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**Folder Title:**
Statements of Administration Policy (SAPs), Fiscal Year 1995 [Binder] [1]

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# FY95 SAPs
# Administration Statements of Policy

# ADMINISTRATION STATEMENTS OF POLICY

| Bill | | Date | To | As Passed By |
|---|---|---|---|---|
| HR 2099 | VA-HUD | 7/17 | House Approp Cmte/Livingston | House VA-HUD Subcmte |
| | | 7/24 | SAP: House Rules | House Approps Cmte |
| | | 7/26 | SAP: House Floor | House Approps Cmte |
| | | 8/12 | Senate Approp Cmte/Hatfield | House |
| | | 9/13 | Senate Approp/Mikulski | Senate VA-HUD Subcmte |
| HR 2076 | Cmrce, Justice | 7/18 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 7/20 | SAP: House Rules | House Approps Cmte |
| | | 7/24 | SAP: House Floor | House Approps Cmte |
| | | 8/12 | Senate Approp Cmte/Hatfield | House |
| | | 9/12 | Senate Approp Cmte/Byrd | Senate Subcmte |
| | | 9/14 | SAP: Senate Floor | Senate Approps Cmte |
| HR 1905 | Energy & Water | 6/20 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 7/20 | Senate Approp Cmte/Hatfield | House |
| | | 7/31 | SAP: Senate Floor | Senate Approps Cmte |
| HR 1977 | Interior | 6/21 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 7/12 | SAP: House Floor | House Approps Cmte |
| | | 7/25 | Senate Approp Cmte/Hatfield | House |
| | | 8/4 | SAP: Senate Floor | Senate Approps Cmte |
| | | 9/18 | Conference Cmte/Byrd | House and Senate |
| HR 2127 | Labor HHS Educ | 7/19 | House Approp Cmte/Obey | House Approps Subcmte |
| | | 7/27 | SAP: House Rules | House Approps Cmte |
| | | 8/2 | SAP: House Floor | House Approps Cmte |
| | | 8/12 | Senate Approp Cmte/Hatfield | House |
| | | 9/14 | Senate Approp Cmte/Byrd | Senate Approps Subcmte |
| HR 2002 | Transportation | 7/19 | SAP: House Rules | House Approps Cmte |
| | | 7/21 | SAP: House Floor | House Approps Cmte |
| | | 8/1 | Senate Approp Cmte/Hatfield | House |
| | | 8/9 | SAP: Senate Floor | Senate Approps Cmte |
| | | 9/13 | Conference Cmte/Byrd | House and Senate |
| HR 1976 | Agriculture | 6/21 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 7/18 | SAP: House Floor | House Approps Cmte |
| | | 8/11 | Senate Approp Cmte/Hatfield | House |
| | | 9/18 | SAP: Senate Floor | Senate Approps Cmte |

| Bill | | Date | To | As Passed By |
|---|---|---|---|---|
| HR. 2126 | DOD | 7/20 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 8/10 | SAP: Senate Floor *(S.1087)* | Senate Approps Cmte |
| | | 9/7 | SAP: House Floor | House Approps |
| | | 9/18 | Conference Cmte/Byrd | House and Senate |
| HR 2020 | Treasury Postal | 7/10 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 7/24 | Senate Approp Cmte/Hatfield | House |
| | | 7/27 | Senate Approp Cmte/Hatfield | Senate Approps Subcmte |
| | | 8/3 | SAP: Senate Floor | Senate Approps Cmte |
| | | 9/12 | Conference Cmte/Byrd | House and Senate |
| HR 1868 | Foreign Ops | 6/22 | SAP: House Floor | House Approps Subcmte |
| | | 9/14 | Senate Approp Cmte/Hatfield | Senate Approps Subcmte |
| | | 9/20 | SAP: Senate Floor | Senate Approps Cmte |
| HR | Leg/DC | 9/6 | House: Gingrich | veto threat |
| HR 1817 | Mil. Construction | 6/13 | House Approp Cmte/Livingston | House Approps Subcmte |
| | | 6/15 | SAP: House Rules | House Approps Cmte |
| | | 6/16 | SAP: House Floor | House Approps Cmte |
| | | 7/18 | Senate Approp Cmte/Hatfield | House |
| | | 7/20 | SAP: Senate Floor | Senate Approps Cmte |
| | | 9/14 | Conference Cmte/Byrd | House and Senate |

# Clinton Presidential Records
# Digital Records Marker



Divider Title: VA-HUD

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

THE DIRECTOR

July 17, 1995

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the House Subcommittee.

The Administration is committed to balancing the Federal Budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, we do not share the priorities reflected in the Subcommittee's mark or support the level of funding assumed by the Committee's 602(b) allocations.

For the reasons discussed below, the President's senior advisors would recommend that the President veto the bill if it were presented to him in its current form.

Corporation for National and Community Service

The Subcommittee would terminate the President's National Service initiative, one of this Administration's top priorities. We urge the Committee to reconsider and to provide funding at the requested level of $819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Administration opposes the excessive cut of over $5 billion to the President's request for HUD. The budget can be balanced by FY 2005 while preserving essential commitments to low-income households and communities. By providing no new housing vouchers, the Subcommittee breaks with a 20-year bipartisan precedent at a time when the number of families with severe housing needs has been rising. The Subcommittee's $2.4 billion reduction in capital funds for public housing would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The $720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Subcommittee would override a long-standing provision that bases the rents of public housing tenants on their ability to pay. Hundreds of thousands of the poorest residents of public housing and other assisted housing would be required to pay "minimum rents," taking a high proportion of their income. Rents would increase by an average of $400 to $600 a year. All residents would face hardship, and some would be forced into homelessness. Other assisted households would pay an average increase of $140 a year. These and other provisions would place the heaviest burden of budget balancing on those least able to bear it.

While taking actions that would increase the number of homeless families, the Subcommittee has also reduced funding for homeless programs in HUD by $540 million from the previous year and cut $30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

A one-year moratorium on subsidies for FHA multifamily loan guarantees would shrink the already inadequate supply of affordable housing for low-income families and the elderly. Reductions in funding to develop housing for the elderly, special needs, and Native American populations would have a similar effect.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the Subcommittee's $821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- cut salary funding by over $300 million, potentially causing layoffs of several thousand workers whose efforts are the key to protecting public health from the effects of pollution;

- eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

The Administration finds it incongruous that the Subcommittee would fund over $40 million in Congressional earmarks that are low environmental priorities while at the same time making drastic reductions in important programs -- reductions that would hamper our efforts in environmental protection.

Drinking Water State Revolving Funds. The Administration strongly objects to the Subcommittee's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and eliminate all previous funding, contrary to the agreement reflected in H.R. 1944, the pending rescission bill. Municipalities need almost $9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the Subcommittee's $360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require $137 billion in funding. Further, the Subcommittee's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House bill in its current form. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the Subcommittee's proposed $560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Subcommittee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Further, the Subcommittee proposes to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the Full Committee to delete -- the numerous legislative "riders" that would essentially overturn existing law for special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;

- jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;

- prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and

- mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates that the Subcommittee has funded VA Medical Care at the requested level. However, the Administration objects to the provision of the Subcommittee bill that would direct the use of $347 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

The Administration objects to the reduction of $63 million in General Operating Expenses (seven percent of the requested amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

The Administration objects to the provision of the Subcommittee bill that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

National Aeronautics and Space Administration (NASA)

The Administration commends the Subcommittee for its strong support for the Space Station and Mission to Planet Earth. However, the Administration opposes the Subcommittee's significant cuts to NASA's science program and the proposals to close three of NASA's research centers. The key to the NASA budget proposed by the President is a balanced set of space flight, science, and technology programs and the resources needed to support these programs. The Subcommittee's action would significantly undermine this balance. NASA Administrator Goldin has outlined a responsible restructuring plan that streamlines NASA management and programs without closing any of these important national research centers. The Subcommittee proposal would endanger the Nation's space program and lead to a net job loss of 10,000 workers, and displace nearly 30,000 people associated with these centers.

Community Development Financial Institutions (CDFI)

The Administration opposes the Subcommittee's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. We strongly urge the Committee to reconsider and to provide funding at the requested level of $144 million. Without full funding, the CDFI Fund would be unable to provide: $20 million in direct loan subsidies to support over $56 million of direct loans to CDFIs; $72 million in grants, technical assistance, and other financial assistance to CDFIs; and over $46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated $600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on the Legislative Branch appropriations bill, and the Congress traditionally pays appropriate regard to the President's request for the agencies within the Executive Office of the President. This comity avoids inappropriate interference by either branch in the details of the organization of the other, and permits each to organize its own leadership offices as it believes will best serve the country.

The Subcommittee bill clearly and inappropriately breaks with this longstanding practice consistently observed by both branches over many years. Consequently, the Administration strongly objects to the Subcommittee's elimination of the Council on Environmental Quality (CEQ). Eliminating CEQ would deprive the President of environmental policy counsel, severely hamper the President's ability to coordinate the development of environmental policy throughout the Executive Branch, and impede the President's ability to resolve interagency disputes.

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

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Bob Livingston, Honorable David R. Obey, Honorable Jerry Lewis, and Honorable Louis Stokes

Enclosure

Enclosure
(House Committee)

**ADDITIONAL CONCERNS**
**DEPARTMENTS OF VETERANS AFFAIRS AND**
**HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES**
**APPROPRIATIONS BILL, FY 1996**
**(AS REPORTED BY THE HOUSE SUBCOMMITTEE)**

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

Veterans Affairs (VA)

The Administration objects to the reduction of $404 million from the President's request for construction funding. This cut would deny VA the funds needed to finance the construction of two new hospitals -- one at Travis Air Force Base in Fairfield, California, and one in Brevard County, Florida. The new hospital at Travis is needed to replace the VA hospital at Martinez, California, which was closed for seismic safety reasons, while the hospital at Brevard is needed to meet the needs of a State with one of the fastest growing elderly veterans' populations.

Consumer Product Safety Commission (CPSC)

The Subcommittee bill would fund the CPSC at $40 million, $4 million, or nine percent, below the President's request. This reduction to the requested level would create a significant challenge for CPSC to accomplish its mission of preventing death and injuries from consumer products.

Selective Service System

The Subcommittee bill would terminate the Selective Service System. Last year, the National Security Council conducted an interagency review of the Selective Service System. On the basis of that review, the President concluded that draft registration was essential to our national security. Maintaining the agency provides the nation with a low cost insurance policy against any future threat that our Armed Forces may face. Equally important, the Selective Service System provides a vital link between our volunteer military force and society at large. The Administration urges the Committee to restore funding to this agency, which oversees the draft registration process and remains an important component of defense preparedness.

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

(F)

July 24, 1995
(House Rules)

# STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996**

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal Budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, we do not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities.

For the reasons discussed below, the President would veto the bill if it were presented to him in its current form.

Corporation for National and Community Service

The Committee would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Committee's decision to eliminate this important initiative and urges the House to reconsider and to provide funding at the requested level of $819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Administration strongly opposes the excessive cut of over $5 billion to the President's request for HUD. The budget can be balanced by FY 2005 while preserving essential commitments to low-income households and communities. By providing no new housing vouchers, the Committee breaks with a 20-year bipartisan precedent at a time when the number of families with severe housing needs has been rising. The Committee would override a long-standing provision that bases the rents of public housing tenants on their ability to pay, and would reduce funding for homeless programs in HUD by $544 million from the previous year. The Committee would also impose a one-year moratorium on subsidies for FHA multifamily loan guarantees that would shrink the already inadequate supply of affordable housing for low-income families and the elderly. Additional information on the Administration's objections to the Committee reductions in HUD programs is contained in the enclosure.

Environmental Protection Agency (EPA)

The Administration strongly opposes the Committee's 34-percent reduction in EPA's budget, which would have a crippling effect on the Government's ability to protect public health and the environment. Particularly objectionable is the 50-percent cut in enforcement, which would decimate EPA's ability to enforce environmental laws; elimination of funding to help municipalities provide safe drinking water; and the 36-percent reduction in Superfund which could result in continued exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites.

The Administration finds it unconscionable that the Committee would fund over $40 million in congressional earmarks that are low environmental priorities while making drastic reductions in important programs -- reductions that would hamper our efforts in environmental protection.

The Administration also strongly objects to the numerous legislative "riders" that would essentially overturn existing law. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Additional information on the Administration's objections to the Committee reductions in EPA programs is contained in the enclosure.

