FOIA Number: 2012-0769-F

FOIA MARKER

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

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Council on Environmental Quality

Series/Staff Member: Kathleen (Katie) McGinty

Subseries:

OA/ID Number: 2572

FolderID:

Folder Title:
Agenda for OEP [Office of Environmental Policy]/OMB [Office of Management and Budget] Budget Meeting Fiscal Year 1994 March 16, 1993

Stack:	Row:	Section:	Shelf:	Position:
S	61	5	4	3

Operating Budget Crosswalk
($ in million)

Enacted Operating Budget	**2,744**
Inflation	+94
Clinton Baseline	**2,838**
Investment	
Green Programs	+15
Watershed Resource Restoration	+30
Environmental Technology	+36
FCCSET Research	+7
Operating Budget (Programmatic Level)	**2,926**
Technical Adjustments	
Eliminating one-time building projects	-98
FTS price reduction	-1
Cross-cutting, government-wide savings	
Streamling savings	-32
FTE Reduction	-15
Pay: Policy adjustment	-26
Other administrative efficiencies	-5
Limits on R&D grant overhead	-3
Clinton Operating Budget	**2,745**

FY 1993 EPA Operating Budget Crosswalk
Friends of Earth to OMB
($ in M)

Friends of Earth (FOE) Enacted Level	**2,663**
Asbestos in Schools Loans*	31
Watershed Resource Restoration Non-point source grants)**	50
OMB Enacted Level	**2,744**

* FOE appears to have inadvertently left the asbestos program out of its numbers.

** Historically these grants have been part of the operating budget. In FY 1993 Congress shifted these grants to the Construction Grant/SRF account. FOE accounts for them with Construction grants beginning in FY 1993, while OMB continues to account for them as part of the operating budget.

$800 million

Broad-brush picture on the environment is very good: in an era of severe retrenchment in discretionary spending, EPA and other agencies fared very well. This reflects the committment that the Administration places on protecting the environment.

* The so-called Bush budget was designed to embarass the incoming Administration -- lets not fall into this trap. In many key environmental and energy areas, the Agency budgets were put together at the staff level (who assumed that the negotiations required a high starting point) and was never subjected to overall budget discipline. For example, the DOE budget was some 25% higher overall than a realistic baseline growth. In all cases, the favored programs (either maintained or growth) were funded at a higher level than an across the board sequester would imply. This means that we established priorities in the real budgeting process. Nobody got their way, but we did well by the environment.

* FY 94 was subject to unusual budget scrutiny (40% investment hit) because of near term focus on the deficit. Affected groups should get used to looking at out-years for the Clinton Administration, because we intend on following through on our environmental commitments. We expect to be held to our out-year projections for spending priorities.

* EPA operating budget - basically level from FY 93.

  - one-time building projects done
  - new initiatives
  - overall FTE/Admin. crosscutting savings

  = Level budget

  * FOE Earth Budget left out $31m asbestos in schools and $50m in watershed restoration that got moved to construction grants in FY 93.

→ 25 green programs

But, remember the <u>stimulus package</u> where $70 million went in in 1993.

→ SRF

  * National performance reviews will identify additional managerial savings -- if this occurs and budget remains constant (allowing more mission to be achieved) will you give us credit for expanding EPA resources w/o new money?

* Clean Water investment (I need info here)

* Public Transit 2.5¢ from deficit reduction is going back into Highway trust fund. Mass transit typically gets about 20% of HTF money, so they argue that they should get about 0.5¢. No increase in mass transit operating subsidies in FY94 and out years, some increase in "new starts" but not as

? earmark?

0.25¢

current proposal.

, so mass transit

much as authorized under ISTEA because some of them are not environmentallly sound.

* Energy Tax --

  downstream implementation for administrative reasons, we do not see adverse environemental impact, since the offsetting impact is higher end-use prices and thus more conservation at end-use (tax would be adjusted to make up for any lost energy streams in revenue terms).

  concern about disadvantaging domestic vs. foriegn energy producers.

