



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

SEP 29 1993

THE DIRECTOR

SEP 29 1993

Honorable William H. Natcher
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2519, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1994, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of these views would be appreciated.

President's Investment Program

The Administration strongly supports the Senate's level of funding for the investment proposal for the National Institute of Standards and Technology. These funds should markedly improve the competitive posture of the United States. The Administration also supports the Senate version of the bill with respect to funding for the President's high priority investment proposals for the National Oceanic and Atmospheric Administration, the National Information Infrastructure program, and the FBI. The Administration commends the House and Senate for funding fully the President's investment proposal for the Small Business Administration. The Administration is disappointed, however, with the cuts in requested funding for community policing made by both the House and the Senate.

Department of Justice

The Administration urges the conferees to support the President's budget amendment for the Department of Justice for immigration reform initiatives, which was transmitted to the Congress on August 31st. This amendment represents a high Administration priority. The amendment would fund the nation's efforts to provide a fair and effective immigration policy,

especially regarding deportation of criminal aliens and asylum review of excludable aliens. It would also fund an expanded border patrol in order to tighten enforcement on the Southwest border. These proposals include \$85.5 million for Department of Justice programs, principally those of the Immigration and Naturalization Service. All increases would be fully offset within the Department of Justice. If necessary, the Department of Justice has additional potential tradeoffs it would offer to fund this initiative.

International Programs

The Administration supports the Senate version of the bill, which increases funding levels for the Department of State and the United States Information Agency over those in the House-passed bill. Although funding for UN peacekeeping is higher in the Senate version than in the House-passed bill, it is still well short of the total assessed requirement. The Administration plans to work with the Congress during the course of FY 1994 to develop a broad-gauged solution to the funding issues related to international peacekeeping.

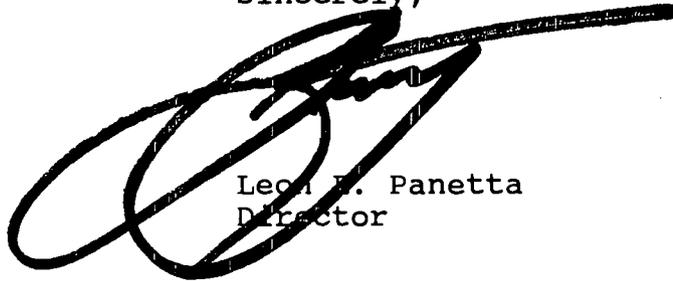
The Administration is particularly pleased that the Senate version of the bill provides adequate funding for the National Endowment for Democracy, broadcasting activities to Cuba, an Asian Democracy Radio service, and United Nations (UN) assessed contributions, but would prefer the House Committee funding level for the Board for International Broadcasting.

Legal Services Corporation (LSC)

The Administration urges the conferees to provide a substantial funding increase for the LSC. The House bill contains no funding due to the program's lack of authorization. The Senate version has included \$349 million for LSC, \$83 million below the amended request and \$8 million below the FY 1993 enacted level. The higher funding levels in the request would partially offset reduced funding levels from non-Federal sources, and would enable the Corporation to expand critical legal services to the poor.

Additional Administration concerns with the House and Senate versions of the bill are contained in the enclosure. The enclosed table provides OMB's preliminary scoring of the House- and Senate-passed versions of the bill. We look forward to working with the conferees to address our mutual concerns.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Leon Panetta', is written over the typed name and title.

Leon E. Panetta
Director

Enclosures

Identical Letters Sent to Honorable William H. Natcher,
Honorable Joseph M. McDade, Honorable Neal Smith,
Honorable Harold Rogers, Honorable Robert C. Byrd,
Honorable Mark O. Hatfield, Honorable Ernest F. Hollings,
and Honorable Pete V. Domenici

SEP 29 REC'D

Enclosure
(Conference)

ADDITIONAL CONCERNS
H.R. 2519 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE,
THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1994

(AS PASSED BY THE HOUSE AND BY THE SENATE)

The Administration looks forward to working with the Congress to address the following concerns as the appropriations process progresses.

