



June 22, 1993  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

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

### H.R. 2445 -- ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1994

(Sponsors: Natcher (D), Kentucky; Beville (D), Alabama)

This Statement of Administration Policy expresses the Administration's views on H.R. 2445, the Energy and Water Development Appropriations Bill, FY 1994, as reported by the House Appropriations Committee. The Administration supports House passage of H.R. 2445 and will work with Congress to address the concerns described below.

#### President's Investment Program

The Committee has provided sufficient funding for most of the Administration's investment programs funded by this bill. The Administration commends the Committee for its support of several specific investments, including solar and renewable energy programs, cooperative research and development agreements, and the B-Factory. The Committee has added \$52 million for nuclear reactor programs that the Administration has proposed phasing out. Included in this is the SP-100 space reactor that will not likely be deployed by any government agency or by private industry. The Administration believes that these funds would be better spent to fund fully the Advanced Neutron Source, which the Committee has reduced by \$29 million from the requested level.

#### Superconducting Super Collider (SSC)

The Administration commends the Committee for providing funding for continuing the SSC project. It is important that we continue the SSC, because it will maintain U.S. predominance in basic scientific research and stimulate new technologies in areas important to the future health of the U.S. economy.

#### Corps of Engineers/Bureau of Reclamation

The Committee has added over \$300 million to the President's request for programs of the Corps of Engineers and the Bureau of Reclamation. Most of this increase is for unrequested construction projects and studies.

### Atomic Energy Defense Activities

In general, the Administration supports Committee action to identify additional savings in nuclear weapons programs, consistent with program reductions that have occurred since the FY 1994 Budget was submitted. However, the Administration is concerned that the Committee has not provided funding for the Dual-Axis Radiographic Hydrotest Facility (DARHT) at Los Alamos National Laboratory. With the anticipated end of underground nuclear weapons tests, the DARHT facility will become vital to studies of the reliability of the nuclear weapons stockpile. It is essential that DARHT be fully funded and completed on schedule.

### Uranium Enrichment Facilities

The Committee has rejected the President's proposal to allow the U.S. Enrichment Corporation to determine whether to operate both U.S. uranium enrichment facilities after FY 1995. Absent the President's proposal, the U.S. Enrichment Corporation would have no flexibility and would have to lease both facilities for at least six years. Funding the unneeded facility would cost roughly \$1 billion over the next five years.

The attached table provides OMB's preliminary scoring of the bill.

Attachment

**ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1994**  
(in millions of dollars)

21-Jun-93  
03:10 PM  
BRB:KBH  
EW-MCT,WK3

Major Programs	FY 1993 Enacted		FY 1994 Proposed Including Investments		House Committee 1		House Committee Difference From:			
	BA	OL	BA	OL	BA	OL	FY 1993 Enacted		FY 1994 Proposed	
							BA	OL	BA	OL
<b>Domestic Discretionary:</b>										
General Science & Research Activities.....	1,418	1,367	1,599	1,504	1,594	1,501	176	134	-5	-3
(Superconducting Super Collider).....	(514)	(446)	(640)	(559)	(620)	(542)	(126)	(96)	(20)	(13)
Energy Supply, R&D activities.....	3,016	2,937	3,155	3,068	3,225	3,100	209	163	70	33
Uranium Supply and Enrichment Activities.....	-176	-78	160	160	160	160	336	238	—	—
Uranium enrich. decontam. & decommissioning fund.....	—	—	147	36	147	36	147	36	—	—
Nuclear Waste Disposal Fund.....	275	275	260	268	260	268	-15	-8	—	—
Power Marketing Administration.....	391	377	427	398	367	371	-24	-5	-60	-27
Departmental Administration.....	87	49	175	131	162	127	75	77	-13	-4
Office of Inspector General.....	30	31	32	28	32	28	1	-3	—	—
Bureau of Reclamation (Interior).....	840	1,037	799	807	896	891	56	-145	97	84
Army Corps of Engineers--Civil.....	3,667	3,691	3,630	3,680	3,901	3,850	234	159	271	170
Appalachian Regional Commission.....	190	131	189	155	189	155	-1	24	—	—
Tennessee Valley Authority.....	135	138	139	133	139	133	4	-5	—	—
United States Enrichment Corporation 2.....	—	—	—	-337	—	—	—	—	—	337
All Other.....	95	70	31	44	31	45	-64	-25	—	1
<b>Total, Domestic Discretionary.....</b>	<b>9,968</b>	<b>10,026</b>	<b>10,743</b>	<b>10,075</b>	<b>11,103</b>	<b>10,666</b>	<b>1,134</b>	<b>640</b>	<b>359</b>	<b>591</b>
<b>Defense Discretionary:</b>										
Weapons Activities.....	4,506	4,554	3,771	3,996	3,572	3,857	-933	-697	-198	-139
Defense Environmental Restor./Waste Management.....	4,832	4,178	5,466	4,976	5,186	4,836	354	658	-280	-140
Material Production/Other Defense Programs.....	2,617	2,866	2,165	2,408	2,047	2,326	-570	-540	-118	-82
Defense Nuclear Waste Disposal Fund.....	100	50	120	110	120	110	20	60	—	—
Nuclear Facilities Safety Board: S&E.....	13	16	15	14	15	14	2	-1	—	—
<b>Total, Defense Discretionary.....</b>	<b>12,067</b>	<b>11,664</b>	<b>11,536</b>	<b>11,505</b>	<b>10,940</b>	<b>11,144</b>	<b>-1,127</b>	<b>-520</b>	<b>-597</b>	<b>-361</b>
<b>Total.....</b>	<b>22,035</b>	<b>21,690</b>	<b>22,279</b>	<b>21,580</b>	<b>22,043</b>	<b>21,810</b>	<b>7</b>	<b>120</b>	<b>-237</b>	<b>229</b>

- \* \$500 thousand or less.
- 1 OMB scoring is preliminary.
- 2 New independent agency.

602(b) Allocation.....	House 602(b)		House Committee less 602(b)	
	BA	OL	BA	OL
	22,017	21,702	26	108



June 22, 1993  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2446 -- MILITARY CONSTRUCTION APPROPRIATIONS BILL, FY 1993**  
(Sponsors: Natcher (D), Kentucky; Hefner (D), North Carolina)

This Statement of Administration Policy expresses the Administration's views on H.R. 2446, the Military Construction Appropriations Bill, FY 1994, as reported by the House Appropriations Committee. The Administration supports House passage of H.R. 2446 and will work with Congress to address the concerns described below.

The Administration appreciates the Committee's support of the requests for the base closure and realignment program and the overseas construction program of the Department of Defense. However, the Administration objects to the Committee's adjustments that would:

- o provide \$100 million less than the \$240 million requested for the NATO Infrastructure program; and
- o provide an unrequested \$197 million for National Guard and Reserve construction projects.

The Administration urges the House to restore requested funding for the NATO Infrastructure program. The Committee's reduction would undermine U.S. efforts to increase the burdensharing contributions of our NATO allies by calling into question the U.S. commitment to programs requiring common funding. Large reductions in the NATO Infrastructure program could reduce the alliance's ability to meet basic mission requirements.

The Administration requests that the House delete unrequested funding for low-priority Guard and Reserve projects and redirect this funding to high-priority programs, including NATO Infrastructure.

The attached tables provide OMB's preliminary scoring of the bill.

Attachments

**MILITARY CONSTRUCTION APPROPRIATIONS BILL, FY 1994**  
(in millions of dollars)

21-Jun-93  
02:54 PM  
BRB:KBH  
MC.MCT.WK3

Major Programs	FY 1993 Enacted		FY 1994 Proposed 1		House Committee 2		House Committee Difference From:			
							FY 1993 Enacted		FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
<b>Defense Discretionary</b>										
<b>Military Construction:</b>										
Base realignment and closure account.....	2,034	667	1,828	1,165	1,828	1,165	-206	499	—	—
Military Construction, Defense-wide.....	323	615	1,078	569	619	542	296	-74	-459	-28
Military Construction, Navy.....	373	1,047	655	785	576	772	203	-275	-79	-13
Military Construction, Army.....	431	817	777	763	838	776	407	-41	61	12
Military Construction, Army National Guard.....	215	305	51	268	204	274	-11	-31	153	5
Military Construction, Air Force.....	718	1,115	906	1,072	913	1,073	196	-42	7	1
Military Construction, Air National Guard.....	306	265	142	281	162	283	-144	18	19	2
NATO Infrastructure.....	60	255	240	232	140	207	80	-49	-100	-25
Other Military Construction.....	87	197	159	185	183	187	95	-11	24	2
<b>Family Housing:</b>										
Family Housing, Army.....	1,524	1,441	1,343	1,340	1,286	1,294	-237	-147	-57	-46
Family Housing, Navy and Marine Corps.....	1,040	908	1,209	1,110	1,150	1,077	110	169	-59	-34
Family Housing, Air Force.....	1,212	1,083	1,027	1,099	998	1,066	-214	-17	-29	-34
Other Family Housing.....	161	71	179	115	177	114	16	43	-2	-1
Allowance (1993 base closure recommendations)....	—	—	1,200	30	1,200	30	1,200	30	—	—
<b>Total, Defense Discretionary.....</b>	<b>8,484</b>	<b>8,786</b>	<b>10,794</b>	<b>9,016</b>	<b>10,274</b>	<b>8,867</b>	<b>1,790</b>	<b>72</b>	<b>-621</b>	<b>-158</b>

602(b) Allocation.....	House 602(b)		House Committee Less 602(b)	
	BA	OL	BA	OL
	10,337	8,784	-63	73

1 No investment items were proposed.  
2 OMB scoring is preliminary.



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

June 22, 1993  
(House)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2200 - National Aeronautics and Space Administration  
Authorization Act, Fiscal Years 1994 and 1995  
(Brown (D) California and 22 others)

The Administration strongly supports H.R. 2200, as stated in the President's letter to the Speaker. A copy of the letter is attached.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This draft Statement of Administration Policy was developed by the Legislative Reference Division (Weinberg).

The House Science, Space, and Technology Committee marked up H.R. 2200 and ordered the bill reported on June 9, 1993, by voice vote. During the markup, an amendment by Representative Roemer (D-Indiana) to delete funding for the Space Station was defeated by a vote of 10-30.

The House Rules Committee granted the bill an open rule on June 10, 1993, by voice vote. The bill was debated on the House floor on June 14, 1993. The bill is expected to be considered on the House floor on Wednesday, June 23rd. Consideration was put off pending the President's announcement of his decision on the future of the space station.

H.R. 2200 authorizes appropriations for NASA's programs totaling \$15.0 billion for FY 1994 and \$15.5 billion for FY 1995. The FY 1994 authorization is \$709 million more than the FY 1993 appropriation for NASA's programs and \$226 million less than the Administration's request.

The bill authorizes funding for development of the space station through FY 2000. The total space station funding authorized for FY 1994 is \$2.08 billion. The President's budget amendment requested \$2.1 billion.

The bill would terminate the authorization for the Advanced Solid Rocket Motor program.

Pay-As-You-Go Scoring

Per ESD (Campbell) H.R. 2200 is not subject to pay-as-you-go and in the report on the bill CBO concurs.

Legislative Reference Division  
6/22/93 -- 4:30 p.m.

THE WHITE HOUSE  
WASHINGTON

June 22, 1993

Dear Mr. Speaker:

This week, the House of Representatives will consider H.R. 2200, the NASA Authorization Act for Fiscal Years 1994 and 1995. I strongly support this bill, which includes significant provisions regarding the space station program.

At a time when our long-term economic strength depends on our technological leadership and our ability to reduce the deficit, we must invest in technology but invest wisely, making the best possible use of every dollar. For that reason, I directed NASA to redesign the space station program to reduce costs while preserving its critical science and space research goals and honoring our important international commitments.

On June 17th, after reviewing the recommendations of an independent panel of experts chaired by Dr. Charles Vest, the President of MIT, I announced my support for a redesigned space station that will reduce costs to the taxpayers by \$4 billion over the next five years and save billions of dollars more over the life of the program. As part of this decision, I have directed NASA to implement personnel reductions and major management changes to cut costs, reduce bureaucracy, and improve efficiency.

There is no doubt that we are facing difficult budget decisions. However, we cannot retreat from our obligation to invest in our future. I strongly believe that NASA and the space station program represent important investments in that future. H.R. 2200 will provide the necessary legislative framework to carry out the important cost-cutting measures and management reforms that will strengthen NASA and the space station program. I strongly urge the Members of the House of Representatives to support it.

I will continue to work with Congress to ensure that the redesign of the space station -- and of NASA itself -- are implemented in the most effective manner possible. House passage of this measure is the necessary first step.

Sincerely,

A handwritten signature in black ink, appearing to read "Foley", written in a cursive style.