National Aeronautics and Space Administration

The Administration supports the Committee's decision to restore many of the reductions to science programs included in the Subcommittee bill. However, the Committee has restored these cuts by reducing the Earth Observing System by $330 million. The Administration objects to this 25-percent reduction, which could impact nearly 3,000 jobs at Goddard and across the country. The Administration also objects to the provision of the bill related to closing NASA Centers by FY 1998. NASA Administrator Goldin has outlined a responsible restructuring plan that avoids closing any of these important national resources. Finally, the Administration objects to the Committee's reductions to other important technology programs, including NASA's contributions to the inter-agency High Performance Computing and Communications and the Partnership for Next Generation of Vehicles (clean car) initiatives.

Community Development Financial Institutions (CDFI)

The Administration opposes the Committee's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. The Administration strongly urges the House to reconsider and to provide funding at the requested level of $144 million. Without full funding, the CDFI Fund would be unable to provide: $20 million in direct loan subsidies to support over $56 million of direct loans to CDFIs; $72 million in grants, technical assistance, and other financial assistance to CDFIs; and over $46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated $600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality (CEQ)

The Administration strongly objects to the Committee's elimination of the Council on Environmental Quality. This action would deprive the President of environmental policy counsel and represents an inappropriate interference in the organization of the President's policy offices.

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

Attachment

Attachment
(House Rules)

**ADDITIONAL CONCERNS**
**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996**
**(AS REPORTED BY THE HOUSE COMMITTEE)**

The Administration looks forward to working with the Congress to address the following concerns.

Housing and Urban Development (HUD)

The Administration opposes the Committee's $2.4 billion reduction in capital funds for public housing. This reduction would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The $720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Committee would require hundreds of thousands of the poorest residents of public housing and other assisted housing to pay "minimum rents," taking a high proportion of their income regardless of ability to pay. Rents would increase by an average of $400 to $600 a year. All residents would face hardship, and some would be forced into homelessness. These and other provisions would place the heaviest burden of budget balancing on those least able to bear it.

The Committee would also cut $30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the Committee's $821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- cut salary funding by over $300 million, causing layoffs of potentially several thousand workers whose efforts are the key to protecting public health from the effects of pollution;

- eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

Drinking Water State Revolving Funds. The Administration strongly objects to the Committee's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and eliminate all previous funding, contrary to the agreement reflected in H.R. 1944, the pending rescission bill. Municipalities need almost $9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the Committee's $360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require $137 billion in funding. Further, the Committee's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House bill in its current form. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the Committee's proposed $560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Committee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Just as troubling is the prohibition on spending after December 31, 1995, if the statute is not reauthorized. A reauthorization bill has not yet been drafted by either body, and this prohibition could endanger public health by shutting down the program -- and the cleanup -- at hundreds of sites. Finally, the Administration objects to the Committee's proposal to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the House to delete -- the numerous legislative "riders" that would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;

- jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;

- prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and

- mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates the level of funding that the Committee has provided for VA Medical Care. However, the Administration objects to the provision of the Committee bill that would direct the use of $204 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

The Administration objects to the reduction of $63 million in General Operating Expenses (seven percent of the requested amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

The Administration objects to the provision of the Committee bill that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

Council on Environmental Quality

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on the Legislative Branch appropriations bill, and the Congress traditionally pays appropriate regard to the President's request for the agencies within the Executive Office of the President. This comity avoids inappropriate interference by either branch in the details of the organization of the other, and permits each to organize its own policy offices as it believes will best serve the country.

The Committee bill clearly and inappropriately breaks with this longstanding practice consistently observed by both branches over many years. Consequently, the Administration strongly objects to the Committee's elimination of the Council on Environmental Quality (CEQ). Eliminating CEQ would deprive the President of environmental policy counsel, severely hamper the President's ability to coordinate the development of environmental policy throughout the Executive Branch, and impede the President's ability to resolve interagency disputes.

Consumer Product Safety Commission (CPSC)

The Committee bill would fund the CPSC at $40 million, $4 million, or nine percent, below the President's request. This reduction from the requested level would create a significant challenge for CPSC to accomplish its mission of protecting American consumers.

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

THE DIRECTOR

August 12, 1995

Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as passed by the House. As the Senate develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is $10 billion below the President's request.

The President strongly believes that we must invest in our country's future through supporting programs aimed at encouraging home-ownership, providing adequate housing for low-income individuals, protecting the Nation's air and water supply, and furthering developments in science and technology. The House-passed bill would imprudently cut valuable, proven programs that responsibly further these goals. Further, the bill contains numerous legislative riders that would have serious, adverse consequences, including raising rents on low-income individuals and preventing the enforcement of major environmental laws. Finally, the House-passed bill fails to provide funding for the President's National Service initiative, which would enable America's youth to earn money for an education through service to their country.

For these reasons and others discussed below, the President would veto the bill if it were presented to him as it passed the House.

Corporation for National and Community Service

The House would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the House's decision to eliminate this important initiative and urges the Senate to reconsider and to provide funding at the requested level of $819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Administration strongly opposes the excessive, overall reduction of over $4.7 billion made by the House to the President's request for HUD. In particular, the Administration is very concerned over the House's cuts in homeless assistance, new incremental housing vouchers, and funding for public housing. The budget can be balanced by FY 2005 while preserving these vital programs and other essential commitments to low-income households and communities.

The House would reduce homeless assistance by $444 million from the FY 1995 level, which would eliminate essential housing and other services to those most in need. By providing no new housing vouchers, the House would break with a 20-year bipartisan precedent at a time when the number of families with severe housing needs has been rising. Without the Administration's proposed reforms, the House's reduced level of funding for public housing would not sustain our commitment to the current stock of housing.

The House-passed bill would raise the rental payments of HUD-assisted tenants under Section 8 rental assistance programs by a minimum of 6.7 percent. The House would also impose a new minimum monthly rent on these same tenants of at least $50 per unit. Together, these provisions would increase rents on the average assisted household by $168 per year, and on some of the poorest households by $600 per year. All assisted tenants would face hardship from these higher rents, and some would be forced into homelessness. These and other provisions of the House-passed bill would place the heaviest burden of budget balancing on those least able to bear it.

Additional information on the Administration's objections to the House reductions in HUD programs is contained in the enclosure.

Environmental Protection Agency (EPA)

The Administration strongly opposes the House's 34-percent reduction to the President's request for EPA. This would have a crippling effect on the Government's ability to protect public health and the environment. Further, given the contingent prohibitions concerning the obligation of funds in the Hazardous Substance Superfund and the Water Infrastructure Financing accounts, the House's reduction to EPA could be as much as 63-percent below the request if Congress fails to reauthorize the Superfund program and the Clean Water Act.

Particularly objectionable are the 50-percent cut in enforcement, which would decimate EPA's ability to enforce environmental laws; elimination of funding to help municipalities provide safe drinking water; and the 36-percent reduction in Superfund (assuming reauthorization), which could result in continued exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites.

The Administration finds it unconscionable that the House would fund over $40 million in congressional earmarks that are low environmental priorities while making drastic reductions in important programs -- reductions that would hamper our efforts in environmental protection.

The Administration strongly objects to the numerous legislative "riders" that would essentially overturn existing law. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. The riders would also severely limit the public's right to know what types of dangerous chemicals are being released into the environment near their homes.

Additional information on the Administration's objections to the House reductions in EPA programs and legislative riders is contained in the enclosure.

National Aeronautics and Space Administration

The Administration objects to the House's $330 million, or 25-percent, reduction in funding for the Earth Observing System. This reduction could impact nearly 3,000 jobs at Goddard Space Flight Center and other NASA facilities across the country. The Administration also objects to the provision of the House bill related to closing NASA Centers by FY 1998. NASA Administrator Goldin has outlined a responsible restructuring plan that avoids closing any of these important national resources. Finally, the Administration objects to the House's reductions to other important technology programs, including NASA's contributions to the inter-agency High Performance Computing and Communications program, the Partnership for Next Generation Vehicle (clean car) initiatives, and advanced air traffic technologies.

The Administration would strongly oppose any effort that would terminate or significantly reduce funding for the space station. Such action would jeopardize over 30,000 space station-related jobs located in Florida, Texas, California, and Alabama. It would also significantly undermine the critical partnerships that the U.S. has developed with Russia, Canada, Europe, and Japan on this important, cooperative project.

Community Development Financial Institutions (CDFIs)

The Administration opposes the House's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. The Administration strongly urges the Senate to reconsider and to provide funding at the requested level of $144 million. Without full funding, the CDFI Fund would be unable to provide: $20 million in direct loan subsidies to support over $56 million of direct loans to CDFIs; $72 million in grants, technical assistance, and other financial assistance to CDFIs; and over $46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated $600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality (CEQ)

The Administration strongly objects to the House's elimination of the Council on Environmental Quality. This action would deprive the President of environmental policy counsel and represents an inappropriate interference in the organization of the President's policy offices. In addition, by maintaining CEQ, the Congress would have effective oversight through a statutory agency and a Senate-confirmed Chairperson.

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

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Mark O. Hatfield, Honorable Robert C. Byrd, Honorable Christopher S. Bond, and Honorable Barbara Mikulski

Enclosure
(Senate Subcommittee)

ADDITIONAL CONCERNS
H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE)

The Administration looks forward to working with the Congress to address the following concerns.

Housing and Urban Development (HUD)

The Administration opposes the House's $2.3 billion reduction in capital funds for public housing. This reduction would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The $720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Administration strongly objects to language of the House bill that would prohibit the use of funds to sign, promulgate, implement, or enforce any requirement or regulation relating to the application of the Fair Housing Act to the business of property insurance. Property insurance discrimination is illegal under the Fair Housing Act. The proposed language would prevent those who have been victims of discrimination by providers of property insurance from seeking government assistance and legal representation.

The House would also cut $30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the House's $821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-

percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- cut personnel funding by over $300 million, causing layoffs of potentially several thousand workers whose efforts are the key to protecting public health from the effects of pollution;

- eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

Drinking Water State Revolving Funds. The Administration strongly objects to the House's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and to eliminate all previous funding. Municipalities need almost $9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the House's $360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require $137 billion in funding. Further, the House's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House-passed bill. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the House's proposed $560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The House's action could eliminate planned funding for over 130 new, long-term cleanup projects and about 130 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Just as troubling is the prohibition on spending after December 31, 1995, if the statute is not reauthorized. A reauthorization bill has not yet been drafted by either body, and this prohibition could endanger public health by shutting down the program -- and the cleanup -- at hundreds of sites. Finally, the Administration objects to the House's proposal to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the Senate to delete -- the numerous legislative "riders" that would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;

- jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;

- prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and

- mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates the level of funding that the House has provided for VA Medical Care, and the decision to restore funding for the Heath Professional Scholarship program. However, the Administration objects to the provision of the House-passed bill that would direct the use of $268 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

Furthermore, the Administration objects to the particular savings provision that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000, regardless of whether it is contained in an appropriation or reconciliation bill. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

Finally, the Administration objects to the reduction of $63 million in General Operating Expenses (seven percent of the requested amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

Federal Emergency Management Agency (FEMA)

The Administration objects to the House's decision to reduce the President's request for FEMA Disaster Relief by $84.5 million, or 26-percent. The Administration also objects to the House's failure to provide an additional $806 million in contingent emergency funds requested for Disaster Relief.

Consumer Product Safety Commission (CPSC)

The House-passed bill would fund the CPSC at $40 million, $4 million, or nine percent, below the President's request. This reduction from the requested level would create a significant challenge for CPSC to accomplish its mission of protecting American consumers.

(F)

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

July 26, 1995
(House Floor)

# STATEMENT OF ADMINISTRATION POLICY

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

## H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal Budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. While the Administration supports reducing spending, we do not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is estimated to be $11 billion below the President's request.

For the reasons discussed below, the President would veto the bill if it were presented to him in its current form.

Corporation for National and Community Service

The Committee would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Committee's decision to eliminate this important initiative and urges the House to reconsider and to provide funding at the requested level of $819 million. Without the full request, nearly 50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Administration strongly opposes the excessive cut of over $5 billion to the President's request for HUD. The budget can be balanced by FY 2005 while preserving essential commitments to low-income households and communities. By providing no new housing vouchers, the Committee breaks with a 20-year bipartisan precedent at a time when the number of families with severe housing needs has been rising. The Committee would override a long-standing provision that bases the rents of public housing tenants on their ability to pay, and would reduce funding for homeless programs in HUD by $544 million from the previous year. The Committee would also impose a one-year moratorium on subsidies for FHA multifamily loan guarantees that would shrink the already inadequate supply of affordable housing for low-income families and the elderly. Additional information on the Administration's objections to the Committee reductions in HUD programs is contained in the enclosure.