FUNDING ISSUES

Department of Commerce

Statistics. The Administration appreciates the substantial increase in funding over the House mark that the Senate bill provides for the Census 2000 planning effort. However, both versions of the bill reduce requested funding for Census Salaries and Expenses and Economic and Statistical Analysis. These funds are needed to support improvements in measures of economic performance that are an essential tool for policy officials interested in monitoring the health of the U.S. economy.

National Oceanic and Atmospheric Administration: Weather Service and Research. The Administration commends the Senate for its efforts to improve the standing of important ocean and coastal programs. However, certain reductions in weather service modernization staffing, central computer facility upgrades, the Polar satellite program, climate and global change research, and high performance computing could be restored, in part, through a reallocation of funding included for lower priority, earmarked, or unrequested programs.

International Trade Administration. The Administration is pleased with the Senate version of the bill, which would provide resources to fund fully the U.S. Foreign Commercial Service overseas staff.

Minority Business Development Administration (MBDA). The Administration favors the Senate version of the bill, which provides resources to support the MEGA Center initiative. MEGA Centers will enable MBDA to provide enhanced services and assistance to the minority business community. These funds will enable the Department to continue its efforts to revitalize MBDA programs.

Department of Justice

Legal Resources. The Administration objects to language in the Senate version of the bill that would provide \$10 million in unrequested funds for the United States Attorneys. The need for additional funding is much more urgent in other Justice Department programs. For example, the funds could be used in the General Legal Activities account, could be used for the community policing initiative, or could be used to finance the INS budget amendment.

Civil Liberties Public Education Fund. Section 106(b) of the Civil Liberties Act of 1988, P.L. 100-383, authorizes activities to educate the public about the internment of Japanese-Americans during the second World War. The House version of the bill contains unclear appropriations language that probably would not make funds available as intended. The Senate version provides no funds for these activities. The Administration urges the conference committee to approve requested funding for these important activities.

Equal Employment Opportunity Commission (EEOC)

The House has provided \$230 million for the EEOC, \$4.8 million below the request, and the Senate has provided \$227.3 million, \$7.5 million below the request. If the Administration's full request of \$234.8 million were not provided, EEOC would be forced to reduce staffing just when it needs resources to handle the rapidly growing case backlog caused by the Americans with Disabilities Act and the Civil Rights Act of 1991. The Administration urges the conferees to reconsider the House and Senate funding recommendations and to avoid staff reductions in EEOC.

Additionally, the Administration opposes language in the Senate version of the bill that earmarks \$3.5 million for payments to the State and local enforcement agencies.

OTHER ISSUES

Department of Justice

Chapter 228 -- Death Penalty Procedures. The Senate version of the bill contains unrequested provisions establishing the death penalty for certain activities related to terrorism. These provisions do not relate to the authorization or appropriation for an agency. Without commenting upon the merits of or the procedures set forth in the provisions, the Administration is aware of no exigency requiring that these measures be adopted in this appropriations act without

appropriate congressional deliberation. This is especially so in the context of the imminent consideration of a comprehensive crime bill. Matters as important as the creation of capital offenses should be subject to careful deliberation and appropriate processes in the Congress. Similar provisions exist in crime legislation already or are about to be introduced. In that form, the provisions can receive the careful deliberation they deserve.

Small Business Administration (SBA)

The Administration commends both the House and the Senate for supporting the \$67.6 million investment proposal for SBA Sec. 7(a) loan guarantees. This credit subsidy budget authority, in conjunction with recently enacted program reforms, should assure sufficient funding to meet projected SBA loan guarantee needs.

The Administration would be pleased to work with the conferees to facilitate the refinancing of certain long-term fixed rate, high interest loans originated in the early and mid-1980s under SBA's old Section 503 Certified Development Company program. To help these borrowers pay the required costs (including prepayment penalties to the FFB), the Administration proposes using a combination of prepayment fees from existing borrowers and approximately \$30 million in FY 1994 appropriated funds to accomplish these refinancings over the next year. The Administration proposes to offset this additional spending, in part, by reducing funding for USIA libraries in OECD countries by \$9 million and by cutting \$14 million from MARAD's Ready Reserve operational program. The Administration would oppose offsetting this spending through a reduction in amounts made available for SBA's disaster loan program.