  Ethanol is being looked at -- we will consider the criteria of energy conservation, environmental benefit, and reduced dependence in the ethanol decision.

* Interior budget -- any reductions in Land & Water conservation reflects a desire to more intensively invest in the land that we already have, and not to fund new aquisitions willy-nilly without devoting adequate resources to management, maintenance, restoration. Also, don't forget the timber, grazing, mining subsidies that are being reduced. This could have significant impacts beyond land aquisition on the quality of federal lands.

SENT BY: ; 3-15-93 ; 21:39 ; EOP NRD→ 202 966 2554;# 2

Martha Foley . Ron Cogswell

AGENDA FOR THE OEP/OMB MEETING

8:45 AM / MARCH 16, 1993

fundamentally agree & are exploring other long-term options

- **OCS MORATORIA:** Should the Administration in the FY 1994 Budget re-propose FY 1993 Interior Appropriation Bill language that prohibits Outer Continental Shelf (OCS) pre-lease, lease, and exploration (drilling) activities in designated areas off the East and West Coasts, Florida, and Bristol Bay (AK)?

- **BOSTON HARBOR:** Should funding be provided for Boston Harbor wastewater treatment construction in the FY 1994 Budget? If so, how much and by what mechanism?

  0% of ratepayers bills @ least $100 mill

- **EPA OPERATING PROGRAM:** Is the proposed level for EPA research, regulatory activity (rule development and enforcement), State grants, and administration at, below, or above the FY 1993 level? (Friends of the Earth have written to the Vice President expressing concern over this issue.)

  1 million above the '93 enacted level 2.744 → 2.745

- **LWCF:** What should the FY 1994 Budget propose for the Land and Water Conservation Fund (DOI and USDA)? (DOI proposes a level $82 million below FY 1993 enacted for the National Park Service, Fish and Wildlife Service, and the Bureau of Land Management; USDA proposes the enacted level for the Forest Service.) 92 mill below ? with Day Speed — will ↑

  Talk to Brooks

  Try to keep agencies in all parks. what about Everglades? Santa Monica

- **FOREST CONFERENCE:**

  -- How do the conservative sales levels assumed in OMB's timber receipt estimates position the Administration going into the Forest Conference?

  -- How can agreement be reached with Secretaries Espy and Babbitt (or their political staff) on what information on Region 6 (OR/WA) sale and harvest estimates should be released to Congress and the public before April 2?

  Jim Lyons → @ least 'til Apr 5 when Budget comes out March 25 6 one appendix & all the... Cont. out - & will have minimal ☆ H's. → us Forest Service allows other... Details, ...

  *Need 1992 #s $ rec. of Con Say just a Continuation

  -- Should the Administration in the April 5th Budget for FY 1994 re-propose language guaranteeing Oregon and Washington counties a floor equal to 85 percent of the annual average receipts given them in FY 1986-1990?

- **ETHANOL:** Should agencies be allowed to make formal comments in the draft rule-making?

25-26 million

don't have 93 actuals.

approps Subcommittee has put in over last several years. → 2 (2 yrs) provisions → hold as safety net

but Jan 6 Bush Budget → 2.825.
but published budget w/ dollars
compat w/ budget enforcement
act.
→ 2.511 Bill =

NAFTA - 221 Intl Broadcasting & Cable Commission
Farmers Home
GPA.

will be @ or above '93 enacted
60 mill less than Bush # level of
approp. request.

UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF BUDGET

****

This message is electronically transmitted on a Xerox 7020

Transmission Number: 208-3911

****

TO: Katie McGinty
Mark Chupka

FROM: BROOKS YEAGER

****

NO. OF PAGES TO FOLLOW: 10 DATE: 3/16/93

****

SPECIAL INSTRUCTIONS:

PER YOUR REQUEST
FOR TOMORROW'S MEETING

March 16, 1993

Memorandum

To: Katie McGinty

Fr: Brooks Yeager
George Frampton

Re: Department of Interior LWCF request for FY'94

The President has made a broad commitment to the protection and maintenance of our existing parks and public lands, as well as to an "expanded" effort to make new acquisitions. In particular, he promised an Administration that "cares about America's parks as much as (American families) do."