Environmental Protection Agency (EPA)

The Administration strongly opposes the Committee's 34-percent reduction in EPA's budget, which would have a crippling effect on the Government's ability to protect public health and the environment. Particularly objectionable is the 50-percent cut in enforcement, which would decimate EPA's ability to enforce environmental laws; elimination of funding to help municipalities provide safe drinking water; and the 36-percent reduction in Superfund which could result in continued exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites.

The Administration finds it unconscionable that the Committee would fund over $40 million in congressional earmarks that are low environmental priorities while making drastic reductions in important programs -- reductions that would hamper our efforts in environmental protection.

The Administration also strongly objects to the numerous legislative "riders" that would essentially overturn existing law. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Additional information on the Administration's objections to the Committee reductions in EPA programs is contained in the enclosure.

National Aeronautics and Space Administration

The Administration supports the Committee's decision to restore many of the reductions to science programs included in the Subcommittee bill. However, the Committee has restored these cuts by reducing the Earth Observing System by $330 million. The

Administration objects to this 25-percent reduction, which could impact nearly 3,000 jobs at Goddard and across the country. The Administration also objects to the provision of the bill related to closing NASA Centers by FY 1998. NASA Administrator Goldin has outlined a responsible restructuring plan that avoids closing any of these important national resources. Finally, the Administration objects to the Committee's reductions to other important technology programs, including NASA's contributions to the inter-agency High Performance Computing and Communications and the Partnership for Next Generation of Vehicles (clean car) initiatives.

The Administration would strongly oppose any amendment that would terminate or significantly reduce funding for the space station. Such action would jeopardize over 30,000 space station-related jobs located in Florida, Texas, California, and Alabama. It would also significantly undermine the critical partnerships that the U.S. has developed with Russia, Canada, Europe, and Japan on this important, cooperative project.

Community Development Financial Institutions (CDFI)

The Administration opposes the Committee's decision to terminate the President's Community Development Financial Institutions initiative, one of this Administration's top priorities. The Administration strongly urges the House to reconsider and to provide funding at the requested level of $144 million. Without full funding, the CDFI Fund would be unable to provide: $20 million in direct loan subsidies to support over $56 million of direct loans to CDFIs; $72 million in grants, technical assistance, and other financial assistance to CDFIs; and over $46 million in community development incentives for depository institutions. The Fund's investments in CDFIs, banks, and thrifts would leverage an estimated $600 million in investments, loans, and financial services in the country's most distressed communities.

Council on Environmental Quality (CEQ)

The Administration strongly objects to the Committee's elimination of the Council on Environmental Quality. This action would deprive the President of environmental policy counsel and represents an inappropriate interference in the organization of the President's policy offices.

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

Attachment

Attachment
(House Floor)

**ADDITIONAL CONCERNS**
**H.R. 2099 -- DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1996**
**(AS REPORTED BY THE HOUSE COMMITTEE)**

The Administration looks forward to working with the Congress to address the following concerns.

Housing and Urban Development (HUD)

The Administration opposes the Committee's $2.4 billion reduction in capital funds for public housing. This reduction would severely impede demolition of the worst projects and prevent improvements needed to ensure the remaining housing stock's viability. The $720 million reduction in operating funds for public housing would force localities to raise rents and curtail security, maintenance, and drug elimination efforts.

The Committee would require hundreds of thousands of the poorest residents of public housing and other assisted housing to pay "minimum rents," taking a high proportion of their income regardless of ability to pay. Rents would increase by an average of $400 to $600 a year. All residents would face hardship, and some would be forced into homelessness. These and other provisions would place the heaviest burden of budget balancing on those least able to bear it.

The Committee would also cut $30 million from the emergency food and shelter assistance program operated by the Federal Emergency Management Agency. Restoration of these funds would enable more communities to build continuum-of-care systems to return the homeless to the mainstream.

Environmental Protection Agency (EPA)

Operating Programs. The Administration strongly opposes the Committee's $821 million reduction to the President's request for EPA's operating programs (research, regulatory development, enforcement, and State grants). This 24-percent reduction would have devastating consequences for protection of public health and the environment. Particularly egregious are reductions that would:

- reduce EPA enforcement by nearly 50 percent, thereby decimating the Federal Government's ability to enforce environmental laws and declaring open season for polluters;

- cut salary funding by over $300 million, causing layoffs of potentially several thousand workers whose efforts are the key to protecting public health from the effects of pollution;

- eliminate the Environmental Technology Initiative, which is spurring development of new technologies to protect public health, reduce costs, and create new American jobs and export markets.

Drinking Water State Revolving Funds. The Administration strongly objects to the Committee's decision to provide no funds for Drinking Water State Revolving Funds in FY 1996 and eliminate all previous funding, contrary to the agreement reflected in H.R. 1944, the pending rescission bill. Municipalities need almost $9 billion to cover capital costs related to compliance with established standards and additional billions to comply with future requirements needed to prevent problems such as the 1993 cryptosporidium outbreak in Milwaukee that killed 100 people and caused illness in another 400,000. Most affected by this proposal would be the almost 30 million people who are served by a system that has violated a drinking water standard in the past year.

Clean Water State Revolving Funds. The Administration objects to the Committee's $360 million, or 23-percent, reduction to the President's request for Clean Water State Revolving Funds. Municipalities still have needs for water quality protection that will require $137 billion in funding. Further, the Committee's proposal might bar any FY 1996 spending because of bill language prohibiting obligations until reauthorization of the Clean Water Act. Reauthorization is unlikely to occur in the near future. The Senate has not yet drafted a bill, and the President has said that he would veto the House bill in its current form. Such a funding bar would detrimentally affect construction industry jobs, harm water quality, and could require layoffs in State water programs, which would also be affected by the prohibition.

Superfund. The Administration opposes the Committee's proposed $560 million decrease in funding for Superfund cleanups, a 36-percent reduction from the President's request. The Committee's action could eliminate planned funding for about 120 new, long-term cleanup projects and jeopardize 160 actions to address more immediate public health threats. These drastic cuts would mean continued exposure to dangerous chemicals for the hundreds of thousands of citizens living near these cleanup sites. Just as troubling is the prohibition on spending after December 31, 1995, if the statute is not reauthorized. A reauthorization bill has not yet been drafted by either body, and this prohibition could endanger public health by shutting down the program -- and the cleanup -- at hundreds of sites. Finally, the Administration objects to the Committee's proposal to have the taxpaying public pay for all cleanups, rather than the polluters who created the problem.

Funding Restrictions. The Administration strongly opposes -- and urges the House to delete -- the numerous legislative "riders" (including any new riders proposed on the floor) that would essentially overturn existing law to cater to special interests without any hearings on their national environmental impact. These riders would jeopardize public health by blocking implementation or enforcement of rules needed to ensure safe water, food, and air. Included among these provisions are riders that would:

- virtually shutdown the EPA Water Quality Program by prohibiting most Clean Water Act spending, even when required by court order. These prohibitions would jeopardize the significant progress towards cleaner water that has been achieved over the past 23 years;

- jeopardize the safety of the Nation's food supply through a "backdoor" elimination of the Delaney Clause of the Federal Food, Drug, and Cosmetic Act, without replacing it with a health-based standard to protect consumers;

- prevent EPA from effectively implementing Clean Air Act programs essential for protecting the public from air pollutants that cause respiratory problems and cancer; and

- mandate Toxic Release Inventory (TRI) restrictions that would prevent EPA from collecting information, for public use, on toxic chemical releases.

Veterans Affairs (VA)

The Administration appreciates the level of funding that the Committee has provided for VA Medical Care. However, the Administration objects to the provision of the Committee bill that would direct the use of $204 million in mandatory program savings from veterans' benefits to fund increases in discretionary programs. These mandatory savings are needed for the authorizing committees to meet their spending reduction targets. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in veterans' benefits.

The Administration objects to the reduction of $63 million in General Operating Expenses (seven percent of the requested amount). This would jeopardize the Department's efforts to combine manpower with information technology to reduce the 213 days it takes to process a veteran's benefit claim and to reduce the 448,589 backlog of pending applications.

The Administration objects to the provision of the Committee bill that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. This provision would unfairly single out a group of veterans for diminished benefits based on their mental competence and their modest assets.

Council on Environmental Quality

Based on the principle of comity between co-equal branches, the Executive Branch traditionally does not comment on the Legislative Branch appropriations bill, and the Congress traditionally pays appropriate regard to the President's request for the agencies within the Executive Office of the President. This comity avoids inappropriate interference by either branch in the details of the organization of the other, and permits each to organize its own policy offices as it believes will best serve the country.

The Committee bill clearly and inappropriately breaks with this longstanding practice consistently observed by both branches over many years. Consequently, the Administration strongly objects to the Committee's elimination of the Council on Environmental Quality (CEQ). Eliminating CEQ would deprive the President of environmental policy counsel, severely hamper the President's ability to coordinate the development of environmental policy throughout the Executive Branch, and impede the President's ability to resolve interagency disputes.

Consumer Product Safety Commission (CPSC)

The Committee bill would fund the CPSC at $40 million, $4 million, or nine percent, below the President's request. This reduction from the requested level would create a significant challenge for CPSC to accomplish its mission of protecting American consumers.

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

September 13, 1995

THE DIRECTOR

Honorable Barbara Mikulski
Subcommittee on VA-HUD-Independent
Agencies Appropriations
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Senator Mikulski:

The purpose of this letter is to provide the Administration's views on H.R. 2099, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1996, as reported by the Senate Subcommittee. As the Full Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. Because we have not yet seen the Subcommittee bill or report, these views are, necessarily, preliminary.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. The Administration does not support the level of funding assumed by the House or Senate 602(b) allocations and must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is over $9 billion below the President's request.

While the Subcommittee mark makes many improvements to the House-passed bill, the Administration strongly opposes several aspects of the Subcommittee bill. The President would veto the bill if it were presented to him as reported by the Subcommittee.

Corporation for National and Community Service

The Subcommittee mark would terminate the Corporation for National and Community Service, one of this Administration's top priorities. The Administration strongly opposes the Subcommittee's decision to eliminate this important initiative and urges the Senate to provide funding at the requested level of $819 million. If the program were to be eliminated, nearly

50,000 young Americans would lose the opportunity to help their communities, through AmeriCorps, to address vital local needs such as health care, crime prevention, and education while at the same time earning a monetary award to help them pursue additional education or training. In addition, some 580,000 children, adolescents, and college students would lose the chance to serve their communities through the Learn and Serve program.

Housing and Urban Development (HUD)

The Subcommittee bill represents substantial progress on overall funding levels for HUD, and some progress in the consolidation of functions. It contains a series of provisions that would provide incentives for poor families receiving housing assistance to work, and help the Department and public housing authorities (PHAs) weed out the most distressed projects.

However, the Administration strongly opposes the excessive overall reduction of over $4 billion made by the Subcommittee to the President's request for HUD. We are especially concerned over cuts in new incremental housing vouchers and homeless assistance. The Administration urges continuation of the 20-year bipartisan commitment to meet low-income housing needs by expanding the number of people receiving rental assistance. The Subcommittee bill would provide less than one-half of the requested funding for new assistance. Moreover, the use of these funds would be largely restricted to families already receiving some form of assistance, and spending would be deferred until FY 1997. By the end of FY 1996, the effect of this delay would be a five-percent reduction in the number of families assisted. The Subcommittee bill would also reduce grants to assist communities in providing services to the homeless by $360 million relative to the FY 1995 level.

The Administration strongly opposes the proposed transfer of all Fair Housing Act administration and enforcement activities to the Department of Justice. HUD's housing and investigatory expertise are critical to efficient, sensitive handling of fair housing complaints and in settling disputes before they reach litigation. Developing a new organization at the Department of Justice would be duplicative and costly. The Administration also strongly objects to the provision that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination.

The Subcommittee's proposal to convert severely distressed, obsolete public housing developments to tenant-based assistance, as drafted, would vest too much discretion in public housing authorities, with the likely outcome that most of the distressed housing would not be converted. Instead, the Secretary should have authority to require the conversion of public housing to vouchers in these limited cases as well as to recapture budget authority for those units and reuse it for replacement assistance.

