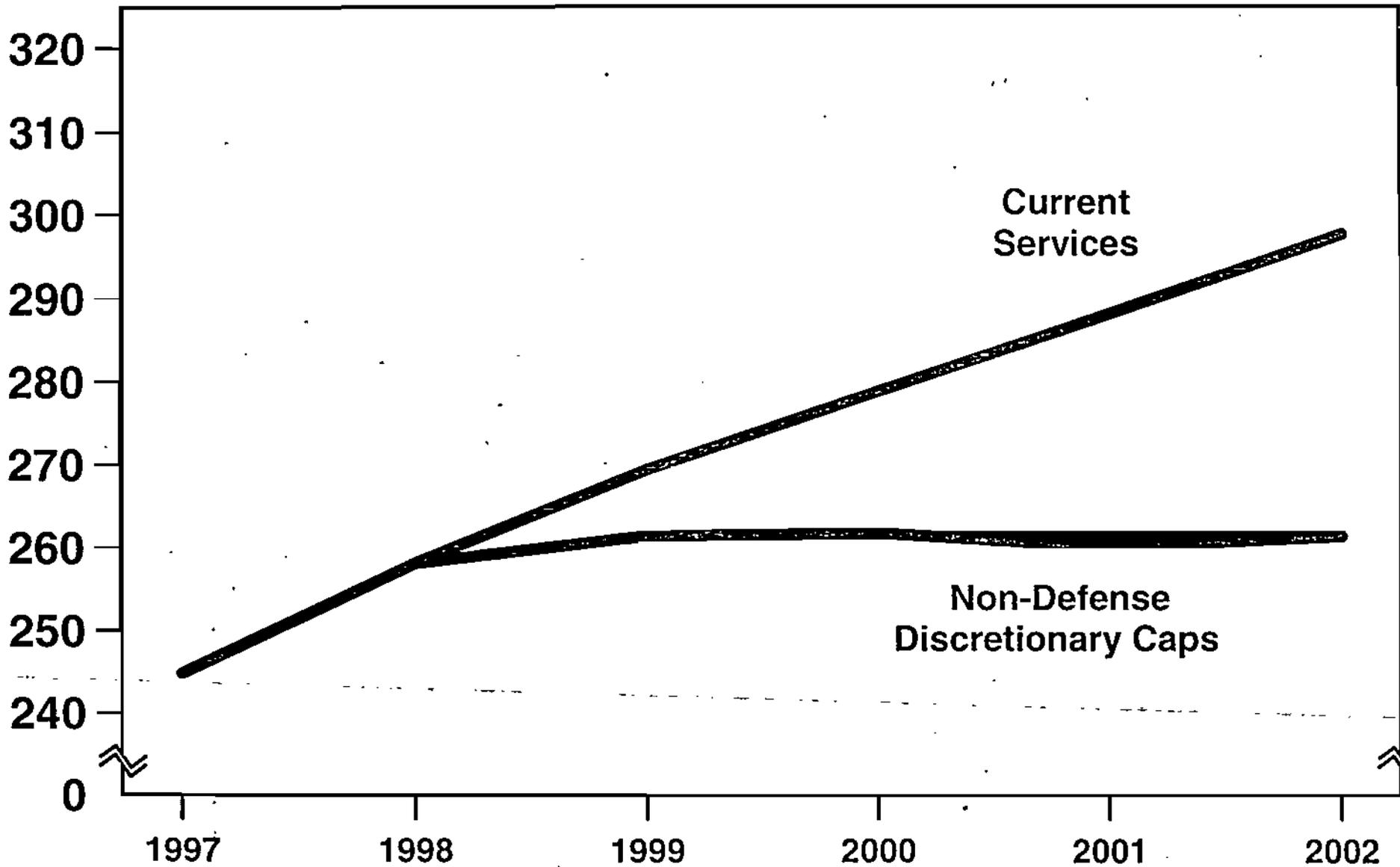
# Trends in Discretionary Spending in Real Dollars

