FOIA Number: 2008-1524-F

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Subseries:

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Statements of Administration Policy (SAPs), Fiscal Year 1995 [Binder] [3]

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

F

July 27, 1995
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

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

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 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. As the President noted when he signed H.R. 1944, 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.

Cutting Programs That Protect Our Nation's Health

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 effectively ends the Family Planning Program that Republicans and Democrats have long agreed is needed to help prevent the need for abortion. The Administration opposes this action.

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.

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 Rules)

ADDITIONAL CONCERNS
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.

- <u>School-to-Work (Departments of Labor and Education)</u>. 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.

- <u>Vocational and Adult Education</u>. 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.

- <u>Federal Direct Student Loan Program</u>. 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.

- <u>Student Financial Assistance Programs</u>. 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.

- <u>Educational Technology</u>. 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.

- <u>Eisenhower Professional Development and Technical Assistance Centers</u>. 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.

- <u>Education for Children with Disabilities</u>. 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.

- <u>Bilingual and Immigrant Education</u>. 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.

- <u>Howard University</u>. 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.

- <u>Advisory Councils</u>. 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.

- <u>Gender Discrimination</u>. 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>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.

- o Child Labor Regulations. 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.

- o Davis-Bacon Helpers. 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.

- o Economically Targeted Investments. 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

- o 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.

- o <u>Other ACF Children and Families Services Programs</u>. 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.

<u>Other Independent Agencies</u>:

- o <u>Social Security Administration (SSA)</u>. 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.

- Railroad Retirement Board (RRB). 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.

- Corporation for National and Community Service (CNCS). 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.

- National Labor Relations Board (NLRB). 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.

- Corporation for Public Broadcasting (CPB). 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.

- National Council on Disability. 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.

- National Education Goals Panel (NEGP). 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.

Other Provisions:

- General Provision -- Section 509. 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.

- <u>Infringement on Executive Authority</u>. There are several provisions in the Committee 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 in <u>INS vs. Chadha</u>.

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

THE DIRECTOR

August 12, 1995

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

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2127, the Labor, Health and Human Services, Education, 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-passed 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. As discussed more fully below, the House-passed 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 House 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, the President would veto the bill if it were presented to him as it passed the House.

Cutting Programs for Pre-School Children

The Administration strongly opposes the House'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 House, 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 House action would cut between 45,000 and 50,000 children from the program. The Administration strongly urges the Senate 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 House would reduce the President's request for education programs by $5 billion. The House'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 House has systematically targeted those key programs designed to serve our Nation's youth for the most debilitating cuts. The House 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 House'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 House's elimination of the Summer Youth Employment and Training Program. The House'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 strongly supports this program and urges Congress to ensure that the program for the summer of 1996 is funded in the FY 1996 appropriations process.

The House-passed 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 House-passed 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 506,000 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.

Cutting Programs That Help Our Communities

The Administration strongly opposes the House's reduction of $94 million for the Corporation for National and Community Service programs funded in this appropriations bill. The House 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 House level also would deny nearly 125,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the Senate to provide the funding level requested in the President's budget.

Cutting Programs That Protect Our Nation's Health

The Administration opposes the provision in the House-passed 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 Senate to remove this provision.

The Administration is concerned that the House 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 House-passed 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 House in programs for individuals with disabilities. While allowing funding for direct services to remain essentially intact, the House-passed 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.

Violence Against Women

The House-passed bill does not fund the Grants for Battered Women Shelters program, an extremely important program designed to help battered women and to reduce violence against women. The President's budget requests $15 million for enhanced funding of battered women's shelters. The House mark would mean fewer shelters and fewer resources for battered women. Not funding this program would eliminate new community-based efforts aimed at stopping violence against women before it occurs. The Administration urges the Senate to fund this program.

Abortion

The President believes that abortion should be safe, legal, and rare. The Administration strongly opposes the provision of the House-passed 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 House 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 Senate to delete this provision.

The Administration opposes the provision in the House-passed bill that appears designed to prevent State and Federal programs from requiring accreditation for medical residency programs when these private medical accreditation standards include access to training in abortion procedures, even though current standards already exempt programs and residents with religious or moral objections to abortions. This provision could have the effect of denying Federal funding or assistance to States that require medical residency programs to comply with these accreditation standards. The Administration objects to this unwarranted and unnecessary interference with the education standards for the training of our Nation's physicians.

Family Planning

The Administration notes that the House has restored funding for the Title X Family Planning Program. Republicans and Democrats have long agreed that family planning is instrumental in helping to prevent the need for abortion. We urge the Senate to provide funding for this program at the requested level.

Striker Replacement

The Administration strongly opposes a provision of the House-passed 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. The Senate is urged to delete this provision.

Prohibition on Political Advocacy

The House 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. The provision 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 Senate is strongly urged to delete this provision.

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

Sincerely,

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Mark O. Hatfield,
Honorable Robert C. Byrd, Honorable Arlen Specter,
and Honorable Tom Harkin

Enclosure
(Senate Subcommittee)

ADDITIONAL CONCERNS
H.R. 2127 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE)

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

Department of Education

- Goals 2000. The Administration strongly opposes the House'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 help directly fund as many as 16,000 schools. The House 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 House 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 House mark, which would reduce this program by 60 percent -- to $200 million. This action would deprive over 23 million students of services in FY 1996 alone. The House 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 House'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 House 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 planning and five-year implementation grants. Once these systems are in place, the program will sunset. The House mark would seriously hamper the efforts of up to 30 States to complete their reforms started in FYs 1994 and 1995. Remaining States could 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 House mark, which would reduce funding for these programs to $1.2 billion. A reduction of $220 million from the FY 1995 enacted level would adversely affect over 1.9 million students nationally and would eliminate adult education services to over 78,000 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 House mark, which would reduce this funding to $320 million -- an amount insufficient to administer the direct or 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 House has increased the maximum by only $100, to $2,440. Furthermore, the Administration is deeply concerned that the House'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 House'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 all children, and especially for educationally and economically disadvantaged students.

- Eisenhower Professional Development and Technical Assistance Centers. The President has requested $785 million in FY 1996 to help States train teachers to help students achieve high academic standards in 90 percent of all school districts. The Administration opposes the House's action that would eliminate this program and, instead, appropriate a reduced funding level of $550 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 House'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.

- Bilingual and Immigrant Education. The President has requested $200 million for Bilingual Education and $100 million for Immigrant Education. The Administration opposes the House 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 House 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 be adversely affected.

- Howard University. The Administration opposes the House 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 the mutual goal to help Howard University plan for future financial independence.

- Advisory Councils. The Administration opposes provisions of the House-passed 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.

- Gender Discrimination. The Administration objects to the unprecedented provision of the House-passed 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 House'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 House level includes major reductions to the Occupational Safety and Health Administration's enforcement activity (cut by one-third), the Mine Safety and Health Administration, the Employment Standards Administration, particularly to programs that enforce wage and hour laws. The House also proposes deep cuts in the Bureau of International Labor Affairs, which helps our Nation compete in the global marketplace, and the elimination of the Office of the Workplace Programs, which helps companies evolve into high performance workplaces. The Administration urges the Senate to restore funding for these programs.

- One-Stop Career Centers. The Administration is disappointed with the House's funding level of $100 million -- half the President's request -- for this important, system-building investment. At the House 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.

- Job Corps. The House'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 likely would have to be closed. The House 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.

- Unemployment Insurance Administration. The Administration is concerned that the House 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.

- Bureau of Labor Statistics. The Administration opposes the House'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 Senate is urged to fund the Bureau's activities fully.

- Community Service Employment for Older Americans. The Administration opposes the House'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 Senate to fully fund this program. In addition, we urge the Senate to adopt 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.

o OSHA Regulations. The House-passed 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 also would 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.

o Child Labor Regulations. The House 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 incidental driving of motor vehicles, respectively. The Administration urges the Senate to delete this provision.

o Davis-Bacon Helpers. The House 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 Senate 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.

o Economically Targeted Investments. The Administration objects to language in the House bill 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 House 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 House's $456 million (20 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 House'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.

- Agency for Health Care Policy and Research (AHCPR). The Administration is concerned that the House bill cuts AHCPR by $111 million from the request. This 78-percent reduction from the level requested by the President would severely impede AHCPR's ability to accomplish its mission of collecting health care data and supporting health services research.

- Health Immigration Initiative. The House 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 House-passed bill would eliminate practically all of the Administration for Families and Children's violent crime reduction funding. Important programs that would not be funded include $10 million in community economic partnership investment funds to stimulate business opportunities in low-income areas, $72.5 million in grants for the Community Schools program, and $7 million for education and prevention grants to reduce the sexual abuse of runaway and homeless youth.

- Administration on Aging (AOA). The House 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 House'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 House 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.

- Child Care and Development Block Grant (CCDBG). The House 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 House 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.

- <u>Community Services Programs</u>. The House would eliminate the $20 million in grants to States for homeless services while maintaining $39 million in direct Federal grants. The President has proposed to terminate the $12 million National Youth Sports program, but the House would continue this program at the expense of other, much more vulnerable populations.

- <u>Electronic Benefits Transfer (EBT) Task Force</u>. The Administration objects to the elimination of funding, provided under the Administration for Children and Families, to help fund the Electronic Benefits Transfer (EBT) Task Force. The Task Force brings a government-wide perspective to the effort to ensure that Federal and State benefits are delivered, both to individuals who receive cash benefits and do not have bank accounts and those who receive food benefits, in the most efficient and cost-effective manner possible for both the Federal government and the States. The Senate is urged to restore funding for this program.

- <u>Other ACF Children and Families Services Programs</u>. The House proposes significant reductions below the President's request in ACF services programs. The House 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 House would reduce Abandoned Infants Assistance, Adoption Opportunities, and Temporary Child Care and Crisis Nurseries ($6 million); and Native American Programs ($3 million). The House would also reduce Developmental Disabilities programs by $45 million, or more than one-third.

<u>Other Independent Agencies</u>:

- <u>Social Security Administration (SSA)</u>. The House provides SSA with $5.9 billion, $0.3 billion less than the President's request of $6.2 billion. The House 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 House would allow SSA to equip only another 25 percent of its offices.