The Subcommittee mark includes a proposal that would demonstrate the effect of exposing a subset of FHA-insured and assisted multi-family properties to market rents. The provision would not achieve the desired result and would, instead, perpetuate the current system of project-based, above-market subsidies by granting new subsidies and allowing owners to keep their properties out of the demonstration. Very few, if any, owners would choose to expose their properties to market rents. The newly authorized subsidies would be scored on a present value basis as a substantial cost.

The Subcommittee bill would effectively eliminate the Office of Federal Housing Enterprise Oversight (OFHEO), the regulator established in 1992 to oversee the financial safety and soundness of the two Government-sponsored enterprises (GSEs) for housing, and transfer these powers to the Secretary of the Treasury. This transfer would weaken both the credibility of the Government's commitment to oversee the $1.2 trillion in liabilities managed by the two GSEs effectively and its ability to coordinate the development of low-income housing goals for the GSEs with other aspects of housing and credit policy for under-served groups and areas.

Environmental Protection Agency (EPA)

While the Subcommittee bill is a significant improvement over the crippling reductions and environmental roll-backs included in the House bill, the Administration opposes the 23-percent overall reduction to the President's request for EPA. This reduction would significantly hamper the Federal Government's ability to protect public health and the environment.

Particularly objectionable is the 36-percent reduction in the Superfund program, which could result in continued risk of exposure to dangerous chemicals for hundreds of thousands of citizens living near hazardous waste sites. The Administration is also concerned about the Subcommittee's reduction in funding for Clean Water State Revolving Funds in light of a $137 billion backlog of wastewater funding needs.

In addition, the Administration strongly objects to the proposed reductions to the President's investment program for climate change, Montreal Protocol, and environmental technology. The reductions in the climate change programs would undermine EPA's highly successful voluntary and cooperative energy conservation programs that are integral to the Nation's effort to stabilize greenhouse gas emissions. The Montreal Protocol cut would slow efforts to restore the ozone layer, with major public health impacts. The environmental technology reduction would virtually eliminate this program which is designed to reduce environmental control costs and stimulate U.S. export markets for environmental technology.

The Administration objects to the Subcommittee's inclusion of legislative riders in the bill. While less numerous than in the House-passed version, the Administration opposes the use of appropriations bills to overturn existing law in order to cater to special interests without any hearings on the national environmental impact of these riders.

Veterans Affairs

The Administration has serious concerns about the Senate Subcommittee's recommendation for the Department of Veterans Affairs (VA), which is $1.3 billion below the President's request and almost $400 million below the level funded in the House bill. Over $1 billion of the Subcommittee's cut comes out of VA's medical programs, primarily Medical Care and Major Construction. The $511 million cut in Medical Care would impede VA's ability to provide quality medical care to thousands of veterans. The cut of $517 million in Major and Minor Construction would prevent VA from making necessary improvements to older facilities that no longer meet VA's patient care standards. It would also preclude VA from constructing two new hospitals, one at the Travis Air Force Base in Fairfield, California, and one in Brevard County, Florida.

Furthermore, the Administration objects to the savings provision, also contained in the House-passed bill, that would eliminate compensation to incompetent veterans with no dependents and estates over $25,000. This provision would unfairly single out a group of severely disabled veterans for diminished benefits based on their lack of close family and modest accumulation of assets.

National Aeronautics and Space Administration (NASA)

The Administration prefers the Subcommittee's proposed level of funding for NASA over the level provided by the House-passed bill. However, we are concerned about the impact that the Subcommittee's additional cuts would have on the shuttle program and the effect of delayed obligations on the space station. The Congress must realize that the delay of obligations would impact the space station assembly sequence.

Community Development Financial Institutions (CDFIs)

The Administration strongly urges the Committee to reconsider the Subcommittee's decision to terminate one of the most promising initiatives to aid distressed communities. The requested $144 million appropriation for Community Development Financial Institutions would leverage an estimated $600 million in investments, loans, and financial services.

Council on Environmental Quality (CEQ)

While the Administration supports the Subcommittee's view that CEQ should not be terminated, we oppose the more than 50-percent reduction to the request. Such a reduction would severely hamper CEQ's ability to provide the President with advice on environmental policy issues and carry out its responsibilities under the National Environmental Policy Act.

Federal Emergency Management Agency (FEMA) Disaster Relief

The Administration regrets the decision of the Subcommittee to eliminate funding for FEMA disaster relief. While there are unobligated balances as a result of the recent Northridge Earthquake supplemental, we continue to believe that it is necessary and appropriate to set aside funds each year in anticipation of future disasters.

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

Sincerely,

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Mark O. Hatfield, Honorable Robert C. Byrd, Honorable Christopher S. Bond, and Honorable Barbara Mikulski

# Clinton Presidential Records
# Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: Commerce

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

THE DIRECTOR

July 18, 1995

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as reported by the Subcommittee. Your consideration of the Administration's views would be appreciated.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The funding allocations for many of these investments, particularly in the areas of civilian technology, environment, violent crime control, and international affairs are contained in this bill. The Administration does not share all of the priorities reflected in the Subcommittee's mark or support the level of funding assumed by the Committee's 602(b) allocations. This bill is nearly $3.2 billion below the President's request.

The Administration commends the Subcommittee for its decision to continue to support and fund the Department of Commerce. The Commerce Department, and its viability as an agency, helps to ensure economic growth and a higher standard of living for all Americans. Additionally, the Administration is pleased that the Subcommittee has supported increased funding for the Department of Justice, although at lower levels than requested by the Administration. Recent crime statistics have shown a decrease in violent crime in the United States. Continued support for the Department of Justice is essential for ensuring that America continues on this path.

Regrettably, the Subcommittee has approved several provisions that the Administration finds seriously objectionable. For the reasons discussed below, the Attorney General and the Secretary of Commerce would join me in recommending that the President veto the bill if it were presented to him in its current form.

Community Oriented Policing Services (COPS)

The Subcommittee mark would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the Subcommittee bill would fund a general law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee one new officer. The President has indicated that this action is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

To date, the COPS program has already authorized funding for more than 20,000 new officers throughout the United States and has initiated a number of innovations in the grant process, such as simplified applications and coupons for drawing down grant funds. Police chiefs and sheriffs from around the country have praised the administration of the COPS program as customer-oriented, non-bureaucratic, and visionary. It is essential that the Committee restore full funding for the COPS program to ensure that the progress made to date in increasing the number of police on the street and fighting crime is not lost.

Other Violent Crime Reduction Trust Fund Programs

The Subcommittee bill would provide $3.8 billion for programs funded by the Violent Crime Reduction Trust Fund, approximately $170 million less than requested. Especially troubling within this allocation is the Subcommittee's lack of support for important "smart" crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, State prison drug treatment, violence against women countermeasures, the Presidential Summit on Crime, and various other crime control programs. While the Subcommittee presumably intends for these initiatives to be funded from the law enforcement block grant, specific funding allocations should be set aside for these proven, effective programs.

Advanced Technology Program, Department of Commerce

The Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in civilian technology. By eliminating funding for the Advanced Technology Program (ATP), the Congress would extinguish one of the country's most productive industry-government partnerships -- a partnership that is just beginning to expand our economy and help America to compete in the global marketplace.

ATP accelerates the development of enabling technologies with commercial potential and broad-based economic benefits through a rigorous, merit-based competition. The program provides an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. Analysis of ATP awards to date shows that they foster important technology development, enable research to be performed more quickly and aggressively, promote industrial alliances, and create jobs. The Administration strongly urges the Committee to restore funding for this valuable program.

Other Commerce Programs

The Subcommittee mark would make substantial reductions to the President's requests for the Economics and Statistics Administration and the National Oceanic and Atmospheric Administration (NOAA). These cuts would reduce our investment in the Nation's statistical system, which provides policymakers critical economic and demographic indicators about our Nation. The reductions to NOAA would undermine efforts to manage the Nation's marine fisheries and coastal areas and reduce our efforts to monitor global environmental changes. The Administration finds particularly objectionable the Subcommittee's elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program.

The Subcommittee's funding reductions to Commerce programs would require substantial staffing reductions across virtually the entire Department. In certain areas of Commerce, these staffing reductions could approach 20 to 40 percent and require significant reductions-in-force.

The Administration's concerns about the impact of these funding and staffing reductions are discussed further in the enclosure.

Legal Services Corporation (LSC)

The Subcommittee mark of $278 million -- a one-third reduction in funding below the FY 1995 level -- would result in more than a one-third reduction in civil legal services to the poor, particularly in rural areas and in areas with programs that receive a large portion of their total funding from the LSC. This reduction, coupled with severe new restrictions on how the Corporation and its grantees may utilize their funding -- regardless of the source -- may drive away a significant portion of non-Federal funding and *pro bono* involvement. Nationwide, 40 percent of the funding for the LSC's programs comes from private sources. State and local governments, as well as private groups, charities, and individuals do not want the Federal government restricting the use of funds they provide to address the particular legal needs of the poor in their communities.

Oklahoma City/Anti-terrorism Funding

On July 17, 1995, the President sent to Congress a request to provide additional funding for anti-terrorism activities in response to the Oklahoma City bombing. We urge the Committee to incorporate these proposals into the bill.

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

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Bob Livingston, Honorable David R. Obey, Honorable Harold Rogers, and Honorable Alan Mollohan

Enclosure
(House Committee)

# ADDITIONAL CONCERNS
# COMMERCE, JUSTICE, STATE, JUDICIARY, AND RELATED PROGRAMS
# APPROPRIATIONS BILL, FY 1996
# (AS REPORTED BY THE HOUSE SUBCOMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

## Department of Justice

Privatization of Federal Prisons. The Subcommittee recommends the privatization of the operations of only one of the four prison facilities recommended for privatization in the President's FY 1996 Budget. The Administration continues to believe that it is appropriate and timely to privatize operations of all future pretrial detention facilities, along with future minimum and low security prisons that are not in complexes with higher security levels.

The Bureau of Prisons has extensive experience contracting for the housing and care of prisoners, with approximately 10 percent of the current prisoner population housed in private facilities. Privatization would contribute significantly to efforts to reduce the size of the Federal workforce. To delay this initiative for further study, as recommended by the Subcommittee, would risk the opportunity to privatize certain prisons under construction that have not yet been staffed with Federal employees and would largely preclude their future privatization.

General Legal Activities. The Subcommittee decision to transfer 200 attorneys from the General Legal Activities appropriation to the United States Attorneys is described in the House Subcommittee Report as an initiative that would contribute to "sustaining the strength of Federal law enforcement." However, the impact of a transfer of 200 attorneys would result in anything but a strengthening of tax and environmental law enforcement. Such a transfer would send the wrong signal to the private bar about our enforcement capability, and it would be seen as a dilution of our specialized expertise.

Fair and consistent application of tax and environmental laws is something that industry wants. Moreover, environmental and tax cases would likely be subsumed by local criminal cases, especially in light of the pressures presented by the Speedy Trial Act. Less environmental and tax work would result.

Civil Liberties Public Education Fund. The Subcommittee mark would not provide the $5 million in funding requested for the Civil Liberties Public Education Fund. These funds, as authorized by the Civil Liberties Act of 1988, would be used to promote public education and awareness of the conditions of confinement experienced by scores of Japanese Americans during World War II. The Administration is concerned that the lack of funding in the Subcommittee bill could compromise the success of this important program.

Support of United States Prisoners. The Subcommittee mark for the Support of U.S. Prisoners appropriation is $45 million below the President's request. This program provides for housing and subsistence for the Federal prisoners remanded to the custody of the U.S. Marshals Service. An appropriation of less than the President's request may result in insufficient funds if the detainee population or per diem costs increase as projected. Sufficient resources are necessary because the Government has no choice but to house and provide medical care for Federal detainees and prisoners.

Other Justice programs. The Administration appreciates the Subcommittee's full funding of the request for the State Criminal Alien Assistance Program and prison grants. However, the Administration strongly supports language that would target Federal prison grant funds for uses that expand the capacity of State prison systems rather than for prison operations, which are clearly a State responsibility.

Department of Commerce

Civilian Technology Investment Programs. The Subcommittee mark for civilian technology programs could threaten the United States' standing with respect to technology advancements, innovation, and economic competitiveness. The Subcommittee's allocation for the Manufacturing Extension Partnership Program would leave large areas of the U.S. without access to the technical assistance needed to employ advanced manufacturing technology critical to global competitiveness. The Subcommittee's allocation for the National Information Infrastructure Grants program would deny hospitals, schools, and local governments access to advanced communications technologies to save lives, educate people, and deliver important services.

