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

September 12, 1995

THE DIRECTOR

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

Dear Senator Byrd:

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 reported by the Subcommittee. As the Senate 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. 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 Administration supports reducing spending but does not share the priorities reflected in the Subcommittee bill, which is roughly $4.5 billion below the President's request.

The Administration is pleased that the Subcommittee has supported an increased overall funding level for the Department of Justice. Continued support for the Department of Justice is essential for the fight against crime. However, the Administration strongly opposes several aspects of the Subcommittee bill. The President would 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 would fund a 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.

Other Violent Crime Reduction Trust Fund Programs

The Subcommittee mark would provide $3.9 billion for programs funded by the Violent Crime Reduction Trust Fund. However, the Subcommittee has failed to fund crime prevention programs, with the exception of the program to address violence against women. Funding allocations should be restored for these proven, effective, crime prevention programs, including drug courts and the President's Crime Prevention Council.

Department of Commerce

The Administration strongly urges the Senate to support critical programs of the Department of Commerce. The Commerce Department works to ensure economic growth and a higher standard of living for all Americans. Its continued viability as an agency is essential to our Nation's economic competitiveness.

Department of Commerce - Technology Programs

The Administration is deeply disappointed by the Subcommittee's under-funding of civilian technology programs essential to economic growth. These programs support industry-government partnerships engaged in developing new technologies that increase the Nation's productivity and raise living standards. The Subcommittee's funding levels for the Advanced Technology Program (ATP) and the Manufacturing Extension Partnership are unacceptably low. The Subcommittee level for ATP would not only prohibit any new awards, but would result in the government being unable to fulfill funding commitments for awards made in prior years to over 400 companies.

The Subcommittee mark would drastically curtail the activities of the Department of Commerce's telecommunications policy office and would eliminate the highly successful National Information Infrastructure grants program. The Subcommittee bill also would reduce funding for patent processing and technology policy, and would rescind funds for construction of state-of-the art technology laboratories. These programs accelerate the development and deployment of new and enabling technologies that help expand our economy and help Americans compete in the global marketplace. The Subcommittee's reductions, if enacted, would represent a major blow to U.S. competitiveness. The Administration strongly urges the Senate to restore funding to these programs.

Department of Commerce - Other Programs

The Subcommittee mark would make substantial reductions to a wide range of other Commerce programs. The Administration strongly objects to the elimination of the Global Learning and Observations to Benefit the Environment (GLOBE) program. The Subcommittee's reductions to the International Trade Administration would undermine support for U.S. firms in their efforts to sell U.S. products overseas. Reductions to the Economic Development Administration would severely hamper the Federal government's most flexible tool for local economic development. Eliminating the Minority Business Development Administration would undermine efforts to develop and strengthen new and existing minority-owned businesses.

Legal Services Corporation

The Subcommittee mark would eliminate the Legal Services Corporation (LSC) and provide $210 million to the Office of Justice Programs to fund a new block grant for legal assistance to low-income individuals. Eliminating the LSC, an organization whose sole purpose is to provide legal services to the poor, and providing a block grant that is roughly half of the current funding level, would strike a devastating blow to those most in need of assistance.

International Programs

The Subcommittee's drastic reductions to international programs funded by this bill would seriously jeopardize the conduct of foreign relations by the United States. The Administration strongly urges restoration of these funds to enable it to carry out a foreign policy that advances the interests of the American people.

Reductions of 12 percent from the President's request for the State Department would severely disrupt operations and would result in closing of many more overseas posts than planned. The effects of this would be felt across the government due to the resulting drastic reductions in State-funded administrative support for other agencies operating overseas. In addition, the Subcommittee bill would slash funding for the Arms Control and Disarmament Agency by 70 percent from the President's request. This would decimate the United States' ability to continue ongoing arms control negotiation and verification activities.

The Subcommittee would reduce the President's requests for contributions to the United Nations and other international organizations by more than 40 percent. These reductions would cause the United States to violate its treaty obligations and would end U.S. participation in multilateral organizations that promote our national interests. The Subcommittee's 44-percent reduction in contributions to international peacekeeping activities would seriously compromise the ability of the international community to continue efforts to settle existing or potential armed conflicts.

The Subcommittee bill would also reduce U.S. Information Agency programs by more than 19 percent from the President's request. Such a deep reduction would result in the elimination of 1,000 USIA positions, closure of 30 overseas posts, severe cutbacks in Fulbright exchanges and programs for the New

Independent States of the Former Soviet Union, and the cancellation of a new radio transmitter project to broadcast to China.

Language Provisions

It is the Administration's understanding that section 614 of the Subcommittee bill would purport to modify Federal affirmative action law, as it applies to agencies receiving funding through this bill. In the absence of having the language of this General Provision to review, we would note that restrictions on consideration of race, color, national origin, and gender that exceed those imposed by current law would be inconsistent with the President's policy on affirmative action. Therefore, the Administration would oppose the provision.

The Subcommittee bill includes language that would dramatically alter SBA's Section 8(a) minority contracting program. The Administration is willing to consider reforms to the 8(a) program that are consistent with the President's recent report on affirmative action but believes that the language contained in the bill goes too far. However, the Administration strongly urges the Congress to undertake reforms to the Section 8(a) program through the authorizing process, where the issues and options can be fully examined and discussed.

Other Funding Issues

The Administration is very concerned with the cuts in funding for the Federal Communications Commission, the Federal Trade Commission, the Maritime Security Program, the Small Business Administration's operating expenses, the Department of Justice Office of Inspector General, the Equal Employment Opportunity Commission, and the Securities and Exchange Commission. The Administration urges the Senate to restore funding for these programs to the requested levels.

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 Mark O. Hatfield,
Honorable Robert C. Byrd, Honorable Phil Gramm,
and Honorable Ernest F. Hollings

(F)

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

September 14, 1995
(Senate 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: Hatfield (R), Oregon; Gramm (R), Texas)

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 Senate 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 Administration supports reducing spending but does not share the priorities reflected in the Committee bill, which is roughly $4.5 billion below the President's request.

The Administration is pleased that the Committee has supported an increased overall funding level for the Department of Justice. Continued support for the Department of Justice is essential for the fight against crime.

However, the Administration strongly opposes several aspects of the Committee bill, which are detailed below. For these reasons, the President would veto the bill if it were presented to him as reported by the Committee.

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 would fund a 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.

Other Violent Crime Reduction Trust Fund Programs

The Committee mark would provide $3.9 billion for programs funded by the Violent Crime Reduction Trust Fund. However, the Committee has failed to fund crime prevention programs, with the exception of the program to address violence against women. The Administration believes that funding allocations should be restored for these proven, effective, crime prevention programs, including drug courts and the President's Crime Prevention Council.

Department of Commerce

The Administration strongly urges the Senate to support critical programs of the Department of Commerce. The Commerce Department works to ensure economic growth and a higher standard of living for all Americans. Its continued viability as an agency is essential to our Nation's economic competitiveness.

Department of Commerce - Technology Programs

The Administration is deeply disappointed by the Committee's under-funding of civilian technology programs essential to economic growth. These programs support industry-government partnerships engaged in developing new technologies that increase the Nation's productivity and raise living standards. The Committee's funding levels for the Advanced Technology Program (ATP) and the Manufacturing Extension Partnership are unacceptably low. The Committee level for ATP would not only prohibit any new awards, but would result in the government being unable to fulfill funding commitments for awards made in prior years to over 400 companies.

The Committee mark would sharply reduce the activities of the Department of Commerce's telecommunications policy office and would eliminate the highly successful National Information Infrastructure grants program. The Committee bill also would reduce funding for patent processing and technology policy, and would rescind funds for construction of state-of-the art technology laboratories. These programs accelerate the development and deployment of new and enabling technologies that help expand our economy and help Americans compete in the global marketplace. The Committee's reductions, if enacted, would represent a major blow to U.S. competitiveness. The Administration strongly urges the Senate to restore funding to these programs.

Department of Commerce - Other Programs

The Committee mark would make substantial reductions to a wide range of other Commerce programs. The Committee's reductions to the International Trade Administration would undermine support for U.S. firms in their efforts to sell U.S. products overseas. Reductions to the Economic Development

Administration would severely hamper the Federal government's most flexible tool for local economic development. Eliminating the Minority Business Development Administration would undermine efforts to develop and strengthen new and existing minority-owned businesses. In addition, the Committee's failure to provide funding for the White House Conference on Travel and Tourism would undermine support for this major U.S. industry.

Legal Services Corporation

The Committee mark would eliminate the Legal Services Corporation (LSC) and provide $210 million to the Office of Justice Programs to fund a new block grant for legal assistance to low-income individuals. Eliminating the LSC, an organization whose sole purpose is to provide legal services to the poor, and providing a block grant that is roughly half of the current funding level, would strike a devastating blow to those most in need of assistance.

International Programs

The Committee's drastic reductions to international programs funded by this bill would seriously jeopardize the conduct of foreign relations by the United States. The Administration strongly urges restoration of these funds to enable it to carry out a foreign policy that advances the interests of the American people.

Reductions of 12 percent from the President's request for the State Department would severely disrupt operations and would result in closing of many more overseas posts than planned. The effects of this would be felt across the government due to the resulting drastic reductions in State-funded administrative support for other agencies operating overseas. In addition, the Committee bill would slash funding for the Arms Control and Disarmament Agency by 70 percent from the President's request. This would decimate the United States' ability to continue ongoing arms control negotiation and verification activities.

The Committee would reduce the President's requests for contributions to the United Nations and other international organizations by more than 40 percent. These reductions would cause the United States to violate its treaty obligations and would end U.S. participation in multilateral organizations that promote national interests. The Committee's 44-percent reduction in contributions to international peacekeeping activities would seriously compromise the ability of the international community to continue efforts to settle existing or potential armed conflicts.

The Committee mark would severely hamper the U. S. Information Agency's (USIA's) ability to conduct important international public diplomacy programs by cutting funds for USIA operations by 15 percent, exchange programs by 25 percent, and international broadcasting by 22 percent. The deep reductions in operations and exchange programs would require elimination of 1,000 positions, closure of 30 overseas posts, and cutbacks in Fulbright grants and programs for the New Independent States of the Former Soviet Union. The cuts to broadcasting operations and the related construction program would require the elimination of up to 15 language broadcast services; the elimination of 250 positions, requiring reductions in all other broadcasts; and the cancellation of a new transmitter project to broadcast to China.

Language Provisions

Section 614 of the Committee bill would modify Federal affirmative action law, as it applies to agencies receiving funding through this bill. The language would impose restrictions on consideration of race, color, national origin, and gender that exceed those imposed by current law and would be inconsistent with the President's policy on affirmative action. Therefore, the Administration would oppose the provision.

The Committee bill includes language that would dramatically alter SBA's Section 8(a) minority contracting program. The Administration is willing to consider reforms to the 8(a) program that are consistent with the President's recent report on affirmative action but believes that the language contained in the bill goes too far. However, the Administration strongly urges the Congress to undertake reforms to the Section 8(a) program through the authorizing process, where the issues and options can be fully examined and discussed.

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

Attachment

Attachment
(Senate Floor)

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

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

Small Business Administration (SBA)

The Committee mark would reduce funding for SBA's operating expenses by $55 million. This could require termination of up to 1,194 employees, a 38-percent reduction in SBA's total employee level. A personnel reduction of this magnitude in FY 1996 would render SBA unable to protect the government's interest in SBA's $30.7 billion loan portfolio. The Administration urges the Senate to restore adequate funding for SBA's personnel expenses. The Administration recommends shifting funds from the Section 7(a) loan program, which appears to be funded at $133 million -- almost $29 million above the House mark -- to help address this problem.

Federal Communications Commission

The Committee mark would sharply reduce the Federal Communications Commission's (FCC's) ability to promote competition in the telecommunications industry and protect consumers. In addition, this reduction would strain the FCC's ability to continue its successful spectrum auction program that has, to date, raised over $9 billion for the Federal treasury.

Federal Trade Commission

The Committee has provided $79 million for the Federal Trade Commission (FTC), $20 million below the House funding level. This level of funding would severely limit FTC's ability to carry out its mission, including protecting consumers from widespread telemarketing and health care scams and working with State attorneys to protect consumers and the marketplace in their respective States.

Equal Employment Opportunity Commission

The Committee mark would provide $233 million for the EEOC, a reduction of $35 million 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 Administration strongly recommends continuous and vigorous enforcement of the laws against employment discrimination. This simply cannot be achieved without additional funding for the only Federal agency charged with enforcing civil rights employment laws. The Committee's level of funding would jeopardize ongoing management efforts to streamline and improve case processing, especially the implementation of alternative dispute resolution techniques, which are a critical component of the Commission's law enforcement mission.

Securities and Exchange Commission

The Committee mark would reduce the President's request for the Securities and Exchange Commission (SEC) by $59 million, a 20-percent reduction from the FY 1995 level. Such a large reduction would reduce the ability of SEC to maintain the efficient functioning and integrity of securities markets. The Administration urges the Senate to restore funding for SEC to the House-passed level. The President's FY 1996 Budget proposes using fees to fund Commission responsibilities and to develop a stable long-term funding structure.

Department of Justice

Office of Inspector General. The Administration is concerned that the Committee has not provided the requested $5 million transfer from the Immigration and Naturalization Service (INS) to the Office of Inspector General (OIG). 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, as recommended by the Committee, would require 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.

Community Relations Service. The Community Relations Service has served as an important stabilizing resource in communities. To terminate this program would leave the Federal Government without a critical tool in addressing fast-emerging crises. The Administration requests that the Senate restore funding for this needed program.

Department of Transportation

The Committee has not provided $175 million requested for the new Maritime Security Program, an initiative critical to the security of the United States. 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. The Administration also objects to the Committee's decision not to provide funding for Title XI loan guarantees.

Divider Title: ENERGY & WATER

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

(F)

July 31, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

Energy & Water

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

H.R. 1905 -- ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1996
(Sponsors: Hatfield (R), Oregon; Domenici (R), New Mexico)

This Statement of Administration Policy provides the Administration's views on H.R. 1905, the Energy and Water Development Appropriations Bill, FY 1996, as reported by the Senate 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. The Administration does not support the level of funding assumed by the House or Senate Committee 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.

Since taking office, the Administration has developed and implemented a number of policies to increase government efficiency, known as "Reinventing Government," and to concentrate resources on investment programs critical to ensuring a strong economic future. Because a number of provisions of the Committee-reported bill are in direct opposition to these policies, as well as other Administration policies, the Administration strongly opposes the bill as reported by the Committee.

Army Corps of Engineers

As part of the President's "Reinventing Government" process, the Federal Government has been re-examining its roles and missions to determine which activities should be devolved to the State and local levels. In developing the President's FY 1996 request for the Corps, the Administration's approach was to avoid simple across-the-board cuts that could adversely affect all Corps programs. Rather, the Administration has sought to maintain the strength of those programs that provide broad national benefits, such as commercial navigation and interstate flood control projects. We believe this approach to be preferable to one that would allocate scarce Federal funds to projects of primarily local or regional interest or importance.

The Administration strongly objects to the Committee proposals, which directly contradict this important reinvention of the Corps' mission and its relationship with State and local governments in the provision of water resources development projects. By explicitly rejecting this reinvention, eliminating funding for much-needed environmental studies, and proposing six unrequested new starts with an FY 1996 funding level of approximately $3 million and future mortgages totaling almost half a billion dollars, the Committee has voted for business as usual.

Department of Energy

The Administration appreciates the Committee's action to restore cuts made by the House in nuclear weapons activities and other defense activities. The Committee has, however, provided $100 million more than requested for stockpile management activities. The Administration believes that the nuclear weapons stockpile is safer and more reliable today than it has ever been, and that there is no need to increase funding for stockpile stewardship and stockpile management activities, particularly in light of severe cuts that are being made in other areas.

The Administration is committed to maintaining a Department of Energy and to moving forward in its restructuring and realignment. The Administration is disappointed that the Committee has followed the House's lead in cutting the Department significantly below the FY 1996 request in many areas and has not been more sensitive to the priorities of the Administration. These include: Defense Environmental Management, Energy Research, and Solar and Renewable Energy Research and Development, especially the Climate Change Action Plan initiatives and the global climate change research and technology development efforts. The cuts are particularly disruptive to the programs because of earmarkings within the totals. Additional information on the Administration's objections to the Committee reductions in Department of Energy programs is contained in the attachment.

The Administration appreciates the Committee's restoring over $720 million to environmental cleanup programs. The Administration concurs with the Committee's emphasis on reducing risks to public health and safety, as well as on considering environmental impacts.

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

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 1905 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE SENATE APPROPRIATIONS COMMITTEE)

Army Corps of Engineers

The Administration's proposed reinvention of the Corps of Engineers' mission to focus on water resource projects of national significance and scope is consistent with the lessons learned in the aftermath of the 1993 Midwest Floods. It also recognizes the growing ability of State and local governments to provide for their own economic self-interest through structural and non-structural flood protection, recreational harbors, and beach nourishment projects. In addition, the proposed reinvention is consistent with the House and Senate Budget Committees' recommended savings for FYs 1996-2002.

The Administration is eager to work with Congress to establish new funding criteria and financing mechanisms for water resources programs in the hope of making significant reductions in expenditures over the next five years and beyond, while supporting the Corps of Engineers' highest priority programs.