The Honorable Thomas S. Foley  
Speaker of the  
House of Representatives  
Washington, D.C. 20515



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

June 21, 1993  
(Senate)

## STATEMENT OF ADMINISTRATION POLICY

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

### S. 20 - Government Performance and Results Act of 1993 (Roth (R) Delaware and 20 others)

The Administration strongly supports S. 20.

\* \* \* \* \*

#### (Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Steiger), in consultation with the Departments of Agriculture (Rushing), Commerce (Powell), Education (Heindel), Energy (Honik), Health and Human Services (Burnette), Labor (McDaniel), State (Winslow), Transportation (Brunner), the Treasury (Dorsey), and Veterans Affairs (Johnson), CIA (Ellis), EPA (Rosing), GSA (Ratchford), NASA (Steamer), OPM (Woodruff), SBA (Deane), BRCD (Moran), BASD (Stigile), and GM (Groszyk).

S. 20 was approved by the Senate Governmental Affairs Committee on March 24th on a voice vote.

The House companion bill, H.R. 826, passed the House on May 25th. It is identical to S. 20 except that, for jurisdictional reasons, it does not include the provisions concerning the Postal Service.

#### Description of S. 20

##### Pilot Programs

###### -- Performance Plans and Reports

Beginning in FY 1994, S. 20 requires the establishment of at least 10 three-year pilot projects in performance measurement and reporting for Federal agencies. (An "agency" may be a component of an agency for purposes of S. 20.) Annual plans that establish performance goals are to be prepared for one or more of the major functions or operations of the designated agency. Subsequently, the agencies are to prepare a program performance report that compares actual performance to the goals that were set in the plan, explanations for why a goal was not met, and plans for achieving the goal in the future. OMB is required to submit a report to Congress on the outcome of the pilots.

#### -- Managerial Flexibility

S. 20 requires OMB to designate at least five agencies as pilot projects in managerial flexibility for FYs 1995 and 1996. The five agencies would be selected from among those implementing pilot performance goals projects. The agencies would be allowed to propose waiving certain non-statutory administrative procedural requirements and controls in return for specific accountability for meeting a performance goal. For example, an agency could ask for a waiver of restrictions on personnel staffing levels to allow for greater effort on one specific task. OMB is responsible for reviewing and approving such waivers.

#### -- Performance Budgeting

S. 20 requires OMB to designate at least five agencies as pilot projects in performance budgeting for FYs 1998 and 1999. The performance budgets would present, for one or more major agency functions, the varying levels of performance, including outcome-related performance, that would result from different budgeted amounts. OMB is required to submit a report on the outcome of the pilots.

#### Permanent Programs

##### -- Strategic Planning

Before FY 1998 each Federal agency is required to submit to OMB and Congress a strategic plan for its program activities. The plans are to include: a comprehensive mission statement, goals and objectives for the agency's major functions, and a description of the program evaluations used in establishing goals and objectives. The plan is to cover at least five years into the future and is to be updated at least every three years.

##### -- Performance Plan and Reports

Beginning with FY 1999, S. 20 requires Federal agencies to prepare annual performance plans for each program activity based upon the strategic plans. Performance goals expressed in an "objective, quantifiable, and measurable" form are to be established in these plans. OMB is allowed to authorize an alternative form for expressing those goals for which a quantifiable form is not feasible.

##### -- Managerial Flexibility

As part of the performance planning and goals, S. 20 allows agencies to request waivers of the type described in the pilot projects. The waivers could be for one or two years and could be renewed for up to one subsequent year. If certain waivers have been in effect for three years, the agency may propose they be made permanent.

-- Federal Government Performance Plan

Beginning in FY 1999, OMB is required to prepare a performance plan for the whole Federal Government as part of the annual budget. The various agency plans are to be used to develop this plan.

Pay-As-You-Go Scoring

Per BASD (Stigile), S. 20 is not subject to pay-as-you-go. CBO concurs (final).

Administration Position to Date

OMB Director Panetta strongly supported S. 20 in testimony on March 11th.

Legislative Reference Division  
6/21/93 -- 10 A.M.



June 23, 1993  
(House Floor)

## STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2446 -- MILITARY CONSTRUCTION APPROPRIATIONS BILL, FY 1993**  
(Sponsors: Natcher (D), Kentucky; Hefner (D), North Carolina)

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- o provide \$100 million less than the \$240 million requested for the NATO Infrastructure program; and
- o provide an unrequested \$197 million for National Guard and Reserve construction projects.

The Administration urges the House to restore requested funding for the NATO Infrastructure program. The Committee's reduction would undermine U.S. efforts to increase the burdensharing contributions of our NATO allies by calling into question the U.S. commitment to programs requiring common funding. Large reductions in the NATO Infrastructure program could reduce the alliance's ability to meet basic mission requirements.

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The attached table provides OMB's preliminary scoring of the bill.

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(in millions of dollars)

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02:54 PM  
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	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
<b>Defense Discretionary</b>										
<b>Military Construction:</b>										
Base realignment and closure account.....	2,034	667	1,828	1,165	1,828	1,165	-206	499	—	—
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<b>Family Housing:</b>										
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Other Family Housing.....	161	71	179	115	177	114	18	43	-2	-1
Allowance (1993 base closure recommendations)....	—	—	1,200	30	1,200	30	1,200	30	—	—
<b>Total, Defense Discretionary.....</b>	<b>8,484</b>	<b>8,785</b>	<b>10,794</b>	<b>9,015</b>	<b>10,274</b>	<b>8,857</b>	<b>1,790</b>	<b>72</b>	<b>-521</b>	<b>-158</b>

602(b) Allocation.....	House 602(b)		House Committee Less 602(b)	
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	10,337	8,784	-63	73

- 1 No investment items were proposed.
- 2 OMB scoring is preliminary.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 23, 1993  
(Senate)

## STATEMENT OF ADMINISTRATION POLICY

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

S. 1134 - Omnibus Budget Reconciliation Act of 1993  
(Sasser (D) Tennessee)

The Administration supports prompt Senate passage of S. 1134. Senate passage of this measure is a critical step toward a conference agreement that will reduce the deficit by half a trillion dollars over 5 years in a fair and balanced manner.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Steiger), in consultation with the Department of the Treasury (Cohen), White House Legislative Affairs (Paster), AD/B (Anderson), EA (Toiv), and LA (Foley/Palmieri).

S. 1134 was ordered reported by the Senate Budget Committee by a vote of 12-9 on June 22nd. The bill is expected to be considered on the Senate floor beginning June 23rd. The House passed H.R. 2264 by a vote of 219-213 on May 27th. Significant differences between the House and Senate bill are noted below.

Description of S. 1134

The following briefly describes the major provisions of S. 1134 organized by the Senate Committee that reported the provisions. It is largely drawn from summaries prepared by BASD. We understand that Budget Committee Chairman Sasser intends to offer floor amendments that would add enforcement provisions, including caps on discretionary spending and an extension of pay-as-you-go.

### SENATE AGRICULTURE COMMITTEE

5 Year Savings Target: \$3.2 billion

Savings Achieved

- o Eliminates GATT Trigger authority that allows for lower Acreage Reduction Program (ARP), thereby increasing acres on which no payments are made.

- o Reduces Market Promotion Program (MPP) to \$110 million per year.
- o Reduces "PAY/92" program to "PAY/85". Producers who do not plant would receive deficiency payments on 85 percent, rather than 92 percent, of their acreage.
- o Increases assessments by 10 percent on sugar and peanut programs. Charges fee on tobacco imports.
- o Lowers payment gradually to \$50,000 for honey, wool and mohair programs. Lowers price support payments for these crops.
- o Reduces loan rate for soybeans and minor oilseeds, eliminates oilseed assessments.
- o Reforms Crop Insurance by improving actuarial soundness through requiring overall loss ratio of no greater than 1.1 by FY 1996. Expands area yield pilot program.
- o Caps Conservation Reserve Program sign-ups at 38 million acres, extends sign-up period for Wetlands Reserve Program through FY 2000.
- o Requires 50 percent State match for Food Stamp administrative costs, beginning April 1994.
- o Increases Forest Service recreation fees.
- o Reduces price support for butter, increases price support for dry milk. Reduces dairy assessment beginning FY 1996.
- o Prohibits marketing of milk from cows using BST through FY 1994.

#### Comparison to House-passed

- o Senate has no triple-base savings; House increased triple-base acres from 15 percent to 20 percent.
- o Doubles the House (and Administration) reduction in MPP.
- o House expanded Crop Insurance program by providing free catastrophic coverage; Senate has more deficit reduction reforms.
- o Comparable provisions for Conservation and Wetlands Reserve Programs, payment limits for honey, wool and mohair programs, Forest Service recreation fees, butter and dry milk prices, sugar and peanut assessment increases.

- o Senate, like House, would reform Rural Electrification Administration, but Senate does not include many of the House's objectionable telephone program provisions.
- o Senate, unlike the House, does not include Administration's proposed increases in Food Stamp program.

### SENATE ARMED SERVICES COMMITTEE

5 Year Savings Target: \$2.4 billion

#### Savings Achieved

- o Delays the 1994 through 1997 COLAs for uniformed services retirees in DOD, Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service retirees by nine months, from January to October.
- o Delays the 1998 COLA payment by eight months from January to September.
- o Exempts survivors and disabled retirees from the COLA delays.

#### Comparison to House-passed:

- o The House delayed uniformed services retirees COLAs by four months in 1994 and an additional three months each year thereafter.

### SENATE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE

5 Year Savings Target: \$3.1 billion

#### Savings Achieved

- o Authorizes HUD to use IRS data to verify the income of families that live in assisted housing. Savings result from more accurate reporting of income since housing subsidies vary inversely with income levels.
- o Approves the use of real estate mortgage insurance conduits (REMICs) by the Government National Mortgage Association (GNMA). Savings are due to the additional guarantee fees GNMA collects from each REMIC.
- o Accelerates the rate at which the Federal Housing Administration's Mutual Mortgage Insurance Fund earns a one-time upfront fee from homebuyers.

- o Requires the transfer of earnings from the Federal Reserve's surplus reserves to the Treasury in 1997 and 1998.
- o Grants national depositor preference to the Federal Deposit Insurance Corporation, the Resolution Trust Corporation and all uninsured depositors. This preference gives them first claim to the assets of a failed depository institution.

Comparison to House-passed

- o Savings are the same as in the House-passed bill.

### SENATE COMMERCE COMMITTEE

5 Year Savings Target: \$7.4 billion

Savings Achieved

- o Authorizes auctions for assignment of FCC licenses for use of the radio spectrum. Spectrum licenses are treated the same as licenses for offshore drilling, grazing on federal land, and harvesting timber from national forests.
- o Extends the tonnage duty fees included in the Omnibus Budget Reconciliation Act of 1990 (OBRA) that would otherwise expire at the end of 1995. This proposal does not increase fees beyond the levels contained in OBRA. Savings begin in 1996, at over \$65 million annually. The fees are paid by all ships entering U.S. ports after calling on foreign ports.

Comparison to House-passed

- o Senate bill allows FCC to retain some proceeds from the spectrum auction to offset the administrative costs of the auction. House bill does not.

### SENATE ENERGY COMMITTEE

5 Year Savings Target: \$0.7 billion

Savings Achieved

- o Permanently recovers 50 percent of administrative costs for Federal mineral leasing programs prior to the sharing of receipts with States.
- o Permanently institutes a hard rock mining claim maintenance fee in lieu of the current assessment work requirement.

- o Expands the authority for the collection of certain recreation fees and user fees for rights-of-way and commercial tours on Federal lands. Authorizes non-Federal Golden Eagle Passport sales and allows non-Federal sellers to retain 7 percent of the receipts.
- o Limits payments and purposes for grant assistance for the Commonwealth of the Northern Mariana Islands (CNMI) to the December, 1992 agreement through 1998.

Comparison to House-passed

- o Does not include the irrigation water surcharge in the House-passed bill.
- o Funds the December, 1992 agreement on CNMI, unlike the House bill.
- o Small differences on recreation and mining fees.

**SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE**

5 Year Savings Target: \$1.3 billion

Savings Achieved

- o Permits the Army Corps of Engineers to collect fees for the use of recreational facilities it administers.
- o Amends the OBRA of 1990 to extend to the end of FY98 the existing requirement that the NRC recover 100% of its costs through user fees. This requirement to recover 100% of NRC costs currently expires at the end of FY95. Without this amendment, NRC would only recover 33% of its costs through user fees.
- o The NRC fee extension increases receipts by \$1.16 billion in FY96 through FY98.

Comparison to House passed

- o Similar to House reconciliation provisions.