The Subcommittee bill would provide no direct funding for the Malcolm Baldridge Quality award, which has become a benchmark of quality practices in U.S. industry.

Economics and Statistics Administration. The Subcommittee mark for the Census Bureau and the Bureau of Economic Analysis (BEA) is $94 million below the President's request and $17 million below the FY 1995 enacted level. This reduction would terminate efforts to increase the quality of the Nation's economic statistics and would degrade the quality of some existing economic indicators. During a time when Congress is turning over more programs to the States, BEA would be forced to reduce regional data on State and local per capita income and gross State product estimates used for allocating over $100 billion in Federal funds.

The Subcommittee's recommendation would make it impossible for the Census Bureau to sustain the progress that has been made in improving the accuracy of the 2000 Decennial Census. Census and BEA would not be able to fund essential long-term systems modernization, which is needed to avoid future cost increases. BEA's 1970s vintage mainframe computer is rapidly failing and cannot be replaced within the current funding levels. This increases the risk of a catastrophic failure that could jeopardize the timely calculation of the Gross Domestic Product.

National Oceanic and Atmospheric Administration (NOAA). The Subcommittee mark would provide $1.75 billion for NOAA, $354 million or 10 percent below the FY 1995 enacted level and 17 percent below the President's request. Fisheries management and enforcement would be retained, but at 14 percent below FY 1995 and 27 percent below the FY 1996 request. Both fisheries and endangered species work would be cut back. The U.S. economy would likely suffer the further decline of the fishing industry, causing additional loss of jobs. These cuts would impede NOAA's ability to provide for Pacific salmon recovery.

Under the Subcommittee bill, NOAA research would be curtailed by 24 percent, including substantial cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. These activities are crucial to support the goal of sustainable development of the Nation's environmental resources. Funding cuts in programs that support the Nation's coastline, coastal ecosystems, and fisheries habitats would seriously jeopardize ongoing efforts critical to effective management of these resources.

In addition, the Subcommittee's allocation would slow down modernization of the National Weather Service and jeopardize satellite continuity. The Administration is committed to preserving and protecting the environment, while at the same time promoting economic growth. The Subcommittee's proposed reductions would mean that some 10 Weather Forecast Offices would not receive staff as proposed in the President's FY 1996 Budget. The follow-on Geostationary Satellite (GOES) program would require slowdown and reassessment, resulting in a possible gap in future GOES coverage. Improvements in forecasts and warnings, which lead to reduced loss of life and property, would be delayed. The U.S. experiences more severe local storms and flooding than any other nation in the world. These events translate into considerable loss of lives and annual property damages estimated in the billion of dollars.

Maritime Administration. The Subcommittee bill would not fund the new $175 million Maritime Security Program (MSP), a Presidential initiative critical to the national security and economic security of the United States. The MSP would support up to 50 vessels and assist in maintaining a U.S. flag merchant fleet crewed by U.S. citizens. The program would assure the continuance of an international trade fleet crewed by U.S. seafarers. The current U.S.-flag dry cargo international merchant fleet consists of 124 liner vessels. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000, and the loss of over 5,000 seafaring jobs.

Staff Cuts for the Commerce Department. Staff in the Bureau of Economic Analysis and the Economic Development Administration would have to be cut by 20 to 40 percent to accommodate the Subcommittee's reductions in funding for these agencies. A substantial number of RIFs or furloughs would be required in the Minority Business Development Administration, Office of the Secretary, and NOAA. In addition, no funds would be provided to pay for RIF costs in the U.S. Travel and Tourism Administration. The unfunded costs from RIFs and terminations could exceed $86 million under the Subcommittee's allocation.

International programs

The Administration is concerned with the large reductions the Subcommittee has made in several programs that are important to promoting U.S. foreign policy objectives.

Contributions to International Organizations, which pays U.S. assessments to international organizations and are based primarily on treaty obligations, would be reduced by over $60 million. This reduction would force the U.S. to abandon our obligations, which by treaty we are still bound to meet, and could terminate U.S. participation in several international organizations.

The Subcommittee mark would severely damage the Administration's ability to pursue foreign policy objectives through important U.S. public diplomacy programs. From the President's request, the mark would reduce funding for USIA operations by 11 percent, would cut funding for international broadcasting programs by over 14 percent, and would reduce funding for Educational and Cultural Exchange programs by 24 percent.

With regard to the Arms Control and Disarmament Agency, the Subcommittee would eliminate funding for Cobra Dane, a radar facility in Alaska important for verification of strategic arms reduction treaties. The Administration believes that the Committee should ensure that this activity, requiring $14 million in FY 1996, would be funded in the national security appropriation if it is not included in the Committee's bill.

The Administration is concerned about reductions in the State Department's operational accounts, particularly the 50 percent reduction in the Capital Investment Fund and the $30 million reduction in the Foreign Buildings Program. The Administration's request of $32.8 million for the Capital Investment Fund is necessary to invest in modern information technology that will enable the Department of State, through increased efficiencies, to meet the challenges posed by tight resource levels. In addition, the Subcommittee would make imprudent reductions of $30 million to the foreign buildings request. In FY 1996, the buildings request includes only sufficient resources to meet the practical need of preserving the value of existing U.S. Government assets through a measured program of facility rehabilitation and repair.

The Administration opposes the imposition of an FY 1997 deadline to implement fully a revised cost sharing system for overseas administrative support. As the Subcommittee report acknowledges, the Administration is currently working to implement a revised approach, the International Cooperative Administrative Support Services (ICASS) program, at a number of pilot posts in FY 1996. This new concept includes empowering an inter-agency board at each overseas post with decision-making power over the provision of administrative services. Implementation on a world-wide basis will depend upon an evaluation of pilot post operations. The Administration opposes imposition of a one-year deadline without the benefit of pilot post experience and without Administration review on the feasibility of worldwide implementation.

Equal Employment Opportunity Commission (EEOC)

The Subcommittee mark would provide $233 million for the EEOC, a reduction of $35 million, or 13 percent, from the President's request. This allocation would be insufficient to address the backlog of over 100,000 unresolved complaints that is currently facing the Commission. The Subcommittee's level of funding would also jeopardize ongoing management efforts to streamline case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Small Business Administration (SBA)

Disaster Loan Program. The Subcommittee mark would provide the requested $34.4 million for the Disaster Loan Program. The requested level, however, assumes the enactment of a program reform to increase interest rates on these loans to the Treasury cost of borrowing plus two percent. If the reform is not enacted, the $34.4 million provided in the Subcommittee bill would support only $110 million in disaster loans -- about one-quarter of the historical average (excluding catastrophes).

Section 504 Certified Development Company Program. The Subcommittee mark would not provide funding for this program as requested. However, the request for zero funding assumes the enactment of a program reform that would reduce the subsidy rate to zero through increased fees on borrowers. If the reform is not enacted and the subsidy rate remains at 0.57 percent, the program would not be able to continue with zero funding.

F

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

July 24, 1995
(House Floor)

# STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2076 -- COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**
(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The funding allocations for many of these investments, particularly in the areas of civilian technology, environment, violent crime control, and international affairs are contained in this bill. The Administration does not share all of the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. This bill is nearly $2.9 billion below the President's request.

The Administration urges the Congress to continue to support and fund the Department of Commerce. The Commerce Department helps to ensure economic growth and a higher standard of living for all Americans. Its viability as an agency is essential. The Administration is pleased that the Committee has supported increased funding for the Department of Justice, although at lower levels than requested by the Administration. Recent crime statistics have shown a decrease in violent crime in the United States. Continued support for the Department of Justice is essential for ensuring that America continues on this path.

Regrettably, the Committee has approved several provisions that the Administration finds seriously objectionable. For the reasons discussed below, the Attorney General, the Secretary of Commerce, and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him in its current form.

Community Oriented Policing Services (COPS)

The Committee mark would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the Committee bill would fund a general law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee one new officer. The President has indicated that this action is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

To date, the COPS program has already authorized funding for more than 20,000 new officers throughout the United States and has initiated a number of innovations in the grant process, such as simplified applications and coupons for drawing down grant funds. Police chiefs and sheriffs from around the country have praised the administration of the COPS program as customer-oriented, non-bureaucratic, and visionary. It is essential that the Congress restore full funding for the COPS program to ensure that the progress made to date in increasing the number of police on the street and fighting crime is not lost.

Other Violent Crime Reduction Trust Fund Programs

The Committee bill would provide $3.9 billion for programs funded by the Violent Crime Reduction Trust Fund, approximately $24 million less than requested. Especially troubling within this allocation is the Committee's lack of support for important "smart" crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, violence against women countermeasures, the Presidential Summit on Crime, and various other crime control programs. While the Committee presumably intends for these initiatives to be funded from the law enforcement block grant, specific funding allocations should be set aside for these proven, effective programs.

Advanced Technology Program, Department of Commerce

The Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in civilian technology. By eliminating funding for the Advanced Technology Program (ATP), the Congress would extinguish one of the country's most productive industry-government partnerships -- a partnership that is just beginning to expand our economy and help America to compete in the global marketplace.

ATP accelerates the development of enabling technologies with commercial potential and broad-based economic benefits through a rigorous, merit-based competition. The program provides an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. Analysis of ATP awards to date shows that they foster important technology development, enable research to be performed more quickly and aggressively, promote industrial alliances, and create jobs. The Administration strongly urges the Congress to restore funding for this valuable program.

Other Commerce Programs

The Committee mark would make substantial reductions to the President's requests for the Economics and Statistics Administration and the National Oceanic and Atmospheric Administration (NOAA). These cuts would reduce our investment in the Nation's statistical system, which provides policymakers critical economic and demographic indicators about our Nation. The reductions to NOAA would undermine efforts to manage the Nation's marine fisheries and coastal areas and reduce our efforts to monitor global environmental changes. The Administration finds particularly objectionable the Committee's elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program.

The Committee's funding reductions to Commerce programs would require substantial staffing reductions across virtually the entire Department. In certain areas of Commerce, these staffing reductions could approach 20 to 40 percent and require significant reductions-in-force.

The Administration's concerns about the impact of these funding and staffing reductions are discussed further in the attachment.

Legal Services Corporation (LSC)

The Committee mark of $278 million -- a one-third reduction in funding below the FY 1995 level -- would result in more than a one-third reduction in civil legal services to the poor, particularly in rural areas and in areas with programs that receive a large portion of their total funding from the LSC. This reduction, coupled with severe new restrictions on how the Corporation and its grantees may utilize their funding -- regardless of the source -- may drive away a significant portion of non-Federal funding and *pro bono* involvement. Nationwide, 40 percent of the funding for the LSC's programs comes from private sources. State and local governments, as well as private groups, charities, and individuals do not want the Federal government restricting the use of funds they provide to address the particular legal needs of the poor in their communities.

Oklahoma City/Anti-terrorism Funding

The Administration is pleased that the Committee has incorporated most of the funding requested by the President on July 17, 1995, for anti-terrorism activities in response to the Oklahoma City bombing and urges the Congress to fund fully all of the requests contained in the proposals.

Other Issues

The Administration would oppose any amendment that would restrict the ability of the United States to operate and conduct diplomatic relations with Vietnam.

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

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 2076 -- COMMERCE, JUSTICE, STATE, JUDICIARY,
AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

The Administration looks forward to working with the Congress to address the following concerns:

Department of Justice

Privatization of Federal Prisons. The Committee recommends the privatization of the operations of only one of the four prison facilities recommended for privatization in the President's FY 1996 Budget. The Administration continues to believe that it is appropriate and timely to privatize operations of all future pretrial detention facilities, along with future minimum and low security prisons that are not in complexes with higher security levels.

The Bureau of Prisons has extensive experience contracting for the housing and care of prisoners, with approximately 10 percent of the current prisoner population housed in private facilities. Privatization would contribute significantly to efforts to reduce the size of the Federal workforce. To delay this initiative for further study, as recommended by the Committee, would risk the opportunity to privatize certain prisons under construction that have not yet been staffed with Federal employees and would largely preclude their future privatization.

General Legal Activities. The Committee decision to transfer 200 attorneys from the General Legal Activities appropriation to the United States Attorneys is described in the House Committee Report as an initiative that would contribute to "sustaining the strength of Federal law enforcement." However, the impact of a transfer of 200 attorneys would result in anything but a strengthening of tax and environmental law enforcement. Such a transfer would send the wrong signal to the private bar about our enforcement capability, and it would be seen as a dilution of our specialized expertise.