The Administration objects to the provision of the Committee-reported bill that would prohibit the Corps from closing or changing the function of district offices. The Army is currently in the middle of its effort to restructure the Corps of Engineers, and the Secretary of the Army should be allowed to complete this restructuring process without arbitrary limitations.

Finally, the Administration strongly objects to the provision that would reduce funding for the Corps' wetland regulatory program enforcement activities. This would result in an approximately 50-percent reduction in what is already a minimum enforcement program. This reduction would put in jeopardy the President's commitment to no net loss of wetlands. It would also greatly reduce the Corps' ability to resolve violations in an expeditious manner through negotiations to avoid fines, lawsuits, and possible criminal charges against violators.

Army Corps of Engineers and Bureau of Reclamation Salmon Recovery

The Administration commends the Committee for restoring the $15 million deleted by the House to fund the requests for the Army Corps of Engineers and Bureau of Reclamation for two key measures that would avoid jeopardy to the Columbia/Snake River threatened and endangered salmon runs. These measures -- draw-down of the John Day Reservoir (Washington/Oregon) and acquisition of Upper Snake River water (Idaho) -- are specified in the National Marine Fisheries Services 1995 Biological Opinion on the operation of the Federal Columbia River Power System. Failure to fund these measures would undo years of interagency consultation and discussions with States and Tribes and could expose the Federal Government to costly and time-consuming litigation.

Bureau of Reclamation

The Administration objects to the $10 million reduction in the Committee bill for initiating safety of dams work. These funds are requested to conduct major construction work on three projects. The Committee's proposed reduction would not achieve any true savings. It would simply postpone the costs of needed repairs to FY 1997 and prolong the period during which projects must operate suboptimally under special safety restrictions.

The Administration also objects to the proposed reduction in funding for the Bureau of Reclamation's Operation and Maintenance account to a level $7 million below FY 1995. Although such reductions may be achievable in any given year, the level provided by the Committee would not be sustainable in future years without the shift of significant additional operation and maintenance costs to Reclamation customers.

Finally, we urge the Senate to restore the $9 million requested for Water Conservation Challenge Partnerships. The Committee bill, which provides no funds for this program, would severely curtail the Bureau of Reclamation's ability to offer cost-shared assistance for irrigation districts and local communities around the West. These funds are intended to meet critical needs for water conservation measures identified by these local agencies to save water, improve reliability, and reduce costs.

Department of Energy - Energy Research

The Administration commends the Senate for its strong support for the Science Facilities Initiative. This initiative will ensure that the Department's science facilities are operated efficiently, serving thousands of university, industry, and government scientists in the biological, medical, and materials science research communities. However, the Administration objects to the Committee's proposed $20 million reduction from the House recommended funding level for the High Energy Physics program. Such a steep reduction would force the Department to curtail operations at leading high energy physics labs and would undermine the intent of the Science Facilities Initiative.

Funding levels proposed by both the House and the Senate Appropriations Committees send a clear message that the U.S. Magnetic Fusion Energy program must be substantially restructured. The President's Committee of Advisors on Science and Technology (PCAST) has conducted a thorough study and also has recommended a restructuring of the program in light of current and anticipated budget constraints. The PCAST also has concluded that a $320 million level of funding is required to preserve the most indispensable elements of the U.S. fusion effort and associated international collaboration while maintaining momentum toward the goal of practical fusion energy. The Administration urges the Senate to consider such a funding level.

The Administration appreciates the Committee's decision to restore $25 million to the Department's technology transfer program within the Office of Energy Research, but remains disappointed at the recommended funding level, which is less than half of the Administration's request for this important program. Such a funding reduction would eliminate high quality cost-shared projects with industry in research areas that are important to our Nation's economic competitiveness.

The Administration also strongly supports the Committee's recommendation to restore funds for the Biological and Environmental Research program, which conducts high-priority human genome, environmental, and global climate change research.

<u>Department of Energy - Nuclear Waste Disposal Fund</u>

For FY 1996, the Committee has proposed funding the Civilian Radioactive Waste Management program at $400 million, of which $85 million is for interim storage activities. The Administration urges the Senate to consider seriously the proposal in the President's budget to fund the permanent repository program partially from other sources of new income. This funding approach would enable the FY 1996 funding to be increased to the level of $630 million proposed in the President's budget.

Department of Energy - Solar and Renewable Energy Research and Development

Although the Administration welcomes the Committee's small increase over the House approved level, the Committee-reported bill would nevertheless make massive reductions to the request for Solar and Renewable Energy research and development. The Committee's stated policy is to focus on fundamental research and to take the reductions from applied research and development and industry commercialization assistance. The Committee proposes cutting much of the Climate Change Action Plan initiatives and cutting DOE's global climate change research and technology development efforts. These cuts would severely hinder the Nation's ability to develop the scientific understanding and technological know-how to address in a cost-effective manner local, regional, and global environmental problems. The Administration strongly objects to these proposed reductions. The Administration also objects to the numerous special-interest earmarkings included in the Subcommittee report, which further reduce the funding available for high-priority projects.

Bonneville Power Administration (BPA)

The Administration opposes section 509, General Provisions. This section, though somewhat vague, would limit BPA's annual fish and wildlife expenditures. The provision raises serious concerns about BPA meeting its appropriate responsibilities for fishery and wildlife mitigation and restoration under the Pacific Northwest Electric Power Planning and Conservation Act, other laws, and both domestic and international treaties.

The Administration shares the region's concern about the high potential costs of salmon recovery programs but cannot support an arbitrary ceiling on costs. The Administration supports and is actively engaged in efforts to achieve financial stability for BPA. The Administration believes that such stability will be attained only by broad, fundamental reforms developed carefully through an open regional dialogue. A regional solution might include a multi-year budget for salmon recovery. The Administration is willing to work with the Congress and the various interested groups in the Northwest to try to identify a core program of fish recovery activities that could provide a stable base for several years at a reasonable cost. The intent is to maintain the viability of BPA while simultaneously assuring that Federal hydrosystem beneficiaries meet their legitimate responsibilities to mitigate for environmental damages caused by the hydrosystem.

Other Independent Agencies

The Administration commends the Committee for restoring funds for the independent river basin commissions. The restored funding is in keeping with the Administration's planned shift of responsibilities for local flood control and other projects from the Army Corps of Engineers to State and local governments.

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

July 20, 1995

THE DIRECTOR

Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20515

Dear Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 1905, the Energy and Water Development 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 supports reducing spending but does not share the priorities reflected in the bill as passed by the House.

Since taking office, the Administration has developed and implemented a number of policies to increase government efficiency, known as "Reinventing Government," and to concentrate resources on investment programs critical to ensuring a strong economic future. Because a number of provisions of the House-passed bill are in direct opposition to these policies, as well as other Administration policies, the Administration strongly opposes the bill as passed by the House.

Army Corps of Engineers

As part of the President's "Reinventing Government" process, the Federal Government has been re-examining its roles and missions to determine which activities should be devolved to the State and local levels. In developing the President's FY 1996 request for the Corps, the Administration's approach was to avoid simple across-the-board cuts that could adversely affect all Corps programs. Rather, the Administration has sought to maintain the strength of those programs that provide broad national benefits, such as commercial navigation and interstate flood control projects. We believe this approach to be preferable to one that would allocate scarce Federal funds to projects of primarily local or regional interest or importance.

The Administration strongly objects to the House proposals, which directly contradict this important reinvention of the Corps' mission and its relationship with State and local governments in the provision of water resources development projects. By explicitly rejecting this reinvention, eliminating funding for much-needed environmental studies, and proposing 10 unrequested new starts with an FY 1996 funding level of over $9 million and future mortgages totaling over half a billion dollars, the House has voted for business as usual.

Department of Energy

The Administration is committed to maintaining a Department of Energy and to moving forward in its restructuring and realignment. The Administration is disappointed that the House has cut the Department significantly below the FY 1996 budget request in many areas and not been more sensitive to the priorities of the Administration, including: Defense Nuclear, Defense Environmental Management, Energy Research, and Solar and Renewable Energy Research and Development, especially the Climate Change Action Plan initiatives and the global climate change research and technology development efforts. Additional information on the Administration's objections to the House reductions in Department of Energy programs is contained in the enclosure.

The House-passed bill would provide no funding for treatment of North Korean spent fuel. The Department will need additional funds (less than $5 million) to complete the canning of North Korean fuel begun in FY 1995. This key nonproliferation objective, which will ensure that the Koreans do not process the fuel to recover plutonium, should not be threatened for such a small savings. The canning of fuel is not related to the supply of new nuclear reactors to North Korea, for which DOE has not requested any funding.

The House has rejected two Administration initiatives designed to assist the Russian government in coping with serious health and safety problems associated with their nuclear reactor facilities. The Administration believes that the $78.7 million requested for the Soviet-Designed Reactor Safety Program and the $5 million requested for the Replacement Power Initiative should be restored in the Nuclear Energy account. The House's rejection of these requests undercuts the five-point nuclear safety improvement plan developed in concert with other G-7 countries and the Russian government.

The House proposal to reduce environmental cleanup programs by over $740 million would undercut the Administration's efforts to comply with Federal law and State-Federal agreements. In some cases, the large reductions, such as in the Nuclear Materials/Facilities Stabilization program, would only result in increased future costs.

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 Pete V. Domenici, and Honorable J. Bennett Johnston, Jr.

Enclosure
(Senate Subcommittee)

ADDITIONAL CONCERNS
H.R. 1905 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE)

Army Corps of Engineers

The Administration's proposed reinvention for the Corps of Engineers is consistent with the lessons learned in the aftermath of the 1993 Midwest Floods. It also recognizes the growing ability of State and local governments to provide for their own economic self-interest through structural and non-structural flood protection, recreational harbors, and beach nourishment projects. In addition, the proposed reinvention is consistent with the House and Senate Budget Committees' recommended savings for FYs 1996-2002.

The Administration is eager to work with Congress to establish new funding criteria and financing mechanisms for water resources programs in the hope of making significant reductions in expenditures over the next five years and beyond, while supporting the Corps of Engineers' highest priority programs.

The Administration also objects to the provision of the House-passed bill that would prohibit the Corps from closing or changing the function of district offices. The Army is currently in the middle of its effort to restructure the Corps of Engineers, and the Secretary of the Army should be allowed to complete this restructuring process without arbitrary limitations.

Finally, the Administration objects to the provision that would reduce funding for the Corps' wetland regulatory program enforcement activities. This would result in an approximately 50-percent reduction in what is already a minimum enforcement program. This reduction would put in jeopardy the President's commitment to no net loss of wetlands. It would also greatly reduce the Corps' ability to resolve violations in an expeditious manner through negotiations to avoid fines, lawsuits, and possible criminal charges against violators.

Army Corps of Engineers and Bureau of Reclamation Salmon Recovery

The Administration strongly objects to the House's $15 million reduction in funding from the requests for the Army Corps of Engineers and Bureau of Reclamation for two key measures that would avoid jeopardy to the Columbia/Snake

River threatened and endangered salmon runs. These measures -- draw-down of the John Day Reservoir (Washington/Oregon) and acquisition of Upper Snake River water (Idaho) -- are specified in the National Marine Fisheries Services 1995 Biological Opinion on the operation of the Federal Columbia River Power System. Failure to fund these measures would undo years of interagency consultation and discussions with States and Tribes and could expose the Federal government to costly and time-consuming litigation.

<u>Department of Energy - Defense Nuclear</u>

The House-passed bill would reduce funding for technology transfer activities in defense programs from the requested level of $229 million to $25 million, a reduction of 90 percent. This reduction would abruptly halt collaboration between Department of Energy (DOE) laboratories and industry that contribute to the Department's accomplishment of its stockpile stewardship mission. Such cuts would also severely damage the productive partnerships that now exist to transfer defense technology to the U.S. automotive industry through the Partnership for a New Generation of Vehicles.

The House-passed bill would reduce funding for nonproliferation research and development by 28 percent. The Administration believes that such a large reduction in funding for these important activities is unwarranted.

The Administration strongly objects to the House's proposed elimination of funding for detailed design of the National Ignition Facility (NIF). The additional $10 million provided by the House for preliminary design activities would not allow the detailed design to take place.

<u>Department of Energy - Energy Research</u>

The Administration commends the House for its strong support of the Science Facilities Initiative. This initiative will ensure that the Department's science facilities are operated efficiently, serving thousands of university, industry, and government scientists in the biological, medical, and materials science research communities.

However, the Administration objects to the deep reduction proposed for the Magnetic Fusion Energy program. The $137 million reduction to the Administration's $366 million request would provide no flexibility to restructure this program and would force the Department to spend nearly all of its FY 1996 funds on termination costs. The Administration is currently reviewing an advisory report on the future direction of this program, which will soon be available to the Congress. The Administration urges the Senate to provide the Department greater latitude to reform this program by increasing FY 1996 funding above the House's mark.

The Administration also strongly objects to the elimination of the Department's technology transfer programs within the Office of Energy Research. The House's proposed reductions would eliminate hundreds of cost-shared projects with industry in research areas that are important to our Nation's economic competitiveness.

Department of Energy - Nuclear Waste Disposal Fund

For FY 1996, the House has proposed funding the Civilian Radioactive Waste Management program at $425 million and has expressed an expectation that the Congress will instruct the program to initiate new activities. The Administration urges the Senate to consider seriously the proposal in the President's budget to fund the permanent repository program partially from other sources of new income. This funding approach would enable the FY 1996 funding to be increased to the level of $630 million proposed in the President's budget.

Department of Energy - Solar and Renewable Energy Research and Development

The House-passed bill would make massive reductions to the request for Solar and Renewable Energy research and development. The House's stated policy is to focus on fundamental research and to take the reductions from applied research and development and industry commercialization assistance. The House proposes cutting much of the Climate Change Action Plan initiatives and cutting DOE's global climate change research and technology development efforts. These cuts would severely hinder the Nation's ability to develop the scientific understanding and technological know-how to address in a cost-effective manner local, regional, and global environmental problems. The Administration strongly objects to these proposed reductions.

Other Independent Agencies

The House-passed bill would eliminate funding for several independent river basin commissions. In keeping with the Administration's planned shift of responsibilities for local flood control and other projects from the Corps of Engineers to State and local governments, these commissions are representative of the type of State and locally-oriented entities that could assume responsibility for ensuring that the water resources needs of the various regions are met in a coordinated, cost-effective manner.

The small amount of Federal funding required to support these commissions could easily be offset by eliminating just a few of the unrequested new Corps of Engineers projects included in the House-passed bill.

The House-passed bill would provide $142 million for the Appalachian Regional Commission (ARC), a reduction of $41 million, or 22.5 percent, from the President's request. The reductions are targeted to specific Commission programs -- Human Development, Business Development, and Highway Development. It would be difficult for the ARC to absorb targeted program reductions since the Commission funds projects and grants based upon applications received from the 13 participating Appalachian States. The ARC has been showcased as a model of effective Federal/State/local partnership in promoting regional economic development initiatives and goals.

General Provisions

The Administration objects to section 504 of the House-passed bill on the ground that this provision merely restates the obligation of officials to act within the law, and so does not accomplish anything except to create confusion as to its meaning.

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

THE DIRECTOR

June 20, 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 Energy and Water Development Appropriations Bill, FY 1996, as reported by the House 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. While the Administration supports reducing spending, we do not share the priorities or the level of funding assumed by the Committee's 602(b) allocations.

Since taking office, the Administration has developed and implemented a number of policies to increase government efficiency, known as "Reinventing Government," and to concentrate resources on investment programs critical to ensuring a strong economic future. Because a number of provisions of the Subcommittee bill are in direct opposition to these policies, as well as other Administration policies, the Administration strongly opposes the bill as reported by the Subcommittee.

Army Corps of Engineers

The Administration strongly opposes the Subcommittee's funding and policy provisions for the Army Corps of Engineers. The Subcommittee's proposals directly contradict the important reinvention of the Corps' mission and its relationship with State and local governments in the provision of water resources development projects. The Administration is willing to work with Congress to establish new funding criteria and financing mechanisms for water resources programs in order to achieve the common purpose of reducing the Federal cost of the Corps' program in a way most cost-effective and beneficial to the Nation.

The Administration's proposed reinvention is consistent with the lessons learned in the aftermath of the 1993 Midwest Floods. It also recognizes the growing ability of State and local governments to provide for their own economic self-interest through structural and non-structural flood protection, recreational harbors, and beach nourishment projects. In addition, the proposed reinvention is consistent with the House and Senate Budget Committees' recommended savings for FYs 1996-2002.

By explicitly rejecting this reinvention, eliminating funding for much-needed environmental studies, and proposing 10 unrequested new starts with an FY 1996 funding level of over $9 million and large future mortgages, the Subcommittee has voted for business as usual.

We also object to the provision of the Subcommittee bill that would mandate a reduction in the number of division offices from 13 to a range of six to eight, with no district offices being allowed to close or change function. The Army is currently in the middle of its effort to restructure the Corps of Engineers, and the Secretary of the Army should be allowed to complete this restructuring process without arbitrary limitations.

Army Corps of Engineers and Bureau of Reclamation Salmon Recovery

The Administration strongly objects to the Subcommittee's deletion of funding from the requests for the Army Corps of Engineers and Bureau of Reclamation for two key measures that would avoid jeopardy to the Columbia/Snake River Threatened and Endangered Salmon runs. These measures -- draw-down of the John Day Reservoir (Washington/Oregon) and acquisition of Upper Snake River water (Idaho) -- are specified in the National Marine Fisheries Services 1995 Biological Opinion on the operation of the Federal Columbia River Power System. Failure to fund these measures would undo years of interagency consultation and discussions with States and Tribes and could expose the Federal government to costly and time-consuming litigation.