The House 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 House 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 House 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 House'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.

- National Labor Relations Board (NLRB). The House 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 House 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 Senate to strike this language and restore funding for this important workplace protection agency.

- Corporation for Public Broadcasting (CPB). 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.

- National Council on Disability. The House 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 House, 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.

- National Education Goals Panel (NEGP). The Administration opposes the House 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.

Other Provisions:

- General Provision - Section 510. The Administration is concerned that the intent of section 510 of the House-passed bill 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.

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

THE DIRECTOR

September 14, 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. 2127, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1996, as reported by the Subcommittee. As the Full Committee develops its version of the bill, your consideration of the Administration's views would be appreciated. Because we have not yet seen the Subcommittee bill or report, these views are, necessarily, preliminary.

The Administration is committed to balancing the Federal budget by FY 2005. The President's budget proposes to reduce discretionary spending for FY 1996 by $5 billion in outlays below the FY 1995 enacted level. At the same time, the President's budget increases funding for investment programs, a number of which are included in this bill, that are essential to economic growth and a higher standard of living for all Americans. The Administration does not support the level of funding assumed by the House or Senate Committee 602(b) allocations and urges the Congress to direct more funds to programs in this bill. The Administration supports reducing spending but does not share the priorities reflected in the Subcommittee bill, which is roughly $10 billion below the President's request.

Many of the programs funded in this bill are aimed at protecting and aiding the most vulnerable in our society. While the Subcommittee has restored some funding for these programs relative to the House, 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, including Goals 2000, and for training programs, including summer jobs for low-income youth.

For these reasons, discussed more fully below, the President would veto the bill if it were presented to him as reported by the Subcommittee.

Cutting Programs for Pre-School Children

The Administration strongly opposes the Subcommittee'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 Subcommittee, in contrast, would reduce funding by $133 million below the FY 1995 level ($533 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. The Administration strongly urges the Senate to provide FY 1996 funding at the level requested by the President.

Cutting Education Programs

The Administration is pleased that the Subcommittee has supported an increased overall funding level for the Department of Education beyond the levels included in the House bill. Continued support for key programs in the Department of Education is essential for the future growth of our country. However, even with the Subcommittee's increases, the bill reduces spending for Education programs by $3.5 billion below the President's request. Many key programs are cut below the FY 1995 levels and still further below the levels that the Nation's needs call for.

The Administration strongly opposes the Subcommittee's decision to reduce funding for Education programs, including Goals 2000, Title I (Education for the Disadvantaged), and Safe and Drug-free Schools and Communities, by $1.5 billion below the FY 1995 level. At the Subcommittee levels, thousands of schools would not get Federal aid to help them develop educational reforms to improve academic achievement for all students. More than 650,000 children from some of our poorest communities would be denied the assistance they need to benefit from educational reforms and challenging academic standards. And, millions of children would be deprived the opportunity to learn in safe, drug-free schools.

Cutting Programs for Training

The Administration strongly opposes the Subcommittee's elimination of separate funding for the Summer Youth Employment and Training Program. The Subcommittee's action would eliminate the opportunity for as many as 600,000 disadvantaged youth per year to acquire valuable job experience and learn essential job skills. As the President noted when he signed H.R. 1944, the

Administration strongly supports this program and will work with the Congress to ensure that the program for the summer of 1996 is funded adequately in the FY 1996 appropriations process.

The Administration is pleased that the Subcommittee has provided modest restorations of the House's drastic reductions to the President's request for the Department of Labor's youth job training programs and the bipartisan school-to-work initiative. Nevertheless, the Subcommittee action would reduce youth training funding (including the Department of Education share of School-to-Work) by 42 percent, or $1.2 billion. Especially 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 financed under the Job Training Partnership Act and for One-Stops by $604 million, or 26 percent, below the FY 1995 comparable level. The bill would cut $1.4 billion, or 48 percent, from the President's request and would deny training and reemployment services to about 500,000 dislocated workers and at least 100,000 low-income adults. While corporate and military downsizing continues to displace hard-working Americans, shrinking these critical services is unconscionable.

Cutting Programs That Help Our Communities

The Administration strongly opposes the Subcommittee's reduction of $62 million for the Corporation for National and Community Service programs funded in this bill. The Subcommittee would cut the Volunteers in Service to America (VISTA) program by 27 percent, reducing the number of VISTA volunteers working to alleviate poverty in low-income communities nationwide. The Subcommittee level also would deny nearly 125,000 older Americans the opportunity to help the homebound elderly, disabled children, and others in their communities. The Administration urges the Senate to provide funding at the requested level.

Cutting Programs That Protect Our Nation's Health

The Administration is concerned that the Subcommittee's mark for programs funded under the Ryan White CARE Act is $67 million less than the $723 million request and that the Subcommittee has eliminated AIDS Education and Training Centers. The funding level proposed by the President for the Ryan White program represents the minimum amount necessary to maintain funding for current and expected grantees while keeping up with increasing AIDS caseloads in States, cities, and local clinics currently receiving Ryan White grants.

The Administration is concerned that the Subcommittee has not provided adequate funding for research supported by the National Institutes of Health (NIH) and urges the Committee to fund NIH at the President's request. The Administration appreciates the Subcommittee's action to preserve the specific appropriation for NIH's Office of AIDS Research as requested by the Director of NIH in the President's budget.

The Administration objects to the Subcommittee's proposed rescission of $53 million for childhood immunization programs, as well as to the $14 million reduction from the President's requested level for FY 1996. States have documented their need for these funds to purchase vaccines. Providing less than the level appropriated in FY 1995 or the amount requested in FY 1996 could impede accomplishment of our shared goal of immunizing a greater percentage of America's children.

The Administration is very concerned about the Subcommittee's $374 million (17 percent) reduction to the President's request for funding of the Substance Abuse and Mental Health Services Administration (SAMHSA). Although funding for mental health and substance abuse demonstration programs has been increased by $212 million above the House level, the money for that restoration has come out of the substance abuse and mental health block grants, as well as from a transfer of $200 million from the Department of Education's Safe and Drug Free Schools program. While the Administration is pleased that the Senate mark restores funding for much of the drug treatment and mental health services to the homeless, the overall 17-percent reduction in SAMHSA funding would seriously undermine the National Drug Control Strategy.

Social Security Administration (SSA) Automation

The Subcommittee bill would reduce the President's request for the Automation Investment Fund by $190 million, from $357 million to $167 million. At the Subcommittee's funding level, nearly half of SSA's field offices would be forced to operate with aging terminals and an antiquated 1970s-style system. This would sharply reduce the quality of service to the Nation's elderly.

Workplace Enforcement

The Administration appreciates the Subcommittee's action to restore some funding for agencies that enforce safety and health and workplace laws. While the additions for some agencies are substantial, most programs still are funded below the FY 1995 level and well below the President's request. The Administration urges the Committee to increase funding for these programs that protect workers' lives, their pensions, and their rights on the job.

Cutting Programs for Individuals with Disabilities

The Subcommittee bill would systematically reduce or eliminate funds available for research, demonstration, training, and technical assistance programs focusing on individuals with disabilities. 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

The Administration is pleased that the Subcommittee has deleted objectionable language of the House bill that would change existing law by allowing States to deny Medicaid funding for abortions for victims of rape and incest. The Administration strongly opposes any effort to curtail the ability of poor women to choose abortion in cases of rape or incest. Likewise, we are pleased that the Subcommittee has deleted objectionable House language concerning private accreditation standards for medical residency programs.

Other Language Provisions

The Administration supports the Subcommittee's decision to delete many of the objectionable language provisions included in the House bill, including striker replacement and political advocacy provisions. Many of these riders would seriously impinge upon the Executive Branch's flexibility to manage programs and should not be included in an appropriations bill.

The Administration is pleased that the Subcommittee has removed a provision contained in the House bill that would prohibit funding of the Surgeon General position. We support the Subcommittee in its recognition of the value of the leadership on personal and societal health issues that the Surgeon General provides our Nation.

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 Arlen Specter,
and Honorable Tom Harkin

Clinton Presidential Records
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Divider Title: TRANSPORTATION

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

F

July 21, 1995
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2002 -- DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsors: Livingston (R), Louisiana; Wolf (R), Virginia)

This Statement of Administration Policy provides the Administration's views on H.R. 2002, the Department of Transportation 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 does not support the level of funding assumed by the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is nearly $1.2 billion in budgetary resources above the President's request. For this and for the reasons discussed below, the Administration has serious objections to the Committee-reported bill.

In general, the Committee has sacrificed transportation operating and research program funding in order to support infrastructure programs. The Administration recognizes the importance of infrastructure programs but believes that the safety of the traveling public is equally important. The Committee bill would make it difficult to continue today's high level of transportation safety.

The Administration's concerns over adequate funding for transportation safety could be addressed within the overall amounts proposed by the President. Funding offsets could be found by funding infrastructure programs in the aggregate at the President's requested level, including obligation limitations on highway demonstration projects; eliminating unrequested and low-priority programs, such as the Essential Air Service subsidy; and adopting the Administration's proposal regarding the Coast Guard Boat Safety program.

The Administration strongly supports a possible floor amendment to the bill that would give the President line-item veto authority to eliminate wasteful spending.

Coast Guard and Federal Aviation Administration (FAA) Operations

The Committee has reduced the requests for Coast Guard and FAA operations by $52 million and $110 million, respectively. The resulting funding levels would impair these agencies' safety programs. The request for the Coast Guard already assumes $100 million in FY 1996 savings. Accelerating potential out-year streamlining savings in FY 1996, as assumed by the Committee, is unrealistic. As a result, marine safety programs would be curtailed. The Committee's $110 million reduction to FAA operations would limit FAA's safety activities and would likely preclude the hiring of 253 additional safety inspectors, as requested in the President's budget. It would be imprudent to restrict these safety efforts when airline operations are again on the rise.