Additionally, the Administration commends the House for not including any special purpose grants for individual projects in the SBA accounts in this appropriations bill. This action will help assure that SBA funds are used only for activities authorized under the small business statutes. The Administration urges the conferees not to include such earmarks.

International Programs

State Department Account Structure. The Administration would prefer strongly that conferees take action to merge the two separate "Salaries and Expenses" and "Diplomatic and Consular Programs" accounts that were included, with differing terms, in the House and Senate versions of H.R. 2519. Splitting the main operating account for the Department would require attendant changes to many existing

programs, systems, and operating procedures that would further burden the Department's inadequate financial systems. The Department is in the early stages of a program to re-design its financial systems and correct this well-documented weakness. Consequently, the Administration requests that the proposal be deferred until at least FY 1995.

International Boundary and Water Commission. The Administration strongly supports Congress' efforts to provide reimbursements for the city of San Diego, California, for treatment of Tijuana, Mexico, sewage.

UN Arrearages. The Administration requests that conferees consider dropping conditions attached by the Senate to the payment of arrearages to the UN. The Senate provisions seek to link arrearage payments to the creation of an inspector general at the UN. Since Senate passage of the bill, the UN Secretary General has appointed an individual and staff to begin efforts to carry out such a role. The Administration believes that this important reformist trend at the UN would be strengthened if the conditions contained in the Senate bill were dropped.

In addition, the Administration requests that conferees delete the requirement in the Senate version of the bill that would condition the payment of UN peacekeeping arrearages on a certification related to procurements obtained by U.S. firms. Instead, the State Department would continue its efforts to establish fair procurement procedures for U.S. firms and report on the significant share of UN contracts obtained by U.S. contractors. This would address the Senate concern without delaying the provision of badly needed resources for UN peacekeeping operations.

International Coffee Organization (ICO) Membership. The Administration believes that the U.S. should not withdraw now from the International Coffee Organization (ICO), and, therefore, requests that conferees delete section 609 of the General Provisions as contained in the Senate-passed bill. Were the U.S. to withdraw from the ICO now, an opportunity to structure a new International Coffee Agreement that could serve the interests of both the American coffee industry and consumers would be lost.

Limits on Assistance to Nicaragua. The Senate bill contains an extraneous provision that would place severe limits on the obligation of assistance to Nicaragua. Since this is a matter dealt with in other pending legislation, and given

important developments that have taken place in Nicaragua, the Administration requests that conferees drop this limitation from H.R. 2519.

Arms Control and Disarmament Agency. The Administration supports the Senate's provision of funding for the U.S. contribution to cover costs of the Preparatory Commission for the Organization on the Prohibition of Chemical Weapons.

Department of Transportation

Maritime Administration, Ready Reserve Force. The House and Senate both provide \$300 million for the Ready Reserve Force. The Administration supports the Senate's mix of funding for operations and ship acquisition, which is consistent with national defense requirements and with the President's request.

COMMERCE, JUSTICE, STATE, & JUDICIARY APPROPRIATIONS BILL, FY 1994
(In millions of dollars)