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Economics and Statistics Administration. The Committee mark for the Census Bureau and the Bureau of Economic Analysis (BEA) is $94 million below the President's request and $17 million below the FY 1995 enacted level. This reduction would terminate efforts to increase the quality of the Nation's economic statistics and would degrade the quality of some existing economic indicators. During a time when Congress is turning over more programs to the States, BEA would be forced to reduce regional data on State and local per capita income and gross State product estimates used for allocating over $100 billion in Federal funds.

The Committee's recommendation would make it impossible for the Census Bureau to sustain the progress that has been made in improving the accuracy of the 2000 Decennial Census. Census and BEA would not be able to fund essential long-term systems modernization, which is needed to avoid future cost increases. BEA's 1970s vintage mainframe computer is rapidly failing and cannot be replaced within the current funding levels. This increases the risk of a catastrophic failure that could jeopardize the timely calculation of the Gross Domestic Product.

National Oceanic and Atmospheric Administration (NOAA). The Committee mark would provide $1.75 billion for NOAA, $354 million or 10 percent below the FY 1995 enacted level and 17 percent below the President's request. Fisheries management and enforcement would be retained, but at 14 percent below FY 1995 and 27 percent below the FY 1996 request. Both fisheries and endangered species work would be cut back. The U.S. economy would likely suffer the further decline of the fishing industry, causing additional loss of jobs. These cuts would impede NOAA's ability to provide for Pacific salmon recovery.

Under the Committee bill, NOAA research would be curtailed by 24 percent, including substantial cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. These activities are crucial to support the goal of sustainable development of the Nation's environmental resources. Funding cuts in programs that support the Nation's coastline, coastal ecosystems, and fisheries habitats would seriously jeopardize ongoing efforts critical to effective management of these resources.

In addition, the Committee's allocation would slow down modernization of the National Weather Service and jeopardize satellite continuity. The Committee's proposed reductions would mean that some 10 Weather Forecast Offices would not receive staff as proposed in the President's FY 1996 Budget. The follow-on Geostationary Satellite (GOES) program would require slowdown and reassessment, resulting in a possible gap in future GOES coverage. Improvements in forecasts and warnings, which lead to reduced loss of life and property, would be delayed. The U.S. experiences more severe local storms and flooding than any other nation in the world. These events translate into considerable loss of lives and annual property damages estimated in the billion of dollars.

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Department of Transportation

Maritime Administration. The Committee bill would not fund the new $175 million Maritime Security Program (MSP), a Presidential initiative critical to the national security and economic security of the United States. The MSP would support up to 50 vessels and assist in maintaining a U.S. flag merchant fleet crewed by U.S. citizens. The program would assure the continuance of an international trade fleet crewed by U.S. seafarers. The current U.S.-flag dry cargo international merchant fleet consists of 124 liner vessels. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000, and the loss of over 5,000 seafaring jobs.

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Contributions to International Organizations, which pays U.S. assessments to international organizations and are based primarily on treaty obligations, would be reduced by over $60 million. This reduction would force the U.S. to abandon our obligations, which by treaty the U.S. is still bound to meet, and could terminate U.S. participation in several international organizations.

The Committee mark would severely damage the Administration's ability to pursue foreign policy objectives through important U.S. public diplomacy programs. From the President's request, the mark would reduce funding for USIA operations by 11 percent, would cut funding for international broadcasting programs by over 14 percent, and would reduce funding for Educational and Cultural Exchange programs by 24 percent.

With regard to the Arms Control and Disarmament Agency, the Committee would eliminate funding for Cobra Dane, a radar facility in Alaska important for verification of strategic arms reduction treaties. The Administration believes that the Congress should ensure that this activity, requiring $14 million in FY 1996, would be funded in the national security appropriation if it is not included in the Committee's bill.

The Administration is concerned about reductions in the State Department's operational accounts, particularly the 50 percent reduction in the Capital Investment Fund and the $30 million reduction in the Foreign Buildings Program. The Administration's request of $32.8 million for the Capital Investment Fund is necessary to invest in modern information technology that will enable the Department of State, through increased efficiencies, to meet the challenges posed by tight resource levels. In addition, the Committee would make imprudent reductions of $30 million to the foreign buildings request. In FY 1996, the buildings request includes only sufficient resources to meet the practical need of preserving the value of existing U.S. Government assets through a measured program of facility rehabilitation and repair.

The Administration opposes the imposition of an FY 1997 deadline to implement fully a revised cost sharing system for overseas administrative support. As the Committee report acknowledges, the Administration is currently working to implement a revised approach, the International Cooperative Administrative Support Services (ICASS) program, at a number of pilot posts in FY 1996. This new concept includes empowering an inter-agency board at each overseas post with decision-making power over the provision of administrative services. Implementation on a world-wide basis will depend upon an evaluation of pilot post operations. The Administration opposes imposition of a one-year deadline without the benefit of pilot post experience and without Administration review on the feasibility of worldwide implementation.

Equal Employment Opportunity Commission (EEOC)

The Committee mark would provide $233 million for the EEOC, a reduction of $35 million, or 13 percent, from the President's request. This allocation would be insufficient to address the backlog of over 100,000 unresolved complaints that is currently facing the Commission. The Committee's level of funding would also jeopardize ongoing management efforts to streamline case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Small Business Administration (SBA)

Disaster Loan Program. The Committee mark would provide the requested $34.4 million for the Disaster Loan Program. The requested level, however, assumes the enactment of a program reform to increase interest rates on these loans to the Treasury cost of borrowing plus two percent. If the reform is not enacted, the $34.4 million provided in the Committee bill would support only $110 million in disaster loans -- about one-quarter of the historical average (excluding catastrophes).

Section 504 Certified Development Company Program. The Committee mark would not provide funding for this program as requested. However, the request for zero funding assumes the enactment of a program reform that would reduce the subsidy rate to zero through increased fees on borrowers. If the reform is not enacted and the subsidy rate remains at 0.57 percent, the program would not be able to continue with zero funding.

Office of Advocacy. The Administration urges the Congress to restore the $6 million requested for SBA's Office of Advocacy. The Committee bill would provide no funding for this function. The Office of Advocacy is an independent voice for small business within the Executive Branch and carries out certain congressional mandates, including the monitoring of Federal agencies compliance with the Regulatory Flexibility Act.

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

(F)

July 20, 1995
(House Rules)

# STATEMENT OF ADMINISTRATION POLICY

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

**H.R. 2076 -- COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996**
(Sponsors: Livingston (R), Louisiana; Rogers (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as reported by the House Appropriations Committee.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The funding allocations for many of these investments, particularly in the areas of civilian technology, environment, violent crime control, and international affairs are contained in this bill. The Administration does not share all of the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations. This bill is nearly $2.9 billion below the President's request.

The Administration commends the Committee for its decision to continue to support and fund the Department of Commerce. The Commerce Department helps to ensure economic growth and a higher standard of living for all Americans. Its viability as an agency is essential. Additionally, the Administration is pleased that the Committee has supported increased funding for the Department of Justice, although at lower levels than requested by the Administration. Recent crime statistics have shown a decrease in violent crime in the United States. Continued support for the Department of Justice is essential for ensuring that America continues on this path.

Regrettably, the Committee has approved several provisions that the Administration finds seriously objectionable. For the reasons discussed below, the Attorney General, the Secretary of Commerce, and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him in its current form.

Community Oriented Policing Services (COPS)

The Committee mark would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the Committee bill would fund a general law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee one new officer. The President has indicated that this action is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

To date, the COPS program has already authorized funding for more than 20,000 new officers throughout the United States and has initiated a number of innovations in the grant process, such as simplified applications and coupons for drawing down grant funds. Police chiefs and sheriffs from around the country have praised the administration of the COPS program as customer-oriented, non-bureaucratic, and visionary. It is essential that the Congress restore full funding for the COPS program to ensure that the progress made to date in increasing the number of police on the street and fighting crime is not lost.

Other Violent Crime Reduction Trust Fund Programs

The Committee bill would provide $3.9 billion for programs funded by the Violent Crime Reduction Trust Fund, approximately $24 million less than requested. Especially troubling within this allocation is the Committee's lack of support for important "smart" crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, violence against women countermeasures, the Presidential Summit on Crime, and various other crime control programs. While the Committee presumably intends for these initiatives to be funded from the law enforcement block grant, specific funding allocations should be set aside for these proven, effective programs.

Advanced Technology Program, Department of Commerce

The Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in civilian technology. By eliminating funding for the Advanced Technology Program (ATP), the Congress would extinguish one of the country's most productive industry-government partnerships -- a partnership that is just beginning to expand our economy and help America to compete in the global marketplace.

ATP accelerates the development of enabling technologies with commercial potential and broad-based economic benefits through a rigorous, merit-based competition. The program provides an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. Analysis of ATP awards to date shows that they foster important technology development, enable research to be performed more quickly and aggressively, promote industrial alliances, and create jobs. The Administration strongly urges the Congress to restore funding for this valuable program.

Other Commerce Programs

The Committee mark would make substantial reductions to the President's requests for the Economics and Statistics Administration and the National Oceanic and Atmospheric Administration (NOAA). These cuts would reduce our investment in the Nation's statistical system, which provides policymakers critical economic and demographic indicators about our Nation. The reductions to NOAA would undermine efforts to manage the Nation's marine fisheries and coastal areas and reduce our efforts to monitor global environmental changes. The Administration finds particularly objectionable the Committee's elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program.

The Committee's funding reductions to Commerce programs would require substantial staffing reductions across virtually the entire Department. In certain areas of Commerce, these staffing reductions could approach 20 to 40 percent and require significant reductions-in-force.

The Administration's concerns about the impact of these funding and staffing reductions are discussed further in the attachment.

Legal Services Corporation (LSC)

The Committee mark of $278 million -- a one-third reduction in funding below the FY 1995 level -- would result in more than a one-third reduction in civil legal services to the poor, particularly in rural areas and in areas with programs that receive a large portion of their total funding from the LSC. This reduction, coupled with severe new restrictions on how the Corporation and its grantees may utilize their funding -- regardless of the source -- may drive away a significant portion of non-Federal funding and *pro bono* involvement. Nationwide, 40 percent of the funding for the LSC's programs comes from private sources. State and local governments, as well as private groups, charities, and individuals do not want the Federal government restricting the use of funds they provide to address the particular legal needs of the poor in their communities.

Oklahoma City/Anti-terrorism Funding

The Administration is pleased that the Committee has incorporated most of the funding requested by the President on July 17, 1995, for anti-terrorism activities in response to the Oklahoma City bombing and urges the Congress to fund fully all of the requests contained in the proposals.

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

Attachment

Attachment
(House Rules)

**ADDITIONAL CONCERNS**
**H.R. 2076 -- COMMERCE, JUSTICE, STATE, JUDICIARY, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996**
**(AS REPORTED BY THE HOUSE FULL COMMITTEE)**

The Administration looks forward to working with the Congress to address the following concerns:

Department of Justice

Privatization of Federal Prisons. The Committee recommends the privatization of the operations of only one of the four prison facilities recommended for privatization in the President's FY 1996 Budget. The Administration continues to believe that it is appropriate and timely to privatize operations of all future pretrial detention facilities, along with future minimum and low security prisons that are not in complexes with higher security levels.

The Bureau of Prisons has extensive experience contracting for the housing and care of prisoners, with approximately 10 percent of the current prisoner population housed in private facilities. Privatization would contribute significantly to efforts to reduce the size of the Federal workforce. To delay this initiative for further study, as recommended by the Committee, would risk the opportunity to privatize certain prisons under construction that have not yet been staffed with Federal employees and would largely preclude their future privatization.

General Legal Activities. The Committee decision to transfer 200 attorneys from the General Legal Activities appropriation to the United States Attorneys is described in the House Committee Report as an initiative that would contribute to "sustaining the strength of Federal law enforcement." However, the impact of a transfer of 200 attorneys would result in anything but a strengthening of tax and environmental law enforcement. Such a transfer would send the wrong signal to the private bar about our enforcement capability, and it would be seen as a dilution of our specialized expertise.

Fair and consistent application of tax and environmental laws is something that industry wants. Moreover, environmental and tax cases would likely be subsumed by local criminal cases, especially in light of the pressures presented by the Speedy Trial Act. Less environmental and tax work would result.