Amtrak

The Administration supports the Committee's full funding of the request for Amtrak's capital program. However, the Committee's recommended total reduction of $317 million includes severe cuts in Amtrak's operating subsidy, the Northeast Corridor Improvement Program, and the Pennsylvania Station Redevelopment Project. These decreases would force service reductions and jeopardize Amtrak's ongoing efforts to cut costs in order to attain financial stability. Amtrak is pursuing a five-year restructuring plan to reduce its operating costs and has made significant steps in FY 1995 toward that end. Specifically, Amtrak has reduced by 25 percent both employment and mileage served. The Administration has proposed legislative changes to support Amtrak in its efforts. The funding levels proposed by the Committee are insufficient to support Amtrak's needs for FY 1996.

Transit Capital and Operating Assistance

The Committee proposes to reduce transit operating assistance from the request of $500 million to $400 million. The President's request already reflects a 30-percent reduction in operating assistance from the FY 1995 level. The Committee's further reduction, along with the proposed reductions in transit capital programs, would negatively impact transit services. Service reductions would particularly hit small urban areas and the working poor. The Administration's requested level for operating assistance -- and a more balanced allocation of capital funds across all modes -- is needed in order to avoid these unwanted impacts.

Research and Technology

The Administration opposes the Committee's across-the-board reductions in funding for research and technology. The Committee bill would provide $702 million for research and technology programs, a 37-percent reduction below the requested level.

These reductions, particularly for the Federal Aviation Administration and the Federal Highway Administration, would curtail efforts to increase the safety and efficiency of our Nation's transportation system. Of particular concern is the reduction of $170 million, or 48 percent, for the Intelligent Transportation System (ITS), which would prevent the "Trailblazer" initiative from moving forward. The Trailblazer initiative would demonstrate both the core metropolitan mobility ITS infrastructure and the core commercial vehicle ITS infrastructure at three sites.

Moreover, the report accompanying the bill earmarks $40 million of the significantly reduced funding for 12 unrequested ITS projects. These projects do not appear to serve critical research, development, or testing needs. Some of the projects identified in the report appear duplicative, while others appear directed at unrelated needs, such as aviation research and parking garage management. Given the significantly reduced funding level proposed by the Committee, such earmarks should be eliminated and funding targeted to higher priority ITS research programs.

Earmarking

The Administration commends the Committee for its overall restraint with respect to earmarking, in particular for not including add-on funds for highway demonstration projects. However, the Administration does object to the Committee's earmarking of 18 transit new start projects that are not under Full Funding Grant Agreements (FFGAs). The out-year cost to complete these 18 projects would exceed $3 billion, this in addition to the $2.5 billion in future costs to complete projects that have already received FFGAs. The Committee's failure to focus funds on existing new start projects under FFGAs risks creating expectations that may be difficult to meet in the current budget environment.

Language Provisions

The Administration opposes the repeal of transit employee protections, commonly referred to as section 13(c) protections, and the abrogation of existing transit labor agreements. The Administration supports reform of section 13(c) implementation, and the Department of Labor has published proposed comprehensive revisions to the 13(c) Guidelines. The proposed Guidelines will make the certification process more predictable and timely by establishing deadlines for processing grant applications. They will also exempt routine replacement capital grants from certain procedural requirements of Section 13(c) to allow for a nearly automatic certification. These proposed reforms balance the needs of the transit industry and labor in a manner that is more equitable and far less disruptive than an outright repeal of employee protections. The Administration urges the House to restore section 13(c) and enable the Administration to continue ongoing efforts to reform this program.

The Administration strongly opposes the provision of the Committee bill that would prohibit any funds from being used for changes in Corporate Average Fuel Economy (CAFE) standards. The provision of the Committee bill would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that CAFE standards should be addressed in an open rulemaking proceeding, currently underway, in which relevant issues are being considered and in which all interested persons/parties are able to participate in fashioning the appropriate outcome.

The Administration opposes section 340 of the Committee bill. This provision would require that Department of Transportation employees who are eligible to retire and who now receive workers' compensation benefits would have their workers' compensation benefits eliminated and be forced to rely solely on retirement benefits. In some cases, this could be only five percent of the individual's current workers' compensation benefit. This provision represents a major change in workers' compensation policy and should be considered government-wide rather than on an agency-by-agency basis.

The Administration objects to the restrictions on the use of funds for employee training specified in section 338 of the Subcommittee bill. While the language appears to be intended to prevent inappropriate training activities, the Administration believes that the provision could have the unintended consequence of preventing a broad range of useful training. Particularly during this period of downsizing and reinvention, agencies need flexibility in training their employees for changes in the way their jobs need to be performed or for new job responsibilities in a rapidly changing work environment.

(F)

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

July 19, 1995
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2002 -- DEPARTMENT OF TRANSPORTATION
AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsors: Livingston (R), Louisiana; Wolf (R), Virginia)

This Statement of Administration Policy provides the Administration's views on H.R. 2002, the Department of Transportation 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 does not support the level of funding assumed by the Committee's 602(b) allocations. The Administration must evaluate each bill both in terms of funding levels provided and the share of total resources available for remaining priorities. This bill is nearly $1.2 billion in budgetary resources above the President's request. For this and for the reasons discussed below, the Administration has serious objections to the Committee-reported bill.

In general, the Committee has sacrificed transportation operating and research program funding in order to support infrastructure programs. The Administration recognizes the importance of infrastructure programs but believes that the safety of the traveling public is equally important. The Committee bill would make it difficult to continue today's high level of transportation safety.

The Administration's concerns over adequate funding for transportation safety could be addressed within the overall amounts proposed by the President. Funding offsets could be found by funding infrastructure programs in the aggregate at the President's requested level, including obligation limitations on highway demonstration projects; eliminating unrequested and low-priority programs, such as the Essential Air Service subsidy; and adopting the Administration's proposal regarding the Coast Guard Boat Safety program.

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The Committee proposes to reduce transit operating assistance from the request of $500 million to $400 million. The President's request already reflects a 30-percent reduction in operating assistance from the FY 1995 level. The Committee's further reduction, along with the proposed reductions in transit capital programs, would negatively impact transit services. Service reductions would particularly hit small urban areas and the working poor. The Administration's requested level for operating assistance -- and a more balanced allocation of capital funds across all modes -- is needed in order to avoid these unwanted impacts.

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These reductions, particularly for the Federal Aviation Administration and the Federal Highway Administration, would curtail efforts to increase the safety and efficiency of our Nation's transportation system. Of particular concern is the reduction of $170 million, or 48 percent, for the Intelligent Transportation System (ITS), which would prevent the "Trailblazer" initiative from moving forward. The Trailblazer initiative would demonstrate both the core metropolitan mobility ITS infrastructure and the core commercial vehicle ITS infrastructure at three sites.

Moreover, the report accompanying the bill earmarks $40 million of the significantly reduced funding for 12 unrequested ITS projects. These projects do not appear to serve critical research, development, or testing needs. Some of the projects identified in the report appear duplicative, while others appear directed at unrelated needs, such as aviation research and parking garage management. Given the significantly reduced funding level proposed by the Committee, such earmarks should be eliminated and funding targeted to higher priority ITS research programs.

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The Administration strongly opposes the provision of the Committee bill that would prohibit any funds from being used for changes in Corporate Average Fuel Economy (CAFE) standards. The provision of the Committee bill would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that CAFE standards should be addressed in an open rulemaking proceeding, currently underway, in which relevant issues are being considered and in which all interested persons/parties are able to participate in fashioning the appropriate outcome.

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

THE DIRECTOR

August 1, 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. 2002, the Department of Transportation 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 nearly $1.2 billion in budgetary resources above the President's request. For this and for the reasons discussed below, the Administration has serious objections to the House-passed bill.

In general, the House has sacrificed transportation operating and research program funding in order to support infrastructure programs. The Administration recognizes the importance of infrastructure programs but believes that the safety of the traveling public is equally important. The House-passed bill would make it difficult to continue today's high level of transportation safety.

The Administration's concerns over adequate funding for transportation safety could be addressed within the overall amounts proposed by the President. Funding offsets could be found by funding infrastructure programs in the aggregate at the President's requested level, including obligation limitations on highway demonstration projects; eliminating unrequested and low-priority programs, such as the Essential Air Service subsidy; and adopting the Administration's proposal regarding the Coast Guard Boat Safety program.

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Language Provisions

The Administration strongly opposes the provision of the House-passed bill that would prohibit any funds from being used for changes in Corporate Average Fuel Economy (CAFE) standards. The provision of the House-passed bill would effectively dictate that any CAFE rulemaking not deviate from existing standards. The Administration believes that CAFE standards should be addressed in an open rulemaking proceeding, currently underway, in which relevant issues are being considered and in which all interested persons/parties are able to participate in fashioning the appropriate outcome.

The Administration opposes section 340 of the House-passed bill. This provision would require that Department of Transportation employees who are eligible to retire and who now receive workers' compensation benefits would have their workers' compensation benefits eliminated and be forced to rely solely on retirement benefits. In some cases, this could be only five percent of the individual's current workers' compensation benefit. This provision represents a major change in workers' compensation policy and should be considered government-wide rather than on an agency-by-agency basis.

The Administration objects to the restrictions on the use of funds for employee training specified in section 338 of the House-passed bill. While the language appears to be intended to prevent inappropriate training activities, the Administration believes that the provision could have the unintended consequence of preventing a broad range of useful training.

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

Sincerely,

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Mark O. Hatfield, Honorable Robert C. Byrd, and Honorable Frank R. Lautenberg

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

THE DIRECTOR

September 13, 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. 2002, the Department of Transportation and Related Agencies Appropriations Bill, FY 1996, as passed by the House and by the Senate. We believe that a fiscally responsible bill that both the Congress and the President can support is attainable. 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 level. The Administration prefers the overall spending level provided by the Senate version of the bill compared to the House version. While the House bill is over $1.1 billion in budgetary resources above the President's request, the Senate bill is, on a comparable basis, approximately at the overall level requested by the President.

Aviation Safety

The Administration has serious concerns that the funding level for Federal Aviation Administration (FAA) Operations would make it difficult to continue today's high levels of aviation safety. The Administration's highest priority is that FAA Operations be funded at the requested level. We note that this funding level can be achieved within the overall level of spending requested in the President's budget. These funds are necessary to maintain controller staffing levels, hire 253 additional safety inspectors, and address aviation security needs. Recent events underscore the urgency of fully funding the FAA.