**SENATE FINANCE COMMITTEE**

Outlays

5 Year Savings Target: \$35.2 billion in outlays

## Savings Achieved

### Medicare

- o Saves \$67.3 billion in Medicare and Medicaid over five years (exceeding the savings objectives of the President's Budget by \$19 billion).
- o Reduces the indexed rates of increase for hospitals, physicians, durable medical equipment, and clinical laboratories and other health care providers.
- o Encourages a greater emphasis on primary care services and primary care training.
- o Discourages wasteful construction in the overcapitalized, overbedded hospital industry, by reducing Medicare payments for capital.
- o Includes Medicare secondary payer and third party liability reforms that help assure that automobile, workers compensation, and other insurance pay before Medicare trust funds are used.
- o Extends the Part B (SMI) premium levels beyond 1995.
- o Adopts an expanded prohibition on self-referrals by physicians, i.e., to facilities in which they have a financial interest.

### Medicaid

- o Adopts most of the President's budget initiatives at least in part. These proposals would:
  - o strengthen Medicaid transfer-of-asset restrictions and mandate estate recovery programs in all States to ensure that individuals with substantial assets pay their fair share for long-term care services;
  - o improve States' abilities to enforce medical support for children and recover other types of third-party payments;
  - o enable States to adopt prescription drug formularies;
  - o assure that disproportionate share hospital payments to public hospitals are tied to costs; and
  - o correct an error that would have mandated coverage of personal care services in all States, thus allowing States to retain personal care as an optional benefit.

### Immunizations

- o Mandates purchase of pediatric vaccines for: (1) all Medicaid eligible children, (2) Native American children, and (3) uninsured children and insured children whose insurance fails to cover vital immunization services and whose family income does not exceed 75% of State median income. The action will assure that costly vaccines will no longer be a barrier to childhood immunizations.

### Other Programs

- o Extends expiring Trade Adjustment Assistance program for five years to provide training and income support to workers who lose their jobs because of increased imports.
- o Improves child support enforcement by streamlining paternity establishment procedures and strengthening medical support enforcement.
- o Changes various Federal funding match rates for State administrative costs of the AFDC program to a uniform 50%.
- o Charges States fees for a portion of the cost of administering their State supplemental SSI payments.

### Comparison to House-passed

#### Medicare

- o The Senate version includes almost none of the program expansions in the House bill. The only major proposal included is along the lines of the President's rural health initiative.
- o The Medicare reductions in the Senate are generally in the same areas as the House but the Finance Committee adds new proposals, e.g., indirect medicare education, house health limits and outpatient department payment changes. The Senate reductions also are deeper, e.g., additional Medicare secondary payer and TPL proposals, clinical laboratories. Part B premiums would be increased similarly to the House bill, but extended for an additional year.

#### Medicaid

- o The Medicaid savings are slightly higher (e.g., transfer of asset restrictions) in the Senate version (+\$300 million), but comparable.

### Immunizations

- o The Senate provides a \$2 billion immunization program as in the House. However, the costs of the immunizations are proposed to be recovered by requiring State and Federal contributions to a trust fund. The contributions would be what the State and Federal Government would have otherwise spent on vaccine purchases. The House bill does not require State contributions.

### Other Programs

- o Senate passed a five-year extension of trade adjustment assistance; House passed three-year extension. Program is in the baseline.
- o Senate made no changes in unemployment insurance extended benefits; House increased Federal matching rate and made other reforms.
- o Senate does not appear to include the House-passed increases for family preservation, foster care, and related programs.

### Revenues

5 Year Savings Target: \$248 billion

#### Savings Achieved (includes some provisions with negative savings)

- o Increases income tax rate to 33.5% this year and to 36% thereafter for couples with taxable incomes above \$140,000 (\$115,000 for individuals) and to 35.3% this year and 39% thereafter for couples and individuals with taxable incomes above \$250,000.
- o Increases tax on gasoline, diesel and other transportation fuels by 4.3 cents per gallon, effective 10/1/93.
- o Increases corporate income tax rate from 34% to 35%.
- o Permits small businesses to write off up to \$15,000 in equipment purchases as expenses (up from current \$10,000).
- o Increases eligibility for the earned income tax credit at an expense of \$18 billion over five years.
- o Increases tax rate for capital gains to 29.4% this year and 30.8% next year for taxpayers with incomes greater than \$250,000.

- o Increases from 50% to 85% the portion of Social Security benefits subject to income tax for individuals with incomes greater than \$32,000 and couples with incomes greater than \$40,000.
- o Increases from \$1 to \$5 the check-off amount for presidential campaign financing.
- o Requires businesses that acquire intangible assets, such as customer lists, to depreciate 75 percent of the purchase cost over 14 years.
- o Repeals "luxury" excise taxes on airplanes, yachts, furs and jewelry, and indexes for inflation the threshold amount for autos.
- o Extends permanently the low-income housing tax credit and temporarily extends several other tax credits, such as those for research and experimentation and the targeted jobs tax credit.
- o Contains numerous other revenue provisions.

#### Comparison to House-passed

- o House increased income tax rate for highest income individuals effective this year, not in two steps like Senate.
- o House included a broad-based energy tax on British thermal units (BTU) instead of the Senate's transportation fuels tax.
- o House permitted small businesses to write off as expenses up to \$25,000 in equipment purchases.
- o House provided a greater increase in eligibility for the earned income tax credit and made childless workers eligible for the credit. (The Senate does not make childless workers eligible.)
- o House did not increase the capital gains tax rate and, in fact, provided a 50% reduction for certain small businesses (as proposed by the Administration).
- o House increased from 50% to 85% the portion of Social Security benefits subject to income taxes but did so for those with a lower level of income (couples with \$32,000 in annual income and individuals with \$25,000 in annual income).

- o House included empowerment zones, which the Senate bill does not.
- o House allowed 100 percent depreciation over 14 years for certain intangible assets, not the 75 percent in the Senate bill.

### SENATE FOREIGN RELATIONS COMMITTEE

5 Year Savings Target: \$5 million

#### Savings Achieved

- o Delays cost-of-living adjustments for foreign service retirement benefits by three months in 1994 through 1996.
- o Eliminates the lump-sum retirement option (except for the critically ill) for foreign service retirees.
- o Proposals are consistent with Senate Governmental Affairs Committee action for other civilian retirees.

#### Comparison with House-passed

- o Savings are the same as in the House-passed bill.

### SENATE GOVERNMENTAL AFFAIRS COMMITTEE

5 Year Savings Target: \$10.6 billion

#### Savings Achieved

- o Delays COLAs for civilian retirees by 3 months during FY 1994 - 1996 (includes Civil Service, Foreign Service and CIA).
- o Permanently eliminates the "lump sum" retirement option except for the critically ill, beginning January 1, 1996.
- o Requires the U.S. Postal Service to make payments, over three years, to the Civil Service Retirement and Disability Fund and to the Federal Employees Health Benefits Fund to satisfy past Postal pension and health care liabilities.
- o Requires the District of Columbia to pay the Federal Employees Health Benefit program a pro-rated employer share for D.C. retirees since the establishment of home rule.

- o Changes the way deposits are made for survivor benefits. Changes result in small five-year savings but increase outlays over the long term.

#### Comparison to House-passed

- o House eliminated "lump sum" retirement option beginning in January 1994 and FY95 for involuntary separatees.
- o House applied medicare limits for charges physicians and other providers may make to Federal Employees Health Benefits enrollees age 65 and over who are not Medicare eligible.
- o House did not include the provision that requires the District of Columbia to pay a pro-rated employer share for D.C. retirees.
- o Senate did not include (not required under Senate reconciliation rules) any of the discretionary authorizations that passed the House, including pay raises.
- o Senate did not extend the current formula that determines the Government's share of Federal Employee Health Benefit premiums through 1998.
- o House and Senate require payments by USPS for past Postal obligations to the Civil Service Fund and FEHB Fund; the House requires the payments in FY 1995 through 1997 (consistent with the President's Budget); however, the Senate slips the payments, requiring USPS to start in FY 1996 through 1998.
- o House did not include provision to change the method of payment for survivor benefit deposits.

### SENATE JUDICIARY COMMITTEE

5 Year Savings Target: \$0.3 billion

#### Savings Achieved

- o This proposal extends patent fee surcharges created by OBRA of 1990 that would otherwise expire at the end of 1995. This proposal does not increase patent fees beyond levels anticipated under current law.
- o The savings begin in 1996, at slightly over \$100 million per year through 1998.

Comparison to House passed

- o Similar to House reconciliation provisions.

## SENATE LABOR AND HUMAN RESOURCES COMMITTEE

5 Year Savings Target: \$4.6 billion

Savings Achieved

- o Shifts the guaranteed student loan program toward a direct loan program but capping direct loans at 50 percent of the loan volume. Makes other reforms to the guarantee program and reduces student costs.
- o Imposes a user fee on Sallie Mae based on their outstanding volume, and reduces return to lenders on new volume.
- o To encourage States to insure that post-secondary institutions provide quality educations, charges an annual fee based on the dollar amount of defaults by borrowers who attended schools within the State that is in excess of 20 percent.
- o Authorizes appropriations for a variety of discretionary immunization programs.
- o Clarifies that ERISA does not preempt States from seeking reimbursements from private insurers in cases in which a claim has been unnecessarily paid by Medicaid or from forcing non-custodial parents to provide health insurance for their children.

Comparison to House-passed

- o Senate does not fully move to a direct loan program.
- o House does not include fees on Sallie Mae, nor reduce return to lenders.

## SENATE VETERANS AFFAIRS COMMITTEE

5 Year Savings Target: \$2.6 billion.

Savings Achieved

- o Makes permanent five provisions in current law that allow VA to:

- Collect from veterans health insurers the costs of medical care provided by VA to veterans with military-related disabilities for the treatment of non-military related conditions.
  - Collect a \$2 copayment for each 30-day supply of outpatient prescription drugs that are not for the treatment of military-related disabilities.
  - Use Internal Revenue Service and Social Security Administration data to verify veterans' incomes in the income-tested pension and medical care programs.
  - Limit pension payments to \$90 per month for veterans living in Medicaid nursing homes.
  - Include the costs of expected losses on the resale of foreclosed property in the formula that determines whether it is more cost-effective to acquire the property and sell it or pay the guarantee to the lender.
- o Increases fees charged for most VA home loans by .75 percent.
  - o Increases service members' contributions to the GI Bill program.
  - o Delays the Compensation COLA for 3 days and rounds checks down in 1994.

Comparison to House-passed:

- o The Committee did not include four new proposals that were added by the House.
- o Senate accepted the Administration proposal to increase service members' contributions to the GI Bill program, which was rejected by the House.
- o The House does not include the Compensation COLA delay or the check round down.

Pay-As-You-Go Scoring

According to CBO, S. 1134 achieves a total savings of \$516 billion over five years. OMB scoring is not yet available.

Administration Position to Date

The Administration strongly supported H.R. 2264 in a SAP on May 27th.

Legislative Reference Division  
6/23/93 - 8:30 a.m.



June 23, 1993  
(House Floor)

## STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2446 -- MILITARY CONSTRUCTION APPROPRIATIONS BILL, FY 1993**  
(Sponsors: Natcher (D), Kentucky; Hefner (D), North Carolina)

This Statement of Administration Policy expresses the Administration's views on H.R. 2446, the Military Construction Appropriations Bill, FY 1994, as reported by the House Appropriations Committee. The Administration supports House passage of H.R. 2446 and will work with Congress to address the concerns described below.

The Administration appreciates the Committee's support of the requests for the base closure and realignment program and the overseas construction program of the Department of Defense. However, the Administration objects to the Committee's adjustments that would:

- o provide \$100 million less than the \$240 million requested for the NATO Infrastructure program; and
- o provide an unrequested \$197 million for National Guard and Reserve construction projects.

The Administration urges the House to restore requested funding for the NATO Infrastructure program. The Committee's reduction would undermine U.S. efforts to increase the burdensharing contributions of our NATO allies by calling into question the U.S. commitment to programs requiring common funding. Large reductions in the NATO Infrastructure program could reduce the alliance's ability to meet basic mission requirements.

The Administration requests that the House delete unrequested funding for low-priority Guard and Reserve projects and redirect this funding to high-priority programs, including NATO Infrastructure.

The attached table provides OMB's preliminary scoring of the bill.