Civil Liberties Public Education Fund. The Committee mark would not provide the $5 million in funding requested for the Civil Liberties Public Education Fund. These funds, as authorized by the Civil Liberties Act of 1988, would be used to promote public education and awareness of the conditions of confinement experienced by scores of Japanese Americans during World War II. The Administration is concerned that the lack of funding in the Committee bill could compromise the success of this important program.

Support of United States Prisoners. The Committee mark for the Support of U.S. Prisoners appropriation is $45 million below the President's request. This program provides for housing and subsistence for the Federal prisoners remanded to the custody of the U.S. Marshals Service. An appropriation of less than the President's request may result in insufficient funds if the detainee population or per diem costs increase as projected. Sufficient resources are necessary because the Government has no choice but to house and provide medical care for Federal detainees and prisoners.

Other Justice programs. The Administration appreciates the Committee's full funding of the request for the State Criminal Alien Assistance Program and prison grants. However, the Administration strongly supports language that would target Federal prison grant funds for uses that expand the capacity of State prison systems rather than for prison operations, which are clearly a State responsibility.

Department of Commerce

Civilian Technology Investment Programs. The Committee mark for civilian technology programs could threaten the United States' standing with respect to technology advancements, innovation, and economic competitiveness. The Committee's allocation for the Manufacturing Extension Partnership Program would leave large areas of the U.S. without access to the technical assistance that helps smaller manufacturers to employ advanced manufacturing technology critical to global competitiveness. The Committee's allocation for the National Information Infrastructure Grants program would deny hospitals, schools, and local governments access to advanced communications technologies to save lives, educate people, and deliver important services.

Economics and Statistics Administration. The Committee mark for the Census Bureau and the Bureau of Economic Analysis (BEA) is $94 million below the President's request and $17 million below the FY 1995 enacted level. This reduction would terminate efforts to increase the quality of the Nation's economic statistics and would degrade the quality of some existing economic indicators. During a time when Congress is turning over more programs to the States, BEA would be forced to reduce regional data on State and local per capita income and gross State product estimates used for allocating over $100 billion in Federal funds.

The Committee's recommendation would make it impossible for the Census Bureau to sustain the progress that has been made in improving the accuracy of the 2000 Decennial Census. Census and BEA would not be able to fund essential long-term systems modernization, which is needed to avoid future cost increases. BEA's 1970s vintage mainframe computer is rapidly failing and cannot be replaced within the current funding levels. This increases the risk of a catastrophic failure that could jeopardize the timely calculation of the Gross Domestic Product.

National Oceanic and Atmospheric Administration (NOAA). The Committee mark would provide $1.75 billion for NOAA, $354 million or 10 percent below the FY 1995 enacted level and 17 percent below the President's request. Fisheries management and enforcement would be retained, but at 14 percent below FY 1995 and 27 percent below the FY 1996 request. Both fisheries and endangered species work would be cut back. The U.S. economy would likely suffer the further decline of the fishing industry, causing additional loss of jobs. These cuts would impede NOAA's ability to provide for Pacific salmon recovery.

Under the Committee bill, NOAA research would be curtailed by 24 percent, including substantial cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. These activities are crucial to support the goal of sustainable development of the Nation's environmental resources. Funding cuts in programs that support the Nation's coastline, coastal ecosystems, and fisheries habitats would seriously jeopardize ongoing efforts critical to effective management of these resources.

In addition, the Committee's allocation would slow down modernization of the National Weather Service and jeopardize satellite continuity. The Committee's proposed reductions would mean that some 10 Weather Forecast Offices would not receive staff as proposed in the President's FY 1996 Budget. The follow-on Geostationary Satellite (GOES) program would require slowdown and reassessment, resulting in a possible gap in future GOES coverage. Improvements in forecasts and warnings, which lead to reduced loss of life and property, would be delayed. The U.S. experiences more severe local storms and flooding than any other nation in the world. These events translate into considerable loss of lives and annual property damages estimated in the billion of dollars.

Staff Cuts for the Commerce Department. Staff in the Bureau of Economic Analysis and the Economic Development Administration would have to be cut by 20 to 40 percent to accommodate the Committee's reductions in funding for these agencies. A substantial number of RIFs or furloughs would be required in the Minority Business Development Administration, Office of the Secretary, and NOAA. In addition, no funds would be provided to pay for RIF costs in the U.S. Travel and Tourism Administration. The unfunded costs from RIFs and terminations could exceed $86 million under the Committee's allocation.

Department of Transportation

Maritime Administration. The Committee bill would not fund the new $175 million Maritime Security Program (MSP), a Presidential initiative critical to the national security and economic security of the United States. The MSP would support up to 50 vessels and assist in maintaining a U.S. flag merchant fleet crewed by U.S. citizens. The program would assure the continuance of an international trade fleet crewed by U.S. seafarers. The current U.S.-flag dry cargo international merchant fleet consists of 124 liner vessels. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000, and the loss of over 5,000 seafaring jobs.

International programs

The Administration is concerned with the large reductions the Committee has made in several programs that are important to promoting U.S. foreign policy objectives.

Contributions to International Organizations, which pays U.S. assessments to international organizations and are based primarily on treaty obligations, would be reduced by over $60 million. This reduction would force the U.S. to abandon our obligations, which by treaty the U.S. is still bound to meet, and could terminate U.S. participation in several international organizations.

The Committee mark would severely damage the Administration's ability to pursue foreign policy objectives through important U.S. public diplomacy programs. From the President's request, the mark would reduce funding for USIA operations by 11 percent, would cut funding for international broadcasting programs by over 14 percent, and would reduce funding for Educational and Cultural Exchange programs by 24 percent.

With regard to the Arms Control and Disarmament Agency, the Committee would eliminate funding for Cobra Dane, a radar facility in Alaska important for verification of strategic arms reduction treaties. The Administration believes that the Congress should ensure that this activity, requiring $14 million in FY 1996, would be funded in the national security appropriation if it is not included in the Committee's bill.

The Administration is concerned about reductions in the State Department's operational accounts, particularly the 50 percent reduction in the Capital Investment Fund and the $30 million reduction in the Foreign Buildings Program. The Administration's request of $32.8 million for the Capital Investment Fund is necessary to invest in modern information technology that will enable the Department of State, through increased efficiencies, to meet the challenges posed by tight resource levels. In addition, the Committee would make imprudent reductions of $30 million to the foreign buildings request. In FY 1996, the buildings request includes only sufficient resources to meet the practical need of preserving the value of existing U.S. Government assets through a measured program of facility rehabilitation and repair.

The Administration opposes the imposition of an FY 1997 deadline to implement fully a revised cost sharing system for overseas administrative support. As the Committee report acknowledges, the Administration is currently working to implement a revised approach, the International Cooperative Administrative Support Services (ICASS) program, at a number of pilot posts in FY 1996. This new concept includes empowering an inter-agency board at each overseas post with decision-making power over the provision of administrative services. Implementation on a world-wide basis will depend upon an evaluation of pilot post operations. The Administration opposes imposition of a one-year deadline without the benefit of pilot post experience and without Administration review on the feasibility of worldwide implementation.

Equal Employment Opportunity Commission (EEOC)

The Committee mark would provide $233 million for the EEOC, a reduction of $35 million, or 13 percent, from the President's request. This allocation would be insufficient to address the backlog of over 100,000 unresolved complaints that is currently facing the Commission. The Committee's level of funding would also jeopardize ongoing management efforts to streamline case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Small Business Administration (SBA)

Disaster Loan Program. The Committee mark would provide the requested $34.4 million for the Disaster Loan Program. The requested level, however, assumes the enactment of a program reform to increase interest rates on these loans to the Treasury cost of borrowing plus two percent. If the reform is not enacted, the $34.4 million provided in the Committee bill would support only $110 million in disaster loans -- about one-quarter of the historical average (excluding catastrophes).

Section 504 Certified Development Company Program. The Committee mark would not provide funding for this program as requested. However, the request for zero funding assumes the enactment of a program reform that would reduce the subsidy rate to zero through increased fees on borrowers. If the reform is not enacted and the subsidy rate remains at 0.57 percent, the program would not be able to continue with zero funding.

Office of Advocacy. The Administration urges the Congress to restore the $6 million requested for SBA's Office of Advocacy. The Committee bill would provide no funding for this function. The Office of Advocacy is an independent voice for small business within the Executive Branch and carries out certain congressional mandates, including the monitoring of Federal agencies compliance with the Regulatory Flexibility Act.

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

THE DIRECTOR

August 12, 1995

Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2076, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1996, as passed by the House. As the Senate develops its version of the bill, your consideration of the Administration's views would be appreciated.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs essential to economic growth and a higher standard of living for all Americans. The funding allocations for many of these investments, particularly in the areas of civilian technology, environment, and violent crime control are contained in this bill. The Administration supports reducing spending but does not share the priorities reflected in the House-passed bill, which is nearly $3.1 billion below the President's request.

The Administration opposes several aspects of the House-passed bill. Because it would eliminate the Community Oriented Policing Services (COPS) program, the President has stated that he would not sign the bill as passed by the House. Because the House-passed bill would undermine the viability of the Department of Commerce and its critical technology, environmental, and statistical programs, the Secretary of Commerce would recommend that the President veto the bill in its current form. For these and other reasons, discussed more fully below, I would join the Secretary of Commerce in recommending that the President veto the bill as passed by the House.

Department of Justice

The Administration is pleased that the House has supported increased funding for the Department of Justice, although at lower levels than requested by the Administration. Recent crime statistics have shown a decrease in violent crime in the United States. Continued support for the Department of Justice is essential for ensuring that America continues on this path.

Community Oriented Policing Services (COPS)

The House-passed bill would eliminate the COPS program, which would provide grants to localities to hire new police and would eventually put 100,000 new officers on the streets of America. Instead, the House-passed bill would fund a general law enforcement block grant program that would allow spending on anything from street lights to public works projects. The American public has shown a clear desire for additional police to work hand-in-hand with communities to fight crime. The block grant approach would not guarantee a single new officer. The President has indicated that this is unacceptable. COPS is a highly successful program that promotes community policing, a proven, effective means of reducing crime at the neighborhood level.

To date, the COPS program has already authorized funding for more than 20,000 new officers throughout the United States and has initiated a number of innovations in the grant process, such as simplified applications and coupons for drawing down grant funds. Police chiefs and sheriffs from around the country have praised the administration of the COPS program as customer-oriented, non-bureaucratic, and visionary. It is essential that the Senate restore full funding for the COPS program to ensure that the progress made to date in increasing the number of police on the street and fighting crime is not lost.

Other Violent Crime Reduction Trust Fund Programs

The House-passed bill would provide $4.0 billion for programs funded by the Violent Crime Reduction Trust Fund, approximately $28 million less than requested. Especially troubling within this allocation is the House's lack of support for smart crime fighting initiatives such as Drug Courts, the President's Crime Prevention Council, Violence Against Women Act provisions, and various other crime prevention programs. While the House presumably intends for these initiatives to be funded from the law enforcement block grant, specific funding allocations should be set aside for these proven, effective programs.

Department of Commerce

The Administration strongly urges the Senate to continue to support and fund the Department of Commerce. The Commerce Department helps to ensure economic growth and a higher standard of living for all Americans. Its continued viability as an agency is essential.

Advanced Technology Program

The Administration remains firmly committed to increasing the Nation's productivity and raising living standards by investing in civilian technology. By eliminating funding for the Advanced Technology Program (ATP), the House would extinguish one of the country's most productive industry-government partnerships -- a partnership that is just beginning to expand our economy and help America to compete in the global marketplace.

ATP accelerates the development of enabling technologies with commercial potential and broad-based economic benefits through a rigorous, merit-based competition. The program provides an effective mechanism for augmenting U.S. economic growth through highly-leveraged, industry-led research and development. Analysis of ATP awards to date shows that they foster important technology development, enable research to be performed more quickly and aggressively, promote industrial alliances, and create jobs. The Administration strongly urges the Senate to restore funding for this valuable program.

Other Commerce Programs

The House mark would make substantial reductions to the President's requests for the Economics and Statistics Administration (ESA) and the National Oceanic and Atmospheric Administration (NOAA). The ESA cuts would reduce our investment in the Nation's statistical system, which provides businesses, the academic community, and policymakers critical economic and demographic indicators. The reductions to NOAA would undermine efforts to manage the Nation's marine fisheries and coastal areas and reduce our efforts to monitor global environmental changes. The Administration finds particularly objectionable the House's elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program.