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Major Programs	FY 1993 Enacted		FY 1994 Proposed Including Investments		House Floor ¹		Senate Floor ¹		Senate Difference From House	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Domestic Discretionary:										
Judiciary.....	2,354	2,344	2,962	2,882	2,592	2,566	2,457	2,453	-135	-113
Economic Development Administration ³	332	249	253	307	249	303	353	317	103	13
NOAA Operations, Research & Facilities.....	1,604	1,589	1,775	1,640	1,707	1,621	1,741	1,642	33	21
Other NOAA construction.....	90	30	79	78	90	80	110	83	20	3
Nat. Inst. of Standards & Technology ³	381	274	535	365	434	320	535	366	102	47
Nat. Telecommunications & Information Admin.....	41	40	95	50	62	47	81	50	19	3
FBI Salaries and expenses.....	1,851	1,857	1,980	1,838	1,945	1,813	1,959	1,822	14	9
INS Salaries and expenses.....	978	1,114	1,094	1,015	1,059	987	1,049	979	-10	-8
Federal Prison System, Prison construction.....	194	608	277	736	175	725	352	743	177	18
Federal Prison System, Salaries and expenses.....	1,744	1,694	1,988	1,858	1,950	1,849	1,972	1,854	22	5
Office of Justice Programs, Bureau total ²	817	831	668	673	650	668	683	675	33	7
Other Justice investment proposals.....	---	---	195	76	39	23	44	26	5	3
Small Business Administration.....	923	1,189	693	1,038	752	1,004	684	1,001	-68	-4
Equal Employment Opportunity Commission.....	222	220	235	233	230	229	227	226	-3	-2
Other.....	4,930	5,171	5,008	5,251	4,844	5,143	4,946	5,127	102	-16
Total, Domestic Discretionary.....	16,460	17,209	17,837	18,040	16,777	17,378	17,192	17,363	414	-15
International Discretionary:										
State Department Salaries and expenses.....	2,174	2,145	2,174	2,166	2,094	2,097	2,109	2,110	15	13
Foreign Buildings.....	561	427	421	478	381	470	410	476	29	6
Contributions to Intl. Orgs. - Assessments ³	620	819	861	860	889	873	905	905	16	32
Contributions to Intl. Orgs. - Arrearages.....	93	93	98	98	---	---	---	---	---	---
Contribs. to Intl. Peacekeeping - Assessments.....	438	460	598	513	422	425	445	447	22	22
Contribs. to Intl. Peacekeeping - Arrearages.....	22	22	22	22	---	---	---	---	---	---
United States Information Agency ³	1,189	1,154	1,229	1,212	1,085	1,128	1,144	1,173	59	44
Board of International Broadcasting ³	40	264	220	220	215	215	206	206	-9	-9
Arms Control & Disarmament Agency.....	47	44	63	56	47	47	58	53	11	6
Other.....	148	147	146	155	79	126	136	151	57	25
Total, International Discretionary.....	5,532	5,575	5,830	5,779	5,272	5,425	5,413	5,520	141	95
Defense Discretionary.....	828	777	383	444	383	551	381	443	*	*
Total Discretionary.....	22,820	23,561	24,050	24,262	22,432	23,354	22,985	23,326	554	-28

* \$500 thousand or less

¹ OMB scoring is preliminary.

² OMB scoring of House and Senate floor action for Office of Justice Programs, Bureau total, includes \$50 million BA and \$11 million outlays included in the FY 1994 request for Other Justice investment proposals.

³ Points of order to eliminate certain unauthorized programs were sustained by the full House. OMB scoring of House action reflects the Committee level of funding in anticipation of the final appropriation.

	Adjusted House 602(b) ⁴		Adjusted Senate 602(b) ⁴		House Floor Less Adjusted House 602(b)		Senate Floor Less Adjusted Senate 602(b)	
	BA	OL	BA	OL	BA	OL	BA	OL
602(b) Allocation.....	22,969	23,227	23,119	23,302	-537	127	-134	24

⁴ The 602(b) allocations have been adjusted by OMB to include \$71 million in emergency outlays from the flood supplemental. This adjusts the 602(b)s to be consistent with OMB scoring. Actual 602(b)s used by the Appropriations Committees and CBO have not changed.



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

THE DIRECTOR

AUG 4 1993

AUG - 4 REC'D

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

It is my understanding that an amendment may be offered to HR 2667 which would eliminate the 50 percent pro rate for agriculture disaster payments for 1993 crop losses. This amendment is estimated to add \$1 billion in costs to the \$1.4 billion crop disaster assistance program requested by the President and contained in the Committee bill.

The Administration will not oppose the amendment because it is limited to 1993 crop losses.

The Administration intends to pursue with the authorizing committees comprehensive crop insurance reform to lessen reliance on Federal disaster payments for farmers affected by future natural disasters and to provide such assistance in a more timely and cost effective manner.