Attachment

MILITARY CONSTRUCTION APPROPRIATIONS BILL, FY 1994  
(in millions of dollars)

21-Jun-93  
02:54 PM  
BRB:KBH  
MC MCT WK3

Major Programs	FY 1993 Enacted		FY 1994 Proposed 1		House Committee 2		House Committee Difference From:			
	BA	OL	BA	OL	BA	OL	FY 1993 Enacted	OL	FY 1994 Proposed	OL
<b>Defense Discretionary</b>										
<b>Military Construction:</b>										
Base realignment and closure account.....	2,034	667	1,828	1,165	1,828	1,165	-208	499	—	—
Military Construction, Defense-wide.....	323	615	1,078	569	619	542	298	-74	-459	-28
Military Construction, Navy.....	373	1,047	655	785	576	772	203	-275	-79	-13
Military Construction, Army.....	431	817	777	763	838	776	407	-41	61	12
Military Construction, Army National Guard.....	215	305	51	268	204	274	-11	-31	153	5
Military Construction, Air Force.....	718	1,115	906	1,072	913	1,073	196	-42	7	1
Military Construction, Air National Guard.....	306	265	142	281	162	283	-144	18	19	2
NATO Infrastructure.....	60	255	240	232	140	207	80	-49	-100	-25
Other Military Construction.....	87	197	159	185	183	187	95	-11	24	2
<b>Family Housing:</b>										
Family Housing, Army.....	1,524	1,441	1,343	1,340	1,286	1,294	-237	-147	-57	-46
Family Housing, Navy and Marine Corps.....	1,040	908	1,209	1,110	1,150	1,077	110	169	-59	-34
Family Housing, Air Force.....	1,212	1,083	1,027	1,099	998	1,068	-214	-17	-29	-34
Other Family Housing.....	161	71	179	115	177	114	16	43	-2	-1
Allowance (1993 base closure recommendations)....	—	—	1,200	30	1,200	30	1,200	30	—	—
<b>Total, Defense Discretionary.....</b>	<b>8,484</b>	<b>8,785</b>	<b>10,794</b>	<b>9,015</b>	<b>10,274</b>	<b>8,857</b>	<b>1,790</b>	<b>72</b>	<b>-521</b>	<b>-158</b>

602(b) Allocation.....	House 602(b)		House Committee Less 602(b)	
	BA	OL	BA	OL
	10,337	8,784	-63	73

- 1 No investment items were proposed.
- 2 OMB scoring is preliminary.



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

THE DIRECTOR

JUN 23 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 express the Administration's views on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill, FY 1994, as reported by the House Subcommittee. The Administration supports the Subcommittee bill and will work with the Committee to address the concerns described below and in the enclosure. Your consideration of these concerns would be appreciated.

President's Investment Program

The Administration supports the Subcommittee's action that funds many of the President's investment proposals, including full funding for the food safety and Food and Drug Administration proposals. The Administration commends the Subcommittee for its support of the Women, Infants, and Children program.

Wetlands Reserve Program

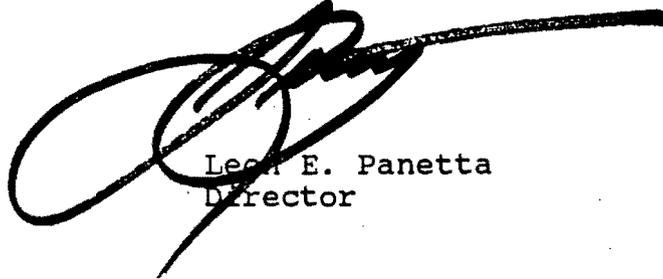
The Administration urges the Committee not to alter current law by again restricting sign-ups for the Wetlands Reserve Program (WRP). The 1990 farm bill requires a minimum of one million acres to be enrolled in the WRP by the end of FY 1995. The Administration has proposed to fund 450,000 acres in FY 1994 toward this target, but the Subcommittee bill would allow only 50,000 acres to be enrolled. This restriction is particularly troublesome since FY 1993 sign-ups were blocked by the FY 1993 appropriations act. The WRP is a crucial part of the Administration's wetlands restoration and preservation plans, and the Administration believes that full funding for this mandatory program should be restored. At a minimum, appropriations action should be consistent with both the House and Senate versions of the 1993 reconciliation bill, which prescribe that a minimum of 330,000 wetlands acres be enrolled by the end of FY 1995.

Research Grants

The Subcommittee has chosen to fund earmarked special research grants at the expense of the National Research Initiative, the competitively awarded grant program. These earmarked special grants would address primarily local and parochial research issues, rather than problems of national significance facing the nation's food, agricultural, and environmental sectors. The Administration believes that the most appropriate way to allocate scarce research funds is through a competitive process based on merit in which any research institution can apply.

Additional Administration concerns with the Subcommittee bill are contained in the enclosure. We look forward to working with the Committee to address our mutual concerns.

Sincerely,

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

Leon E. Panetta  
Director

Enclosure

Identical Letters Sent to Honorable Joseph M. McDade,  
Honorable Joseph Skeen, and Honorable Richard J. Durbin

**ADDITIONAL CONCERNS**  
**AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION,**  
**AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994**

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**FUNDING ISSUES**

The Administration looks forward to working with the Congress later in the process in an effort to address the following concerns:

- o Rural Development Administration. The Administration opposes the termination of the Rural Development Administration (RDA) and the merging of RDA's functions into the Farmers Home Administration (FmHA). Highlighting the needs of rural America is a top Administration priority, and the existence of a separate agency to address these concerns is an important element of the Administration's rural development policy. By fully funding the RDA structure, the Committee would be able to close some FmHA district offices and eliminate the duplication of field structures that currently exists because the RDA has not been fully funded.
- o Rural Electrification Administration (REA). While the Administration commends the Subcommittee for reducing REA subsidies, it objects to excessive subsidies for hardship telephone loans. The Subcommittee bill would provide the same amount of loans made at five-percent interest to telephone borrowers as it would to electric borrowers, even though there are far fewer telephone borrowers deserving of the deep subsidy. The level of telephone loans made at hardship interest rates should be reduced to \$50 million, and the current pro-rata allocation of hardship loans between electric and telephone borrowers should be retained.
- o Federal Crop Insurance Corporation. The Subcommittee bill includes a proviso that would eliminate poor crop insurance business. However, the elimination also would trigger mandatory disaster payments for all program crops in counties where crop insurance policies are terminated. The provision would result in \$25 million in crop insurance savings, but it would also result in an estimated \$75 million in disaster payments, for a net spending increase of \$50 million. In addition, the Administration urges the Committee to support the April 8th budget proposal to move toward an area yield basis for crop insurance coverage, which would result in over \$1.5 billion in mandatory and discretionary savings for FY 1994 through FY 1998.

- Food and Drug Administration (FDA) User Fees. The Administration is pleased that the Subcommittee has allowed the FDA to utilize not to exceed \$54 million in user fees collected under the Federal Food, Drug, and Cosmetic Act. The Administration notes that another \$200 million could be collected if restrictive language were deleted from the bill. Deletion of this language would permit funding of high priority programs that currently are not funded.
- Farm Service Agency. The Subcommittee has not funded the Administration's proposal to create a Farm Service Agency, which would combine the Agricultural Stabilization and Conservation Service, the Farmers Home Administration, and the Soil Conservation Service. This proposal is a key element of the Administration's initiative to streamline Government while improving service to clients.
- Salaries and Expense funding from mandatory accounts. The President's budget proposes to eliminate the transfers of funds for administrative equipment and computers from the mandatory Commodity Credit Corporation account, and instead to fund these purchases through appropriations. Because discretionary savings would be scored for eliminating the mandatory funding, no net outlays would be scored to the bill if this proposal were enacted. Continued mandatory funding does not foster the necessary careful consideration of equipment purchases, nor does it adequately reflect the true discretionary nature of these costs.
- Foreign Agricultural Service (FAS). The Administration has proposed a \$10 million reduction in the Cooperator program of FAS, which the Subcommittee bill did not include. FAS can achieve its export promotion objectives within the budget's proposed levels. FAS can increase the cost-share amount it currently requires, target funding to areas where the greatest export opportunities exist rather than continue funding in the same established locations, and reduce the funds used to pay rent and administrative expenses of the participating private sector cooperators.
- Rental Payments to GSA. The bill earmarks \$65.5 million (\$50.5 million to the Department of Agriculture and \$15.0 million to the Food and Drug Administration) out of the amounts appropriated for the payment of rent to GSA. Reservation of these funds for other uses would result in insufficient funds being available for making rental payments to GSA. This would increase outlays from the Federal buildings fund by \$65.5 million.

- o Demonstration Projects Under the National School Lunch Act. P.L. 102-342 authorizes two pilot projects to continue "to the extent, and in such amounts, as are provided for in advance in appropriations Acts." Given the nature of the authorization, the FY 1994 Budget included appropriations language requesting \$3.7 million to continue these projects. While the Subcommittee report directs the Secretary to continue the projects, the Administration is concerned that the lack of appropriations language in the Subcommittee bill may prevent the funding of these two projects.

#### GENERAL PROVISIONS

- o Credit Limitations. Section 721 would make all loan levels provided in the bill estimates, not limitations. Limits on subsidies contribute to deficit controls. Limits on loan levels contribute to controls over the individual programs. The Administration urges the Committee to delete Section 721.



THE DIRECTOR

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

JUN 22 1993

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1994, as reported by the House Subcommittee. The Subcommittee is to be commended for supporting essential housing, veterans, environmental protection, science and space programs. The Administration supports the Subcommittee bill and will work with the Committee to address our concerns, the most critical of which are discussed below.

President's Investment Program

While agreeing with many of the decisions made by the Subcommittee and understanding the difficult choices faced by the Subcommittee, the Administration is concerned that the Subcommittee did not provide funding for some of the Administration's key investment programs. These programs include the Community Investment Program, the National Service Initiative, and Community Development Banks.

These concerns could be satisfactorily addressed through a reallocation of funding from lower-priority programs, and the Administration is committed to working with the Committee to identify those reductions. We look forward to working with the Committee, later in the process, in an effort to provide funding for those investment proposals that are not yet authorized.

Community Investment Program

The Subcommittee has not funded the request for the Community Investment Program (CIP). The CIP provides critical non-tax elements of the Administration's proposed economic empowerment initiative and is an integral part of the

President's policing and public safety initiative. Combined with the \$500 million that was appropriated for the program in FY 1993, the funding would provide needed law enforcement, job training, day care, community development, and other programs to assist distressed communities throughout the country.

#### National Service Initiative

The Subcommittee has not funded the request for the National Service Initiative. This program is also a key Presidential priority. The President's request would: (1) meet community needs by providing service opportunities in the areas of education, environment, public safety, and human services; (2) provide opportunities for 25,000 Americans to serve in FY 1994; and (3) help national service participants pay for higher education with an educational award of \$5,000 for each year of service (maximum of two years). The President's request would also provide for increased participation in the most successful activities of the Commission on National and Community Service and ACTION.

The Administration does not support the Subcommittee's \$30 million increase over the request for the Commission on National and Community Service. This increase is an example of lower-priority funding that could be reallocated to the President's higher-priority programs, in particular the National Service Initiative.

#### Community Development Banks

The Administration urges the Committee to restore the modest funding request for the Community Development Bank initiative. The President's request of \$60 million would provide funding for financial institutions serving low-income distressed areas to expand the availability of loans and credit for housing and business purposes in these traditionally underserved communities. This initiative is an integral component of the Administration's commitment to restoring the economic health and vitality of the nation's urban and rural areas.

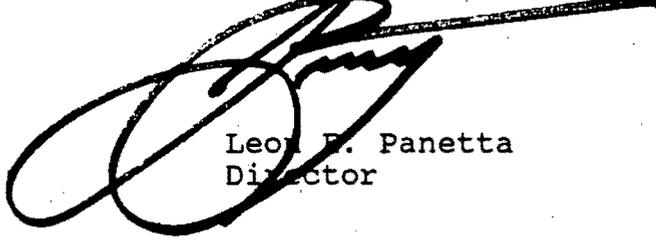
#### National Aeronautics and Space Administration (NASA)

The Administration strongly urges that the Committee restore the \$450 million reduction from the President's request for the Space Station and New Technology Investments to be consistent with the NASA budget amendment submitted to Congress on June 21, 1993. The Space Station request is the result of an extensive design review that was conducted by NASA and confirmed by an independent panel. This request reflects the budget reductions identified by the review. In order to provide funding stability to the program, the Administration urges the Committee to adopt the language in the budget amendment that would provide a funding level of \$2.1 billion for each of the next five years.

The Administration also urges the Committee to fund fully the New Technology Investments, which would set a new direction for NASA's technology and applications programs and would strengthen our national capabilities in space and aeronautics.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Leon F. Panetta', with a long horizontal stroke extending to the right.

Leon F. Panetta  
Director

Identical Letters Sent to Honorable Joseph M. McDade,  
Honorable Louis Stokes, and Honorable Jerry Lewis



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

JUN 23 1993

THE DIRECTOR

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

Dear Mr. Chairman:

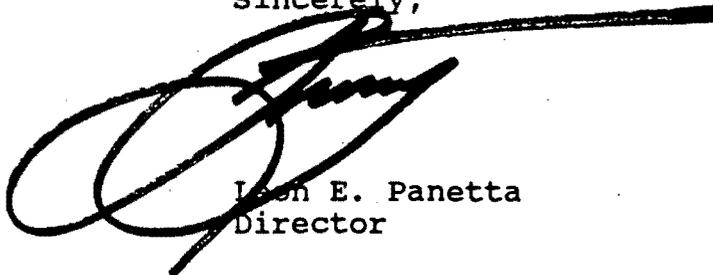
The purpose of this letter is to provide the Administration's views on the District of Columbia Appropriations Bill, FY 1994, as reported by the House Subcommittee. The Administration supports the Subcommittee bill and urges the Committee to approve the bill as reported.