Presidential Initiatives

The Administration strongly supports the Senate's efforts to provide the Department of Transportation with flexibility to carry out its programs more efficiently in light of constrained resources. In particular, the Administration supports fast-track authority for a departmental reorganization plan and FAA reform, which the Administration has proposed as part of a comprehensive

FAA reauthorization bill. Procurement and personnel reform are central elements of FAA's plans to meet workload increases resulting from long-term growth in aviation activity. Similarly, the Administration strongly supports the Senate's inclusion of the Administration's State Infrastructure Bank (SIB) proposal. SIBs will enable States and local governments to leverage existing funds to expand infrastructure development.

In addition, the Administration strongly supports the Senate provision that would designate the National Highway System (NHS), thereby ensuring that Federal highway funding would continue to flow without interruption to the States. Failure to designate the NHS by September 30, 1995, would result in over $6 billion in FY 1996 highway funds being withheld from the States. This is a circumstance that clearly can and should be avoided.

The conferees are strongly encouraged to retain these provisions in the final bill.

Transit Operating Assistance

The conferees are urged to fund transit operating assistance at the level requested by the President. The President's request already reflects a 30-percent reduction in operating assistance from the FY 1995 level, based on a proposed program change. The further reduction proposed by the House and Senate would likely result in service cuts and fare increases that would disproportionately affect small areas and the working poor.

Overall Funding Priorities

The Administration is pleased with the more balanced approach that the Senate has taken to infrastructure spending across modes and the Senate's support for research and development. The House has sacrificed transportation operating and research program funding in order to support infrastructure spending. While infrastructure spending is important, the Administration is concerned with the House's reductions to marine safety and aviation research. In order to maintain safety levels, the Administration urges the conferees to fund FAA research and Coast Guard Operating Expenses at levels more closely approximating the Administration's request.

Amtrak

The Administration has serious concerns regarding the House and Senate funding levels for Amtrak. Decreases provided in both versions of the bill would force service reductions and jeopardize Amtrak's ongoing efforts to cut costs in order to attain financial stability. Amtrak is pursuing a five-year restructuring plan to reduce its operating costs and has made significant steps in FY 1995 toward that end. Specifically, Amtrak has reduced by nearly 25 percent both employment and mileage served. The Administration has proposed legislative changes to support Amtrak in its efforts.

Language Provisions

The Administration objects to section 339. Although slightly different in the House and Senate versions of the bill, this provision would eliminate workers' compensation benefits for Department of Transportation employees who are currently receiving those benefits and are eligible to retire. These employees would be forced to rely solely on retirement benefits, which in some cases may be only five percent of an employee's current compensation benefit. This provision represents a major change in workers' compensation policy and should not be considered on an agency-by-agency basis in particular appropriations bills. The Administration strongly urges the deletion of the provision. While the Senate version of the provision is less objectionable because it would provide employment credit for time spent on workers' compensation rolls, the Administration is opposed to including either version of the provision in this bill.

A provision of the House-passed bill would prohibit funds from being used for changes in the Corporate Average Fuel Economy Standards (CAFE). The conferees are strongly urged not to include this provision. The Administration believes that CAFE standards should be addressed in an open rulemaking proceeding where relevant issues are considered and in which all interested persons/parties are able to participate in fashioning the appropriate outcome.

Particularly during this time of downsizing and reinvention, flexibility in employee training is required. The conferees are urged to include the training-related provision of the Senate-passed bill, in lieu of the overly restrictive provision contained in the House-passed bill.

The Administration is on record as supporting procurement reform for the FAA due to the FAA's special operating circumstances. We would note that this support should not be viewed as precedent for the Administration's views on other possible proposals for exemptions from procurement rules.

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Identical Letters Sent to Honorable Bob Livingston, Honorable David R. Obey, Honorable Frank R. Wolf, Honorable Ronald D. Coleman, Honorable Mark O. Hatfield, Honorable Robert C. Byrd, and Honorable Frank R. Lautenberg

(F)

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

August 9, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 2002 -- DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(Sponsor: Hatfield (R), Oregon)

This Statement of Administration Policy provides the Administration's views on H.R. 2002, the Department of Transportation 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 level. For this reason, the Administration prefers the overall spending level provided by the Senate bill, which approximates the President's request for total resources, to the House level, which is nearly $1.7 billion in budgetary resources above the President's request.

The Administration strongly supports the Committee's efforts to provide the Department with flexibility to carry out its programs more efficiently in light of constrained resources. This includes both the Federal Aviation Administration (FAA) personnel and procurement reform and the fast-track authority for a departmental reorganization plan. Similarly, the Administration strongly supports the Committee's inclusion of the Administration's State Infrastructure Bank (SIB) proposal. SIBs will enable States and local governments to leverage existing funds to expand infrastructure development.

The Administration appreciates that the Senate has addressed several of the Administration's concerns regarding the House-passed bill. In particular, the Administration supports the more balanced approach that the Senate has taken to infrastructure funding across modes and the Senate's support for research and development.

However, the Administration has some concerns with the Senate Committee bill, which are discussed below. The Administration's concerns could be addressed within the amounts proposed by the President. Funding offsets could be found by including obligation limitations on highway demonstration projects and by eliminating unrequested and low-priority programs, such as the Essential Air Service subsidy.

Federal Aviation Administration Operations

The Committee has reduced the request for FAA Operations by $160 million. With such a reduced funding level, the FAA's safety activities would be restricted, and it would likely be unable to hire the 253 additional safety inspectors requested in the President's budget. It would be imprudent to restrict these safety efforts when airline operations are again on the rise.

The Administration strongly supports the authority provided by the Committee for the FAA to collect over $10 million in new offsetting collections. Users of the aviation system who receive specialized services from the FAA should contribute directly to the cost of those services.

Amtrak

The Administration has serious concerns regarding the Committee's overall reduction of $283 million in funding for Amtrak. This includes severe cuts in Amtrak's operating subsidy, capital program, and the Northeast Corridor Improvement Program. These decreases would force service reductions and jeopardize Amtrak's ongoing efforts to cut costs in order to attain financial stability. Amtrak is pursuing a five-year restructuring plan to reduce its operating costs and has made significant steps in FY 1995 toward that end. Specifically, Amtrak has reduced both employment and mileage served by 25 percent. The Administration has proposed legislative changes to support Amtrak in its efforts. The funding levels proposed by the Committee are insufficient to support Amtrak's needs for FY 1996.

Transit Capital and Operating Assistance

The Committee proposes to reduce transit operating assistance by $100 million, from the request of $500 million to $400 million. The President's request already reflects a 30-percent reduction in operating assistance from the FY 1995 level. The Committee's further reduction, along with the proposed reductions in transit capital programs, would negatively impact transit services. Service reductions would particularly hit the working poor, the disabled, and elderly and young people. The Administration's requested funding level for operating assistance -- and a more balanced allocation of capital funds across all modes -- is needed in order to avoid these unwanted impacts.

Interstate Commerce Commission Transition Costs

The Committee did not provide funds for the severance pay and other closeout costs associated with the sunset of the Interstate Commerce Commission (ICC). While the Administration strongly supports the elimination of the ICC, having proposed it in the FY 1996 Budget, adequate closeout costs need to be provided.

Language Provisions

The Administration opposes section 339 of the Committee bill. This provision would require that Department of Transportation employees who are eligible to retire and who now receive workers' compensation benefits have their workers' compensation benefits eliminated and be forced to rely solely on retirement benefits after March 31, 1996. In some cases, this could be only five percent of the individual's current workers' compensation benefit. This provision represents a major change in workers' compensation policy and should be considered government-wide rather than on an agency-by-agency basis.

The Administration supports the provision of the Committee bill that would require debt service in airport-related projects to be paid before Passenger Facility Charges are terminated. The Administration believes that this proposal would enhance the function of Passenger Facility Charges as a valuable financing tool in a time of reduced resources.

Clinton Presidential Records
Digital Records Marker

Divider Title: AGRICULTURE

WIC

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) would be funded at $260 million above the FY 1995 appropriation. The Administration appreciates the Subcommittee's support for this important program. However, we strongly oppose the Subcommittee's proposal to cap WIC participation. The Administration's goal is to serve 7.5 million persons by the end of FY 1996 while the Subcommittee would cap participation at 7.3 million. A participation cap, rather than a dollar cap, could provide a perverse incentive to States to spend funds on items they otherwise would not. This would decrease cost containment. In addition, the Subcommittee bill would limit administrative funding to $920 million, $70 million below the Administration's estimate of what is necessary to provide health and nutrition services. The Subcommittee's proposal could erode the positive impacts WIC has for low-income women, infants, and children. We urge the Committee to remove these unnecessary constraints from this essential health and nutrition program.

Export Assistance Programs

The Administration strongly objects to Subcommittee reductions in key export assistance programs that could disadvantage exports of U.S. commodities. In particular, the Subcommittee would reduce the Export Enhancement Program (EEP) to $800 million, $159 million below the Administrations's request and the GATT-permissible level. These export subsidies are needed to combat the excessive subsidy levels provided by the European Union for its agricultural exports.

In addition, the Subcommittee mark for the Foreign Agricultural Service (FAS) is $5.7 million below the request. In its request, the Administration has included additional FAS funds in order to expand the presence of U.S. agriculture overseas and increase GATT-compatible, "greenbox" spending for agricultural promotion. Maintaining adequate export funding is essential in order to maintain the momentum of increased agricultural exports that has been achieved.

Conservation Reserve Program (CRP)

The Subcommittee appropriation would block any FY 1996 sign-up for new CRP acreage. This action would preclude the statutory goal of 38 million CRP acres from being reached. In a year when the farm bill will undoubtedly address CRP re-authorization, it is inappropriate for appropriations action to preclude sign-ups for the first year of the new farm bill. In addition, not being able to retire vulnerable cropland through the CRP would make clean water goals more difficult to achieve, provide less habitat for wildlife and migratory birds, and decrease farm commodity prices, while increasing CCC outlays. In light of the large amount of acreage that is soon to expire from the CRP (over 15 million acres at the end of FY 1996), additional sign-ups must be permitted in order to retain the program's benefits.