Department of Energy (DOE) - Defense Nuclear

The Subcommittee bill would reduce funding for technology transfer activities in defense programs from the requested level of $229 million to $25 million, a reduction of 90 percent. This reduction would abruptly halt collaboration between DOE laboratories and industry that are integral to the Department's accomplishment of its stockpile stewardship mission.

The Subcommittee bill would reduce funding for nonproliferation research and development by 28 percent. We object to such a large reduction in funding for these important activities.

The Subcommittee bill would provide no funding for treatment of North Korean spent fuel. The Department will need additional funds (less than $5 million) to complete the canning of North Korean fuel begun in FY 1995. This key nonproliferation objective, which will ensure that the Koreans do not process the fuel to recover plutonium, should not be threatened for such a small savings. The canning of fuel is not related to the supply of new nuclear reactors to North Korea, for which DOE has not requested any funding.

Finally, by eliminating funding for the National Ignition Facility (NIF), the Subcommittee would prevent the initiation of detailed design of the NIF. The Administration strongly supports providing the funds necessary to proceed with the detailed design of this facility.

Defense Environmental Management

The Subcommittee proposal to reduce environmental cleanup programs by over $740 million would undercut the Administration's efforts to comply with Federal law and State-Federal agreements. In some cases, the large reductions, such as in the Nuclear Materials/Facilities Stabilization program, would only result in increasing future costs.

Department of Energy - Energy Research

The Administration commends the Subcommittee for its strong support of the Science Facilities Initiative. This initiative will ensure that the Department's science facilities are operated efficiently, serving thousands of university, industry, and government scientists in the biological, medical, and materials science research communities.

However, the Administration objects to the deep reduction proposed for the Magnetic Fusion Energy program. The $137 million reduction to the Administration's $366 million request would provide no flexibility to restructure this program and would force the Department to spend nearly all of its FY 1996 funds on termination costs. The Administration is currently reviewing an advisory report on the future direction of this program, which will soon be available to the Congress. The Administration urges the Committee to provide the Department greater latitude to reform this program by increasing FY 1996 funding above the Subcommittee mark.

The Subcommittee has rejected two Administration initiatives designed to assist the Russian government in coping with serious health and safety problems associated with their nuclear reactor facilities. We believe that the $78.7 million requested for the Soviet-Designed Reactor Safety Program and the $5 million requested for the Replacement Power Initiative should be restored in the Nuclear Energy account. The Subcommittee's rejection of these requests undercuts the five-point nuclear safety improvement plan developed in concert with other G-7 countries and the Russian government. Furthermore, the Administration objects to the special interest additions made to the Nuclear Energy account, including $20 million added for continuation of the gas reactor program, which the President's budget has proposed for termination.

The Administration also strongly objects to reductions to the Department's technology transfer programs within the Office of Defense Programs and the elimination of such activities within the Office of Energy Research. The Subcommittee's proposed reductions would eliminate hundreds of cost-shared projects with industry in research areas that are important to our Nation's economic competitiveness.

Department of Energy - Solar and Renewable Energy R&D

The Subcommittee bill would make massive reductions (52 percent) to the request for Solar and Renewable Energy R&D. The Subcommittee's stated policy is to focus on fundamental research and to take the reductions from applied R&D and industry commercialization assistance. The Subcommittee proposes cutting much of the Climate Change Action Plan initiatives and cutting DOE's global climate change research and technology development efforts. These cuts would severely hinder the Nation's ability to develop the scientific understanding and technological know-how to address in a cost-effective manner local, regional, and global environmental problems. The Administration strongly objects to these proposed reductions.

Other Independent Agencies

The Subcommittee bill would eliminate funding for several independent river basin commissions. In keeping with the Administration's planned shift of responsibilities for local flood control and other projects from the Corps of Engineers to State and local governments, these commissions are representative of the type of State and locally-oriented entities that could assume responsibility for ensuring that the water resources needs of the various regions are met in a coordinated, cost-effective manner.

The small amount of Federal funding required to support these commissions could easily be offset by eliminating just a few of the unrequested new Corps of Engineers projects included in the Subcommittee bill.

We look forward to working with the Committee to address these concerns.

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Bob Livingston, Honorable David R. Obey, Honorable John T. Myers, and Honorable Tom Bevill

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Divider Title: INTERIOR

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

Interior

THE DIRECTOR

June 21, 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 Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the House Subcommittee. The Administration has serious objections to the legislation in its current form. Your consideration of the Administration's concerns presented below 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. 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.

<u>The Outer Continental Shelf</u>

The Administration strongly opposes the provision of the Subcommittee bill that would eliminate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). The President noted yesterday that lifting these moratoria would endanger the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal states. It would also undermine Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems. The Administration urges the Full Committee to reinstate the moratoria.

<u>Department of the Interior</u>

While the Administration recognizes the funding constraints the Subcommittee faces, the Subcommittee's proposed cuts in science and research, particularly for the National Biological Service (NBS) and the Bureau of Mines, would cripple effective operation of the land management agencies' programs that the Subcommittee has tried to protect. The 35-percent reduction to the NBS request would devastate the research that has been conducted for years and which has supported land management decisions before the NBS was ever conceived. This reduction, coupled with the proposed elimination of the Bureau of Mines, would cause nationwide reductions-in-force and the closure of major research centers with unique expertise and capabilities. The ability of the land management agencies to make resource decisions on an objective scientific basis would be severely reduced.

Likewise, the Administration does not support the Subcommittee's action that would underfund natural resource protection and land management operations in the National Park Service, Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced $174 million, or seven percent, below the President's request. Specifically, the Administration strongly objects to the reduction of funding for Endangered Species Act prelisting and recovery activities. These activities are preventative measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more conflicts in the long run.

We also object to the Subcommittee's decision to undo the 1994 California Desert Wilderness Act by transferring FY 1996 funding requested for the East Mojave National Preserve to the Bureau of Land Management and, therefore, not providing full funding for the Act's implementation. The Act established the largest addition to the National Parks System since the passage of Alaskan parks legislation in 1978 and 1980, and placed these unique lands under the management of the National Park Service. The Subcommittee's action would essentially rewrite the authorization bill enacted in the last Congress.

<u>Section 2477 of the Revised Statutes (RS 2477)</u>

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. These regulations would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Patent Moratorium

The Administration strongly supports continuing the moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally owned mineral deposits, with only minimal returns for taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury. The Administration consequently opposes the Subcommittee's action that would lift the current moratorium.

Funding for Native American Programs

The Administration opposes the Bureau of Indian Affairs (BIA) reductions proposed by the Subcommittee. The President's request for BIA recommended $1.9 billion (nine percent over FY 1995) to fund critical education, law enforcement, health and safety, and other services on the reservations. The proposed 12-percent reduction would threaten or eliminate these services. The Administration urges the Committee to restore BIA funding to the President's requested level.

The Administration also opposes the Subcommittee's proposed elimination of the Office of Indian Education within the Department of Education. Funds provided by this office serve the 90 percent of Indian children who attend public rather than BIA-funded schools. This program provides academic and enrichment services that would otherwise be unavailable to Indian students.

For Indian Health Services (IHS), the Administration has proposed $1.8 billion for FY 1996, a $106 million (six percent) increase over FY 1995. The requested funding level would support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care. The Subcommittee mark would fund no expansions and would require the IHS and tribal health care programs to absorb $90 million in expected increases for current program activities. The Administration urges the Committee to restore IHS funding to the President's requested level.

AmeriCorps

The Administration objects to language included in the Subcommittee bill that would prohibit the use of funds for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities, with an impressive return on investment for taxpayers. For example, at the Everglades-South Florida project, 110 AmeriCorps members have worked on 55 individual projects at four National Parks and six Fish and Wildlife units. Thirty of the 40 planned water monitoring stations have been installed, calibrated, and placed in operation, saving $250,000 annually. The Committee is urged to delete this language from the bill.

Forest Service (USDA)

The Administration supports the Subcommittee's decision to increase funding for recreation and rangeland management and maintain funding for forest health and fire management under State and Private Forestry. However, the reductions to trails and facilities construction would not allow the Forest Service to rehabilitate decaying infrastructure and would lead to further resource damage to National Forest lands. The elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of $27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the Committee to restore funds partially for these programs by reallocating funding provided above the requested level for timber sales management.

Department of Energy (DOE)

The Administration strongly opposes the 40-percent overall reduction in Energy Conservation programs, which would seriously disrupt several high-priority Administration initiatives. The 50-percent cut in the State Grants program would mean that 50,000 to 60,000 low-income homes would not be weatherized and that numerous State energy initiatives would not be funded through DOE block grants. The cuts in Energy Conservation research and development average 37 percent below the President's request. The Administration strongly objects to this cut because it would make meeting climate change and greenhouse gas reduction goals extremely difficult and would impair the ability of the buildings and industrial sectors, in particular, to become more energy efficient. These sectors hold great promise for efficiency improvements but are targeted for the largest reductions by the Subcommittee mark.

The Administration's efforts to reduce emissions of greenhouse gases would be further impeded by the Subcommittee's action to eliminate funding for the extraction and use of coal-bed methane.

Other Independent Agencies

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Subcommittee. The National Endowment for the Arts (NEA), the

National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the preservation of American artistic and cultural heritage and expression. NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on the arts economy and in leveraging private funds for the Federal funds invested.

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 Ralph Regula, and Honorable Sidney R. Yates

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

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July 12, 1995
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsors: Livingston (R), Louisiana; Regula (R), Ohio)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior 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. The Administration supports reducing spending but does not share the priorities reflected in the Committee's mark or support the level of funding assumed by the Committee's 602(b) allocations.

For the reasons discussed below, the Secretary of the Interior 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.

Department of the Interior

While the Administration recognizes the funding constraints the House faces, the Committee's proposed cuts in science and research, particularly for the National Biological Service (NBS) and the Bureau of Mines, would cripple effective operation of the land management agencies' programs that the Committee has tried to protect. The 35-percent reduction to the NBS request would devastate the research that has been conducted for years and supported land management decisions before the NBS was ever conceived. These reductions and eliminations would cause nationwide reductions-in-force and the closure of major research centers with unique expertise and capabilities. The ability of the land management agencies to make resource decisions on an objective scientific basis would be severely reduced.

Likewise, the Administration does not support the Committee's action that would underfund natural resource protection and land management operations in the National Park

Service, Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced $174 million, or seven percent, below the President's request. Specifically, the Administration strongly objects to the severe, 31-percent reduction of funding below the request for Endangered Species Act (ESA) activities -- with no funding for species prelisting or listing. ESA consultation, prelisting, and recovery activities are preventative measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more economic, social, and environmental conflicts in the long run.

The Administration also objects to the Committee's decision to undo the 1994 California Desert Wilderness Act by transferring FY 1996 funding requested for the East Mojave National Preserve to the Bureau of Land Management and, therefore, not providing full funding for the Act's implementation. The Act established the largest addition to the National Parks System since the passage of Alaskan parks legislation in 1978 and 1980, and placed these unique lands under the management of the National Park Service. The Committee's action would essentially rewrite the authorization bill enacted in the last Congress.

The Administration is strongly opposed to language provisions that would prohibit any new surveys on private lands and prohibit the use of volunteers. The National Biological Service has always followed State laws with respect to private property, and congressional direction to obtain written permission from the affected landowners to conduct new surveys. Furthermore, volunteers are necessary to conduct key migratory and game bird surveys, including the Breeding Bird Survey. Because States depend on these survey data to establish hunting regulations, the restriction on volunteers could threaten future hunting seasons.

The Administration is opposed to the appropriations language and funding restrictions that would discontinue the Interior Columbia River Basin Ecoregion Assessment Project. This comprehensive plan uses an innovative, multi-agency, coordinated approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin. Failure to proceed with the plan would jeopardize the ability of the Forest Service and the Bureau of Land Management to maintain a sustainable flow of timber and the production of other goods and services generated by the forests in the affected area.

The Administration strongly opposes the reduction of funding for other economic and environmental activities in the Pacific Northwest. Reduced funding would decrease the Department of the

Interior's ability to perform critical consultations with other land management agencies as well as with private landowners under the Endangered Species Act's "4(d) rule," which was proposed by the Administration to ease spotted owl taking prohibitions on private lands. The lower level of funding would also impair the ability of the Administration to meet its timber harvest goals under the rigorous criteria of the Forest Plan and maintain momentum with ongoing watershed analysis. The reduction in requested funding would also decrease the number of jobs associated with project work under the "Jobs in the Woods" program and the rate of recovery for impaired watersheds.

The Administration also opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs like the national parks and sound science.

The Outer Continental Shelf

The Administration strongly supports the Committee's decision to reinstate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). Maintaining these moratoria will protect the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal states. It will also aid Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems.

Funding for Native American Programs

The Administration opposes the Bureau of Indian Affairs (BIA) reductions proposed by the Committee. The President's request for BIA recommends $1.9 billion (nine percent over FY 1995) to fund critical education, law enforcement, health and safety, and other services on reservations. The proposed 12-percent reduction below the request would threaten or eliminate these services. The Administration urges the House to restore BIA funding to the President's requested level.

The Administration also opposes the Committee's proposed elimination of Indian Education programs and the Office of Indian Education within the Department of Education. Funds provided by this office serve the 90 percent of Indian children who attend public rather than BIA-funded schools. These programs provide academic and enrichment services that would otherwise be unavailable to Indian students.

For Indian Health Services (IHS), the Administration has proposed $1.8 billion for FY 1996, a $106 million (six percent) increase over FY 1995. The requested funding level would support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care. The Committee mark would fund no expansions and would require the IHS and tribal health care programs to absorb $90 million in expected increases for current program activities. The Administration urges the House to restore IHS funding to the President's requested level.

Forest Service (USDA)

The Administration supports the Committee's decision to increase funding for recreation and rangeland management, and maintain funding for forest health and fire management under State and Private Forestry. However, the reductions to trails and facilities construction would not allow the Forest Service to rehabilitate decaying infrastructure and would lead to further resource damage to National Forest lands. The elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of $27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the House to restore funds partially for these programs by reallocating funding provided above the requested level for timber sales management.

Department of Energy (DOE)

The Administration strongly opposes the 40-percent overall reduction in Energy Conservation programs, which would seriously disrupt several high-priority Administration initiatives. The 50-percent cut in the State Grants program would mean that 50,000 to 60,000 low-income homes would not be weatherized and that numerous State energy initiatives would not be funded through DOE block grants. The cuts in Energy Conservation research and development would make meeting climate change and greenhouse gas reduction goals difficult and would impair future improvements in the energy efficiency of buildings and the industrial sector. The 23-percent reduction to the request for the Partnership for a New Generation of Vehicles would impede progress toward vehicle efficiency and emission reductions. These sectors hold great promise for efficiency improvements but are targeted for the largest reductions by the Committee mark.

The Administration's efforts to reduce emissions of greenhouse gases would be further impeded by the Committee's action to eliminate funding for the extraction and use of coal-bed methane.

The Administration opposes funding the Clean Coal Technology program at $140 million over the request, particularly at the expense of higher-priority needs like energy conservation. As part of Reinventing Government, the Administration has proposed no new starts for the clean coal program, and plans to terminate the program once ongoing projects are completed.

The Administration would oppose any amendment offered on the floor that would prohibit the sale or scoring of the sale of oil from the Strategic Petroleum Reserve for the purpose of decommissioning Weeks Island.

AmeriCorps

The Administration objects to language included in the Committee bill that would prohibit the use of funds provided in the bill for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities, with an impressive return on investment for taxpayers. For example, at the Everglades-South Florida project, 110 AmeriCorps members have worked on 55 individual projects at four National Parks and six Fish and Wildlife units. Thirty of the 40 planned water monitoring stations have been installed, calibrated, and placed in operation, saving $250,000 annually. The House is urged to delete this language from the bill.

Section 2477 of the Revised Statutes (RS 2477)

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. This regulation would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Patent Moratorium

The Administration strongly supports continuing the moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns for taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury. The Administration consequently opposes the Committee's action that would lift the current moratorium.

Cultural Agencies

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Committee. The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the preservation of American artistic and cultural heritage and expression. The NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on regional economies and in leveraging private funds for the Federal funds invested.

The Administration also objects to the Committee's reduction in funding for the Smithsonian Institution, National Gallery of Art, and the Woodrow Wilson Center. The elimination of funding for the Smithsonian's National Museum of the American Indian would result in construction delays and jeopardize the safety of many artifacts stored in substandard conditions. In addition, reductions in the funds for Repair and Restoration (27 percent for the Smithsonian and 44 percent for the National Gallery of Art) would exacerbate declining conditions in the Mall museums. For the Woodrow Wilson Center, a 39 percent reduction in requested funding would prolong the current inadequate space and facilities used by the Center in the Smithsonian Castle. The Administration urges the House to restore funding for these programs.

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

THE DIRECTOR

July 25, 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. 1977, the Department of the Interior 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. The Administration does not support the level of funding assumed by the House or Senate Committee 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. The House bill is $1.8 billion below the President's request.

For the reasons discussed below, I would join the Secretary of the Interior in recommending that the President veto the bill if it were presented to him as passed by the House.