Sincerely,

Leon E. Panetta
Director



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

THE DIRECTOR

AUG 4 1993

AUG 4 RECD

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

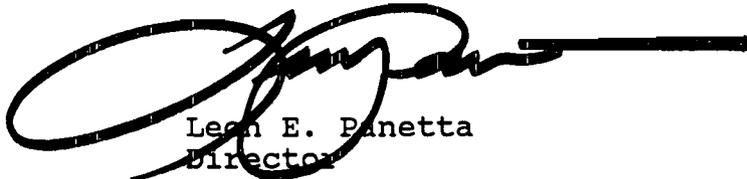
Dear Mr. Chairman:

I appreciate your support this morning in opposing the amendment that would have permitted the Secretary of Agriculture to make retroactive payments to farmers who suffered crop losses from 1990-1992 in order to receive payments up to 100 percent of their eligible claims. That amendment would have increased the cost of disaster assistance by \$3.4 billion.

It is my understanding that a compromise amendment may be offered which would eliminate the 50 percent pro rate for agriculture disaster payments for 1993 crop losses. This amendment is estimated to add \$1 billion in costs to the \$1.4 billion crop disaster assistance program requested by the President and contained in the Committee bill.

The Administration supports this compromise amendment because it is limited to 1993 crop losses.

Sincerely,



Leon E. Panetta
Director



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

THE DIRECTOR

AUG 3 1993

cc: Way
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Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Administration commends the Senate Appropriations Committee for acting expeditiously to approve requested legislation that will provide urgently needed assistance to the flood-stricken areas of the Midwest. The Administration is committed to working with the Congress to ensure mutual agreement on funding needs.

The Administration supports passage of H.R. 2667, as reported by the Senate Appropriations Committee. In order to expedite action on the bill, the Administration urges the Senate to keep the bill free of amendments that are not related to providing relief to victims of the flood.

The Administration continues to review the cost estimates for disaster assistance programs. Based on this review, we urge the Senate to approve funding beyond the levels requested and approved by the Committee for the following accounts:

- \$11.1 million in contingent appropriations for title III of the Job Training Partnership Act, which authorizes assistance to dislocated workers. This additional funding would be available for the Secretary of Labor to finance temporary jobs to repair damage caused by the flooding in the Midwest, clean up affected areas, and provide public safety and health services. This amount is in addition to the \$43.5 million already approved by the Committee;
- \$2 million in contingent appropriations for the Commission on National and Community Service. The Commission helps to finance State-level Youth Corps and Conservation Corps programs to assist in disaster clean-up activities. The \$2 million, which is in addition to the \$2 million approved by the Committee, would fund the participation of young people in youth corps services over the next year to help with disaster relief services.

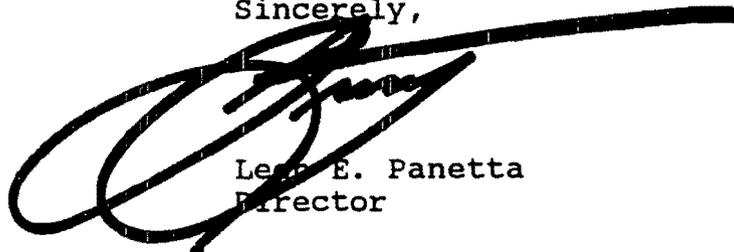
- \$100 million in contingent appropriations for the Department of Commerce, Economic Development Administration. These funds, which are in addition to the \$100 million approved by the Committee, would be used to promote the long term recovery efforts in the region affected by the floods.
- \$10 million in contingent appropriations for the Small Business Administration Disaster Loan program account. These resources, which are in addition to funds approved by the Committee, would provide additional loan authority of \$49 million. Language is requested that would increase from \$500,000 to \$750,000 the current law limitation on business disaster loans. This increase in the limitation would be available to victims of the flood;

Each of these requests would be available only to the extent that the President subsequently submits an official budget request to the Congress that designates the entire amount of the request as an emergency requirement, pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

I understand that an amendment may be offered by Senator Stevens to provide economic assistance related to the destruction of chum salmon in the Arctic-Yukon-Kuskokwim River region. While we are sympathetic to the hardships endured by the residents of this region, we believe their needs can be met with existing resources. We will work with the Bureau of Indian Affairs, the Economic Development Administration, the Department of Housing and Urban Development and USDA to identify steps that can be taken administratively to respond to this problem.