Rural Development Initiative

The Subcommittee would significantly reduce funding for programs included in the Administration's Rural Development Initiative. The Subcommittee would provide $3.9 billion in loans for housing, essential infrastructure, and business assistance. This level is $700 million, or 15 percent, less than the FY 1996 Budget request and $140 million, or three percent, less than the FY 1995 enacted level. In particular, direct loans for single-family housing would be reduced by $300 million from the Administration's request, preventing 4,500 low- and very-low-income rural families from becoming homeowners.

The Subcommittee mark would also reduce rural development grants by $223 million, or 18 percent, from the requested level. Most of this reduction would be from requested levels for water and wastewater loans and grants. Funding the Rural Development Initiative at the requested level is essential to helping rural communities meet several critical goals, such as sufficient affordable housing, safe drinking water, adequate wastewater treatment facilities, and increased rural employment.

We commend the Subcommittee for embracing the concept of the Administration's Rural Development Performance Partnership. However, the bill would combine only water and wastewater loans and grants into the partnership, whereas the Administration has proposed to include 14 programs in the initiative. We urge the Committee to provide greater flexibility in assistance to rural America by including more programs under the partnership.

Food and Drug Administration

The President's budget proposes language to permit the Food and Drug Administration (FDA) to collect new user fees for medical device review and import inspection. The language references the government's general user fee authority, 31 U.S.C. 9701, as one potential authority for these collections. The Subcommittee bill would limit the ability of the FDA to ensure the proper and most efficient uses of its resources through the recovery of full value for its services to industry. The Administration urges the Committee to permit the FDA to collect and use these user fees.

P.L. 480

The Subcommittee has funded P.L. 480 in excess of the President's request. In particular, the funding level for Title I is $115 million above the President's request level. Title I has been shown to have limited effectiveness in advancing its goal of market development. The Administration urges the Committee to reduce this program so that higher priority programs can be funded.

The Administration regrets that the Subcommittee has not funded the request of $1.5 million for the cost of reducing the P.L. 480 Title I debt of the poorest, heavily indebted countries. This is an important element of multilateral action by the creditor community to support policy reforms and improve growth and export opportunities in these countries. The President has agreed, at both the Naples and Halifax G-7 Summits, to participate in this multilateral endeavor. The Administration urges the Committee to support this request.

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

Sincerely,

Alice M. Rivlin

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Bob Livingston, Honorable David R. Obey, Honorable Joseph Skeen, and Honorable Richard J. Durbin

Enclosure
(House Committee)

ADDITIONAL CONCERNS
AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1995
(AS REPORTED BY THE HOUSE SUBCOMMITTEE)

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

Department of Agriculture

- Wetlands Reserve Program (WRP). The Subcommittee bill would hold the WRP sign-ups in FY 1996 to only 100,000 acres, at an estimated program cost of $77 million. This is well below the Administration's request for 300,000 acres and $210 million in direct (mandatory) spending. The lower level of funding for this program, which provides long-term and permanent easements for restored wetlands, would make the Administration's goal of achieving and surpassing the no-net-loss of wetlands more difficult. Also, by restricting acreage rather than funds, the incentive to seek lower-priced lands would be reduced. The Administration urges the Committee to fund this program fully.

- Rural Telephone Bank (RTB) Privatization. The Administration encourages the Committee to reconsider the Subcommittee mark for RTB privatization. The mark would severely impede privatization efforts by placing a limitation of five percent on the amount of Federal stock that can be retired in FY 1996. Current law sets a minimum of five percent retirement per year beginning in FY 1996, and the Subcommittee would set the maximum at five percent. The Administration will submit the appropriate authorizing legislation in the near future. This legislation will address the concerns raised by the Subcommittee in its report. We urge the Committee to allow the balances in the RTB "equity fund" to be used to repurchase government-held stock in the RTB, and allow the RTB privatization to be accelerated, consistent with a smaller, streamlined Government.

- Hazard Analysis and Critical Control Point (HACCP) program. The Administration is aware that an amendment may be proposed to the Committee that would mandate negotiated rulemaking for the Department's proposed HACCP program. The Administration would oppose such an amendment. Although the Administration supports the use of negotiated rulemaking to ensure effective regulation, the choice of when negotiated rulemaking would be a more effective process should be determined by the agency officials involved in the specific rulemaking process. The proposed HACCP and Pathogen Reduction rule that the Administration published in February 1995 is an important step to guarantee the safety of meat and poultry products. Requiring that the agency undertake a negotiated rulemaking at this time could significantly delay the modernization of the Nation's meat and poultry inspection system.

o <u>Food and Consumer Service</u>. The Subcommittee has provided the Administration's request for the Nutrition Assistance Program to Puerto Rico. While the Subcommittee bill would not provide for a transfer of funds to the Animal and Plant Health Inspection Service for the cattle tick eradication project, the Subcommittee report notes that Puerto Rico has the authority to continue to fund the project within available funds. The purpose of the block grant as described in the Food Stamp Act is to "finance 100% of the expenditures for food assistance provided to needy persons and 50% of the administrative expenses related to the provision of the assistance." The Administration does not share the Subcommittee's view that funding a cattle tick eradication project is an appropriate use of funds intended to assist low-income Puerto Ricans.

The Subcommittee report directs that $65 million be used for the food distribution program on Indian reservations. The Administration's request is $14 million higher based on projections of the number of Indians who will participate in the program. The Administration can work with the participating tribes "to convert this population to the food stamp program," but, under the law, it cannot force recipients to switch programs. The amount recommended by the Subcommittee may not be adequate to provide assistance to those Indians who continue to choose to participate in the commodities program. In addition, encouraging USDA to move Indians from the commodities program to Food Stamps would increase Federal costs since the average benefit cost is higher in Food Stamps than in the commodities program.

The Subcommittee, in report language, would provide $5 million in support for the School Meals Initiative. The Administration has requested $26 million to help schools comply with Dietary Guidelines, as mandated by the Healthy Meals for Healthy Americans Act. The Administration urges the Committee to provide additional funding for the School Meals Initiative.

The Subcommittee bill does not provide the requested $4 million for an ADP infrastructure investment. The Administration believes that funding in this area is prudent as it will assist the agency to manage with less -- through long-term increased efficiencies. The Administration urges the Committee to provide the ADP funding.

- <u>Federal Lab Closures</u>. The Administration has proposed closing 12 Federal agricultural research facilities and re-targeting the funding to current, higher-priority research projects. The Subcommittee report states that only five facilities should be closed, three facilities should be relegated to alternate work sites, and the four remaining facilities kept open. Micromanagement such as this makes it difficult for the Department to manage its research programs to meet the highest priority food, agricultural, and environmental needs. The Administration urges the Committee to reverse the Subcommittee action.

- <u>Info Share</u>. The Administration has requested $59 million as a direct appropriation for Info Share. The Subcommittee has provided $7.5 million, based upon the assumption that a contract for telecommunications would not be let until late in FY 1996. However, at the funding level approved by the Subcommittee, telecommunications investments in the new county service centers would be curtailed. In addition, Info Share expenditures involve more than a telecommunications contract. Under the Subcommittee mark, all other Info Share program areas would be eliminated, such as business process re-engineering and planning for management changes. The Subcommittee recognizes the importance of this initiative to improving field office operations and customer service, and the Administration urges the Committee to include Info Share funding at the requested level.

- <u>Office of the Chief Financial Officer</u>. The Administration has requested an increase of $819 thousand to support policy improvement activities required by the Chief Financial Officers Act. This increase was not provided by the Subcommittee. Consequently, preparation and review of audited financial statements might be delayed beyond their statutory deadlines, quality implementation of GAO and Inspector General audit recommendations would be at risk, and Departmental support for implementation of major new policies, such as installing performance measures in bureau systems, would remain nominal. The Administration urges the Committee to fund fully this program.

- User Fee Proposals. The Subcommittee has not provided appropriations language for user fees proposed in the marketing and regulatory programs area. The Administration has proposed fees of $8 million in the Animal and Plant Health Inspection Service (AMS), $4 million in the Agricultural Marketing Service, and $17 million in the Grain Inspection, Packers and Stockyards Administration. Although the Subcommittee bill would continue to allow the collection of fees for AMS standardization activities, it would not allow the collections to be credited to the appropriations account, as requested in the FY 1996 Budget. The Administration urges the Committee to reverse this action.

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

(F)

July 18, 1995
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1976 -- AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Livingston (R), Louisiana; Skeen (R), New Mexico)

This Statement of Administration Policy provides the Administration's views on H.R. 1976, the Agriculture, Rural Development, Food and Drug Administration, 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 Agriculture and the Director of the Office of Management and Budget would recommend that the President veto H.R. 1976 if it were presented to him in its current form.

Reductions in Rural Development Funds

The Administration understands that an en bloc amendment may be offered to remove certain provisions in the Committee bill that would reduce mandatory spending. The Administration supports the deletion of these items. The amendment would permit spending for the Export Enhancement Program to be funded at the level agreed to in the GATT implementing legislation, which was part of the Administration's commitment made during negotiations on that legislation. Another of those commitments, continued sign-ups for the Conservation Reserve Program, would also be permitted under the en bloc amendment, as would the Administration's request for the Wetlands Reserve Program. The Administration strongly supports these vital programs that provide both environmental and farm income benefits.

However, the amendment would make deeper, unacceptable reductions in rural development programs. These high-priority programs are part of the Administration's Rural Development Initiative, and they form an integral part of the proposed Rural Development Performance Partnership program. The amendment would reduce rural water and wastewater loans and grants to $435 million. This would represent a 45-percent reduction from the request level and a 35-percent reduction from FY 1993 levels.

The amendment would also terminate the Intermediary Relending Program, which provides State-sponsored rural development intermediaries with program funds that can be tailored to individual community and regional needs. In addition, single-family housing direct loans would be reduced to $500 million under the amendment, a 50-percent reduction to the request. This would represent the lowest level for these housing loans in 30 years, and would deny thousands of rural low-income families the opportunity to become homeowners.

Food Stamps

The Committee bill would undermine the essential nature of the Food Stamp Program -- its ability to respond to increased need during times of economic downturn. For the last five years, the Committee has provided a benefit reserve or "cushion" to guard against an unexpected economic downturn or estimating errors. The bill would remove this cushion, placing all food stamp recipients in jeopardy of reduced benefits due to a regional recession. The Administration urges the House to maintain the food stamp benefit reserve, which is essential to this national nutrition safety net.