The Administration's concerns about the impact of the funding and staffing reductions are discussed further in the enclosure.

Legal Services Corporation (LSC)

The House mark of $278 million -- a one-third reduction in funding below the FY 1995 level -- would result in more than a one-third reduction in civil legal services to the poor, particularly in rural areas and in areas with programs that receive a large portion of their total funding from the LSC. This reduction, coupled with severe new restrictions on how the Corporation and its grantees may utilize their funding -- regardless of the source -- may drive away a significant portion of non-Federal funding and *pro bono* involvement. Nationwide, 40 percent of the funding for the LSC's programs comes from private sources. State and local governments, as well as private groups, charities, and individuals do not want the Federal government restricting the use of funds they provide to address the particular legal needs of the poor in their communities.

Oklahoma City/Anti-Terrorism Funding

The Administration is pleased that the House has incorporated most of the funding requested by the President on July 17, 1995, for anti-terrorism activities in response to the Oklahoma City bombing and urges the Senate to fund fully all of the requests contained in the proposals.

Other Issues

The Administration strongly opposes the provision of the House-passed bill that would restrict the ability of the United States to operate and conduct diplomatic relations with Vietnam.

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

Sincerely,

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Mark O. Hatfield, Honorable Robert C. Byrd, Honorable Phil Gramm, and Honorable Ernest F. Hollings

Enclosure
(Senate Subcommittee)

**ADDITIONAL CONCERNS**
**H.R. 2076 -- COMMERCE, JUSTICE, STATE, JUDICIARY, AND RELATED PROGRAMS APPROPRIATIONS BILL, FY 1996**
**(AS PASSED BY THE HOUSE)**

The Administration looks forward to working with the Senate to address the following concerns:

Department of Justice

Privatization of Federal Prisons. The House recommends the privatization of the operations of only one of the four prison facilities recommended for privatization in the President's FY 1996 Budget. The Administration continues to believe that it is appropriate and timely to privatize operations of all future pretrial detention facilities, along with future minimum and low security prisons that are not in complexes with higher security levels.

The Bureau of Prisons has extensive experience contracting for the housing and care of prisoners, with approximately 10 percent of the current prisoner population housed in private facilities. Privatization would contribute significantly to efforts to reduce the size of the Federal workforce. To delay this initiative for further study, as recommended by the House, would risk the opportunity to privatize certain prisons under construction that have not yet been staffed with Federal employees and would largely preclude their future privatization.

General Legal Activities. The House decision to transfer 200 attorneys from the General Legal Activities appropriation to the United States Attorneys is described in the House Report as an initiative that would contribute to "sustaining the strength of Federal law enforcement." However, the impact of a transfer of 200 attorneys would result in anything but a strengthening of tax and environmental law enforcement. Such a transfer would send the wrong signal to the private bar about our enforcement capability, and it would be seen as a dilution of our specialized expertise.

Fair and consistent application of tax and environmental laws is something that industry wants. Moreover, environmental and tax cases would likely be subsumed by local criminal cases, especially in light of the pressures presented by the Speedy Trial Act. Less environmental and tax work would result.

Civil Liberties Public Education Fund. The House mark would not provide the $5 million in funding requested for the Civil Liberties Public Education Fund. These funds, as authorized by the Civil Liberties Act of 1988, would be used to promote public education and awareness of the conditions of confinement experienced by scores of Japanese Americans during World War II. The Administration is concerned that the lack of funding in the House-passed bill could compromise the success of this important program.

Support of United States Prisoners. The House mark for the Support of U.S. Prisoners appropriation is $45 million below the President's request. This program provides for housing and subsistence for the Federal prisoners remanded to the custody of the U.S. Marshals Service. An appropriation of less than the President's request may result in insufficient funds if the detainee population or per diem costs increase as projected. Sufficient resources are necessary because the Government has no choice but to house and provide medical care for Federal detainees and prisoners.

Other Justice programs. The Administration appreciates the House's full funding of the request for the State Criminal Alien Assistance Program and prison grants. However, the Administration strongly supports language that would target Federal prison grant funds for uses that expand the capacity of State prison systems rather than for prison operations, which are clearly a State responsibility.

Office of Inspector General(OIG). The Administration is concerned that the House-passed bill would transfer $5 million from the General Administration appropriation for management assistance to INS, instead of the OIG for this purpose. For the past three years, the $5 million proposed for transfer has been paid by INS to the OIG on a reimbursable basis and, therefore, represents neither a net loss to INS nor a net gain to the OIG. The transfer of the funding to the General Administration appropriation would require the elimination of fifty full-time permanent staff within the OIG. A reduction of this magnitude would likely result in a reduction-in-force and would severely impair the OIG's ability to perform sensitive special investigations and projects.

Department of Commerce

Civilian Technology Investment Programs. The House mark for civilian technology programs could threaten the United States' standing with respect to technology advancements, innovation, and economic competitiveness. The House's allocation for the Manufacturing Extension Partnership Program would leave large areas of the U.S. without access to the technical assistance that helps smaller manufacturers to employ advanced manufacturing technology critical to global competitiveness. The House's allocation for the National Information Infrastructure Grants program would reduce access by hospitals, schools, and local governments to advanced communications technologies to save lives, educate people, and deliver important services.

Economics and Statistics Administration. The House mark for the Census Bureau and the Bureau of Economic Analysis (BEA) is $84 million below the President's request and $17 million below the FY 1995 enacted level. This reduction would terminate efforts to increase the quality of the Nation's economic statistics and would degrade the quality of some existing economic indicators. During a time when Congress is turning over more programs to the States, BEA would be forced to reduce regional data on State and local per capita income and gross State product estimates used for allocating over $100 billion in Federal funds.

The House's recommendation would make it impossible for the Census Bureau to sustain the progress that has been made in improving the accuracy of the 2000 Decennial Census. Census and BEA would not be able to fund essential long-term systems modernization, which is needed to avoid future cost increases. BEA's 1970s vintage mainframe computer is rapidly failing and cannot be replaced within the current funding levels. This increases the risk of a catastrophic failure that could jeopardize the timely calculation of the Gross Domestic Product.

National Oceanic and Atmospheric Administration (NOAA). The House mark would provide $1.77 billion for NOAA, $133 million or 7 percent below the FY 1995 enacted level and 15 percent below the President's request. Fisheries management and enforcement would be retained, but at 6 percent below FY 1995 and 20 percent below the FY 1996 request. Both fisheries and endangered species work would be cut back. The U.S. economy would likely suffer the further decline of the fishing industry, causing additional loss of jobs. These cuts would impede NOAA's ability to provide for Pacific salmon recovery.

Under the House-passed bill, NOAA research would be curtailed by 21 percent from the FY 1995 enacted level and by 25 percent from the FY 1996 request, including substantial cuts in climate research and forecasting programs and the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. These activities are crucial to support the goal of sustainable development of the Nation's environmental resources. Funding cuts in programs that support the

Nation's coastline, coastal ecosystems, and fisheries habitats would seriously jeopardize ongoing efforts critical to effective management of these resources.

In addition, the House's allocation would slow down modernization of the National Weather Service and jeopardize satellite continuity. The House's proposed reductions would mean that some 10 Weather Forecast Offices would not receive staff as proposed in the President's FY 1996 Budget. The follow-on Geostationary Satellite (GOES) program would require slowdown and reassessment, resulting in a possible gap in future GOES coverage. Improvements in forecasts and warnings, which lead to reduced loss of life and property, would be delayed. The U.S. experiences more severe local storms and flooding than any other nation in the world. These events translate into considerable loss of lives and annual property damages estimated in the billions of dollars.

Staff Cuts for the Commerce Department. Staff in the Bureau of Economic Analysis and the Economic Development Administration would have to be cut by 20 to 40 percent to accommodate the House's reductions in funding for these agencies. In addition, no funds would be provided to pay for RIF costs in the U.S. Travel and Tourism Administration. The unfunded costs from RIFs and terminations could exceed $86 million under the House's allocation.

Department of Transportation

Maritime Administration. The Administration objects that the House-passed bill does not contain funding for the new $175 million Maritime Security Program (MSP), a Presidential initiative critical to the national security and economic security of the United States. The MSP would support up to 50 vessels and assist in maintaining a U.S. flag merchant fleet crewed by U.S. citizens. The program would assure the continuance of an international trade fleet crewed by U.S. seafarers. The current U.S.-flag dry cargo international merchant fleet consists of 124 liner vessels. Failure to fund this program could result in the elimination of more than two-thirds of this fleet by the year 2000, and the loss of over 5,000 seafaring jobs.

International programs

The Administration is concerned with the large reductions the House has made in several programs that are important to promoting U.S. foreign policy objectives.

Contributions to International Organizations, which pays U.S. assessments to international organizations and are based primarily on treaty obligations, would be reduced by over $65 million. This reduction would force the U.S. to abandon our obligations, which by treaty the U.S. is still bound to meet, and could terminate U.S. participation in several international organizations.

While the Administration acknowledges the need to improve consultations with Congress on peacekeeping issues, the Administration opposes the House-passed bill language on peacekeeping notification because the provision is unreasonable and unworkable in the context of conducting complex international negotiations at the United Nations.

The House mark would severely damage the Administration's ability to pursue foreign policy objectives through important U.S. public diplomacy programs. From the President's request, the House-passed bill would reduce funding for USIA operations by 10 percent, would cut funding for international broadcasting programs by over 14 percent, and would reduce funding for Educational and Cultural Exchange programs by 24 percent. Reductions to USIA of this magnitude would force RIFs to eliminate over 1,000 positions, significantly curtailing America's ability to engage with foreign publics. The House-passed bill would require USIA to close over 20 overseas posts, eliminate at least 15 broadcast language services, and severely reduce core Fulbright and other exchange grants.

With regard to the Arms Control and Disarmament Agency, the House would eliminate funding for Cobra Dane, a radar facility in Alaska important for verification of strategic arms reduction treaties. The Administration believes that the Congress should ensure that this activity, requiring $14 million in FY 1996, would be funded in the Defense appropriations bill if it is not included in the Senate bill.

The Administration is concerned about reductions in the State Department's operational accounts, particularly the 50 percent reduction in the Capital Investment Fund and the $30 million reduction in the Foreign Buildings Program. The Administration's request of $32.8 million for the Capital Investment Fund is necessary to invest in modern information technology that will enable the Department of State, through increased efficiencies, to meet the challenges posed by tight resource levels. In addition, the House would make imprudent reductions of $30 million to the foreign buildings request. In FY 1996, the buildings request includes only sufficient resources to meet the practical need of preserving the value of existing U.S. Government assets through a measured program of facility rehabilitation and repair.

The Administration opposes the imposition of an FY 1997 deadline to implement fully a revised cost sharing system for overseas administrative support. As the House report acknowledges, the Administration is currently moving ahead with the implementation of a revised approach, the International Cooperative Administrative Support Services (ICASS) program, at a number of pilot posts in FY 1996. This new concept empowers an inter-agency board at each overseas post with decision-making power over the provision of administrative services. Implementation of ICASS on a world-wide basis depends on serious evaluation of these pilot post operations. The Administration opposes imposition of a one-year deadline without the benefit of this pilot post experience and without Administration review of the feasibility of worldwide implementation.

Equal Employment Opportunity Commission (EEOC)

The House-passed bill would provide $233 million for the EEOC, a reduction of $35 million from the President's request. The Administration strongly urges the Senate to provide funding at the requested level of $268 million. Without full funding, the EEOC would be unable to address effectively the backlog of over 100,000 unresolved complaints that is currently facing the Commission. Furthermore, the level of funding contained in the House-passed bill would jeopardize ongoing management efforts to streamline case processing, including the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Small Business Administration (SBA)

Disaster Loan Program. The House mark would provide the requested $34.4 million for the Disaster Loan Program. The requested level, however, assumes the enactment of a program reform to increase interest rates on these loans to the Treasury cost of borrowing plus two percent. If the reform is not enacted, the $34.4 million provided in the House-passed bill would support only $110 million in disaster loans -- about one-quarter of the historical average (excluding catastrophes).

Section 504 Certified Development Company Program. The House mark would not provide funding for this program as requested. However, the request for zero funding assumes the enactment of a program reform that would reduce the subsidy rate to zero through increased fees on borrowers. If the reform is not enacted and the subsidy rate remains at 0.57 percent, the program would not be able to continue with zero funding.