The Administration commends the Subcommittee's decision to remove the prohibition on using Federal and District funds to pay for abortions for eligible low-income recipients and urges the Committee to support the Subcommittee's decision. Deleting this language is consistent with the Administration's overall policy to eliminate prohibitions on Federal funding for abortions. In scoring the President's request and the Subcommittee bill, no costs were associated with the elimination of the prohibition.

The Administration is concerned with section 137 of the Subcommittee bill, which would revoke State and local tax exemptions for the Federal National Mortgage Corporation (Fannie Mae) and the Student Loan Marketing Association (Sallie Mae), two Government-Sponsored Enterprises (GSEs) that are located in the District of Columbia. The Administration believes the issue of local tax exemptions for all GSEs should be addressed in an equitable manner, not on the basis of the geographic location of specific GSEs.

The enclosed table provides OMB's preliminary scoring of the bill. We look forward to working with the Committee to address our mutual concerns.

Sincerely,



Leon E. Panetta  
Director

Enclosure

Identical Letters Sent to Honorable Joseph M. McDade,  
Honorable Julian C. Dixon, and Honorable James T. Walsh

**DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1994**  
(In millions of dollars)

08/22/93  
11:36 AM  
BRB:FZ  
DCHS-MC.WK3

Major Programs	FY 1993 Enacted		FY 1994 Proposed <sup>1</sup>		House Subcommittee <sup>2</sup>		House Subcommittee Difference From:			
							FY 1993 Enacted		FY 1994 Proposed	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
<b>Domestic Discretionary</b>										
Federal payment.....	688	698	705	705	700	698	12	—	-5	-7
<b>Total, Domestic Discretionary.....</b>	<b>688</b>	<b>698</b>	<b>705</b>	<b>705</b>	<b>700</b>	<b>698</b>	<b>12</b>	<b>—</b>	<b>-5</b>	<b>-7</b>

	House 602(b)		House Subcommittee Less 602(b)	
	BA	OL	BA	OL
602(b) Allocation.....	700	698	—	—

- <sup>1</sup> No investment items were proposed.
- <sup>2</sup> OMB scoring preliminary.



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

June 29, 1993  
(House Floor)

*fill*

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2492 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1994  
(Sponsors: Natcher (D), Kentucky; Dixon (D) California)

This Statement of Administration Policy expresses the Administration's views on H.R. 2492, the District of Columbia Appropriations Bill, FY 1994, as reported by the House Appropriations Committee.

The Administration supports House passage of H.R. 2492, as reported by the Committee.

The Administration commends the Committee's decision to remove the prohibition on using Federal and District funds to pay for abortions for eligible low-income recipients and urges the the House to support the Committee's decision.



June 29, 1993  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

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

### H.R. 2520 -- DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

(Sponsors: Natcher (D), Kentucky; Yates (D), Illinois)

This Statement of Administration Policy presents the Administration's views on H.R. 2520, the Department of the Interior and Related Agencies Appropriations Bill, FY 1994, as reported by the House Appropriations Committee. The Administration supports House passage of H.R. 2520 and will work with the Congress to address the concerns described below and in the attachment.

The Administration supports the Committee action that funds many of the President's investment proposals for the Departments of the Interior and Energy, the Forest Service, and the Indian Health Service.

The Administration commends the Committee for its support of the enhanced natural resource protection and environmental infrastructure investment initiative. These funds are critical to furthering the protection and rehabilitation of America's inventory of natural and cultural assets, including our national parks and forests. They are also crucial to formulating an appropriate, comprehensive response to the April 1993 forest conference on the Pacific Northwest.

When considering community stability for those areas affected by the spotted-owl issue, the Administration believes that full funding for investment initiatives affecting the Pacific Northwest is essential. These initiatives include Forest Stewardship, research, construction, maintenance, and funds for the Columbia River Gorge projects in the Forest Service; park operations in the National Park Service; and facilities maintenance in the Bureau of Land Management.

The Committee bill would lower the amount of receipts guaranteed to counties in the Pacific Northwest affected by reduction in timber production due to spotted-owl court injunctions. The Administration strongly supports continuing this guarantee at the current level for FY 1994. This "safety net" would provide affected counties in the Pacific Northwest with sufficient payments to offset lower timber harvest levels

that are expected under the Administration's follow-up to the April 1993 forest conference. The Administration would support an amendment that would continue the guarantee at the current level for FY 1994.

The Administration is concerned that the Committee has reduced the President's request for the Department of Energy's Weatherization Assistance program by \$25.8 million and has eliminated the State or utility matching-fund requirement. These are an important part of the President's investment initiatives in energy conservation. The Administration urges the Committee to consider revising priorities in the bill to fund the President's request for this program.

The Administration commends the Committee for providing funds for the new National Biological Survey. The new bureau will enable the Department of the Interior to improve the quality of biological research such that better informed decision-making will be available in the management of the nation's Federally managed lands.

The Committee bill would prohibit the establishment of any personnel ceiling for the Indian Health Service (IHS). This would prevent any IHS FTE reductions based on the President's Executive Order to reduce Federal staff. The Administration encourages the House to remove this provision.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS  
H.R. 2520 -- INTERIOR AND RELATED AGENCIES  
APPROPRIATIONS BILL, FY 1994  
(AS REPORTED BY THE FULL COMMITTEE)

The Administration looks forward to working with the Congress later in the process in an effort to address the following concerns.

FUNDING ISSUES

Department of the Interior

Bureau of Land Management -- Land Acquisition. The Administration has requested funding for the Morris K. Udall Foundation to honor the unique service to his country provided by Mr. Udall and to ensure necessary support for the Foundation's objectives. The Committee has provided no funding for the Foundation in FY 1994.

Department of Energy

State Energy Conservation Program. The Committee has reduced the requested increase in ongoing State Energy Conservation Program grants by \$10 million and has eliminated new grants for working with local utilities on demand-side management programs by \$3.5 million. The Administration believes that these energy conservation grant programs are important, particularly if energy taxes are increased, and urges the Congress to restore the proposed funding for energy conservation.

Gas Turbine Program. The Administration requests that the \$5 million reduction in the investment proposal for an advanced Gas Turbine Program be restored.

Fossil R&D. The Administration urges the Congress to eliminate increases in the Fossil R&D program.

LANGUAGE PROVISIONS

Indian Health Service (IHS). The Committee bill would prohibit the implementation of eligibility regulations for the IHS. This provision would interfere with the Executive Branch's ability to manage programs. The Administration encourages the Congress to remove this provision.

Infringements on Executive Authority. There are several provisions in the Committee bill that would mandate Congressional approval prior to Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.



June 29, 1993  
(House Rules)

# STATEMENT OF ADMINISTRATION POLICY

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

## H.R. 2010 - National Service Trust Act of 1993 (Martinez (D) CA and 215 others)

The Administration strongly supports H.R. 2010. The bill establishes an innovative Corporation for National Service to offer Americans educational awards in return for service to their country. In addition, the bill provides for a variety of other programs to develop citizenship among Americans of all ages, ranging from elementary school "service learning" projects to the National Senior Volunteer Corps. Enactment of this legislation will encourage service by all citizens and reaffirm an American community that transcends race, region, or religion.

### Pay-As-You-Go Scoring

H.R. 2010 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The bill does not contain provisions to offset the increased direct spending. Therefore, if this bill were enacted, its deficit effects could contribute to a sequester of mandatory programs.

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 2010 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending and receipts will be reported to Congress at the end of the congressional session, as required by OBRA.

### Pay-As-You-Go Estimates (\$ in thousands)

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1994-1998</u>
Outlays	*	*	*	*	*	500-750

\* - less than \$500,000

\* \* \* \* \*

**(Do Not Distribute Outside the Executive Office of the President)**

This position was developed by LRD (Mustain) in consultation with HR (Selfridge, Van Wie), BASD (Stigile), GM (Johnson), and OFFM (Green), IA (Sandy), and OIRA (Semenuk). The Departments of Education (Heindel), Labor (Morin), Health and Human Services (White), Justice (Taylor), the Interior (Harris), and the Treasury (Dorsey), and the Office of Personnel Management (Woodruff), the Office of National Service (Lew, Gordon), ACTION (Fleming), and the Peace Corps (Martin) agree with this position.

H.R. 2010 is substantially the same as the draft bill transmitted by the President on May 6, 1993. The House Education and Labor Committee marked up H.R. 2010 on June 16, 1993, and reported the bill on June 24, 1993.

**Major Provisions of H.R. 2010**

**Structure.** H.R. 2010 would establish a Corporation for National Service. The Corporation would provide: (1) grants to organizations to carry out national service programs and (2) educational awards to participants in the programs. Eligible organizations would include nonprofit organizations, institutions of higher education, school districts, local governments, States, and Federal agencies. The Federal share of assistance to operate a national service program would be 75 percent, exclusive of living allowances, health insurance, or child care assistance. The Corporation may waive the 75 percent limit under certain conditions. The Corporation also has authority to make a variety of grants to encourage the establishment of State Commissions for National Service and for other purposes.

Organizations wishing to administer a national service program must apply either through their State Commission or directly to the Corporation. Proposed programs must meet unmet human, educational, environmental, or public safety needs. The Corporation would distribute available funds for programs and educational awards in three equal parts: (1) by formula to States, (2) competitively to States, and (3) competitively to organizations (including States) applying directly to the Corporation.

**Educational Benefits.** The Corporation would pay educational awards of \$5,000 to participants in national service programs. Participants, generally age 17 and up, would be allowed to earn up to two awards, one for each term of service (1,700 hours). Individuals may use educational awards to repay student loans, to pay for attendance at an institution of higher education, or to pay for expenses in an approved school-to-work program.

Funds available for educational awards would be held in an National Service Trust account. The Trust would consist of: amounts appropriated by Congress, gifts and bequests, and interest and proceeds generated from the sale or redemption of obligations held by the Trust.

Other Benefits. Participants would also receive a living allowance that may be no less than the Volunteers In Service To America (VISTA) average annual subsistence allowance. The Corporation would pay 85 percent of the allowances; organizations administering the national service program would pay the remaining 15 percent.

Participants would also receive basic health insurance if they are not otherwise covered by a health insurance policy. The Corporation would pay for 85 percent of the insurance; organizations administering the program would pay the remainder. Finally, the Corporation would provide a child care allowance to full-time participants who require such services. The Corporation would establish guidelines for the availability of child care.

Miscellaneous. H.R. 2010 would also amend the National and Community Service Act to improve school and community-based service learning programs. The bill would do the same for the Public Lands Corps under the Youth Conservation Corps Act.

The programs administered by ACTION would be transferred to the Corporation and the Chairperson of the Corporation would assume the duties of the Director of ACTION. In addition, the functions of the Commission on National and Community Service would be transferred to the Corporation.

H.R. 2010 would also reauthorize the Domestic Volunteer Service Act of 1973 and the National and Community Service Act of 1990.

Authorization of Appropriations. H.R. 2010 would authorize total appropriations of \$687 million in FY 1994 and such sums as may be necessary in FYs 1995 and 1996. The largest authorization of appropriations is for the National Service Trust programs, totalling \$389 million in FY 1994 and such sums as may be necessary in FYs 1995 and 1996.

#### Differences between the Administration's Draft Bill and H.R. 2010

The majority of the differences between the Administration's bill and H.R. 2010 are technical in nature. The most significant differences are:

- o H.R. 2010 would transfer all ACTION functions to the Corporation for National Service and all ACTION employees would retain their civil service status. Under the

Administration's bill, only ACTION employees whose functions were transferred at the Corporation's determination retained their civil service status.

- o H.R. 2010 allows former ACTION and Peace Corps volunteers who are eligible for Social Security to receive both Civil Service Retirement System credit for their time as volunteers and Social Security benefits upon reaching age 62. The bill also would allow post-1988 ACTION and Peace Corps volunteers to receive Federal Employees Retirement System credit by making a deposit equal to 3 percent of their readjustment allowance. The Administration's bill only applied these provisions to ACTION volunteers.
- o H.R. 2010 would establish an Urban Youth Corps to rehabilitate urban public housing, recreational sites, youth and senior centers, public roads, and public works facilities. The Corps would be administered by the appropriate Federal agency and would be eligible to apply as a national service program. The Administration's bill had no such provision.
- o Under H.R. 2010, participants in national service programs would be ineligible to receive educational awards for specified periods if convicted under Federal or State law for the possession or sale of drugs. The Administration's bill had no such provision.