The Administration urges the deletion of language in the Committee bill that would freeze the food stamp standard deduction at the FY 1995 level. The Administration understands that the Committee anticipates savings of $190 million in FY 1996 due to this action. This proposal is similar to one included in the House-passed welfare reform bill (H.R. 4), and that bill already has claimed similar savings. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace these lost savings by making further cuts in assistance to needy individuals.

WIC

Under the Committee's proposals, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) would be funded at $260 million above the FY 1995 appropriation but $90 million below the request. The Administration appreciates the Committee's support for this important program but recommends that the House provide the full amount of the request. In addition, the Administration strongly opposes the Committee's proposal to cap WIC participation. The Administration's goal is to serve 7.5 million persons by the end of FY 1996 while the Committee would cap participation at 7.3 million. Currently, funding -- rather than participation -- is capped. This encourages States to reduce costs in order to serve more participants within available funding. Instituting a participation cap would remove a State's incentive to control costs once the State had reached its participation limit. The Administration would strongly support a Floor amendment that would remove the WIC participation cap.

In addition, the Committee bill would require that $20 million of FY 1996 administrative funds be made available for food benefits. While the Administration believes that this is preferable to the Subcommittee proposal to cap administrative funding, the Administration is concerned that this would set a precedent for reducing administrative funding within WIC. Continued reductions could diminish program management and erode the positive impacts of WIC for low-income women, infants, and children.

<u>Language Delaying Food Safety Regulations</u>

The Administration opposes bill language that would mandate negotiated rulemaking for the Department's proposed Hazard Analysis and Critical Control Point (HACCP) program. Although the Administration supports the use of negotiated rulemaking to ensure effective regulation, the choice of when negotiated rulemaking would be a more effective process should be determined by the agency officials involved in the specific rulemaking process. The proposed HACCP and Pathogen Reduction rule that the Administration published in February 1995 is an important step toward guaranteeing the safety of meat and poultry products. Requiring that the agency undertake a negotiated rulemaking at this time could significantly delay the modernization of the Nation's meat and poultry inspection system.

<u>Food and Drug Administration</u>

The President's budget proposes language to permit the Food and Drug Administration (FDA) to collect new user fees for medical device review and import inspection. The language references the government's general user fee authority, 31 U.S.C. 9701, as one potential authority for these collections. The Committee bill would limit the ability of the FDA to ensure the proper and most efficient uses of its resources through the recovery of full value for its services to industry. The Administration urges the House to permit the FDA to collect and use these user fees.

Federal Lab Closures

The Administration has proposed closing 12 Federal agricultural research facilities and re-targeting the funding to current, higher-priority research projects. The Committee report states that only five facilities should be closed, three facilities should be relegated to alternate work sites, and the four remaining facilities should be kept open. Committee decisions such as these make it difficult for the Department to manage its research programs to meet the highest priority food, agricultural, and environmental needs. The Administration urges the House to reverse the Committee action.

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

Attachment

Attachment
(House Floor)

ADDITIONAL CONCERNS
H.R. 1976 -- AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE HOUSE FULL COMMITTEE)

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

Department of Agriculture

- Rural Telephone Bank (RTB) Privatization. The Administration encourages the House to reconsider the Committee mark for RTB privatization. The mark would severely impede privatization efforts by placing a limitation of five percent on the amount of Federal stock that can be retired in FY 1996. Current law sets a minimum of five percent retirement per year beginning in FY 1996, and the Committee would set the maximum at five percent. The Administration will submit the appropriate authorizing legislation in the near future. This legislation will address the concerns raised by the Committee in its report. The Administration urges the House to allow the balances in the RTB "equity fund" to be used to repurchase government-held stock in the RTB, and allow the RTB privatization to be accelerated, consistent with a smaller, streamlined Government.

- Export Assistance Programs. The Committee mark for the Foreign Agricultural Service (FAS) is $5.7 million below the request. In its request, the Administration has included additional FAS funds in order to expand the presence of U.S. agriculture overseas and increase GATT-compatible, "greenbox" spending for agricultural promotion. Providing adequate export funding is essential in order to maintain the momentum of increased agricultural exports that has been achieved.

- P.L. 480. The Committee has funded P.L. 480 in excess of the President's request. In particular, the funding level for Title I is $115 million above the President's request level. Title I has been shown to have limited effectiveness in advancing its goal of market development. The Administration urges the House to reduce this program so that higher priority programs can be funded.

The Administration regrets that the Committee has not funded the request of $1.5 million for the cost of reducing the P.L. 480 Title I debt of the poorest, most heavily indebted countries. This is an important element of multilateral action by the creditor community to support policy reforms and improve growth and export opportunities in these countries. The President has agreed, at both the Naples and Halifax G-7 Summits, to participate in this multilateral endeavor. The Administration urges the House to support this request.

- Rural Development Performance Partnership. The Administration commends the Committee for embracing the concept of the Rural Development Performance Partnership. However, the bill would combine only water and wastewater loans and grants into the partnership, whereas the Administration has proposed to include 14 programs in the initiative. The Administration urges the House to provide greater flexibility in assistance to rural America by including more programs under the partnership.

- Food and Consumer Service. The Committee has provided the Administration's request for the Nutrition Assistance Program to Puerto Rico. While the Committee bill would not provide for a transfer of funds to the Animal and Plant Health Inspection Service for the cattle tick eradication project, the Committee report notes that Puerto Rico has the authority to continue to fund the project within available funds. The purpose of the block grant as described in the Food Stamp Act is to "finance 100% of the expenditures for food assistance provided to needy persons and 50% of the administrative expenses related to the provision of the assistance." The Administration does not share the Committee's view that funding a cattle tick eradication project is an appropriate use of funds intended to assist low-income Puerto Ricans.

  The Committee report directs that $65 million be used for the food distribution program on Indian reservations. The Administration's request is $14 million higher based on projections of the number of Indians who will participate in the program. The Administration can work with the participating tribes "to convert this population to the food stamp program," but, under the law, the Administration cannot force recipients to switch programs. The amount recommended by the Committee may not be adequate to provide assistance to those Indians who continue to choose to participate in the commodities program. In addition, encouraging USDA to move Indians from the commodities program to Food Stamps would increase Federal costs since the average benefit cost is higher in Food Stamps than in the commodities program.

The Committee, in report language, would provide $5 million in support for the School Meals Initiative. The Administration has requested $26 million to help schools comply with Dietary Guidelines, as mandated by the Healthy Meals for Healthy Americans Act. The Administration urges the House to provide additional funding for the School Meals Initiative.

The Committee bill does not provide the requested $4 million for an ADP infrastructure investment. The Administration believes that funding in this area is prudent as it will assist the agency to manage with less -- through long-term increased efficiencies. The Administration urges the House to provide the ADP funding.

- <u>Info Share</u>. The Administration has requested $59 million as a direct appropriation for Info Share. The Committee has provided $7.5 million, based upon the assumption that a contract for telecommunications would not be let until late in FY 1996. However, at the funding level approved by the Committee, telecommunications investments in the new county service centers would be curtailed. In addition, Info Share expenditures involve more than a telecommunications contract. Under the Committee mark, direct funding for all other Info Share program areas would be eliminated, such as business process re-engineering and planning for management changes. The Committee recognizes the importance of this initiative to improving field office operations and customer service. The Administration urges the House to include funding for Info Share at the requested level.

- <u>Office of the Chief Financial Officer</u>. The Administration has requested an increase of $819 thousand to support policy improvement activities required by the Chief Financial Officers Act. This increase has not been provided by the Committee. Consequently, preparation and review of audited financial statements might be delayed beyond their statutory deadlines, quality implementation of GAO and Inspector General audit recommendations would be at risk, and Departmental support for implementation of major new policies, such as installing performance measures in bureau systems, would remain nominal. The Administration urges the House to fund this program fully.

- <u>Financial System Management</u>. The Committee has included language in the bill regarding the management of USDA financial systems that would intrude on necessary Departmental prerogatives to decide systems architecture and sources of software supply by requiring Committee review of these operating decisions. Furthermore, the Committee report asserts that certain systems solutions are viable without citing any analysis in support of those conclusions. The Administration urges the House to delete this bill language.

- <u>Food Safety and Other User Fee Proposals Denied</u>. The Committee has not provided appropriations language for user fees proposed in the marketing and regulatory programs area. In particular, the Committee has not adopted the $107 million in requested overtime fees for meat, poultry, and egg inspection. Committee action would reduce program levels for the Food Safety and Inspection Service by $50 million, further jeopardizing needed improvements in the Nation's food safety system. In addition, the Administration has proposed fees of $8 million in the Animal and Plant Health Inspection Service, $4 million in the Agricultural Marketing Service (AMS), and $17 million in the Grain Inspection, Packers and Stockyards Administration. Although the Committee bill would continue to allow the collection of fees for AMS standardization activities, it would not allow the collections to be credited to the appropriations account, as requested in the FY 1996 Budget. The Administration urges the House to reverse this action.

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

August 11, 1995

THE DIRECTOR

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. 1976, the Agriculture, Rural Development, Food and Drug Administration, 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 $862 million below the President's request.

For the reasons discussed below, I would join the Secretary of Agriculture in recommending that the President veto H.R. 1976 if it were presented to him as it passed the House.

Reductions in Rural Development Funds

The House has made deep, unacceptable reductions in rural development programs. These high-priority programs are part of the Administration's Rural Development Initiative, and they form an integral part of the proposed Rural Development Performance Partnership program. The House has reduced funds for rural water and wastewater loans and grants to $435 million. This would represent a 45-percent reduction from the requested level and a 15-percent reduction from FY 1993 levels. Nearly 1,000 small, rural communities would not receive Federal assistance to build or improve their water and wastewater systems.

The House also would severely reduce funding for the Intermediary Relending Program. The $7 million in direct loans for this program in the House bill represents less than 10 percent of both the FY 1995 and the requested levels. This program provides State-sponsored rural development intermediaries with program funds that can be tailored to individual community and regional needs.