We look forward to working with the House and Senate Appropriations Committees as the bill moves through the Congress.

Sincerely,

A large, bold, handwritten signature in black ink, appearing to read 'Leo E. Panetta', is written over the typed name and title.

Leo E. Panetta
Director

Identical Letters Sent to Honorable William H. Natcher,
Honorable Joseph M. McDade, and Honorable Mark O. Hatfield.



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

THE DIRECTOR

August 4, 1993

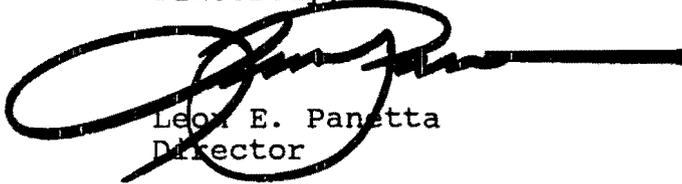
The Honorable Robert C. Byrd
Committee on Appropriations
U.S. Senate
Washington, DC 20510

Dear Chairman Byrd:

We understand that Senators Simon and Bond may offer an amendment to the emergency supplemental disaster appropriations bill. Their amendment would substitute the House-passed provision concerning local rail assistance.

The Administration would support such an amendment.

Sincerely,



Leon E. Panetta
Director

cc: Senator Kit Bond
Senator Paul Simon

AUG - 4 RECD

Way
file



THE DIRECTOR

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

August 3, 1993

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AUG - 4 RECD

The Honorable Robert C. Byrd
Committee on Appropriations
United States Senate
Washington D.C. 20510

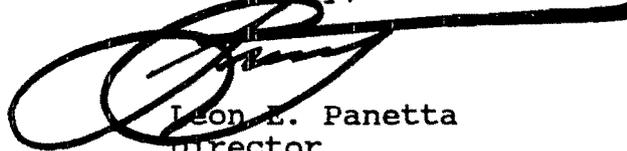
Dear Chairman Byrd:

The Administration has requested that the pending emergency supplemental appropriations bill for disaster relief to victims of flooding in the Midwest be amended to lift the ceiling on SBA disaster loans to \$750,000 from the current \$500,000 figure. We have also requested an additional \$10 million in credit subsidy budget authority for that loan program.

We understand that Senator Harkin may offer an amendment that would, instead, raise the loan amount limit to \$1.5 million and provide \$20 million in credit subsidy budget authority. We also understand that the higher loan amount limit would apply only to loans related to the 1993 Midwest Flood disaster. The Administration would support such an amendment.

Once again, we thank you for your continued leadership on this urgent legislative task.

Sincerely,



Leon L. Panetta
Director



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

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Burke

THE DIRECTOR

AUG 4 1993

AUG 4 RECD

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Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

It is my understanding that when the Senate returns to H.R. 2667 this morning, the pending business will be an amendment which would eliminate the 50 percent pro rate for agriculture disaster payments. The Administration did not take a position on the amendment as originally offered since it was limited to 1993 crop losses. It is my further understanding that the amendment now has been modified to permit the Secretary of Agriculture to make retroactive payments to farmers who suffered crop losses from 1990-1992 in order to receive payments up to 100 percent of their eligible claims.

The Administration estimates that this amendment, as modified, would increase the cost of the Federal crop disaster assistance program from \$1.4 billion to \$4.8 billion. While the Administration did not take a position on the underlying amendment to strike the 50 percent pro rate, we must oppose the amendment as modified.

There simply is no basis for using the emergency authority to make retroactive payments for crop losses that occurred as far back as 1990. Were the emergency designation not used, enactment of this amendment would, under the Budget Enforcement Act, necessitate a reduction of FY 1994 discretionary spending of several billion dollars.

Sincerely,

Leon F. Panetta
Director



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

cc: Way
file

AUG 2 1993

THE DIRECTOR

Honorable Robert C. Byrd
Chairman
Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2348, the Legislative Branch Appropriations bill, FY 1994, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of these views would be appreciated.