Department of the Interior

The House mark for the Department of the Interior slashes FY 1996 funding by $835 million, or 12 percent, below the President's request. The House's reductions would cripple the Department's three science agencies, especially the National Biological Service; prevent responsible administration of the Endangered Species Act; impair operation and preservation of the Nation's parks, refuges, and public lands; and undercut the Administration's efforts to promote Tribal self-determination and improve Indian education.

These cuts would severely reduce the ability of the land management agencies to make resource decisions on an objective, scientific basis. They would also significantly restrict preventive measures such as the Endangered Species Act (ESA) consultation, prelisting, and recovery activities that help to keep species off of the threatened and endangered species lists.

Funding for Native American Programs

The Administration opposes reductions made by the House to Native American programs that are managed by the Bureau of Indian Affairs, the Department of Education's Indian Education program, and the Department of Health and Human Services' Indian Health Service. The proposed cuts to these programs would threaten or eliminate critical education, law enforcement, health and safety, and other services on reservations.

Department of Energy (DOE)

The Administration strongly opposes the House's 42-percent overall reduction in Energy Conservation programs, which would seriously disrupt several high-priority Administration initiatives. The House bill's 50-percent cut in the State Grants program would mean that 50,000 to 60,000 low-income homes would not be weatherized. The cuts in Energy Conservation research and development would make meeting climate change and greenhouse gas reduction goals difficult and would compromise industry partnerships aimed at improving the energy efficiency of buildings and industry. The substantial reduction to the request for the Partnership for a New Generation of Vehicles would impede progress toward vehicle efficiency and emission reductions.

The Administration opposes funding the Clean Coal Technology program at $140 million over the request, particularly at the expense of higher-priority needs like energy conservation. As part of Reinventing Government, the Administration has proposed no new starts for the clean coal program and plans to terminate the program once ongoing projects are completed.

AmeriCorps

The Administration objects to language included in the House-passed bill that would prohibit the use of funds provided in the bill for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities. For example, at the Everglades-South Florida project, 110 Americorps members have installed, calibrated, and placed in operation 30 of the 40 planned water monitoring stations, saving $250,000 annually. The Senate is urged to delete this language from the bill.

Cultural Agencies

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the House. The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the preservation of American artistic and cultural heritage and expression. The NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on regional economies and in leveraging private funds for the Federal funds invested.

Additional information on the Administration's objections to the House reductions in Department of the Interior, Native American, and Department of Energy programs is provided in the enclosure. Additional Administration concerns with the House-passed bill are also 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, and Honorable Slade Gorton

Enclosure
(Senate Subcommittee)

ADDITIONAL CONCERNS
H.R. 1977 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE)

The Outer Continental Shelf

The Administration strongly supports the House's decision to reinstate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). Maintaining these moratoria will protect the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal States. It will also aid Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems.

Department of the Interior

While the Administration recognizes the funding constraints the Senate faces, the House's proposed cuts in science and research, particularly for the National Biological Service (NBS) and the Bureau of Mines (BOM), would cripple effective operation of the land management agencies' programs that the House has tried to protect. The 35-percent reduction to the NBS request would devastate the research that has been conducted for years and that has supported land management decisions before the NBS was ever conceived. These reductions and eliminations would cause the closure of major research centers with unique expertise and capabilities. Moreover, terminating BOM could result in the loss of certain important capabilities in the areas of materials use and pollution prevention and remediation.

Likewise, the Administration does not support the House's action that would underfund natural resource protection and land management operations in the National Park Service, Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced $174 million, or seven percent, below the President's request. Specifically, the Administration strongly objects to the severe, 31-percent reduction of funding below the request for Endangered Species Act (ESA) activities -- with no funding for species prelisting or listing. ESA consultation, prelisting, and recovery activities are preventive measures that help keep species off of the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the Fish and Wildlife Service's ability to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would simply cost more money and cause more economic, social, and environmental conflicts in the long run.

The Administration urges the Senate to delete all restrictive language on conducting research surveys and the use of volunteers, or at least to support the provisions in the House-passed bill that would allow for surveys on private lands and permit the use of properly trained and supervised volunteers. The NBS has always followed State laws with respect to private property, and congressional direction to obtain written permission from the affected landowners to conduct new surveys. Volunteers conduct key migratory and game bird surveys, including the Breeding Bird Survey. Because States depend on these survey data to establish hunting regulations, a restriction on volunteers could threaten future hunting seasons.

The Administration strongly opposes the House's reduction to the request for the Office of Surface Mining (OSM). The 21-percent reduction in OSM's Federal Regulatory Program budget would impede current efforts to deal with environmental damage from surface coal mining.

The Administration strongly objects to the House's cuts in the Office of the Secretary. The reductions go well beyond current streamlining efforts and include punitive reductions in the Office of Congressional and Legislative Affairs, the Office of Communications, and the Office of the Assistant Secretary for Policy, Management, and Budget. Total Office of the Secretary funding represents approximately one-half of one-percent of total Department funding. The disproportionately larger reduction recommended by the House for this account would compromise guidance and direction of Department programs.

The Administration opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs, such as the national parks and sound science.

Pacific Northwest

The Administration strongly opposes the reduction of funding for key economic and environmental activities in the Pacific Northwest. Reduced funding would decrease the Department of the Interior's ability to perform critical consultations with other land management agencies as well as with private landowners under the Endangered Species Act's "4(d) rule," which was proposed by the Administration to ease spotted owl taking prohibitions on private lands. The lower level of funding would also impair the ability of the Administration to meet its timber harvest goals under the rigorous criteria of the Forest Plan and to maintain momentum with ongoing watershed analysis. The reduction in requested funding would also decrease the number of jobs associated with project work under the "Jobs in the Woods" program and the rate of recovery for impaired watersheds.

Columbia River Basin Ecoregion Assessment Project

The Administration is opposed to the appropriations language and funding restrictions of the House bill that would discontinue the Interior Columbia River Basin Ecoregion Assessment Project. This comprehensive plan uses an innovative, multi-agency, coordinated approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin. Failure to proceed with the plan would jeopardize the ability of the Forest Service and the Bureau of Land Management to maintain a sustainable flow of timber and the production of other goods and services generated by the forests in the affected area.

Management of the California Desert

The Administration urges the Senate to adhere to the 1994 California Desert Wilderness Act by restoring FY 1996 funding requested for the East Mojave National Preserve to the National Park Service. The Act established the largest addition to the National Parks System since the passage of Alaskan parks legislation in 1978 and 1980, and placed these unique lands under the management of the National Park Service. The House's action would essentially rewrite the authorization bill enacted in the last Congress.

Section 2477 of the Revised Statutes (RS 2477)

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. This regulation would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Patent Moratorium

The Administration strongly supports continuing the moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns for taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury. The Administration consequently supports the House's action to reinstate the current moratorium and urges the Senate, likewise, to support the moratorium.

Funding for Native American Programs

The Administration opposes the Bureau of Indian Affairs (BIA) reductions proposed by the House. The President's request for BIA recommends $1.9 billion (nine percent over FY 1995) to fund critical education, law enforcement, health and safety, and other services on reservations. The proposed 12-percent reduction below the request would threaten or eliminate these services. The Administration urges the Senate to restore BIA funding to the President's requested level.

The Administration opposes the reductions in Indian education programs proposed by the House. Funds provided by the Office of Indian Education within the Department of Education serve the 90 percent of Indian children who attend public rather than BIA-funded schools. These programs provide academic and enrichment services that would otherwise be unavailable to Indian students.

For Indian Health Services (IHS), the Administration has proposed $1.8 billion for FY 1996, a $106 million (six percent) increase over FY 1995. The requested funding level would support staffing at new health facilities and allow expansions in women's and elderly health, child abuse, and urban Indian health care. The House mark would fund no expansions and would require the IHS and tribal health care programs to absorb $90 million in expected increases for current program activities. The Administration urges the Senate to restore IHS funding to the President's requested level.

Forest Service, Department of Agriculture

The Administration supports the House's decision to increase funding for recreation and rangeland management, and to maintain funding for forest health and fire management under State and Private Forestry. However, the reductions to trails and facilities construction would not allow the Forest Service to rehabilitate decaying infrastructure and would lead to further resource damage to National Forest lands. The elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of $27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the Senate to restore funds partially for these programs by reallocating funding provided above the requested level for timber sales management.

Department of Energy

The Administration strongly opposes sections 319 and 320 of the House-passed bill, which would prohibit the Department of Energy from proposing, issuing, or prescribing new or amended energy efficiency standards under the Codes and Standards Program. Energy efficiency standards enforce consistent standards across all 50 States. The Administration urges the Senate to remove these sections and restore the funds to manage this program.

The Administration's efforts to reduce emissions of greenhouse gases would be further impeded by the House's action to eliminate funding for the extraction and use of coal-bed methane.

The Administration commends the House for opposing -- and urges the Senate to oppose -- any amendment that would prohibit the sale or scoring of the sale of oil from the Strategic Petroleum Reserve for the purpose of decommissioning Weeks Island.

Smithsonian Institution

The Administration objects to the House's reduction in funding for the Smithsonian Institution, the National Gallery of Art, and the Woodrow Wilson Center. The elimination of funding for the Smithsonian's National Museum of the American Indian would result in construction delays and jeopardize the safety of many artifacts stored in substandard conditions. In addition, reductions in the funds for Repair and Restoration (27 percent for the Smithsonian and 44 percent for the National Gallery of Art) would exacerbate declining conditions in the Mall museums. For the Woodrow Wilson Center, a 50-percent reduction in requested funding would prolong the current inadequate space and facilities used by the Center in the Smithsonian Castle. The Administration urges the Senate to restore funding for these programs.

Infringement on Executive Authority

There are several provisions in the House-passed bill that purport to require Congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

(F)

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

August 4, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1977 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsors: Hatfield (R), Oregon; Gorton (R), Washington)

This Statement of Administration Policy provides the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as reported by the Senate 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. The Administration does not support the level of funding assumed by the House or Senate Committee 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. The Committee bill is $1.7 billion below the President's request.

The Administration is pleased that the Senate Committee has improved funding levels over the House-passed bill for several key investments and agencies. Notably, the Administration commends the Committee for increasing funds for science in the Department of the Interior, especially for the Natural Resource Science Agency; and for allowing implementation of the 1994 California Desert Wilderness Act by restoring management of the East Mojave National Preserve to the National Park Service.

Despite these improvements, the Senate Committee has added new legislative restrictions, reduced funding for high-priority investment programs, continued funding for low-priority items, and made additional devastating cuts in programs of the Bureau of Indian Affairs. In addition to these changes, many of the previously stated objections to the House-passed bill have not been addressed. For the reasons outlined below, the Secretary of the Interior and the Director of the Office of Management and Budget would recommend that the President veto the bill if it were presented to him as reported by the Senate Committee.

Patent Moratorium

The Administration strongly opposes the Committee's decision not to continue the current moratorium on patenting mining claims on Federal lands. Patenting means privatizing valuable Federally-owned mineral deposits, with only minimal returns to taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury.

Native American Programs

The Committee's $435 million reduction to the request for Bureau of Indian Affairs (BIA) programs would devastate tribal governments and other basic services to reservations, reversing progress that has been made towards meaningful self-determination. The Administration strongly opposes the 35-percent cut for Tribal Priority Allocation (TPA) programs, which include basic tribal government operations, law enforcement, housing improvement, general assistance, child welfare, and vocational training. The TPA programs are the Tribes' highest priority.

The Administration strongly opposes the transfer of responsibility for all trust programs from the Assistant Secretary - Indian Affairs to a special trustee's office in the Office of the Secretary of the Interior. This action, coupled with an $18 million reduction for trust operations, would impair ongoing efforts to improve the management of trust funds.

The Administration objects to the Committee's 58-percent reduction to BIA's Central Office functions. Resulting severance costs would necessitate the termination of almost all Washington and Albuquerque Central Office staff, leaving the BIA with insufficient resources to provide policy direction or to correct material weaknesses. Further, the Committee's proposed 46-percent reduction in Area Office functions would force the closure or consolidation of offices, jeopardizing technical assistance to Tribes.

Funding BIA schools at $30 million below the request, as recommended by the Committee, would severely limit the BIA's ability to operate schools on reservations in accordance with State and regional accreditation standards, would not allow for transportation to day and boarding schools, and would jeopardize school safety.

The Administration strongly opposes the 35-percent reduction from the request for the Department of Education's Indian Education programs, which primarily serve the 90 percent of Native American children who attend public rather than BIA-funded schools and provide literacy services and fellowships for Native American adults. These programs provide supplemental academic and enrichment services that would otherwise be unavailable to these students.

The Administration strongly objects to the $92 million reduction to the request for the Indian Health Service (IHS). This action would impede the ability of IHS to maintain basic health services for Native Americans and Alaskan Natives at current levels.

Endangered Species Act

The Administration strongly objects to the Committee's moratorium on endangered species listings and critical habitat designations. The Administration also objects to the 29-percent reduction in funding for Endangered Species Act (ESA) programs in the Fish and Wildlife Service (FWS). These activities are preventive measures that help keep species off the endangered or threatened species list so that local communities will not be negatively affected by the Act. Reducing the ability of the FWS to work with States, local communities, and private citizens at an early stage outside of the regulatory environment would cost more money and cause more economic, social, and environmental conflicts in the long run.

Columbia River Basin Ecoregion Assessment Project

The Administration is opposed to the appropriations language and funding restrictions of the Committee bill that would discontinue the Columbia River Basin Ecoregion Assessment Project. This project, entering its final year, uses a coordinated, multi-agency approach to the management of public lands to improve salmon habitat, forest health, and multi-species protection within the Columbia River Basin. By establishing unrealistic timelines for analyzing data and information and finishing environmental impact statements, the Committee would prevent the use of scientific and economic information collected to date on the project. This analysis is crucial for updating forest plans based on the most recent, scientifically credible information. Eliminating the project so close to its completion would jeopardize both the ability of the Forest Service and the Bureau of Land Management (BLM) to maintain a sustainable flow of timber and the production of other goods and services generated by the forests in the affected area.

Pacific Northwest

The Administration strongly opposes the Committee's reduction of funding for several economic and environmental activities in the Pacific Northwest. The BLM would not be able to meet its timber targets at these reduced levels. The Fish and

Wildlife Service would not be able to approve timber sales for the land management agencies or work with private landowners under special rules proposed by the Administration to ease spotted owl taking prohibitions on private lands. Reduced funding would also mean fewer employment opportunities under the "Jobs in the Woods" program. The Administration urges the Senate to restore funding for economic and environmental activities in the Pacific Northwest.

Tongass National Forest

The language in this bill that directs the Forest Service program in the Tongass National Forest undermines responsible forest management. This would, for the first time ever, displace a scientific and public process with specific direction from Congress. This would be the first time that Congress has directed the Forest Service to use a particular forest management plan. That means the Forest Service would have to ignore over 6,000 public comments that it has received on this plan. It also ignores the scientific research that has been done on this plan since its original publication. The result is that logging companies would harvest timber in some of the most environmentally sensitive areas of the Tongass. This could, in turn, lead to legal challenges that could delay the whole program, cause court intervention to halt logging and put timber-related jobs at risk.

Department of Energy

The Administration opposes funding the Clean Coal Technology program at $140 million over the request, particularly at the expense of higher-priority needs such as Energy Conservation. These additional funds will not be obligated in FY 1996 since there is approximately $1 billion in unobligated funds in the account.

The Administration strongly opposes the Committee's overall 38-percent reduction to the Energy Conservation request, which would seriously disrupt several high-priority initiatives. The Committee's 40-percent cut in the State Grants program would mean that 40,000 to 50,000 low-income homes would not be weatherized and would greatly hinder implementation of the State block grants initiative. The 37-percent cut in Energy Conservation research and development would make meeting climate change and greenhouse gas reduction goals almost impossible, would compromise industry partnerships aimed at improving the energy efficiency of buildings and industry, and would seriously jeopardize the Partnership for a New Generation of Vehicles program.

AmeriCorps

The Administration objects to language included in the Committee-reported bill that would prohibit the use of funds provided in the bill for AmeriCorps national service projects. Although it has been in existence for less than a year, the Americorps program has had remarkable success in terms of providing national service opportunities. For example, at the Everglades-South Florida project, 110 Americorps members have installed, calibrated, and placed in operation 30 of the 40 planned water monitoring stations, saving $250,000 annually. The Senate is urged to delete this language from the bill.

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

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 1977 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE SENATE COMMITTEE)

The Outer Continental Shelf

The Administration strongly supports the Committee's decision to reinstate the long-standing legislative moratoria on oil and gas leasing and drilling on certain lands of the Outer Continental Shelf (OCS). Maintaining these moratoria will protect the environment and economies of California, Florida, the Pacific Northwest, Alaska, and other coastal States. It will also aid Administration efforts to resolve disputes involving OCS policy and base that policy on sound science protecting America's sensitive coastal ecosystems.

Department of the Interior

The Administration supports the Committee's decision to increase funding for science programs within the Department of the Interior. The Natural Resource Science Agency, the U.S. Geological Survey, and the Bureau of Mines provide key research and analysis on natural resource issues for land and resource managers within Federal, State, and local agencies.

The Administration does not support the Committee's action that would underfund natural resource protection and land management operations in the National Park Service (NPS), Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced $170 million, or seven percent, below the request.