In addition, single-family housing direct loans would be reduced to $550 million, a 50-percent reduction from the request. This would represent the lowest level for these housing loans in 30 years, and would deny over 10,000 rural low-income families the opportunity to become homeowners. Many of these families currently live in substandard houses. The Administration urges the Senate to fund these important programs fully.

Food Stamps

The House-passed bill would undermine the essential nature of the Food Stamp Program -- its ability to respond to increased need during times of economic downturn. For the last five years, the House has provided a benefit reserve, or "cushion," to guard against an unexpected economic downturn or estimating errors. The bill would remove this cushion, placing all food stamp recipients in jeopardy of reduced benefits in the event of a regional recession. The Administration urges the Senate to maintain the food stamp benefit reserve, which is essential to this national nutrition safety net.

The Administration urges the deletion of language in the House-passed bill that would freeze the food stamp standard deduction at the FY 1995 level. The Administration understands that the House anticipated savings of $190 million in FY 1996 due to this action. This proposal is similar to one included in the welfare reform bill pending on the Senate floor (S. 904), and the authorizing committee for that bill already has claimed similar savings. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace the lost mandatory savings by making further cuts in agricultural programs or assistance to needy individuals.

WIC

Under the House's proposals, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) would be funded at $260 million above the FY 1995 appropriation but $90 million below the request. The Administration appreciates the House's support for this important program but recommends that the Senate provide the full amount of the request.

In addition, the House-passed bill would require that $20 million of FY 1996 administrative funds be made available for food benefits. The Administration is concerned that this would set a precedent for reducing administrative funding within WIC. Administrative funds in the WIC program support critical program oversight and cost containment efforts. Continued reductions in administrative funds could diminish program management and limit the WIC program's ability to conduct nutrition education and medical referrals -- essential components for achieving the program's positive health benefits.

Food Safety and Other User Fee Proposals

House action would reduce program levels for the Food Safety and Inspection Service by $50 million, further jeopardizing needed improvements in the Nation's food safety system. The House has not provided appropriations language for user fees proposed in the marketing and regulatory programs area. In particular, the House has not adopted the $107 million in requested overtime fees for meat, poultry, and egg inspection.

The Administration has also proposed fees of $8 million in the Animal and Plant Health Inspection Service, $4 million in the Agricultural Marketing Service (AMS), and $17 million in the Grain Inspection, Packers and Stockyards Administration. Although the House-passed bill would continue to allow the collection of fees for AMS standardization activities, it would not allow the collections to be credited to the appropriations account, as requested in the FY 1996 Budget. The Administration urges the Senate to reverse this action.

Food and Drug Administration

The President's budget proposes language to permit the Food and Drug Administration (FDA) to collect new user fees for medical device review and import inspection. The language references the government's general user fee authority, 31 U.S.C. 9701, as one potential authority for these collections. The House-passed bill would limit the ability of the FDA to ensure the proper and most efficient use of its resources through the recovery of full value for its services to industry. The Administration urges the Senate to permit the FDA to collect and use these user fees.

Federal Lab Closures

In our effort to reduce low-priority spending and move toward balancing the budget, the Administration has proposed closing 12 Federal agricultural research facilities and re-targeting the funding to current, higher-priority research projects. The House Appropriations Committee report accompanying H.R. 1976 states that only five facilities should be closed, three facilities should be relegated to alternate work sites, and the four remaining facilities should be kept open. At the same time, the House has significantly reduced rural housing programs. The Administration urges the Senate to reverse the House action.

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

Sincerely,

Alice M. Rivlin
Director

Enclosure

Identical Letters Sent to Honorable Mark O. Hatfield, Honorable Robert C. Byrd, Honorable Thad Cochran, and Honorable Dale Bumpers

Enclosure
(Senate Subcommittee)

ADDITIONAL CONCERNS
H.R. 1976 -- AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996
(AS PASSED BY THE HOUSE)

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

Department of Agriculture

- Rural Telephone Bank (RTB) Privatization. The Administration encourages the Senate to reconsider the House's mark for RTB privatization. The mark would severely impede privatization efforts by placing a limitation of five percent on the amount of Federal stock that can be retired in FY 1996. Current law sets a minimum of five percent retirement per year beginning in FY 1996, and the House would set the maximum at five percent. The Administration will submit the appropriate authorizing legislation in the near future. This legislation will address the concerns raised by the House in the Committee report accompanying the bill. The Administration urges the Senate to allow the balances in the RTB "equity fund" to be used to repurchase government-held stock in the RTB, and to allow the RTB privatization to be accelerated, consistent with a smaller, streamlined Government.

- Export Assistance Programs. The House mark for the Foreign Agricultural Service (FAS) is $5.7 million below the request. In its request, the Administration has included additional FAS funds in order to expand the presence of U.S. agriculture overseas and increase GATT-compatible, "greenbox" spending for agricultural promotion. Providing adequate export funding is essential in order to maintain the momentum of increased agricultural exports that has been achieved. The Administration urges the Senate to fund these programs at the requested levels.

o P.L. 480. The House has funded P.L. 480 in excess of the President's request. In particular, the funding level for Title I is $115 million above the President's request level. Title I has been shown to have limited effectiveness in advancing its goal of market development. The Administration urges the Senate to reduce this program so that higher priority programs can be funded. For example, the House has not funded the request of $1.5 million for the cost of reducing the P.L. 480 Title I debt of the poorest, most heavily indebted countries. This is an important element of multilateral action by the creditor community to support policy reforms and improve growth and export opportunities in these countries. The President has agreed, at both the Naples and Halifax G-7 Summits, to participate in this multilateral endeavor. The Administration urges the Senate to support this request.

o Rural Development Performance Partnership. The Administration commends the House for embracing the concept of the Rural Development Performance Partnership. However, the House bill would combine only water and wastewater loans and grants into the partnership, whereas the Administration has proposed to include 14 programs in the initiative. The Administration urges the Senate to provide greater flexibility in assistance to rural America by including more programs under the partnership.

o Food and Consumer Service. The House has provided the Administration's request for the Nutrition Assistance Program to Puerto Rico. While the House-passed bill would not provide for a transfer of funds to the Animal and Plant Health Inspection Service for the cattle tick eradication project, the Committee report notes that Puerto Rico has the authority to continue to fund the project within available funds. The purpose of the block grant as described in the Food Stamp Act is to "finance 100% of the expenditures for food assistance provided to needy persons and 50% of the administrative expenses related to the provision of the assistance." The Administration does not share the House's view that funding a cattle tick eradication project is an appropriate use of funds intended to assist low-income Puerto Ricans.

The House Committee report directs that $65 million be used for the food distribution program on Indian reservations. The Administration's request is $14 million higher based on projections of the number of Indians who will participate in the program. The Administration can work with the participating tribes "to convert this population to the food stamp program," but, under the law, the Administration cannot force recipients to switch programs. The amount recommended by the House may not be adequate to provide assistance to those Indians who continue to choose to participate in the commodities program. In addition, encouraging USDA to move Indians from the commodities program to Food Stamps would increase Federal costs since the average benefit cost is higher in Food Stamps than in the commodities program.

The House Committee, in report language, would provide $5 million in support for the School Meals Initiative. The Administration has requested $26 million to help schools comply with Dietary Guidelines, as mandated by the Healthy Meals for Healthy Americans Act. The Administration urges the Senate to provide additional funding for the School Meals Initiative.

The House-passed bill does not provide the requested $4 million for an ADP infrastructure investment. The Administration believes that funding in this area is prudent as it will assist the agency to manage with less -- through long-term increased efficiencies. The Administration urges the Senate to provide the ADP funding.

- Info Share. The Administration has requested $59 million as a direct appropriation for Info Share. The House has provided $7.5 million, based upon the assumption that a contract for telecommunications would not be let until late in FY 1996. However, at the funding level approved by the House, telecommunications investments in the new county service centers would be curtailed. In addition, Info Share expenditures involve more than a telecommunications contract. Under the House mark, direct funding for all other Info Share program areas would be eliminated, such as business process re-engineering and planning for management changes. The House recognizes the importance of this initiative to improving field office operations and customer service. The Administration urges the Senate to include funding for Info Share at the requested level.

- <u>Office of the Chief Financial Officer</u>. The Administration has requested an increase of $819 thousand to support policy improvement activities required by the Chief Financial Officers Act. This increase has not been provided by the House. Without the requested funds, preparation and review of audited financial statements might be delayed beyond their statutory deadlines, quality implementation of GAO and Inspector General audit recommendations would be at risk, and Departmental support for implementation of major new policies, such as installing performance measures in bureau systems, would remain nominal. The Administration urges the Senate to fund this program fully.

- <u>Financial System Management</u>. The House has included language in the bill regarding the management of USDA financial systems that would intrude on necessary Departmental prerogatives to decide systems architecture and sources of software supply by requiring Committee review of these operating decisions. Furthermore, the House Committee report asserts that certain systems solutions are viable without citing any analysis in support of those conclusions. The Administration urges the Senate to delete this bill language.

- <u>Infringement on Executive Branch Authority</u>. Section 722 of the House bill inappropriately intrudes into Executive Branch decision-making by limiting the authority of the Department of Health Human Services to allocate full-time equivalent employment where they can be best put to use within the Food and Drug Administration. The Administration urges the Senate to delete this provision.

(F)

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

September 18, 1995
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

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

H.R. 1976 -- AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1996

(Sponsors: Hatfield (R), Oregon; Cochran (R), Mississippi)

This Statement of Administration Policy provides the Administration's views on H.R. 1976, the Agriculture, Rural Development, Food and Drug Administration, 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 $836 million below the President's request.

Favorable Senate consideration of the concerns discussed below would help substantially in working toward the development of an Agriculture/Rural Development appropriations bill that the Administration could support.

<u>Rural Development Funds</u>

The Administration commends the Committee for embracing the concept of the Administration's Rural Development Performance Partnership and for expanding the number of programs included under the Partnership beyond the number in the House bill. However, the Committee bill would make unacceptable reductions in these vital programs for rural America. Total funding for programs included in the "Rural Community Advancement Program" would be just over one-half of the funding level requested for these programs. Even if all funds were directed to water and wastewater loans and grants, the Committee's recommendation would represent a 32-percent reduction from the President's request and would deny assistance to hundreds of small, rural communities. In addition, this allocation would leave no funds for rural economic and community development programs, such as the Community Facility and Intermediary Relending Programs.