#### Pay-As-You-Go Scoring

Per HR (Van Wie) and BASD (Stigile), H.R. 2010 is subject to the pay-as-you-go requirement of OBRA because it affects direct spending and receipts. The bill contains several provisions that would increase receipts by authorizing Federal entities to receive gifts and bequests. OMB assumes that such receipts would be spent, and therefore estimates the pay-as-you-go effect to be zero. In addition, the retirement provisions regarding ACTION and Peace Corps volunteers would affect direct spending and receipts, with a net deficit effect estimated as less than \$500,000 in each fiscal year.

In its final estimate, CBO is unable to estimate the effect of gift and bequest authority and concurs with OMB estimates regarding the pension provisions.

LEGISLATIVE REFERENCE DIVISION  
June 28, 1993 - 12:45 p.m.



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

June 24, 1993  
(House)

# STATEMENT OF ADMINISTRATION POLICY

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

## H.R. 847 - Extension of the National Air and Space Museum (Mineta (D) California and 9 others)

The Administration supports H.R. 847.

\* \* \* \*

### (Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Weinberg), in consultation with the Smithsonian Institution (Rodgers), the Department of Transportation (Herlihy), and ES (Fellows and Norman).

The House Administration Committee ordered H.R. 847 reported with a minor amendment on June 16, 1993, by voice vote. The committee report has not been filed yet and we understand informally that a report may not be filed. Information about the bill was supplied by Smithsonian staff.

### Description

H.R. 847 would authorize appropriations for the Smithsonian Institution to plan and design an extension of the National Air and Space Museum at Washington Dulles International Airport. The bill would authorize \$8 million for fiscal years beginning with FY 1994.

### Background

The extension is for the display of large airplanes and spacecraft that are now in storage. In the past, there has been some controversy in Congress over the Smithsonian's selection of a site in Virginia over Colorado or Maryland. In particular, there was an effort to re-open the decision so that Stapleton Airport, near Denver, Colorado, could be reconsidered as the site. Smithsonian staff advise that the Colorado and Maryland congressional delegations do not object to H.R. 847.

Administration Position to Date

The SAP is consistent with testimony supporting H.R. 847 by Smithsonian Secretary Adams on March 17, 1993, before a Subcommittee of the House Administration Committee.

Pay-As-You-Go Scoring

Per ES (Norman) H.R. 847 is not subject to the pay-as-you-go requirement and CBO concurs (preliminary).

Legislative Reference Division  
6/24/93 -- 4:30 p.m.



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

June 24, 1993  
(House)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1522 - FY 1994 Panama Canal Commission Authorization  
(Tauzin (D) Louisiana and 3 others)

The Administration supports House passage of H.R. 1522.

The Administration will seek a Senate amendment to delete the requirement that each vehicle purchased by the Commission must be built in the United States. This provision is not consistent with this country's obligations under the Agreement on Government Procurement of the General Agreement on Tariffs and Trade.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Brown), in consultation with the Departments of Commerce (Van Hanswyck), Defense (Brick), Justice (Taylor), and State (Norton), GSA (Ratchford), USTR (Suro-Bredie), Panama Canal Commission (Rhode), BRCD (Zimmerman) and TCJ (Bertram).

H.R. 1522 was ordered reported by the House Merchant Marine and Fisheries Committee on May 26, 1993, by voice vote. The requirement referred to in the Statement of Administration Policy was offered by Rep. Gene Taylor (D-MS), and also passed by voice vote.

Provisions of H.R. 1522

The Panama Canal Commission (PCC) is a revolving fund agency supported by tolls imposed on users of the Canal. Under the terms of the Panama Canal Treaty, any toll revenues in excess of expenditures must be given to the Republic of Panama. By statute, the PCC is required to operate on a "break even" basis.

H.R. 1522 authorizes the PCC to make expenditures within the limits of its normal funding and borrowing authority during FY 1994 for the operation, maintenance, and improvement of the Canal. It also limits the PCC's expenditures for administrative expenses to \$51,742,000, and specifies maximum expenditures for official receptions.

Finally, the bill authorizes the PCC to purchase not more than 35 motor vehicles. These vehicles cannot cost more than \$18,000 each, and must (under the terms of the Taylor amendment) be built in the United States.

Pay-As-You-Go Scoring

According to TCJ (Bertram), H.R. 1522 is not subject to pay-as-you-go. CBO agrees (preliminary).

Administration Position to Date

The Administration has not previously expressed a position on this bill.

Legislative Reference Division  
6/24/93 -- 4:30 P.M.



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

June 29, 1993  
(House Floor)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2492 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1994  
(Sponsors: Natcher (D), Kentucky; Dixon (D) California)

This Statement of Administration Policy expresses the Administration's views on H.R. 2492, the District of Columbia Appropriations Bill, FY 1994, as reported by the House Appropriations Committee.

The Administration supports House passage of H.R. 2492, as reported by the Committee.

The Administration commends the Committee's decision to remove the prohibition on using Federal and District funds to pay for abortions for eligible low-income recipients and urges the the House to support the Committee's decision.



June 29, 1993  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

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

### H.R. 2520 -- DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1994

(Sponsors: Natcher (D), Kentucky; Yates (D), Illinois)

This Statement of Administration Policy presents the Administration's views on H.R. 2520, the Department of the Interior and Related Agencies Appropriations Bill, FY 1994, as reported by the House Appropriations Committee. The Administration supports House passage of H.R. 2520 and will work with the Congress to address the concerns described below and in the attachment.

The Administration supports the Committee action that funds many of the President's investment proposals for the Departments of the Interior and Energy, the Forest Service, and the Indian Health Service.

The Administration commends the Committee for its support of the enhanced natural resource protection and environmental infrastructure investment initiative. These funds are critical to furthering the protection and rehabilitation of America's inventory of natural and cultural assets, including our national parks and forests. They are also crucial to formulating an appropriate, comprehensive response to the April 1993 forest conference on the Pacific Northwest.

When considering community stability for those areas affected by the spotted-owl issue, the Administration believes that full funding for investment initiatives affecting the Pacific Northwest is essential. These initiatives include Forest Stewardship, research, construction, maintenance, and funds for the Columbia River Gorge projects in the Forest Service; park operations in the National Park Service; and facilities maintenance in the Bureau of Land Management.

The Committee bill would lower the amount of receipts guaranteed to counties in the Pacific Northwest affected by reduction in timber production due to spotted-owl court injunctions. The Administration strongly supports continuing this guarantee at the current level for FY 1994. This "safety net" would provide affected counties in the Pacific Northwest with sufficient payments to offset lower timber harvest levels

that are expected under the Administration's follow-up to the April 1993 forest conference. The Administration would support an amendment that would continue the guarantee at the current level for FY 1994.

The Administration is concerned that the Committee has reduced the President's request for the Department of Energy's Weatherization Assistance program by \$25.8 million and has eliminated the State or utility matching-fund requirement. These are an important part of the President's investment initiatives in energy conservation. The Administration urges the Committee to consider revising priorities in the bill to fund the President's request for this program.

The Administration commends the Committee for providing funds for the new National Biological Survey. The new bureau will enable the Department of the Interior to improve the quality of biological research such that better informed decision-making will be available in the management of the nation's Federally managed lands.

The Committee bill would prohibit the establishment of any personnel ceiling for the Indian Health Service (IHS). This would prevent any IHS FTE reductions based on the President's Executive Order to reduce Federal staff. The Administration encourages the House to remove this provision.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS  
H.R. 2520 -- INTERIOR AND RELATED AGENCIES  
APPROPRIATIONS BILL, FY 1994  

---

**(AS REPORTED BY THE FULL COMMITTEE)**

The Administration looks forward to working with the Congress later in the process in an effort to address the following concerns.

**FUNDING ISSUES**

Department of the Interior

Bureau of Land Management -- Land Acquisition. The Administration has requested funding for the Morris K. Udall Foundation to honor the unique service to his country provided by Mr. Udall and to ensure necessary support for the Foundation's objectives. The Committee has provided no funding for the Foundation in FY 1994.

Department of Energy

State Energy Conservation Program. The Committee has reduced the requested increase in ongoing State Energy Conservation Program grants by \$10 million and has eliminated new grants for working with local utilities on demand-side management programs by \$3.5 million. The Administration believes that these energy conservation grant programs are important, particularly if energy taxes are increased, and urges the Congress to restore the proposed funding for energy conservation.

Gas Turbine Program. The Administration requests that the \$5 million reduction in the investment proposal for an advanced Gas Turbine Program be restored.

Fossil R&D. The Administration urges the Congress to eliminate increases in the Fossil R&D program.

**LANGUAGE PROVISIONS**

Indian Health Service (IHS). The Committee bill would prohibit the implementation of eligibility regulations for the IHS. This provision would interfere with the Executive Branch's ability to manage programs. The Administration encourages the Congress to remove this provision.

Infringements on Executive Authority. There are several provisions in the Committee bill that would mandate Congressional approval prior to Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.



*file*  
May 27, 1993  
(House)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2264 - Omnibus Budget Reconciliation Act of 1993  
(Sabo (D) Minnesota)

The Administration strongly supports H.R. 2264. House passage of this measure is a critical step toward enactment of the President's economic program.

The bill provides substantial, fair, and balanced deficit reduction that is essential to the Nation's economic future. It will free capital for private investment and lead to more jobs and higher living standards for working families today and in the future.

H.R. 2264 will be the largest deficit reduction package in the Nation's history, implementing the \$500 billion in deficit reduction called for by the budget resolution. It is a balanced measure that provides approximately one dollar of spending cuts for every dollar of additional revenues over five years, with more spending cuts than tax increases in the longer term. Savings come from every major area of the budget, including farm and veterans' programs, Social Security, Medicare and Medicaid, Federal pay and retirement benefits, and defense and non-defense discretionary spending.

Of the added revenues in the legislation, 75 percent come from the six percent of all taxpayers with incomes of over \$100,000.

H.R. 2264 also contains targeted investments that the President has proposed in a number of vital areas, such as childhood immunizations, family support and preservation, the earned income tax credit, and empowerment zones. These investments are fully paid for.

The Administration supports the budget enforcement measure made in order as part of H.R. 2264 by the Rules Committee that addresses discretionary spending, pay-as-you-go requirements, sequestration enforcement, and entitlement spending, and that establishes a deficit reduction trust fund. These tools are essential to ensuring that the deficit reduction provided by the bill is actually achieved and maintained.

The President's commitment to deficit reduction has already brought long-term interest rates down dramatically. To maintain that momentum, it is critical that the House adopt the reconciliation bill and send it to the Senate.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This draft Statement of Administration Policy was developed by the Legislative Reference Division (Steiger), in consultation with the Department of the Treasury (Assistant Secretary Samuels, Alan Cohen), CEA (Chairwoman Tyson), NEC (), the White House Offices of Legislative Affairs (Paster), Communications (), and the Deputy Chief of Staff (), OVP (Simon), External Affairs (Toiv), EP (Minarik), AD/B (Anderson), BASD (Lind, Balis, and Barth), and LVE (Selfridge).

H.R. 2264 was ordered reported by the House Budget Committee by a party-line vote of 26-17 on May 20th. According to committee staff, the report is expected to be filed on Tuesday, May 25th. The bill is expected to be considered by the Rules Committee on Wednesday, May 26th and on the House floor on Thursday, May 27th.

Description of H.R. 2264

The following briefly describes the major provisions of H.R. 2264 organized by the House Committee that reported the provisions. It is based on the descriptions contained in the Director's briefing package dated May 14th.

AGRICULTURE

5 Year Savings Target: \$2.95 billion

Savings Achieved

- o Increases "triple base" acres (crops grown on these acres are not eligible for deficiency payments) for program crops from 15 to 20 percent, starting with 1994 crop.
- o Increases assessments on some non-program crops: by 10 percent for tobacco and sugar, by 2 percent for peanuts.
- o Decreases current law assessment on dairy to 10 cents.
- o Reduces Market Promotion Program to \$148 million per year (equals FY 93 level).
- o Lowers payment limit on honey, and wool and mohair programs to \$50,000. Reduces honey program loan rate. Eliminates marketing assessment on wool.
- o Increases Forest Service recreation fees.
- o Stretches out sign-ups beyond 1995 for Conservation and Wetlands Reserve Programs.

- o Adjusts purchase prices to effectively buy more milk powder and buy less butter.
- o Creates free catastrophic crop insurance for losses above 65 percent.
- o Reforms Rural Electrification Administration (REA) to reduce 5 percent loans and establish municipal bond rate and Treasury rate loan programs. Consolidates REA under the Rural Development Administration.
- o Expands Food Stamp benefits to improve the well-being of low-income families and help offset the effects of the energy tax.

#### ARMED SERVICES

5 Year Savings Target: \$2.4 billion direct spending  
\$20.3 billion authorization

#### Savings Achieved:

- o Delays the 1994 military retiree COLA by four months from January to May 1994.
- o Delays the 1995 through 1998 military retiree COLAs by three additional months each year. These COLAs would be granted August 1995, November 1996, February 1998, and May 1999.
- o Exempts disabled retirees and survivors from the COLA delays.
- o Achieves required discretionary spending targets by:
  - Freezing military pay in 1994
  - Reducing ECI-based military pay raises by one percentage point in 1995, 1996 and 1997.