The Administration opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs. The Committee added $50 million for land acquisition and construction projects not requested by the Administration, including $24.9 million for 16 add-on NPS construction projects, many of which have no priority for construction and a few which have no planning completed.

The Administration opposes the 21-percent reduction to the Abandoned Mine Lands Reclamation program managed by the Office of Surface Mining (OSM). This reduction would impede the ability of OSM to respond to emergencies, such as mudslides and subsidence, that threaten the safety of coal field residents. The 54-percent reduction in OSM's fee compliance program would jeopardize the collection of over $240 million in reclamation fees.

Section 2477 of the Revised Statutes (RS 2477)

The Administration objects to the moratorium on implementing Interior's final regulation to resolve RS 2477 disputes. This regulation would provide a process to resolve legal questions concerning rights-of-way on public lands. A moratorium would maintain the status quo and uncertainty about which rights-of-way represent valid claims.

Forest Service, Department of Agriculture

The Administration commends the Senate for restoring funds for construction, which are needed to rehabilitate decaying infrastructure and improve trails and facilities on National Forest lands and for land acquisition. However, the elimination of funding for the Stewardship Incentives Program would cause a subsequent loss of leveraged funding from private landowners and States of $27 million. This would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forestlands. The Administration urges the Senate to reallocate funds for higher priority programs, such as the Stewardship Incentives Program.

Department of Energy

The Administration supports the Committee's decision to eliminate section 319 of the House-passed bill, but objects to the revised section 320. The revised provision would prevent the establishment of efficiency standards for fluorescent lights, which would cost consumers millions of dollars.

Cultural Agencies

The Administration commends the Committee for restoring funding for the Smithsonian's National Museum of the American Indian. These funds are needed to ensure timely construction and to maintain the safety of many artifacts that have been stored in substandard conditions.

The Administration opposes the drastic cuts in funding for the arts and humanities and museum services recommended by the Committee. The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute for Museum Services (IMS) play an important role in the preservation of American artistic and cultural heritage and expression. The NEA ensures that arts programs can be brought to a wider audience, including inner-city youth; major research and educational projects depend on support from the NEH; and the IMS provides critical resources to small and rural museums. In addition, these agencies have a positive impact on regional economies and in leveraging private funds for the Federal funds invested.

Objectionable Provisions

The Administration objects to several provisions, which seek to micromanage agency activities and impede the ability of the agencies to accomplish their work efficiently and effectively. Some specific concerns related to these objectionable provisions follow:

Refuge Management Restrictions. The Administration objects to the Committee's attempt to micromanage specific National Wildlife Refuges. Language overturning the Department's pesticide use policy on two refuges in northern California would actively undermine the conservation purpose of these refuges by allowing the use of pesticides on lands leased for agriculture that have been documented as killing migratory birds and endangered species and impairing the reproductive ability of certain species. This language would increase the risk of pesticide-related deaths to several species, including bald eagles and waterfowl.

Interference with Tribal Self-Governance. The Administration objects to language that would penalize self-governance tribes in Washington State for asserting their rights in disputes with non-tribal owners of land within reservations. The language would unfairly preclude settlement of such disputes through dispute resolution mechanisms open to all citizens. The Department of the Interior is involved in negotiations with the State of Washington, the Lummi Tribe, and private property owners to resolve the water dispute on the Lummi reservation. This language would undermine the dispute resolution process.

Restrictions on Restructuring. The Administration objects to restrictions on the distribution of Bureau of Mines resources that would have the effect of overturning the long-planned streamlining of the Bureau, which was a recommendation of the National Performance Review. The Administration also objects to restrictions on the implementation of the Forest Service's restructuring plans which have also resulted from the National Performance Review. These streamlining efforts would help to increase efficient agency operations and effective service.

<u>Infringement on Executive Authority</u>

There are several provisions in the Committee-reported bill that purport to require Congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in <u>INS vs. Chadha</u>.

<u>General Provisions</u>

The Administration objects to section 317 of the Committee-reported bill on the ground that this provision merely restates the obligation of officials to act within the law, and so does not accomplish anything except to create confusion as to its meaning.

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

THE DIRECTOR

September 18, 1995

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

Dear Senator Byrd:

The purpose of this letter is to provide the Administration's views on H.R. 1977, the Department of the Interior and Related Agencies Appropriations Bill, FY 1996, as passed by the House and by the Senate. As you develop the conference 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 Committee 602(b) allocations and has serious concerns about the overall priorities reflected in the appropriations process. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. Both the House and Senate versions of the bill are over $1.7 billion below the President's request.

Both versions of the bill contain provisions that the Administration finds seriously objectionable. In their current forms, the House and Senate versions of the bill would drastically reduce essential services to Native Americans, impede scientific research, prevent the effective management of public lands, and hinder the implementation of recreation, energy, and cultural programs. For these reasons, discussed more fully below and in the enclosure, I would join the Secretary of the Interior in recommending that the President veto the bill if it were presented to him as passed by the House or as passed by the Senate.

Department of the Interior Funding Levels

The Administration supports the Senate's improved funding levels over the House-passed bill for certain key investments and agencies, such as the funding level provided for the Natural Resource Science Agency. However, the increased funding levels in the Senate bill have been achieved largely through unacceptable reductions to Bureau of Indian Affairs (BIA) programs.

Department of Energy

The Administration opposes the drastic reductions made by both the House and the Senate to the request for Energy Conservation, which would seriously disrupt several high-priority initiatives that would create jobs, save consumers money, and protect the environment. The Administration urges the conferees to increase the allocation for conservation programs, especially the weatherization initiative, climate change activities, and the Partnership for a New Generation of Vehicles.

Programs for Native Americans

Reductions made by the House and Senate would seriously impede the provision of critical tribal services related to government operations, law enforcement, housing, child welfare, education, vocational training, and tribal courts. The House-passed bill would reduce funding for the Bureau of Indian Affairs (BIA) by $228 million below the FY 1996 request, and the Senate-passed bill would slash funding for the BIA by an additional $207 million. Both the House and Senate versions of the bill would fail to provide the funds needed to maintain essential programs serving Native American children and youth through the Office of Indian Education.

Legislative Riders

The Administration is very concerned about the number of legislative riders contained in this bill and finds many of them very objectionable. The Administration urges the conferees to delete these provisions, including the following:

Tongass National Forest. The Senate provision would displace a scientific and public process with specific direction from Congress and ignore the scientific research that has been done on this plan. This would result in the extraction of timber in some of the most environmentally sensitive areas of the Tongass.

Mining Patent Moratorium. The Senate's provision would allow privatizing valuable Federally-owned land and mineral deposits, with only minimal returns to taxpayers, and putting these deposits beyond the reach of any royalty payment to the Federal treasury. The Administration strongly supports the House action, consistent with the grandfather provision included in the FY 1996 request. The House provision would continue the patent moratorium and allow time to work on more comprehensive reforms.

Endangered Species Act. The Administration objects to the Senate's moratorium on endangered species listings and critical habitat designations and objects to the House and Senate reductions in funding for Endangered Species Act programs in the Fish and Wildlife Service (FWS). The Administration stresses the importance of continuing pre-listing and other activities under this Act.

Columbia River Basin Ecoregion Assessment Project. Curtailing this project so close to its completion would jeopardize the ability of the Forest Service and the Bureau of Land Management to complete land use plans pursuant to existing law, or even to maintain a sustainable flow of timber in the interior Columbia River basin. The project needs to be completed and funded fully, in order to provide certainty for the region and to avoid returning to the species-by-species crisis management of the past.

Grazing Regulations. The Senate bill contains a 90-day moratorium on grazing regulation changes that went into effect on August 21, 1995. The Congress was given an additional six months after promulgation of the changes last February to consider the grazing rule.

Energy Efficiency Standards. The Administration strongly opposes section 319 of the House-passed bill and section 320 of the Senate-passed bill, both of which would prevent the establishment of a wide range of appliance efficiency standards mandated by the Energy Policy Act of 1992. These prohibitions could cost consumers millions of dollars.

AmeriCorps. The House language would prohibit the use of funds provided in the bill for AmeriCorps national service projects. The Senate bill would at least allow agencies to request reprogramming of appropriated funds if the parent Corporation for National and Community Service receives funding in the VA, HUD, and Independent Agencies bill.

Timber Salvage. The Administration is actively implementing the timber salvage and related programs authorized in the rescission bill (P.L. 104-19) this summer. Any riders in this bill to redirect these programs would only disrupt the orderly and prompt implementation that is already underway and could jeopardize the ability to meet the objectives in the original legislation.

California Desert

The Administration strongly opposes the House action that would transfer funding for the newly created Mojave National Preserve from the National Park Service to the Bureau of Land Management. Such action would undermine implementation of the 1994 California Desert Protection Act. The Administration urges the conferees to follow the Senate approach concerning the Mojave National Preserve and to fund fully the levels requested in the FY 1996 Budget.

Cultural Agencies

The Administration objects to the proposed phase-out and the low levels of funding for the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). The Administration urges the conferees to remove any phase-out language and approve additional funding for the NEA and NEH so that these agencies can continue to provide important cultural, educational, and artistic programs for communities across America.

Additional Administration concerns are contained in the enclosure. We look forward to working closely with the conferees to address our mutual concerns.

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Bob Livingston, Honorable David Obey, Honorable Ralph Regula, Honorable Sidney R. Yates, Honorable Mark O. Hatfield, Honorable Slade Gorton, and Honorable Robert C. Byrd

Enclosure
(Conference)

ADDITIONAL CONCERNS
H.R. 1977 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE AND BY THE SENATE)

Department of the Interior

Bureau of Indian Affairs (BIA). The House-passed bill would reduce funding by $228 million below the FY 1996 request and $48 million below FY 1995. Inadequate funds are provided for school operations, economic development, child protection, tribal courts, and reservation infrastructure needs. The Senate-passed bill would slash funding for the BIA by an additional $207 million. This reduction is 23 percent below the President's request and 15 percent below the FY 1995 enacted level. The most severely affected would be tribal priority allocation programs -- those critical local tribal programs such as law enforcement, housing improvement, general assistance, Indian child welfare, and adult vocational training administered by the Tribe and over which Tribes can set their own priorities. The Administration urges the conferees to restore the programs to acceptable levels.

Office of Surface Mining. Both the House and Senate would reduce the Office of Surface Mining's (OSM's) Federal Regulatory Program budget by 21 percent. This action would impede current efforts to deal with environmental damage from surface coal mining. The Senate would also reduce OSM's Abandoned Mine Land Reclamation program operations by 21 percent and the Fee Compliance program by 54 percent. These actions would result in environmental degradation and would jeopardize the safety and livelihood of residents as well as the collection of over $240 million in reclamation fees.

Natural Resource Protection/Land Management. The Administration does not support the House and Senate's action that would underfund natural resource protection and land management operations in the National Park Service (NPS), Bureau of Land Management, and Fish and Wildlife Service. Operating programs in these three bureaus would be reduced $180 million, or seven percent, below the request.

Territorial and International Affairs. The House-passed bill would eliminate funding for technical assistance programs and would delete all funding for salaries and expenses of the Office of Insular Affairs. These reductions would eliminate the Department's institutional capability to perform all insular functions for which the Secretary of the Interior is responsible, including its fiscal responsibilities to manage and to monitor the use of hundreds of millions in Federal funds provided to the insular areas. The Administration urges the conferees to support the Senate's position.

Unrequested/Low-priority Items. The Administration opposes congressional add-ons for unrequested, low-priority items, such as the Water Resources Research Institutes, at the expense of higher-priority needs. The Senate added $50 million for land acquisition and construction projects not requested by the Administration, including $24.9 million for 16 add-on National Park Service construction projects, many of which have no priority for construction and a few which have no planning completed.

Department of Education, Office of Indian Education

Although the Senate has restored a small portion of the reduction to Indian Education made by the House, both the House and Senate versions of the bill would fail to provide the funds needed to maintain essential programs serving Native American children and youth. Activities that would be terminated by both the House and the Senate include demonstrations of new approaches to the education of Indian children, fellowships for Indian post-secondary students, and Indian adult education. The Administration urges the conferees to restore funding for these activities.

Department of Agriculture, Forest Service

Stewardship Incentives Program. The Administration opposes the House's elimination and the Senate's severe restriction of funding for the Stewardship Incentives Program. These actions would cause a subsequent loss of leveraged funding from private landowners and States. This, in turn, would curtail the implementation of stewardship practices, such as reforestation and timber stand improvements, on thousands of acres of non-industrial private forest lands.

Department of Energy

The Administration opposes the decision of the House and the Senate to fund the Clean Coal Technology program at $140 million over the request, particularly at the expense of higher-priority needs such as Energy Conservation. These additional funds will not be obligated in FY 1996 since there is approximately $1 billion in unobligated funds in the account.

Smithsonian Institution and National Gallery of Art

The House and Senate would make sizable reductions in the salaries and expenses accounts for the Smithsonian Institution and the National Gallery of Art. A large portion of these accounts funds salaries for employees, so the reductions could require reductions-in-force. Similar reductions are envisioned by the Administration as part of its long-term streamlining process, and we urge a similar approach by the Congress to allow the agencies time to plan adequately for the downsizing and restructuring of their workforce. The Administration urges support for the Senate position to provide funding for Smithsonian's Cultural Resources Center of the National Museum of the American Indian, and to support the proper repair and renovation of buildings for the Smithsonian and National Gallery.

Infringement on Executive Authority

There are several provisions in the House and Senate versions of the bill that purport to require congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in INS vs. Chadha.

Objectionable Language Provisions

The Administration objects to several provisions that seek to micromanage agency activities and would impede the ability of the agencies to accomplish their work efficiently and effectively. Some specific concerns related to these objectionable provisions include Refuge Management restrictions, interference with tribal self-governance, and restrictions on Bureau of Mines restructuring.

General Provisions

The Administration objects to section 317 of the Senate-passed bill on the ground that this provision merely restates the obligation of officials to act within the law, and so does not accomplish anything except to create confusion as to its meaning.

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

THE DIRECTOR

July 19, 1995

Labor / HHS / Educ

Honorable David R. Obey
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Obey:

The purpose of this letter is to provide the Administration's views on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996, as reported by the House 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 in FY 1996 by cutting $5 billion in outlays from the FY 1995 level. The Administration does not share the priorities reflected in the Subcommittee's mark or support the level of funding adopted in 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. The Committee bill is almost $13 billion below the President's request.

The President strongly believes that we must invest in our country's future by supporting education and training. Investments in these areas will lead to stronger long-term economic growth and higher living standards. The Subcommittee bill would imprudently cut valuable, proven programs that educate our Nation's children, aid the disadvantaged, invest in working people, and protect our Nation's health and safety. Many of the programs funded in this bill are aimed at protecting and aiding the most vulnerable in our society. Reductions proposed by the Subcommittee would have a particularly harmful effect on our Nation's children, our youth, and the disadvantaged by cutting funding for numerous education programs, training programs, the Corporation for National and Community Service, and mental health and substance abuse prevention and treatment demonstration grants.

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

Cutting Programs for Pre-School Children

The Administration opposes the Subcommittee's reduction in the Head Start program. This program plays a vital role in preparing disadvantaged young children for school, and its expansion should be continued rather than reversed. The President would add $400 million and 32,000 new slots to the Head Start program in FY 1996. The Subcommittee, in contrast, would reduce funding by $137 million below the FY 1995 level ($537 million below the President's request). If program quality were to be maintained at such a reduced level, the Subcommittee action would cut between 45,000 and 50,000 children from the program. We strongly urge the Subcommittee to provide the FY 1996 funding level requested by the President.

Cutting Programs for Education and Training

The Administration is committed to ensuring adequate funding for key education programs that help average Americans build a better future for themselves and their families. More than ever before in our Nation's history, what you earn depends on what you learn. Yet, the Subcommittee would reduce the President's request for education programs by $5 billion. The Subcommittee's recommended overall funding level is $4 billion, or 16 percent, below the FY 1995 enacted level. The President is committed to investing in our children's education. The Subcommittee has systematically targeted those key programs designed to serve our Nation's youth for the most debilitating cuts. The Subcommittee would reduce -- by 30 percent below the President's request -- the Administration's highest priority programs, programs that focus on improving student achievement in our Nation's elementary and secondary schools.

These draconian reductions would be achieved through the termination of critical education programs, including Goals 2000, which would set back State-based efforts to improve learning for all students and to build a more competitive workforce. Drastic reductions in other programs, including Education for the Disadvantaged and Safe and Drug Free Schools, are unacceptable. These reductions are short-sighted and would have a devastating effect on our Nation's future.

The Administration strongly opposes the Subcommittee's elimination of the Summer Youth Employment and Training Program. The Subcommittee's action would eliminate the opportunity for 615,000 disadvantaged youth per year to acquire valuable job experience and learn essential job skills.

The Subcommittee bill would drastically reduce the President's request for the Department of Labor's youth job training programs and the bipartisan school-to-work initiative -- by 46 percent, or $1.3 billion. At a time when it is more evident than ever that America's youth are not receiving enough opportunities to acquire the job skills necessary to succeed in today's economy, these reductions are unacceptable.

At a time of increased workforce anxiety and major labor market dislocations, the Subcommittee bill would impose unacceptably large reductions in resources to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. The bill would reduce funding for dislocated workers and disadvantaged adults by $545 million, or 25 percent, below the FY 1995 comparable level -- $1.4 billion, or 46 percent, below the President's request. This substantially reduced level of funding would deny training and reemployment services to about 273,000 dislocated workers and 84,000 low-income adults. At a time when corporate and military downsizing is displacing hard-working Americans, shrinking these critical services would leave many workers stranded.