Food Stamps

The Committee-reported bill, unlike the House-passed bill, would preserve the essential nature of the Food Stamp Program -- its ability to respond to increased need during times of economic downturn. For the last five years, the Congress has provided a benefit reserve, or "cushion," to guard against an unexpected economic downturn or estimating errors. The House-passed bill would remove this cushion, placing all food stamp recipients in jeopardy of reduced benefits in the event of a regional recession. The Administration commends the Committee for partially restoring the food stamp benefit reserve and urges the Senate to provide the entire $2.5 billion, which is essential to this national nutrition safety net.

The Administration urges the deletion of language in the Committee-reported bill that would freeze the food stamp standard deduction at the FY 1995 level. The Administration understands that the Committee has anticipated savings of $190 million in FY 1996 due to this action. This proposal is similar to one included in the welfare reform bill pending on the Senate floor (S. 904), and the authorizing committee for that bill already has claimed similar savings. Shifting these savings to the discretionary side of the budget would put pressure on the authorizing committees to replace the lost mandatory savings by making further cuts in agricultural programs or assistance to needy individuals.

WIC

Under the Committee's proposals, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) would be funded at $260 million above the FY 1995 appropriation but $90 million below the request. The Administration appreciates the Committee's support for this important program but recommends that the Senate provide the full amount of the request.

The Committee-reported bill would require that $20 million of FY 1996 administrative funds be made available for food benefits. The Administration is concerned that this would set a precedent for reducing administrative funding within WIC.

Administrative funds in the WIC program support critical program oversight and cost containment efforts. Continued reductions in administrative funds could diminish program management and limit the WIC program's ability to conduct nutrition education and medical referrals -- essential components for achieving the program's positive health benefits.

In addition, the Committee-reported bill would allow FY 1995 recoveries of WIC program funds in excess of $100 million to be transferred to the Rural Community Advancement Program. While appreciative of the Committee's effort to provide additional funds to rural development, the Administration has reservations about redirecting WIC monies for other purposes.

Export Enhancement Program

The Administration strongly objects to Committee reductions in key export assistance programs that could disadvantage exports of U.S. commodities. In particular, the Committee bill would reduce direct (mandatory) spending for the Export Enhancement Program (EEP) to $800 million, $159 million below the President's request and the GATT-permissible level. These export subsidies are needed to combat the excessive subsidy levels provided by the European Union for its agricultural exports.

Ad Hoc Disaster Payments for Cotton Farmers

The Administration strongly objects to the Committee provision that would provide $41 million in *ad hoc* disaster payments for cotton farmers. Last year, through a bipartisan effort, a major reform of the crop insurance programs was enacted. At the same time, all *ad hoc* disaster payment authorities were repealed, with the understanding that farmers would be required to carry crop insurance. Basic catastrophic coverage is available for a $50 administrative fee, and farmers can purchase additional, Federally-subsidized coverage through private insurance companies. The Committee provision is in direct conflict with one of the major tenets of last year's crop insurance reform: that farmers would be discouraged from risk-management through crop insurance as long as Federal crop disaster payments were continually provided on an *ad hoc* basis. The Administration urges the Senate to delete this provision.

Labeling Regulation

The Administration is strongly opposed to the Committee bill's prohibition on the use of funds to implement or enforce the final regulation on fresh and frozen poultry, which was published on August 25, 1995. Publication of this regulation was the culmination of nearly two years of effort, during which the views of all stakeholders were heard and considered. The issue of proper labeling of poultry products has been the subject of litigation in Federal Court as well as congressional and USDA-sponsored public hearings throughout the Nation. Committee language would prevent consumers from receiving accurate information and assurance of a national standard in this area and could result in disparate and conflicting State enforcement activity. The Committee's language represents unwarranted legislative intrusion into the regulatory process.

University Research Buildings and Facilities

The Committee bill would provide $57.8 million for buildings and facilities in the Cooperative State Research, Education, and Extension Service. The Administration has proposed, and the House-passed bill provides for elimination of this program. The Committee report has repeated the historical practice of earmarking all funds for the program to particular land-grant universities. The Administration believes that scarce Federal resources are better targeted to higher-priority purposes, including those identified herein. The Administration urges the Senate to delete funds for this program.

Wetlands Reserve Program (WRP)

The Committee mark would hold WRP sign-ups in FY 1996 to only 100,000 acres, at an estimated program cost of $77 million. This is well below the Administration's request for 300,000 acres and $210 million in direct (mandatory) spending. The lower level of funding for this program, which provides long-term and permanent easements for restored wetlands, would make the goal of achieving and surpassing the no-net-loss of wetlands more difficult. Also, by restricting acreage rather than funds, the incentive to seek lower-priced lands would be reduced.

Conservation Reserve Program (CRP)

The Committee bill would block any FY 1996 sign-ups for new CRP acreage, which are funded through direct (mandatory) spending. In a year when the Farm Bill will undoubtedly address CRP reauthorization, it is inappropriate for appropriations action to preclude sign-ups for the first year of the new farm bill. In addition, not being able to retire vulnerable cropland through the CRP would make clean water goals more difficult to achieve, provide less habitat for wildlife and migratory birds, and decrease farm commodity prices while increasing Commodity Credit Corporation outlays. In light of the acreage that is soon to expire from the CRP, additional sign-ups must be permitted to retain the program's benefits.

Food and Drug Administration

The President's budget proposes language to permit the Food and Drug Administration (FDA) to collect new user fees for medical device review and import inspection. The language references the government's general user fee authority, 31 U.S.C. 9701, as one potential authority for these collections. The Committee-reported bill would limit the ability of the FDA to ensure the proper and most efficient use of its resources through the recovery of full value for its services to industry. The Administration urges the Senate to permit the FDA to collect and use these user fees.

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

Attachment

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 1976 -- AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1996
(AS REPORTED BY THE SENATE APPROPRIATIONS COMMITTEE)

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

Department of Agriculture

- Rural Telephone Bank (RTB) Privatization. The Administration encourages the Senate to reconsider the Committee mark for RTB privatization. The mark would severely impede privatization efforts by placing a limitation of five percent on the amount of Federal stock that can be retired in FY 1996. Current law sets a minimum of five percent retirement per year beginning in FY 1996, and the Committee would set the maximum at five percent. The Administration will submit the appropriate authorizing legislation in the near future to accelerate privatization. This legislation will address the concerns raised by the Committee in its report. The Administration urges the Senate to allow the balances in the RTB "equity fund" to be used to repurchase government-held stock in the RTB, and to allow the RTB privatization to be accelerated, consistent with a smaller, streamlined Government.

- Export Assistance Programs. The Committee mark for the Foreign Agricultural Service (FAS) is $5.7 million below the request. The Administration included additional FAS funds in order to expand the presence of U.S. agriculture overseas, and to increase GATT-compatible, "greenbox" spending for agricultural promotion. Providing adequate export funding is essential in order to maintain the momentum of increased agricultural exports that has been achieved.

- P.L. 480. The Committee has not funded the request of $1.5 million for the cost of reducing the P.L. 480 Title I debt of the poorest, most heavily indebted countries. This is an important element of multilateral action by the creditor community to support policy reforms and improve growth and export opportunities in these countries. The President has agreed, at both the Naples and Halifax G-7 Summits, to participate in this multilateral endeavor. The Administration urges the Senate to support this request. Offsets for debt restructuring for the poorest countries could be found in the funding level for Title I, which is $115 million above the President's request level. The Administration urges the Senate to reduce this program so that higher priority programs can be funded.

o <u>Food and Consumer Service</u>. The Senate Committee, in report language, would provide the Administration's request of $20 million in support of the School Meals Initiative. The Administration commends the Committee for providing this funding, which is a critical part of our national effort to improve school meals.

  The Committee-reported bill would provide $1 million for an ADP infrastructure investment. The Administration believes that funding in this area is prudent as it will assist the agency to manage with less -- through long-term increased efficiencies. The Administration urges the Senate to provide the full ADP investment of $4 million.

o <u>The Center for Nutrition Policy and Promotion</u>. The Committee has not provided funding for The Center for Nutrition Policy and Promotion. As the lead Federal agency in human nutrition, the Department of Agriculture is charged with designing and disseminating nutrition education and information to all American consumers. The Center is the focal point in the Department for linking scientific research to the consumer. The Administration urges the Senate to fund the $4.7 million request for the Center and its Nutrition Promotion Initiative.

o <u>Info Share</u>. The Administration has requested $59 million as a direct appropriation for Info Share; however, the Committee bill provides $10 million. At the funding level approved by the Committee, telecommunications and other needed investments in the new county service centers would be curtailed. Under the Committee mark, all other Info Share program areas would be eliminated, such as business process re-engineering and planning for management changes. The Administration urges the Senate to include Info Share funding at the requested level.

- User Fee Proposals. The Committee mark would not provide appropriations language for user fees proposed in the marketing and regulatory programs area. The Administration has proposed fees of $105 million for meat, poultry, and egg inspection; $8 million in the Animal and Plant Health Inspection Service; $4 million in the Agricultural Marketing Service; and $17 million in the Grain Inspection, Packers and Stockyards Administration. Although the Committee would continue to allow the collection of fees for Agricultural Marketing Service standardization activities, it would not allow the collections to be credited to the appropriations account, as requested in the 1996 Budget. The Administration urges the Senate to reverse this action.

- Office of the Chief Financial Officer. The Administration has requested an increase of $819 thousand to support policy improvement activities required by the Chief Financial Officer's Act. This increase has not been provided by the Committee. Without the requested funds, preparation and review of audited financial statements might be delayed beyond their statutory deadlines, quality implementation of GAO and Inspector General audit recommendations would be at risk, and Departmental support for implementation of major new policies, such as installing performance measures in bureau systems, would remain nominal.

- Infringement on Executive Branch Authority. Section 722 of the Committee bill inappropriately intrudes into Executive Branch decision-making by limiting the authority of the Department of Health Human Services to allocate full-time equivalent employment where they can be best put to use within the Food and Drug Administration. The Administration urges the Senate to delete this provision.