#### BANKING, FINANCE AND URBAN AFFAIRS

5 Year Savings Target: \$3.1 billion

#### Savings Achieved:

- o Authorizes HUD to use IRS data to verify the income of families that live in assisted housing. Savings result from more accurate reporting of income since housing subsidies vary inversely with income levels.
- o Approves the use of real estate mortgage insurance conduits by the Government National Mortgage Association. Savings

are due to the additional guarantee fees GNMA collects from each REMIC.

- o Accelerates the rate at which the Federal Housing Administration's Mutual Mortgage Insurance Fund collects a one-time upfront fee from homebuyers.
- o Requires the transfer of earnings from the Federal Reserve's surplus reserves to the Treasury in 1997 and 1998.
- o Grants national depositor preference to the Federal Deposit Insurance Corporation, the Resolution Trust Corporation and all uninsured depositors. This preference gives them first claim to the assets of a failed depository institution.

#### EDUCATION AND LABOR

5 Year Savings Target: \$5.8 billion

##### Savings Achieved:

- o Converts the guaranteed student loan program into a direct loan program and provides student borrowers with a range of flexible loan repayment options.
- o To encourage States to insure that post-secondary institutions provide quality educations, charges an annual fee based on the dollar amount of defaults by borrowers who attended schools within the State that is in excess of 20 percent.
- o Removes unintended barriers preventing States from recovering Medicaid payments properly paid by private health insurance.

#### ENERGY AND COMMERCE

Total 5 Year Savings Target: \$64.6 billion

5 Year Savings Target: \$7.2 billion for Auction of the Radio Spectrum

##### Savings Achieved:

- o Authorizes auctions for assignment of FCC licenses for use of the radio spectrum. (Treats spectrum licenses the same as licenses for offshore drilling, grazing on federal land, and harvesting timber from national forests.)

5-Year Savings Target: \$1.16 billion for Nuclear Regulatory Commission (NRC) Fees

Savings Achieved:

- o Extends for FYs 96 - 98 the current requirement that the NRC recover 100 percent of its costs through user fees. (Without this amendment, NRC would only recover 33 percent of its costs through user fees.)

5 Year Savings Targets: \$48.35 billion for Medicare  
\$7.9 billion for Medicaid

Savings Achieved -- Medicare:

- o Reduces the Medicare Volume Performance Standard, which would limit future physician payment fee increases.
- o Limits payments for clinical laboratory tests.
- o Extends current reductions on reimbursement for hospital outpatient capital costs and sets reasonable costs.
- o Reforms Medicare Secondary Payer rules that help ensure that other insurance pays before Medicare trust funds are used.
- o Reduces the scheduled 1994 increase in physician fees.
- o Limits payments for durable medical equipment.
- o Expands the ban on self-referrals by physicians, i.e., to facilities in which the physicians have a financial interest.
- o Extends Part B (SMI) premium levels beyond 1995.

Note: The Committee has limited jurisdiction over Medicare that does not include most Part A services. Therefore, the Energy and Commerce Committee package of \$28.1 billion in Medicare savings, in combination with the Ways and Means Part A recommendations, exceeds established savings targets.

Savings Achieved -- Medicaid:

The Committee exceeded by \$356 million the five-year savings target of \$7.9 billion. The Committee adopted most of the President's budget initiatives at least in part. These proposals would:

- o strengthen Medicaid transfer-of-asset restrictions and mandate estate recovery programs in all States to ensure that individuals with substantial assets pay their fair share for long-term care services;

- o improve States' abilities to enforce medical support for children and recover other types of third-party payments;
- o enable States to adopt prescription drug formularies;
- o assure that disproportionate share hospital payments to public hospitals are tied to costs; and
- o correct an error that would have mandated coverage of personal care services in all States, thus allowing States to retain personal care as an optional benefit;

### Investments

- o The Committee adopted legislation to help ensure that the Nation's children have access to immunizations. The Committee's immunization proposal will purchase pediatric vaccines for: (1) all Medicaid eligible children, (2) Native American children, (3) uninsured children, and (4) insured children whose insurance fails to cover vital immunization services.
- o The Committee also adopted the President's immunization monitoring and notification proposal. This proposal will allow monitoring of children's immunizations and notifying parents of upcoming or missed immunizations.
- o The Committee extended some areas of Medicaid coverage, including:
  - raising the cap on Federal Medicaid contributions to Puerto Rico and the other U.S. territories; and
  - funding medical assistance payments for States with a disproportionate share of border-crossing individuals.
  - extending eligibility for some Medicaid services to impoverished TB patients.

### FOREIGN AFFAIRS

5 Year Savings Target: \$5 million

#### Savings Achieved:

- o Supports the PO & CS Committee legislation to delay COLAs for three months in '94, '95, and '96 for Foreign Service retirement program.

### JUDICIARY

5 Year Savings Target: \$0.3 billion

Savings Achieved:

- o Extends for FYs 96-98 current patent fee surcharges that expire at the end of FY 95. This proposal does not increase patent fees beyond levels anticipated under current law.

MERCHANT MARINE AND FISHERIES

5 Year Savings Target: \$0.2 billion

Savings Achieved:

- o Extends for FYs 96 - 98 the current Tonnage Duty Fees that expire at the end of FY 95. This proposal does not increase fees beyond current levels. The fees are paid by all ships entering U.S. ports after calling on foreign ports.

NATURAL RESOURCES

5 Year Savings Target: \$2 billion

Savings Achieved:

- o Permanently recovers 50 percent of Administrative costs for Federal mineral leasing programs prior to the sharing of receipts with States.
- o Permanently institutes a hard rock mining claim maintenance fee in lieu of the current assessment work requirement.
- o Authorizes collecting a surcharge from beneficiaries of Federal western water projects.
- o Expands the authority for the collection of certain recreation fees and user fees for rights-of-ways, commercial tours, and communication sites on Federal lands.
- o Reforms grant assistance for the Commonwealth of the Northern Mariana Islands.
- o Extends through FY 98 the existing requirement that the Nuclear Regulatory Commission recover 100 percent of its costs through user fees.

POST OFFICE and CIVIL SERVICE

5 Year Savings Target: \$10.6 billion direct spending  
\$28.7 billion authorization

Savings Achieved:

- o Eliminates the 1994 annual civilian pay adjustment; reduces the adjustment by 1 percent in 1995, 1996, and 1997; and delays to July 1 the effective date of the adjustment beginning in 1995 and ending in 2003.
- o Delays to July 1st the effective date of locality pay beginning in 1994 and imposes a ceiling on the cost of locality pay for FYs 94-98.
- o Reduces the Federal workforce by 150,000 over the next five fiscal years.
- o Eliminates cash awards between FYs 94-98.
- o Caps the amount of annual leave that members of the Senior Executive Service can accumulate.
- o Delays COLAs for civilian retirees by three months during FYs 94-96.
- o Permanently eliminates the "lump sum" retirement option except for the critically ill, beginning January 1, 1994.
- o Extends the current formula that determines the government's share of Federal Employee Health Benefit premiums through 1998.
- o Adopts medicare limits for charges physicians and other providers may make to Federal Employee Health Benefits enrollees age 65 and over who are not Medicare eligible.
- o Requires the U.S. Postal Service to make payments, over three years, to the Civil Service Retirement and Disability Fund and to the Federal Employees Health Benefits Fund to satisfy past Postal pension and health care liabilities.

#### PUBLIC WORKS AND TRANSPORTATION

5 Year Savings Target: \$0.3 Billion

#### Savings Achieved:

- o Charges more equitably for Federal Aviation Administration services provided to users of the national airspace system. These charges are described below.
- o Increases annual general aviation aircraft registration fee and ties it to aircraft weight.
- o Increases general aviation aircraft title recordation fee to \$200. (This is a one-time fee paid whenever an aircraft is bought or sold.)

- o Establishes an aviation medical examiner certification fee of \$500.
- o Increases the triennial pilot certificate fee of \$12.
- o Permits the Army Corps of Engineers to increase fees for the use of recreational facilities it administers.

VETERANS AFFAIRS

5 Year Savings Target: \$2.6 billion.

Savings Achieved:

- o Extends five provisions in current law that allow VA to:
  - Collect from veterans health insurers the costs of medical care provided by VA to veterans with military-related disabilities for the treatment of non-military related conditions.
  - Collect a \$2 copayment for each 30-day supply of outpatient prescription drugs that are not for the treatment of military-related disabilities.
  - Use Internal Revenue Service and Social Security Administration data to verify veterans' incomes in the income-tested pension and medical care programs.
  - Limit pension payments to \$90 per month for veterans living in Medicaid nursing homes.
  - Include the costs of expected losses on the resale of foreclosed property in the formula that determines whether it is more cost-effective to acquire the property and sell it or pay the guarantee to the lender.
- o Increases fees charged for most VA home loans by .75 percent.
- o Authorizes VA to collect from veterans' health insurers the cost of care for treatment of military-related conditions.
- o Freezes the annual increase in benefits for surviving family members who receive the highest benefits payments.
- o Reduces the new annual increase in GI Bill benefits by one percent.
- o Limits educational assistance benefits for veterans' dependents to natural and adopted children of veterans.

WAYS AND MEANS

5 Year Savings Target: \$48.35 billion for Medicare

Savings Achieved:

- o The Ways and Means Medicare package would save \$50.5 billion over five years -- meeting the savings objectives of the President's budget.
- o Ways and Means placed a two-year hold on increasing the fees to Medicare health providers. These temporary limits on payment increases to hospitals, physicians, and other Medicare providers would save \$38 billion over five years.
- o Medicare Secondary Payer reforms that help assure that automobile, workers compensation and other insurance pay before Medicare trust funds are used.
- o The Committee extended the Part B (SMI) premium levels beyond 1995.
- o The Committee adopted a tough, expanded prohibition on self-referrals by physicians, i.e., to facilities in which they have a financial interest.

5 Year Investment Target: \$20.48 billion (net) for Child Support Enforcement, Matching Rates for Welfare Programs, Family Preservation and EITC

Investments

- o Increases the earned income tax credit for working families with children, and creates a new credit for low income workers without children.
- o Initiates a new family support and preservation program to provide low-income parents with the skills to help raise their children and services to prevent the need for foster care placement.
- o Establishes tax and other incentives for Empowerment Zones to stimulate economic growth and job creation in distressed urban and rural areas. (The poverty criteria some areas would be required to meet are less strict than in the Administration's bill and certain additional tax credits are made available.)
- o Extends expiring Trade Adjustment Assistance program for three years to provide training and income support to workers who lose their jobs because of increased imports.

- o Improves child support enforcement by streamlining paternity establishment procedures and strengthening medical support enforcement.
- o Changes various Federal funding match rates for State administrative costs of the AFDC program to a uniform 50 percent.
- o Charges States fees for a portion of the cost of administering their State supplemental SSI payments.
- o Increases Federal share of Unemployment Insurance Extended Benefits costs to 75 percent (from 50 percent) to encourage States to adopt the optional trigger for this stand-by program, making the program more widely available.

#### Debt Limit

- o The bill increases the statutory debt limit to \$4.9 trillion.

#### Anticipated Rules Committee Amendment

[To be supplied.]

#### Pay-As-You-Go Scoring

The following table was supplied by BASD (Balis). "Instructions" refers to the reconciliation instructions contained in the budget resolution. The OMB figures are preliminary.

#### RECONCILIATION SAVINGS (\$ in billions)

	<u>Instructions</u>		<u>H.R. 2264</u>	
	<u>1994</u>	<u>1994-98</u>	<u>1994</u>	<u>1994-98</u>
<b>OMB Estimates:</b>				
Outlays .....	-3.2	-59.4	-2.6	-55.4
Receipts .....	-36.2	-295.7	-36.5	-293.0
Deficit .....	-39.4	-355.1	-39.1	-348.4
<b>CBO Estimates:</b>				
Outlays .....	-4.4	-63.1	-4.0	-61.4
Receipts .....	-27.4	-272.7	-32.7	-275.5
Deficit .....	-31.8	-335.8	-36.7	-336.9

Note: Receipt increases are shown as minuses because they reduce the deficit.

Legislative Reference Division

5/27/93 - 11:30 a.m.



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

May 26, 1993  
(House)

*file*

## STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2118, General Supplemental Appropriations for FY 1993**  
(Sponsor: Natcher (D), Kentucky)

The Administration supports passage of H.R. 2118, as reported by the Committee on Appropriations. H.R. 2118 contains necessary funding for several important programs such as Small Business Administration Business Loans, for which funds are currently exhausted, and Veterans Compensation and Pensions.