The Administration opposes the House Subcommittee's reduction of $94 million for the Corporation for National and Community Service (CNCS) programs funded in this appropriation. The Subcommittee would cut the Volunteers in Service to America program (VISTA) by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Subcommittee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the Committee to provide the funding level requested in the President's budget.

<u>Cutting Programs That Protect Our Nation's Health</u>

The Administration opposes the provision in the Subcommittee bill that would prohibit funding of the Surgeon General position. This micromanagement of the Executive Branch would severely curtail the leadership that the public has traditionally looked to for guidance on personal and societal health issues. We urge the Committee to remove this provision.

The Administration is concerned that the Subcommittee mark for programs funded under the Ryan White CARE Act is $79 million less than the $723 million request. The funding level proposed by the President represents the minimum amount necessary to maintain funding for the 42 cities already receiving Ryan White assistance; to fund the seven to ten new cities expected to qualify for Ryan White assistance in FY 1996; and to provide sufficient funding to keep up with increasing AIDS caseloads in States, cities, and local clinics currently receiving Ryan White grants.

The Subcommittee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested by the Director of NIH in the President's budget. Unlike research on other diseases, HIV research is spread among all of the institutes and centers of NIH, rather than being focused essentially in one institute. By failing to provide a single appropriation, the Congress makes less explicit its intentions regarding funding to fight the disease that is now the leading cause of death for people aged 25 to 44. The current single appropriation helps target NIH research dollars effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

Cutting Programs for Individuals with Disabilities

The Administration is very concerned about the significant reductions made by the Subcommittee in programs for individuals with disabilities. While allowing funding for direct services to remain essentially intact, the Subcommittee bill would systematically reduce or eliminate funds available for research, demonstration, training, and technical assistance programs focusing on individuals with disabilities and would phase out the National Council on Disability. These programs provide essential support for the State direct service programs and help the Administration and the Congress understand and respond to disability issues.

Abortion

It is our understanding that the Committee may consider including in the FY 1996 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act a provision that would change existing law by allowing States to deny Medicaid funding for abortions for victims of rape and incest.

The President believes that abortion should be safe, legal, and rare. The provision the Committee is considering would prevent poor women from having access to abortion services even in situations where they are victims of rape or incest. Such a change in the law would unfairly target the most vulnerable poor women and their families. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest, and we would urge the Committee to defeat such an amendment.

Striker Replacement

The Administration strongly opposes a provision of the Subcommittee bill that would prohibit the Executive Branch from using FY 1996 funds to implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal contracts with companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

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, and Honorable John E. Porter

Enclosure
(House Committee)

ADDITIONAL CONCERNS
DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES 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 Education

- Goals 2000. The Administration strongly opposes the Subcommittee's proposed termination of Goals 2000. The President has requested $750 million in FY 1996 for Goals 2000, which would essentially double the size of the program. At this funding level, Goals 2000 would raise academic standards in 48 states and 16,000 schools. The Subcommittee would eliminate this program entirely. Raising academic standards provides a necessary framework for improving all aspects of education.

- Title I -- Education for the Disadvantaged. The Administration opposes the Subcommittee mark, which would reduce funding for the Title I Grants to Local Educational Agencies Program by $1.1 billion, cutting as many as 1.1 million children from the program. The President has requested $7 billion for this program, an increase over the FY 1995 enacted level of $302 million. This funding level would assist States in raising the academic achievement of 6.4 million disadvantaged children.

- Safe and Drug-Free Schools and Communities. The Administration opposes the Subcommittee mark, which would reduce this program by 60 percent -- to $200 million. This action would deprive over 23 million students services in FY 1996 alone. The Subcommittee proposal is a 57-percent reduction from the FY 1995 post-rescission funding level. The President has requested $500 million in FY 1996 for this program to combat violence and drug use in 97 percent of school districts (over 14,000) serving 39 million students. The Administration also opposes the Subcommittee's decision to strike funding for a key crime prevention program, the Family and Community Endeavor Schools program.

- School-to-Work (Departments of Labor and Education). The Administration opposes the Subcommittee mark, which would reduce funding for School-to-Work to $190 million, or less than half of the Administration's request. The President has requested $400 million (split between Labor and Education), a 60-percent increase over the FY 1995 comparable level. This initiative supports States building school-to-work systems with one-year planning and five-year implementation grants. The Subcommittee mark would seriously hamper the efforts of 28 States to complete their reforms started in FYs 1994 and 1995. Twenty-two States would be denied the chance to implement their reform plans to raise student skills.

- Vocational and Adult Education. The Administration opposes the Subcommittee mark, which would reduce funding for this program by 37 percent below the President's request -- to $1.1 billion. This reduction would deny assistance needed by communities and States to prepare youth to pursue productive careers and would eliminate adult education services to over 125,000 adults. The President has requested $1.7 billion in FY 1996 to support States and schools in training students for high-skill, high-wage jobs and in helping adults to improve their basic and literacy skills in order to succeed in their roles as workers, citizens, and parents.

- Federal Direct Student Loan Program. The Student Loan Reform Act (SLRA) of 1993 provided $550 million in mandatory funds in FY 1996 for the administration of the direct student loan program and the transition from the guaranteed student loan program to direct loans. The Administration opposes the Subcommittee mark, which would reduce this funding to $320 million -- an amount insufficient to administer the direct loan program under the Subcommittee's direction that $160 million of those funds must be available for payments to guaranty agencies in the guaranteed loan program. This action would stop the growth of cost-effective, efficient direct lending in order to keep providing unnecessary payments to banks, State agencies, and secondary markets.

- Student Financial Assistance Programs. The President has proposed to increase the Pell grant maximum award to $2,620, which is $280 over the FY 1995 level of $2,340. The Administration is concerned that the Subcommittee has increased the maximum by only $100, to $2,440. Furthermore, the Administration is deeply concerned that the Subcommittee's minimum award proposal would eliminate approximately 300,000 students from the program who would receive awards of between $400 and $600 under the President's proposal.

- Educational Technology. The President has requested $122 million in FY 1996 for four educational technology programs. The Administration opposes the Subcommittee's action that would provide only $25 million for this program, funding only the K-12 Technology Learning Challenge program. This funding level would significantly limit efforts to create new private-public partnerships to raise student achievement through advanced technology. The elimination of three technology programs would reduce learning opportunities for educationally and economically disadvantaged students.

- Eisenhower Professional Development. The President has requested $785 million in FY 1996 to train teachers to help students achieve high academic standards in 90 percent of all school districts. The Administration opposes the Subcommittee's action that would eliminate this program and, instead, appropriate a reduced funding level of $500 million in anticipation of the passage of a block grant proposal currently under consideration in the Economic and Educational Opportunities Committee, with unclear performance standards and accountability structures.

- Education for Children with Disabilities. The President has requested $254 million, the FY 1995 enacted level, to support several research, demonstration, training, and technical assistance activities that assist State efforts to serve children with disabilities in the least restrictive educational environments. The Administration opposes the Subcommittee's action that would reduce funding for these programs by $174 million, or 69 percent, by eliminating such programs as grants for early childhood education, innovation and development grants, training personnel for the education of children with disabilities, and parent training.

- Bilingual and Immigrant Education. The President has requested $200 million for Bilingual Education and $100 million for Immigrant Education. The Administration opposes the Subcommittee mark, which would reduce funding for Bilingual Education by almost 75 percent, to $53 million, and reduce the amount available for Immigrant Education by 50 percent, to $50 million. The combined Subcommittee funding of $103 million is a 50-percent reduction from the FY 1995 enacted level. This would severely reduce instructional services for over 700,000 limited-English-speaking children and adults. School districts that are heavily impacted by recently arrived immigrant students would also be adversely affected.

- Howard University. The Administration opposes the Subcommittee mark of $170 million, which is $26 million, or 13 percent, below the Administration's request. Such a large decrease in one year would cause immediate and major layoffs of approximately 500 faculty and administrative staff. Since the university has already taken decisive action during FYs 1994, 1995 to balance its budget by eliminating nearly 400 staff positions, further reductions in staff levels would be difficult to achieve without harming the overall quality of undergraduate and graduate education. The Administration is also concerned that the bill would eliminate earmarks for strengthening endowment and research efforts, a counterproductive move in light of a mutual goal to help Howard University plan for future financial independence.

- Advisory Councils. The Administration is concerned that the Subcommittee bill would prohibit the funding of certain advisory boards, including the President's Board of Advisors on Historically Black Colleges and Universities, the President's Advisory Commission on Educational Excellence for Hispanic Americans, the National Board of the Fund for the Improvement of Postsecondary Education, and the Historically Black Colleges and Universities Capital Financing Board.

- Staffing Levels. The Administration opposes the provision in Section 305 of the bill that would prohibit the Department from hiring staff "if such hiring would increase on-board employment." The Federal Workforce Restructuring Act (FWRA) already imposes limits on Federal employment. The President must have the authority to manage within those limits. As long as the FWRA limits are met, agencies should have the authority and flexibility to manage employment to best meet program needs within appropriated funding levels. An on-board employment ceiling is a particularly arbitrary constraint because it ignores seasonal employment fluctuations and full-time/part-time employment mixes. It was for this reason that the Federal Employees Part-Time Career Employment Act of 1978 required the use of the full-time equivalent employment measure in the management of Federal employment.

Department of Labor

- Enforcing Worker Protection Laws and Improving the Workplace. The Administration opposes the Subcommittee's reductions to agencies and programs that, among other things, strive to ensure that workers have safe and healthy working environments, protect their pensions, and meet the challenges of the global economy. Overall, the funding provided by the bill is approximately 20 percent below the President's request for these important activities. The Subcommittee level includes major reductions to the Occupational Safety and Health Administration's enforcement activity (cut by one-third), the Mine Safety and Health Administration, and to programs that enforce wage and hour laws and promote affirmative action among Federal contractors. The Subcommittee also proposes virtual elimination of the Bureau of International Labor Affairs, which helps our Nation compete in the global marketplace, and the Office of the American Workplace, which helps companies evolve into high performance workplaces. The Administration urges the Committee to restore funding for these programs.

- <u>One-Stop Career Centers</u>. The Administration is concerned with the Subcommittee's funding level of $100 million -- half the President's request -- for this important, system-building investment. At the Subcommittee's level, only two or three States would receive new implementation grants in FY 1996, and the second- and third- year funding levels for the 14-15 States that received awards in FY 1994 and FY 1995 would be reduced. Production of enhanced labor market information products and services that will help people find jobs more efficiently would be postponed. In addition, the $89 million cut from the FY 1995 level in the Employment Service would undermine the States' One-Stop system-building efforts.

- <u>Job Corps</u>. The Subcommittee's mark for Job Corps is $107 million below the President's request. The Administration urges full funding of Job Corps. Without this funding, the long-term expansion plans would be severely undercut and several existing centers would likely have to be closed. The Subcommittee's mark would mean that thousands fewer disadvantaged youth would have the opportunity to learn necessary basic education and job skills than would be the case under the President's request.

- <u>Unemployment Insurance Administration</u>. The Administration is concerned that the Subcommittee freezes the program at the FY 1995 level, cutting $156 million from the President's request. This level of funding could result in delays in benefit payments as well as increased errors in benefit payments and tax collections, adversely affecting trust fund balances. States might also lay off staff or close local offices in an effort to cut costs.

- <u>Bureau of Labor Statistics</u>. The Administration opposes the Subcommittee's mark, which is a $29 million, or eight-percent reduction to the President's request. The reduction would undercut the Bureau's ongoing efforts to improve its existing data series and would certainly require program reductions in several data series, such as the SIC and SOC revision, Emerging Labor Market Data, or Local Area Wage Surveys. Given the bipartisan support for improved statistical measures of the Nation's economy, the Committee is urged to fund the Bureau's activities fully.

- <u>OSHA Regulations</u>. The Subcommittee bill would prevent OSHA from issuing any proposed or final ergonomics protection standard (or recordkeeping related to ergonomic protection) and would require OSHA to change its fall protection standard from six to 16 feet. The Administration objects to congressional micromanagement of workplace safety standards. The fall protection standard was developed after careful consideration of scientific evidence. OSHA should not be prevented from continuing its work related to issuing a proposed rule to address work-related musculoskeletal injuries, which have increased an estimated seven times in the last ten years.

- <u>Child Labor Regulations</u>. The Subcommittee has included language that restricts the Department of Labor's efforts to protect the Nation's working minors. The language would limit the ability of the Department to implement and enforce both Hazardous Orders #12 and #2 on minor's use of paper balers and motor vehicles, respectively. The Administration urges the Committee to delete this provision.

- <u>Davis-Bacon Helpers</u>. The Subcommittee did not include language requested by the Administration that would prohibit the Department of Labor from implementing the Davis-Bacon helper regulation. The Administration urges the Committee to restore this provision to allow the Department time to rework the helper regulation to insure the continuation of viable apprenticeship programs on Federal construction projects.

<u>Department of Health and Human Services</u>

- <u>AIDS Education and Training Centers (ETCs)</u>. The Administration is concerned that the Subcommittee eliminates funding for AIDS Education and Training Centers, which help train tens of thousands of health professionals about constantly evolving HIV care and treatment procedures. The President's budget includes $16 million for AIDS ETCs, the same level as in FY 1995.

- <u>Substance Abuse and Mental Health Services Administration (SAMHSA)</u>. The Administration is very concerned about the Subcommittee's $456 million (25-percent) reduction to the President's request for total

SAMHSA funding. The Administration notes that the overall funding for SAMHSA's demonstration and training grants is reduced from $566 million to $202 million, a $364 million, or 64 percent, decrease from the FY 1996 President's request. This reduction would seriously undermine the National Drug Control Strategy and jeopardize substance abuse treatment and prevention and mental health services for tens of thousands of pregnant women, high risk youths, and other underserved Americans. It would also erode SAMHSA's ability to improve service delivery, ensure quality standards, and educate consumers and providers of services. Reductions from the President's request in substance abuse treatment funding alone would result in 40,000 fewer persons being treated.

- <u>SAMHSA - Homeless Services</u>. The Administration is concerned about the Subcommittee's elimination of the Projects for Assistance in Transition From Homelessness (PATH) formula grant program. These grants provide drug treatment and mental health services to the homeless, who are particularly vulnerable to substance abuse and mental health problems. An estimated one-third of the people living on America's streets and in shelters have severe mental illness, and another one-third suffer from substance abuse problems. Over 127,000 individuals would no longer receive services if this program were eliminated.

- <u>Violence Against Women</u>. The Administration is concerned that the Subcommittee bill does not provide funding from the Violent Crime Reduction Trust Fund to the Centers for Disease Control (CDC). The Administration continues to support $39 million for the CDC to prevent violence against women.

- <u>Health Immigration Initiative</u>. The Subcommittee has failed to fund the President's immigration initiative for Medicaid, withholding Federal financial assistance to the seven States most heavily affected by illegal immigration. The President's proposal would provide $150 million in FY 1996 to help States pay for their share of the Medicaid costs of providing emergency medical services for undocumented aliens.

- <u>Crime Prevention</u>. The Subcommittee would eliminate practically all of the Administration for Families and Children's (ACF's) violent crime reduction funding, providing only $400 thousand of the President's requested $105 million. The violent crime prevention programs are needed to help complement law enforcement activities with crime prevention. Programs approved in last year's Crime Bill that would be eliminated by the Subcommittee are prevention grants for runaway and homeless street youth at risk of sexual abuse, grants for battered women's shelters, and a community economic investment partnership fund to stimulate business opportunities in low-income areas. The Administration also opposes the Subcommittee's decision to strike funding for the Community Schools program.

- Administration on Aging (AOA). The Subcommittee would eliminate seven of 12 AOA programs and reduce the funding for all but one. Total funding would be reduced by $119 million (or 13 percent) below the President's request of $897 million. Funding for AOA's two primary nutrition programs, which includes funding for Meals on Wheels, which provide meals for over five million older Americans, was cut back by $23 million, or 5 percent. At the Subcommittee's funding level, nearly 12 million fewer meals would be reimbursed. In addition, funding for programs that provide supportive services for the elderly, many of whom are at risk of being institutionalized, is reduced by over $15 million, and similar funding for Native Americans is reduced by over $2 million.

- Low Income Home Energy Assistance Program (LIHEAP). The Subcommittee would eliminate LIHEAP entirely in FY 1996, ending assistance to between five and six million low-income families. The President's request would maintain LIHEAP at the FY 1995 level and provide resources for LIHEAP's emergency fund in FY 1996 using the existing FY 1995 emergency fund balance.

- Child Care and Development Block Grant (CCDBG). The Subcommittee has not funded the President's request for a $114 million increase above the FY 1995 level in the Child Care and Development Block Grant. The CCDBG provides child care assistance to low-income families who need child care to remain in the workforce and off welfare. The Subcommittee funds the program at the FY 1995 level and eliminates two programs, totaling $14 million, that are proposed for consolidation under CCDBG in the President's Budget.

- Community Services Programs. The Subcommittee would eliminate the $20 million in grants to States for homeless services while maintaining $39 million in direct Federal grants. The Administration urges the Committee to devolve more power to the States for these programs by ending direct Federal grants rather than cutting grants to the States to assist homeless people. The President has proposed to terminate the $12 million National Youth Sports program, but the Subcommittee would continue this program at the expense of other, much more vulnerable populations.