BILLIONS OF 1998 DOLLARS



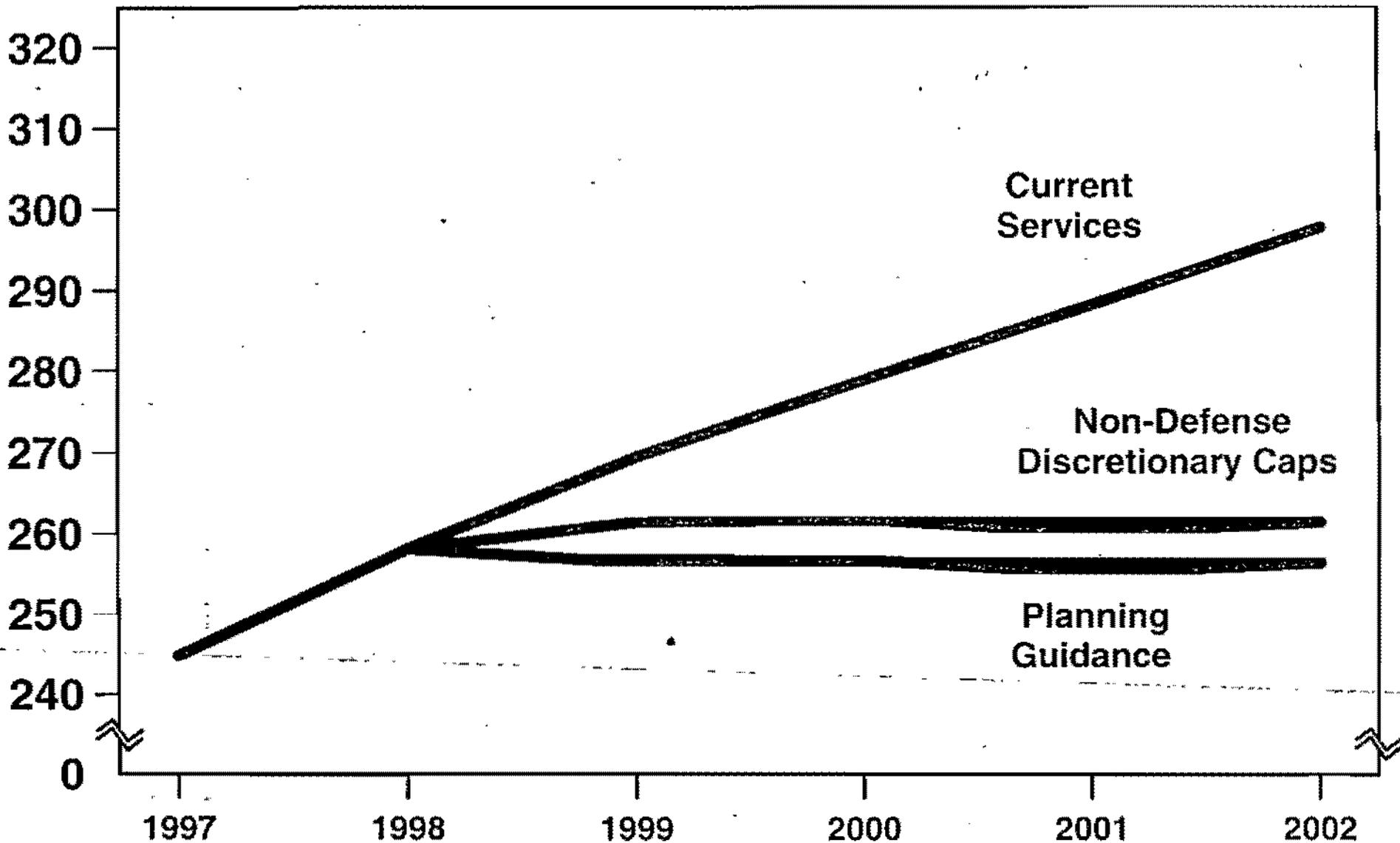
# Non-Defense Discretionary Caps vs. Current Services (Budget Authority)

BILLIONS OF DOLLARS



# Non-Defense Discretionary Caps, Current Services and Planning Guidance (Budget Authority)

BILLIONS OF DOLLARS



# Non-Defense Discretionary Caps, Current Services, Planning Guidance and Agency Requests

BILLIONS OF DOLLARS

(Budget Authority)