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

May 26, 1993  
(House)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2244, Second Supplemental Appropriations Bill for FY 1993  
(Natcher (D), Kentucky)

The Administration supports passage of H.R. 2244.

In an effort to provide a down payment on the Administration's long-term investment program, the President asked Congress to consider a new package of key, targeted investments. H.R. 2244 contains these key investments.

The Administration supports the Committee's efforts to offset the spending contained in this legislation. While the Administration has concerns with a few of the items selected for rescission, we will work to resolve these concerns later in the process.

The mandate of the American people in November was to promote change and move this Nation forward. This legislation will help fulfill that mandate.

file



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

May 18, 1993  
(House)

# STATEMENT OF ADMINISTRATION POLICY

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

H.R. 873 - Gallatin Range Consolidation and Protection Act  
(Williams (D) Montana)

The Administration supports H.R. 873.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy (SAP) was prepared by LRD (Crutchfield) in consultation with NRD (Saunders, Weatherly and Cogswell), Agriculture (Reese), Interior (West), Energy (Honick), Justice (Novak), EPA (Wood), and White House (Miller).

The House Natural Resources Committee (HNRC) ordered reported, by voice vote, H.R. 873 as an amendment in the nature of a substitute on March 31, 1993. The substitute incorporated only technical amendments to the bill as introduced. This SAP is consistent with Department of Agriculture testimony on H.R. 873 before the HNRC on March 23, 1993.

## Background

Federal landholdings in southern Montana are currently arranged in a "checkerboard" pattern, a legacy of 19th-century policies that granted millions of acres of Federal lands to railroads. Because this patchwork of ownership complicates land management, the Federal Government has sought since the 1920s to consolidate Federal land ownership. Most recently, the Forest Service (FS) has negotiated terms for a land exchange with the Plum Creek Timber Company. Language to authorize this land exchange was included in a 1988 Montana wilderness bill that was vetoed by President Reagan and in a 1992 Montana wilderness bill that nearly passed in the last days of the 102nd Congress.

The Montana delegation has decided to move the exchange proposal separately this year because the new landowner, Big Sky Timber Company (the Company), has contractual obligations to supply timber by June. The Company would use the lands it gains to satisfy these obligations. The FS would use the lands it gains

to consolidate ownership in the Gallatin National Forest (NF), just north of Yellowstone National Park.

#### Provisions of H.R. 873

H.R. 873 directs the Secretary of Agriculture to acquire from the Company 37,752 acres of inholdings within the Gallatin NF. In exchange, the Secretary must offer 12,414 acres of FS land scattered throughout Montana and a \$3.4 million cash equalization payment from the Land and Water Conservation Fund (LWCF).

This exchange is contingent upon the Secretary acquiring other Company lands, totalling 19,250 acres, within the Gallatin NF boundaries. The exchange may also take place if these other lands are acquired by a not-for-profit corporation for later conveyance to the Secretary. The Secretary is directed to acquire these other lands by exchange or purchase with funds authorized to be appropriated from the LWCF.

In addition, H.R. 873 directs the Secretary to pursue acquisition of the remaining 24,000 acres of Company lands dispersed throughout the Gallatin NF. Such sums as may be necessary are authorized to be appropriated from the LWCF for this purpose. The Secretary must report to Congress annually for three years on the status of this acquisition effort.

Finally, the bill authorizes the Secretary, in consultation with the Secretary of the Interior, to negotiate an exchange of mineral rights with the Burlington Northern Company (BNC). This exchange involves BNC mineral rights underlying NF lands and U.S. mineral rights underlying BNC lands. This exchange would consolidate subsurface mineral rights with surface ownership, eliminating "split estates" and enhancing the management of both public and private lands. The value of mineral interests exchanged must be approximately equal based on available information.

#### Pay-As-You-Go Scoring

According to Agriculture (Reese) and NRD (Saunders), H.R. 873 would not affect direct spending or receipts. Therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The CBO's preliminary scoring agrees with this estimate.



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OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

May 17, 1993  
(House)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1934 - FY 1994 Federal Maritime Commission Authorization  
(Lipinski (D) Illinois and 3 others)

The Administration supports H.R. 1934.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Brown), in consultation with the Department of Transportation (Saunders), the Federal Maritime Commission (Miles), the National Economic Council (Deich), TCJ (DiBari), and OIRA (Clarke).

On May 5th, the House Merchant Marine and Fisheries Committee voted unanimously by voice vote to order H.R. 1934 reported without amendment. (As of May 13th, the report had not been filed.) The bill's one Democratic cosponsor is the Chairman of the Merchant Marine and Fisheries Committee, Representative Gerry Studds of Massachusetts.

### Description of H.R. 1934

Consistent with the 1994 Budget, H.R. 1934 authorizes 1994 appropriations of \$19,450,000 for the Federal Maritime Commission (FMC).

H.R. 1934 also eliminates a statutory inconsistency. Under 46 U.S.C. 817(e)(a), the FMC is responsible for determining standards to assure that passenger vessel operators are able to reimburse passengers in the event that voyages are not performed. The FMC has issued regulations requiring the ability to reimburse losses totaling up to a "cap" of \$15,000,000, based on the size of an operator's passenger vessel operations. This ability may be demonstrated through several means such as insurance, posting of collateral, or bonding.

46 U.S.C. 817(e)(b), however, states that bonds shall be "equal to the estimated total revenue" of the transportation they provide. According to FMC staff (Miles), this provision could be interpreted as requiring certain operators who choose to demonstrate financial responsibility through bonding to purchase

bonds in amounts far in excess of the FMC's \$15,000,000 "cap."  
H.R. 1934 would repeal this provision.

Pay-As-You-Go Scoring

Per TCJ (DiBari), H.R. 1934 is not subject to pay-as-you-go. CBO  
preliminarily agrees.

Administration Position to Date

The Administration has not previously taken a position on this  
bill.

Legislative Reference Division  
5/17/93 -- 6:30 p.m.



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

May 17, 1993  
(House)

## STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1313 - National Cooperative Production  
Amendments Act of 1993  
(Brooks (D) Texas and 13 others)

The Administration supports H.R. 1313.

\* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Ratliff), in consultation with the Departments of Justice (Burton/Evans), Commerce (Clark), State (Keppler), and the Treasury (Levy), USTR (Broadman), NEC (Kalil), White House Office of the Chief of Staff (Podesta), DPC (Strong), WH LA (Thornton), TCJ (Silas), GC (Damus), IA (Miller), OFPP (Vallina), and NS (Henry).

On March 24th, the House Judiciary Committee by voice vote ordered H.R. 1313 reported with one amendment modifying one of the reporting requirements in the legislation. Economic and Commercial Law Subcommittee staff (Slover) expects the report to be filed today. The legislation has 10 Democratic cosponsors: Berman (California), Mazzoli (Kentucky), Frank (Massachusetts), Glickman (Kansas), Mann (Ohio), Scott (Virginia), Reed (Rhode Island), Nadler (New York), Edwards (California), and Boucher (Virginia).

Subcommittee staff (Slover) advises that a substitute will be brought to the floor that will make minor changes to the legislation's reporting requirements. (Text is not yet available.)

### Background

The National Cooperative Research Act (NCRA) currently provides that courts must use a "rule of reason" analysis (instead of a "per se" test) in antitrust actions involving joint research and development ventures. Thus, courts must consider any procompetitive benefits of cooperative research activities when determining if the antitrust laws have been violated.

### Major Provisions of H.R. 1313

H.R. 1313 would extend the "rule of reason" analysis requirement to antitrust actions brought against certain joint production ventures. In addition, H.R. 1313 would limit antitrust liability to actual damages (instead of treble damages) for those joint production ventures filing a disclosure notice as provided for by the NCRA.

Courts would be required to consider "worldwide capacity" to the extent it was appropriate when determining if a joint production venture had violated the antitrust laws. (The NCRA specifies that courts must take into account all relevant factors affecting competition when applying the "rule of reason" standard.

H.R. 1313 would, in effect, define worldwide capacity as one such factor for consideration.)

The Act's protection only would apply to joint production ventures meeting two criteria: (1) the venture's principal production facilities would have to be located in the United States or its territories, and (2) each "person" (under current law, "person" would include individuals, corporations and other entities) who controlled any party to the venture would have to be a U.S. person or a foreign person from a country whose law accorded antitrust treatment for joint production ventures that was no less favorable to U.S. persons than to that country's domestic persons.

H.R. 1313 also would require the Attorney General to report to the House and Senate Judiciary Committees on joint ventures and U.S. competitiveness. The Attorney General annually would have to list the joint ventures filing a disclosure notification and the cases and proceedings brought with respect to those ventures. Every three years, the Attorney General would have to analyze the trends in U.S. competitiveness in the technological areas most commonly pursued by covered joint ventures. Finally, within one year of enactment of the legislation, the Attorney General would be required to report on the antitrust treatment under certain foreign laws of U.S. businesses that are parties to joint ventures.

### S. 574

On March 25th, the Senate Judiciary Committee ordered reported amended S. 574, the Senate companion bill, by voice vote. As amended, the legislation is essentially identical to H.R. 1313. The principal difference between the two bills is that the annual and triennial reporting requirements would apply for nine years under S. 574, but would apply indefinitely under H.R. 1313.

(Subcommittee staff (Slover) advises that the reporting requirements in the floor substitute for H.R. 1313 would apply for six years.)

Administration Position to Date

The President's February 22nd document ("Technology for America's Economic Growth") endorses extending the National Cooperative Research Act of 1984 to cover joint production ventures. On March 11th, the President issued a statement commending Rep. Brooks and Senators Leahy and Biden on the introduction of H.R. 1313 and S. 574, the Senate companion bill.

On March 24th, OMB cleared Justice proposed amendments to H.R. 1313/S. 574 for informal transmission to the House and Senate Judiciary Committees. The primary amendment would have allowed principal production facilities to be located not only in the United States, but also in foreign countries whose antitrust laws did not discriminate against U.S. companies. Only a minor amendment was accepted by the Judiciary Committees.

Pay-As-You-Go Scoring

According to TCJ (Silas), H.R. 1313 is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 because it would not affect direct spending or receipts. CBO agrees. (final).

Legislative Reference Division

5/17/93 -- 6:30 p.m.



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

*file*

May 17, 1993  
(House Rules)

# STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1159 - Passenger Vessel Safety Act of 1993  
(Tauzin (D) Louisiana and 3 others)

The Administration supports H.R. 1159.

Pay-As-You-Go Scoring

H.R. 1159 would increase receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 1159 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending and receipts will be reported to Congress at the end of the Congressional session, as required by OBRA.

PAY-AS-YOU-GO ESTIMATES  
(receipts in millions)

<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1993-1998</u>
*	.5	.5	.5	.5	.5	2.5

\* Less than \$100,000.

\* \* \* \* \*

(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Brown), in consultation with the Departments of Transportation (DeCell) and Commerce (Brown), the National Economic Council (Seidman), OIRA (Clarke), and TCJ (Bertram).

H.R. 1159 was ordered reported as amended by the House Merchant Marine and Fisheries Committee on May 5th by voice vote. (As of May 13, 1993, the report had not been filed.) The bill has two Democratic cosponsors: Representative Cleo Fields of Louisiana and Representative Gerry Studds of Massachusetts, the Chairman of the Merchant Marine and Fisheries Committee.

Description of H.R. 1159

As ordered reported by the House Merchant Marine and Fisheries Committee, H.R. 1159 would:

- Replace several statutory definitions of "passenger" and "passenger vessel" with single, consistent definitions.
- Clarify that the Coast Guard's regulatory authority extends to all chartered passenger vessels which meet statutory standards for coverage -- including vessels that are chartered without crews (so-called "bare-boat" charters). Vessel safety regulations would not begin to apply to "bare-boat" charters until May 1, 1994. The Secretary of Transportation could delay coverage for up to an additional year for particular vessels where they are unable to comply despite having attempted with due diligence to do so.
- Clarify the application of the marine safety statutes to uninspected passenger vessels, small passenger vessels, offshore supply vessels, submersible vessels, and sailing school vessels.
- Authorize the Secretary of Transportation, where circumstances warrant, to waive certain vessel passenger safety standards with respect to excursion or oceanographic research vessels.
- Require the Secretary of Transportation, within 24 months of enactment, to issue regulations mandating safety equipment and construction standards for certain uninspected vessels.

Pay-As-You-Go Scoring

Per TCJ (Bertram), H.R. 1159 would increase receipts by \$500,000 a year because it would increase the universe of vessels which are subject to Coast Guard safety inspection requirements. Coast Guard charges a fee for such inspections. CBO preliminarily concurs.

Administration Position to Date

On March 3, 1993, the Department of Transportation testified before a House Merchant Marine and Fisheries subcommittee in favor of H.R. 1159. In a May 4, 1993, letter to the Chairman of the full Committee, the Department reiterated its support for the bill.