- Other ACF Children and Families Services Programs. The Subcommittee proposes significant reductions below the President's request in ACF services programs (excluding Head Start and Community Services). The Subcommittee would eliminate the Community-Based Resource Centers Program, which supports vital child abuse and neglect prevention activities in local communities, the Runaway and Homeless Youth preventive drug activities ($14 million) and Youth Gang Substance Abuse ($11 million). The Subcommittee would reduce Abandoned Infants Assistance, Adoption Opportunities, and Temporary Child Care and Crisis Nurseries ($6 million); and Native American Programs ($3 million). The Subcommittee would also reduce Developmental Disabilities programs by $45 million, or more than one-third.

Other Independent Agencies:

- Social Security Administration (SSA). The Subcommittee provides SSA with $5.9 billion, $0.3 billion less than the President's request of $6.2 billion. The Subcommittee reduces the President's request for the Automation Investment Fund by $129 million, a significant reduction of 36 percent -- from $357 million to $228 million -- in the FY 1996 portion of this priority, multi-year investment. SSA's automation investment is critical to ensuring continued quality in the delivery of basic services like claims processing for the elderly and disabled. Only by replacing aging terminals and antiquated 1970s-style systems with new technology in all 1,400 field offices can SSA increase the productivity of a smaller workforce. Funding to date (through FY 1995) pays for new equipment in just over 40 percent of SSA's field offices. The funding level proposed by the Subcommittee would allow SSA to equip only another 25 percent of its offices.

  The Subcommittee reduces the President's request for the Disability Investment Fund by $127 million. This represents a reduction of 24 percent, from $534 million to $407 million. Such a reduction would slow SSA's efforts to reduce the backlogs in initial disability claims and in hearings on disability appeals. These cuts would make it more difficult to ensure that persons with severe disabilities begin to receive Supplemental Security Income and Social Security Disability Insurance payments in a timely manner, and, persons who are no longer severely disabled but are still on the rolls are reevaluated.

  The Subcommittee reduces the President's request for the Office of Inspector General (OIG) by $6 million, a cut of 23 percent -- from $27 million to $21 million. At the Subcommittee's funding level, the OIG would not have sufficient staffing or travel resources to perform its mission of nationwide detection and prosecution of social security-related fraud and abuse. The OIG would need to freeze hiring immediately and cut back on travel essential to carrying out his responsibilities.

The Subcommittee strikes the language in the President's request that would require that not less than $215 million shall be available to conduct continuing disability reviews (CDRs). The Administration believes that this language is critical to ensuring that a sufficient number of CDRs are conducted to enhance the integrity of both the Supplemental Security Income and Disability Insurance programs.

- Railroad Retirement Board (RRB). The Subcommittee provides the RRB Inspector General (IG) with $5.1 million, nearly 25 percent ($1.6 million) less than the President's request. This level apparently reflects the Subcommittee's desire that the RRB IG devote less effort to Medicare fraud investigation. The Administration believes that, as long as the RRB retains independent Medicare contracting authority, the RRB IG should be funded to continue Medicare investigations.

- Corporation for National and Community Service (CNCS). The Administration opposes the House Subcommittee's reduction of $94 million for the CNCS programs financed in this appropriation. This is 36 percent below the President's request of $263 million for these National Service activities. These activities include: Volunteers in Service to America (VISTA); the Retired Senior Volunteer Program (RSVP); the Foster Grandparent Program (FGP); and the Senior Companion Program (SCP).

  The Subcommittee level would cut the VISTA program by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Subcommittee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration opposes reductions to National Service activities and urges the Committee to provide the funding level requested in the President's budget.

- National Labor Relations Board (NLRB). The Subcommittee reduces funding for the NLRB by $53 million (30 percent) below the FY 1995 level, and $58 million (nearly one-third) below the FY 1996 request. This would paralyze the NLRB's ability to enforce the National Labor Relations Act (NLRA) and protect employers and workers from unfair labor practices. In addition, the Subcommittee has included language that restricts the agency's flexibility to use certain powers granted to it by the NLRA to effect justice in the workplace. The Administration objects to such limitations on the agency's operations and urges the Subcommittee to restore funding for this important workplace protection agency.

- <u>Corporation for Public Broadcasting (CPB)</u>. Public broadcasting television and radio stations, led by CPB, are in the process of creating a more efficient, cost-effective, and healthy future public broadcasting system. The Administration supports funding for the CPB at a level consistent with the President's request. This level would provide the restructuring funds needed to achieve system-wide savings in the future.

- <u>National Council on Disability</u>. The Subcommittee would reduce the President's request of $1.8 million for the National Council on Disability to $0.9 million (50 percent below the FY 1995 enacted level). The Subcommittee, in report language, indicates its intention to eliminate Federal support for the Council by FY 1998. The Council is in a unique position to provide independent, objective information to the Congress and the Administration about the impact of existing or proposed Federal policies on people with disabilities.

- <u>National Education Goals Panel (NEGP)</u>. The Administration opposes the Subcommittee mark, which would eliminate funding for the National Education Goals Panel. The President requested $3 million in FY 1996 for NEGP, which plays an integral role in improving schools by charting our Nation's progress toward achieving the National Education Goals. The bipartisan Panel, with the membership of Governors, Senators, Congressmen, State legislators, and others, represents a true education partnership designed to mobilize the Nation toward increasing student achievement.

<u>Other Concerns:</u>

- <u>Infringement on Executive Authority</u>. There are several provisions in the Subcommittee bill that require Congressional approval before Executive Branch execution of aspects of the bill. The Administration will interpret such provisos to require notification only, since any other interpretation would contradict the Supreme Court ruling in <u>INS vs. Chadha</u>.

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

(F)

August 2, 1995
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsors: Livingston (R), Louisiana; Porter (R), Illinois)

This Statement of Administration Policy provides the Administration's views on H.R. 2127, the Labor, Health and Human Services, Education, 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. In FY 1996 alone, the President's budget proposes to reduce discretionary spending by cutting $5 billion in outlays from the FY 1995 level. However, the Administration does not share the priorities reflected in the Committee's mark or support the level of funding adopted in 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. The Committee bill is over $12 billion below the President's request.

The President strongly believes that we must invest in our country's future by supporting education and training. Investments in these areas will promote long-term economic growth and higher living standards. The Committee bill would imprudently cut valuable, proven programs that educate our Nation's children, aid the disadvantaged, invest in working people, and protect our Nation's health and safety. Many of the programs funded in this bill are aimed at protecting and aiding the most vulnerable in our society. Reductions proposed by the Committee would have a particularly harmful effect on our Nation's children, our youth, and the disadvantaged by cutting funding for numerous education programs, training programs, the Corporation for National and Community Service, and mental health and substance abuse prevention and treatment demonstration grants.

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

Cutting Programs for Pre-School Children

The Administration strongly opposes the Committee's reduction in the Head Start program. This program plays a vital role in preparing disadvantaged young children for school; its expansion should be continued, not reversed. The President would add $400 million and 32,000 new slots to the Head Start program in FY 1996. The Committee, in contrast, would reduce funding by $137 million below the FY 1995 level ($537 million below the President's request). If program quality were to be maintained at such a reduced level, the Committee action would cut between 45,000 and 50,000 children from the program. The Administration strongly urges the House to provide FY 1996 funding at the level requested by the President.

Cutting Programs for Education and Training

The Administration is committed to ensuring adequate funding for key education programs that help average Americans build a better future for themselves and their families. More than ever before in our Nation's history, what you earn depends on what you learn. Yet, the Committee would reduce the President's request for education programs by $5 billion. The Committee's recommended overall funding level is $4 billion, or 16 percent, below the FY 1995 enacted level. The President is committed to investing in our children's education. The Committee has systematically targeted those key programs designed to serve our Nation's youth for the most debilitating cuts. The Committee would reduce -- by 30 percent below the President's request -- the Administration's highest priority programs, programs that focus on improving student achievement in our Nation's elementary and secondary schools.

These draconian reductions would be achieved through the termination of critical education programs. The Committee's ill-advised decision to terminate funding for Goals 2000 would set back State-based efforts to improve learning for all students and to build a more competitive workforce. Drastic reductions in other programs, including Education for the Disadvantaged and Safe and Drug Free Schools, are unacceptable. These reductions are short-sighted and would have a devastating effect on our Nation's future.

The Administration strongly opposes the Committee's elimination of the Summer Youth Employment and Training Program. The Committee's action would eliminate the opportunity for 615,000 disadvantaged youth per year to acquire valuable job experience and learn essential job skills. The Administration continues to support the program and will work with Congress in the FY 1996 appropriations process to ensure that the program for the summer of 1996 is funded.

The Committee bill would drastically reduce the President's request for the Department of Labor's youth job training programs and the bipartisan school-to-work initiative -- by 46 percent, or $1.3 billion. At a time when it is more evident than ever that America's youth are not receiving enough opportunities to acquire the job skills necessary to succeed in today's economy, these reductions are unacceptable.

At a time of increased workforce anxiety and major labor market dislocations, the Committee bill would impose unacceptably large reductions in resources to retrain dislocated workers and low-income adults and help them find jobs through One-Stop Career Centers. The bill would reduce funding for dislocated workers and disadvantaged adults by $545 million, or 25 percent, below the FY 1995 comparable level. The bill would cut $1.4 billion, or 46 percent, from the President's request and would deny training and reemployment services to about 506,100 dislocated workers and 84,000 low-income adults. While corporate and military downsizing continues to displace hard-working Americans, shrinking these critical services is unconscionable.

The Administration strongly opposes the House Committee's reduction of $94 million for the Corporation for National and Community Service (CNCS) programs funded in this appropriations bill. The Committee would cut the Volunteers in Service to America program (VISTA) by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Committee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the House to provide the funding level requested in the President's budget.

<u>Cutting Programs That Protect Our Nation's Health</u>

The Administration opposes the provision in the Committee bill that would prohibit funding of the Surgeon General position. This micromanagement of the Executive Branch would severely curtail the leadership that the public has traditionally looked to for guidance on personal and societal health issues. The Administration urges the House to remove this provision.

The Administration is concerned that the Committee mark for programs funded under the Ryan White CARE Act is $67 million less than the $723 million request. The funding level proposed by the President represents the minimum amount necessary to maintain funding for the 42 cities already receiving Ryan White assistance; to fund the seven to ten new cities expected to qualify for Ryan White assistance in FY 1996; and to provide sufficient funding to keep up with increasing AIDS caseloads in States, cities, and local clinics currently receiving Ryan White grants.

The Committee bill does not appropriate a specific amount for AIDS research through a single appropriation for the National Institutes of Health's (NIH's) Office of AIDS Research as requested by the Director of NIH in the President's budget. Unlike research on other diseases, HIV research is spread among all of the institutes and centers of NIH, rather than being focused essentially in one institute. By failing to provide a single appropriation, the Congress makes less explicit its intentions regarding funding to fight the disease that is now the leading cause of death for people aged 25 to 44. The current single appropriation helps target NIH research dollars effectively, minimizing duplication and inefficiencies across the 21 institutes and centers that carry out HIV/AIDS research.

Cutting Programs for Individuals with Disabilities

The Administration is very concerned about the significant reductions made by the Committee in programs for individuals with disabilities. While allowing funding for direct services to remain essentially intact, the Committee bill would systematically reduce or eliminate funds available for research, demonstration, training, and technical assistance programs focusing on individuals with disabilities and would phase out the Federal appropriation for the National Council on Disability. These programs provide essential support for the State direct service programs and help the Administration and the Congress understand and respond to disability issues.

Family Planning and Abortion

The President believes that abortion should be safe, legal, and rare. The Committee bill would effectively end the Family Planning Program, which Republicans and Democrats have long agreed is instrumental in helping to prevent the need for abortion. The Administration opposes this action and would support the amendment to restore this funding.

The Administration strongly opposes the provision of the Committee bill that would change existing law by allowing States to deny Medicaid funding for abortions for victims of rape and incest. The provision that the Committee has approved would prevent poor women from having access to abortion services even in situations where they are victims of rape or incest. This change in the law would unfairly target the most vulnerable poor women and their families. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest and urges the House to delete this provision.

The Administration also opposes the provision in the Committee version of the bill that appears to be designed to discourage medical residency programs from conforming with certain accreditation standards regarding training in abortion procedures. This provision could have the effect of denying all

Federal funding or assistance to States that require medical residency programs to comply with these accreditation procedures. The Administration objects to this unwarranted intrusion into determinations made by private medical accreditation councils about appropriate standards for the training of doctors.

Striker Replacement

The Administration strongly opposes a provision of the Committee bill that would prohibit the Executive Branch from using FY 1996 funds to implement, administer, or enforce any Executive Order or other rule or order that prohibits Federal contracts with companies that hire permanent replacements for striking employees. This provision would impinge upon the Executive Branch's ability to ensure a stable supply of quality goods and services for the government's programs.

Prohibition on Political Advocacy

The Committee has included a provision, "Prohibition on the Use of Federal Funds for Political Advocacy," that presents a broad attack upon the exercise of fundamental rights protected by the First Amendment. Congress may, under some circumstances, restrict the uses to which Federal monies are put; however, insofar as this provision forecloses the exercise of protected rights with other than Federal funds, it would be deemed a penalty for that exercise and thus would be unconstitutional. It would limit the ability of organizations to participate in administrative or judicial proceedings and appearances before State and local entities. In addition, it is now widely agreed that much is to be gained when private organizations and charities work in partnership with the government to implement social policies. The House is urged to delete this provision.

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

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES 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 Education

- Goals 2000. The Administration strongly opposes the Committee's proposed termination of Goals 2000. The President has requested $750 million in FY 1996 for Goals 2000, which would essentially double the size of the program. At this funding level, Goals 2000 would raise academic standards in 48 states and 16,000 schools. The Committee would eliminate this program entirely. Raising academic standards provides a necessary framework for improving all aspects of education.

- Title I -- Education for the Disadvantaged. The Administration opposes the Committee mark, which would reduce funding for the Title I Grants to Local Educational Agencies Program by $1.1 billion, cutting as many as 1.1 million children from the program. The President has requested $7 billion for this program, an increase over the FY 1995 enacted level of $302 million. This funding level would assist States in raising the academic achievement of 6.4 million disadvantaged children.

- Safe and Drug-Free Schools and Communities. The Administration opposes the Committee mark, which would reduce this program by 60 percent -- to $200 million. This action would deprive over 23 million students services in FY 1996 alone. The Committee proposal is a 57-percent reduction from the FY 1995 post-rescission funding level. The President has requested $500 million in FY 1996 for this program to combat violence and drug use in 97 percent of school districts (over 14,000) serving 39 million students. The Administration also opposes the Committee's decision to strike funding for a key crime prevention program, the Family and Community Endeavor Schools program.

- School-to-Work (Departments of Labor and Education). The Administration opposes the Committee mark, which would reduce funding for School-to-Work to $190 million, or less than half of the Administration's request. The President has requested $400 million (split between Labor and Education), a 60 percent increase over the FY 1995 comparable level, to finance a third wave of temporary, seed capital grants. This initiative supports States building school-to-work systems with one-year planning and five-year implementation grants. Once these systems are in place, the program will sunset. The Committee mark would seriously hamper the efforts of 28 States to complete their reforms started in FYs 1994 and 1995. Twenty-two States would be denied the chance to implement their reform plans to raise student skills.

- Vocational and Adult Education. The President has requested $1.6 billion for the vocational education, adult education, and family literacy programs. The Administration opposes the Committee mark, which would reduce funding for these programs to $1.2 billion. A reduction of $325 million from the FY 1995 enacted level would adversely affect over 3.1 million students nationally and would eliminate adult education services to over 125,000 adults who need to improve their basic and literacy skills in order to succeed in their roles as workers, citizens, and parents.

- Federal Direct Student Loan Program. The Student Loan Reform Act (SLRA) of 1993 provided $550 million in mandatory funds in FY 1996 for the administration of the direct student loan program and the transition from the guaranteed student loan program to direct loans. The Administration opposes the Committee mark, which would reduce this funding to $320 million -- an amount insufficient to administer the direct loan program under the Committee's direction that $160 million of those funds must be available for payments to guaranty agencies in the guaranteed loan program. This action would stop the growth of cost-effective, efficient direct lending in order to keep providing unnecessary payments to banks, State agencies, and secondary markets.

- Student Financial Assistance Programs. The President has proposed to increase the Pell grant maximum award to $2,620, which is $280 over the FY 1995 level of $2,340. The Administration is concerned that the Committee has increased the maximum by only $100, to $2,440. Furthermore, the Administration is deeply concerned that the Committee's minimum award proposal would eliminate approximately 300,000 students from the program who would receive awards of between $400 and $600 under the President's proposal.

- Educational Technology. The President has requested $122 million in FY 1996 for four educational technology programs. The Administration opposes the Committee's action that would provide only $25 million for this program, funding only the K-12 Technology Learning Challenge program. This funding level would significantly limit efforts to create new private-public partnerships to raise student achievement through advanced technology. The elimination of three technology programs would reduce learning opportunities for educationally and economically disadvantaged students.