Section 318 would prohibit permanently the use by the Executive Branch of funds appropriated or made available from any source for the procurement or production of any printing or duplicating unless such procurement or production were by or through the Government Printing Office (GPO). This provision could have the effect of increasing the scope of the statutory authority of GPO over "printing, binding, and blank-book work" (44 U.S.C. 501) to include duplicating. Specifically, the provision would dramatically expand the GPO monopoly provided under current law to include "the processes of: Composition; platemaking; wet and dry offset; letterpress; gravure; flexography; ink jet; electrostatic or other copying; laser or variable imaging; silk screen processes; production of an image on paper or other substrate by any means or equipment; binding; microfilm; or the end items of such processes" (sec. 318(a)(3)).

The Administration objects to the language of section 318 for several reasons. First, Congress authorized the General Services Administration (GSA) to provide printing, duplicating, and photocopying services to other Federal agencies in sections 103 and 201 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 293 and 40 U.S.C. 481). Furthermore, section 318, which would establish a GPO monopoly over all printing and binding operations within the Federal government, promotes barriers to competitive operations within the Federal government and is counter to the Administration's goal to reinvent government operations.

By establishing an unnecessary procurement bottleneck, the provision would adversely affect the efficient use of laser printers and copiers by Executive Branch agencies in furtherance of their missions. In addition, the provision is

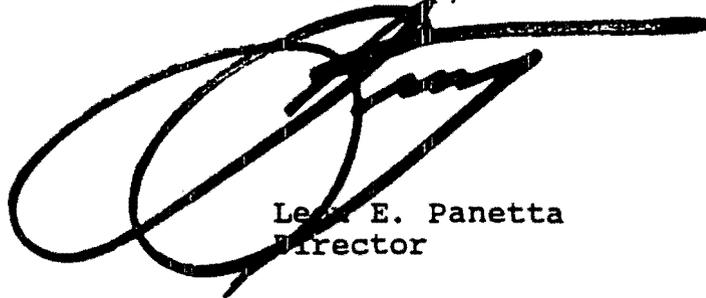
inconsistent with GPO's strategic plan, "GPO/2001: Vision for a New Millennium." That plan recognizes that the key to GPO's future is as a value-added service provider that the Executive agencies will utilize because of the efficiencies and economies that GPO can provide. Enactment of this provision would also discourage cooperation between the Executive Branch agencies and GPO. The provision would place GPO, a Legislative Branch agency, in the position of managing Executive Branch agency activities.

Finally, as a matter of comity between the Legislative and Executive Branches of government, the Executive Branch normally does not comment on the Legislative Branch Appropriations bill. Similarly, the Legislative Branch bill is not normally used to place requirements on the Executive Branch agencies. Regrettably, section 318, adopted on the Senate floor, violates this long-standing practice. Section 318 would place restrictions on the operation of Executive Branch agencies and, thus, violate the principle of comity. Therefore, we are obliged to comment and urge that the bill be kept free of such provisions.

Nevertheless, we recognize the concerns that we believe motivated the Senate to include section 318 in its version of the bill. The Joint Committee on Printing (JCP) has concluded, with respect to the Defense Department, that the high volume printing and duplicating requirements that section 318 is meant to cover are not always being satisfied in the most cost-effective manner. While the Department has not agreed with the JCP's specific findings to date, it is plausible that opportunities for savings can be identified, both in Defense and in other Federal agencies. OMB would be happy to work with the Congress over the next several months to identify such opportunities and to ensure that the government is getting the most for its printing dollar.

While recognizing these concerns, for the reasons stated above, the Administration urges the conferees to delete section 318. This provision would significantly expand the GPO role beyond what is contained in current law. We look forward to working with the conferees to address our mutual concerns.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Leif E. Panetta". The signature is written over the typed name and title.

Leif E. Panetta
Director

Identical Letters Sent to Honorable Mark O. Hatfield,
Honorable Harry Reid, Honorable Connie Mack,
Honorable Robert C. Byrd, Honorable William H. Natcher,
Honorable Joseph M. McDade, Honorable Vic Fazio,
and Honorable C. W. Bill Young