- Eisenhower Professional Development and Technical Assistance Centers. The President has requested $785 million in FY 1996 to train teachers to help students achieve high academic standards in 90 percent of all school districts. The Administration opposes the Committee's action that would eliminate this program and, instead, appropriate a reduced funding level of $500 million in anticipation of the passage of a block grant proposal currently under consideration in the Economic and Educational Opportunities Committee, with unclear performance standards and accountability structures. In addition, the Administration opposes the elimination of funds for the comprehensive technical assistance centers for improving elementary and secondary education programs. The President has requested $55 million in FY 1996 for 15 consolidated centers that will provide training and assistance to States, school districts, and schools in upgrading all aspects of education.

- Education for Children with Disabilities. The President has requested $254 million, the FY 1995 enacted level, to support several research, demonstration, training, and technical assistance activities that assist State efforts to serve children with disabilities in the least restrictive educational environments. The Administration opposes the Committee's action that would reduce funding for these programs by $162 million, or 64 percent, by eliminating such programs as grants for early childhood education, innovation and development grants, and training personnel for the education of children with disabilities.

- o Bilingual and Immigrant Education. The President has requested $200 million for Bilingual Education and $100 million for Immigrant Education. The Administration opposes the Committee mark, which would reduce funding for Bilingual Education by almost 75 percent, to $53 million, and reduce the amount available for Immigrant Education by 50 percent, to $50 million. The combined Committee funding of $103 million is a 50-percent reduction from the FY 1995 enacted level. This would severely reduce instructional services for over 700,000 limited-English-speaking children and adults. School districts that are heavily impacted by recently arrived immigrant students would also be adversely affected.

- o Howard University. The Administration opposes the Committee mark of $170 million, which is $26 million, or 13 percent, below the Administration's request. Such a large decrease in one year would cause immediate and major layoffs of approximately 500 faculty and administrative staff. Since the university has already taken decisive action during FYs 1994, 1995 to balance its budget by eliminating nearly 400 staff positions, further reductions in staff levels would be difficult to achieve without harming the overall quality of undergraduate and graduate education. The Administration is also concerned that the bill would eliminate earmarks for strengthening endowment and research efforts, a counterproductive move in light of a mutual goal to help Howard University plan for future financial independence.

- o Advisory Councils. The Administration is concerned that the Committee bill would prohibit the funding of certain advisory boards, including the President's Board of Advisors on Historically Black Colleges and Universities, the President's Advisory Commission on Educational Excellence for Hispanic Americans, the National Board of the Fund for the Improvement of Postsecondary Education, and the Historically Black Colleges and Universities Capital Financing Board.

- o Gender Discrimination. The Administration objects to the unprecedented provision of the Committee bill that would halt the Department of Education's enforcement of Title IX's prohibition on gender discrimination in intercollegiate athletics until the Department's Office for Civil Rights issues certain guidance in that area. The Department has already committed to issuing updated policy guidance in this area by clarifying existing guidance, describing what steps colleges and universities should take to comply with Title IX. That guidance will be issued by the beginning of the fall semester. The provision in the bill is unwarranted micromanagement and should be deleted.

- Staffing Levels. The Administration opposes the provision in Section 305 of the bill that would prohibit the Department from hiring staff "if such hiring would increase on-board employment." The Federal Workforce Restructuring Act (FWRA) already imposes limits on Federal employment. The President must have the authority to manage within those strict limits. As long as the FWRA limits are met, agencies should have the authority and flexibility to manage employment to best meet program needs within appropriated funding levels. An on-board employment ceiling is a particularly arbitrary constraint because it ignores seasonal employment fluctuations and full-time/part-time employment mixes. It was for this reason that the Federal Employees Part-Time Career Employment Act of 1978 required the use of the full-time equivalent employment measure in the management of Federal employment.

Department of Labor

- Enforcing Worker Protection Laws and Improving the Workplace. The Administration opposes the Committee's reductions to agencies and programs that, among other things, strive to ensure that workers have safe and healthy working environments, protect their pensions, and meet the challenges of the global economy. Overall, the funding provided by the bill is approximately 20 percent below the President's request for these important activities. The Committee level includes major reductions to the Occupational Safety and Health Administration's enforcement activity (cut by one-third), the Mine Safety and Health Administration, and to programs that enforce wage and hour laws and promote affirmative action among Federal contractors. The Committee also proposes virtual elimination of the Bureau of International Labor Affairs, which helps our Nation compete in the global marketplace, and the Office of the American Workplace, which helps companies evolve into high performance workplaces. The Administration urges the House to restore funding for these programs.

- One-Stop Career Centers. The Administration is concerned with the Committee's funding level of $100 million -- half the President's request -- for this important, system-building investment. At the Committee's level, only two or three States would receive new implementation grants in FY 1996, and the second- and third- year funding levels for the 14-15 States that received awards in FY 1994 and FY 1995 would be reduced. Production of enhanced labor market information products and services that will help people find jobs more efficiently would be postponed. In addition, the $89 million cut from the FY 1995 level in the Employment Service would undermine the States' One-Stop system-building efforts.

- <u>Job Corps</u>. The Committee's mark for Job Corps is $107 million below the President's request. The Administration urges full funding of Job Corps. Without this funding, the long-term expansion plans would be severely undercut and several existing centers would likely have to be closed. The Committee's mark would mean that thousands fewer disadvantaged youth would have the opportunity to learn necessary basic education and job skills than would be the case under the President's request.

- <u>Unemployment Insurance Administration</u>. The Administration is concerned that the Committee freezes the program at the FY 1995 level, cutting $156 million from the President's request. This level of funding could result in delays in benefit payments as well as increased errors in benefit payments and tax collections, adversely affecting trust fund balances. States might also lay off staff or close local offices in an effort to cut costs.

- <u>Bureau of Labor Statistics</u>. The Administration opposes the Committee's mark, which is a $29 million, or eight-percent reduction to the President's request. The reduction would undercut the Bureau's ongoing efforts to improve its existing data series and would certainly require program reductions in several data series, such as the SIC and SOC revision, Emerging Labor Market Data, or Local Area Wage Surveys. Given the bipartisan support for improved statistical measures of the Nation's economy, the House is urged to fund the Bureau's activities fully.

- <u>Community Service Employment for Older Americans</u>. The Administration opposes the Committee's reduction to Title V of the Older Americans' Act, the Senior Community Service Employment program. The reduction of $46 million (11.6 percent) below the FY 1995 level would provide almost 8,000 fewer opportunities for the low-income elderly to be employed in community service organizations within their communities. We urge the House to fully fund this program. In addition, we urge that House to include language that has been included in the bill for the past several years that would specify the amounts appropriated for grants to the States and for grants or contracts with public agencies and public or private nonprofit organizations.

- <u>OSHA Regulations</u>. The Committee bill would prevent OSHA from developing or issuing any proposed or final ergonomics protection standards or guidelines and would require OSHA to change its fall protection standard. The Administration objects to congressional micromanagement of workplace safety standards. The fall protection standard was developed after careful consideration of scientific evidence. OSHA should not be prevented from continuing its work related to issuing a proposed rule to address work-related musculoskeletal injuries, which have increased an estimated seven times in the last ten years. The bill would also prohibit recordkeeping and reporting requirements directly related to ergonomic-related injuries or illnesses. The Administration objects to Congressional interference in the collection of data, treating one type of illness differently than others.

- <u>Child Labor Regulations</u>. The Committee has included language that restricts the Department of Labor's efforts to protect the Nation's working minors. The language would limit the ability of the Department to implement and enforce both Hazardous Orders #12 and #2 on minor's use of paper balers and motor vehicles, respectively. The Administration urges the House to delete this provision.

- <u>Davis-Bacon Helpers</u>. The Committee did not include language requested by the Administration that would prohibit the Department of Labor from implementing the Davis-Bacon helper regulation. The Administration urges the House to restore this provision to allow the Department time to rework the helper regulation to insure the continuation of viable apprenticeship programs on Federal construction projects.

- <u>Economically Targeted Investments</u>. The Administration objects to language that the Committee has included that would prevent the Department of Labor from promoting economically targeted investments or even providing pension plans with information about such investment alternatives. Economically targeted investments provide collateral benefits to communities without sacrificing either investment safety or financial return for pension plan participants. This language is objectionable because it places an unwarranted restriction on the Department's responsibility to interpret and enforce pension law.

Department of Health and Human Services

- AIDS Education and Training Centers (ETCs). The Administration is concerned that the Committee eliminates funding for AIDS Education and Training Centers, which help train tens of thousands of health professionals about constantly evolving HIV care and treatment procedures. The President's budget includes $16 million for AIDS ETCs, the same level as in FY 1995.

- Substance Abuse and Mental Health Services Administration (SAMHSA). The Administration is very concerned about the Committee's $456 million (25-percent) reduction to the President's request for total SAMHSA funding. The Administration notes that the overall funding for SAMHSA's demonstration and training grants is reduced from $566 million to $202 million, a $364 million, or 64 percent, decrease from the FY 1996 President's request. This reduction would seriously undermine the National Drug Control Strategy and jeopardize substance abuse treatment and prevention and mental health services for tens of thousands of pregnant women, high risk youths, and other under-served Americans. It would also erode SAMHSA's ability to improve service delivery, ensure quality standards, and educate consumers and providers of services. Reductions from the President's request in substance abuse treatment funding alone would result in 40,000 fewer persons being treated.

- SAMHSA - Homeless Services. The Administration is concerned about the Committee's elimination of the Projects for Assistance in Transition From Homelessness (PATH) formula grant program. These grants provide drug treatment and mental health services to the homeless, who are particularly vulnerable to substance abuse and mental health problems. An estimated one-third of the people living on America's streets and in shelters have severe mental illness, and another one-third suffer from substance abuse problems. Over 127,000 individuals would no longer receive services if this program were eliminated.

- Health Immigration Initiative. The Committee has failed to fund the President's immigration initiative for Medicaid, withholding Federal financial assistance to the seven States most heavily affected by illegal immigration. The President's proposal would provide $150 million in FY 1996 to help States pay for their share of the Medicaid costs of providing emergency medical services for undocumented aliens.

- Crime Prevention. The Committee would eliminate practically all of the Administration for Families and Children's (ACF's) violent crime reduction funding, providing only $800 thousand of the President's requested $105 million. The violent crime prevention programs are needed to help complement law enforcement activities with crime prevention. Programs approved in last year's Crime Bill that would be eliminated by the Committee are prevention grants for runaway and homeless street youth at risk of sexual abuse, grants for battered women's shelters, and a community economic investment partnership fund to stimulate business opportunities in low-income areas. The Administration also opposes the Committee's decision to strike funding for the Community Schools program.

- Administration on Aging (AOA). The Committee would eliminate seven of 12 AOA programs and reduce the funding for all but one. Total funding would be reduced by $119 million (or 13 percent) below the President's request of $897 million. Funding for AOA's two primary nutrition programs, which includes funding for Meals on Wheels, which provide meals for over five million older Americans, was cut back by $23 million, or 5 percent. At the Committee's funding level, nearly 12 million fewer meals would be reimbursed. In addition, funding for programs that provide supportive services for the elderly, many of whom are at risk of being institutionalized, is reduced by over $15 million, and similar funding for Native Americans is reduced by over $2 million.

- Low Income Home Energy Assistance Program (LIHEAP). The Committee would eliminate LIHEAP entirely in FY 1996, ending heating and cooling assistance to between five and six million low-income families. Approximately 30 percent of the households receiving LIHEAP benefits have at least one elderly member and at least 20 percent have one disabled member. The President's request would maintain LIHEAP at the FY 1995 level and provide resources for LIHEAP's emergency fund in FY 1996 using the existing FY 1995 emergency fund balance.

- Child Care and Development Block Grant (CCDBG). The Committee has not funded the President's request for a $114 million increase above the FY 1995 level in the Child Care and Development Block Grant. The CCDBG provides child care assistance to low-income families who need child care to remain in the workforce and off welfare. The Committee funds the program at the FY 1995 level and eliminates two programs, totaling $14 million, that are proposed for consolidation under CCDBG in the President's Budget.

- Community Services Programs. The Committee would eliminate the $20 million in grants to States for homeless services while maintaining $39 million in direct Federal grants. The Administration urges the House to devolve more power to the States for these programs by ending direct Federal grants rather than cutting grants to the States to assist homeless people. The President has proposed to terminate the $12 million National Youth Sports program, but the Committee would continue this program at the expense of other, much more vulnerable populations.

- Other ACF Children and Families Services Programs. The Committee proposes significant reductions below the President's request in ACF services programs. The Committee would eliminate the Community-Based Resource Centers Program, which supports vital child abuse and neglect prevention activities in local communities, the Runaway and Homeless Youth preventive drug activities ($14 million) and Youth Gang Substance Abuse ($11 million). The Committee would reduce Abandoned Infants Assistance, Adoption Opportunities, and Temporary Child Care and Crisis Nurseries ($6 million); and Native American Programs ($3 million). The Committee would also reduce Developmental Disabilities programs by $45 million, or more than one-third.

Other Independent Agencies:

- Social Security Administration (SSA). The Committee provides SSA with $5.9 billion, $0.3 billion less than the President's request of $6.2 billion. The Committee reduces the President's request for the Automation Investment Fund by $129 million, a reduction of 36 percent -- from $357 million to $228 million -- in the FY 1996 portion of this priority, multi-year investment. SSA's automation investment is critical to ensuring continued quality in the delivery of basic services like claims processing for the elderly and disabled. Only by replacing aging terminals and antiquated 1970s-style systems with new technology in all 1,400 field offices can SSA increase the productivity of a smaller workforce. Funding to date (through FY 1995) pays for new equipment in just over 40 percent of SSA's field offices. The funding level proposed by the Committee would allow SSA to equip only another 25 percent of its offices.

  The Committee reduces the President's request for the Disability Investment Fund by $127 million. This represents a reduction of 24 percent, from $534 million to $407 million. Such a reduction would slow SSA's efforts to reduce the backlogs in initial disability claims and in hearings on disability appeals. These cuts would make it more difficult to ensure that persons with severe disabilities begin to receive Supplemental Security Income and Social Security Disability Insurance payments in a timely manner, and, persons who are no longer severely disabled but are still on the rolls are reevaluated.

The Committee strikes the language in the President's request that would require that not less than $215 million shall be available to conduct continuing disability reviews (CDRs). The Administration believes that this language is critical to ensuring that a sufficient number of CDRs are conducted to enhance the integrity of both the Supplemental Security Income and Disability Insurance programs.

- <u>Railroad Retirement Board (RRB)</u>. The Committee provides the RRB Inspector General (IG) with $5.1 million, nearly 25 percent ($1.6 million) less than the President's request. This level apparently reflects the Committee's desire that the RRB IG devote less effort to Medicare fraud investigation. The Administration believes that, as long as the RRB retains independent Medicare contracting authority, the RRB IG should be funded to continue Medicare investigations.

- <u>Corporation for National and Community Service (CNCS)</u>. The Administration opposes the House Committee's reduction of $94 million for the CNCS programs financed in this appropriation. This is 36 percent below the President's request of $263 million for these National Service activities. These activities include: Volunteers in Service to America (VISTA); the Retired Senior Volunteer Program (RSVP); the Foster Grandparent Program (FGP); and the Senior Companion Program (SCP).

  The Committee level would cut the VISTA program by 57 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide to 2,000 volunteers, less than half the requested level. The Committee level also would deny nearly 170,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration opposes reductions to National Service activities and urges the House to provide the funding level requested in the President's budget.

- <u>National Labor Relations Board (NLRB)</u>. The Committee reduces funding for the NLRB by $53 million (30 percent) below the FY 1995 level, and $58 million (nearly one-third) below the FY 1996 request. This would paralyze the NLRB's ability to enforce the

National Labor Relations Act (NLRA) and protect employers and workers from unfair labor practices. In addition, the Committee has included language that restricts the agency's flexibility to use certain powers granted to it by the NLRA to effect justice in the workplace. The Administration objects to such arbitrary limitations on the agency's operations and urges the House to restore funding for this important workplace protection agency.

- o <u>Corporation for Public Broadcasting (CPB)</u>. Public broadcasting television and radio stations, led by CPB, are in the process of creating a more efficient, cost-effective, and healthy future public broadcasting system. The Administration supports funding for the CPB at a level consistent with the President's request. This level would provide the restructuring funds needed to achieve system-wide savings in the future.

- o <u>National Council on Disability</u>. The Committee would reduce the President's request of $1.8 million for the National Council on Disability to $1.4 million, 22 percent below the FY 1995 enacted level. The Committee, in report language, indicates its intention to eliminate Federal support for the Council by FY 1998. The Council is in a unique position to provide independent, objective information to the Congress and the Administration about the impact of existing or proposed Federal policies on people with disabilities.

- o <u>National Education Goals Panel (NEGP)</u>. The Administration opposes the Committee mark, which would eliminate funding for the National Education Goals Panel. The President requested $2.8 million in FY 1996 for NEGP, which plays an integral role in improving schools by charting our Nation's progress toward achieving the National Education Goals. The bipartisan Panel, with the membership of Governors, Senators, Congressmen, State legislators, and others, represents true education partnership designed to mobilize the Nation toward increasing student achievement.

<u>Other Provisions</u>:

- o <u>General Provision -- Section 509</u>. The Administration is concerned that the intent of section 509 is not clear. For example, some might read it as precluding any transfers permanently authorized by prior appropriation bills. Others might interpret it as ending efficient bill collecting procedures enacted in the 1993 general provisions. This section's intent needs to be made clear to preclude unintended effects and so it can be judged on its merits. Alternatively, the section could be deleted.