Our budget request is intended to be in line with this Presidential statement of priorities. I have enclosed with this memo a narrative description of our environmental investment strategy and the challenges we are trying to meet. As the narrative points out, although our land acquisition request is significantly lower, this temporary reduction is more than made up for by increased investment in our existing resource base.

It should be noted, as well, that this increased investment is in part a response to past criticism of insufficient funding for the protection of wildlife and renewable resources voiced by some of the same groups that are apparently unhappy over our '94 LWCF request level. These investments are indeed necessary, to even begin to make up the backlog of neglect that renewable resource accounts are facing. Thus, it would not be wise to 'raid' these increased investments in order to replenish the LWCF appropriations -- the same groups would continue to be upset, for different reasons.

The land acquisition #s in context:

1. Our '94 request for land acquisition is $144 million, approx. $77 million, or 35% below last year's enacted level of $221 million. Bureau land acquisition reductions = $16.4 million (BLM), $20.1 million (FWS), and $40.3 million (NPS).

2. These reductions are more than offset by our proposed increased investment of over $300 million in the improved management of land and resources already managed by the same bureaus. These proposed "operations and maintenance" increases are summarized below:

+$188 million (a 20% increase) in parks operation and maintenance accounts, including:

+$38 million for Park management, to be distributed directly to the 368 Park units;

+$40 million for 'special focus' parks, including the big, major tourist destinations that the President mentioned in his speech;
+$14 million for maintenance projects (to address specific backlog items);
+$14 million for professional training for park personnel, as recommended in the Vail Report.

+$97 million for the FWS (an 18% increase), including
+$26 million for the endangered species program;
+$10 million for habitat restoration and improvement;
+$26.6 million for wildlife, fisheries and endangered species research;
+$10 million for refuge operation and maintenance backlogs;
+$10 million for control of environmental contaminants and improved fisheries.

+$22 million in key BLM accounts related to the enhancement of public lands wildlife and renewable resources, such as fisheries, riparian restoration, etc., including:

+$7 million for riparian lands restoration;
+$5.9 million for ecosystem management of Columbia and Snake river anadromous fisheries;
+$6 million for endangered species pre-listing activities.

(see attached narrative).

DEPARTMENT OF THE INTERIOR
MEETING NATURAL RESOURCE MANAGEMENT NEEDS

Land and Water Conservation Fund land acquisition funding requests have been used in the past as a barometer of support for our existing parks, refuges, and public lands, but acquiring new land is only one measure. Conservation groups have been even more critical of the erosion of our ability to maintain our national treasures -- park units, refuges, and wilderness areas --which are unique in the world. Numerous press reports, GAO audits and independent studies have all confirmed for the American people the dilapidated conditions of the lands and facilities for which the Federal government has been entrusted.

In order to address these pressing operational needs in 1994, the Department of the Interior has proposed to reduce the request for land acquisition in order to make additional environmental investments in the parks, refuges, public lands, and related activities such as enhancing efforts to protect endangered species. Money can wisely be spent now to head off the economic disruptions caused by listing decisions. The Department's recommendation is consistent with the broad commitment made by the President to protect and maintain our existing parks and public lands, "...preserving our natural heritage for future generations."

The 1994 request for land acquisition is $144.4 million, compared to an enacted amount in 1993 of $221.2 million:

	BLM		FWS		NPS		Total	
	1993	1994	1993	1994	1993	1994	1993	1994
Acquisition Management	1,397	1,277	7,635	9,154	8,428	8,247	17,460	18,678
Emergencies/Inholdings	992	750	1,982	2,000	2,975	7,000	5,949	9,750
Federal Acquisitions	25,407	9,350	60,970	39,250	78,283	34,300	164,660	82,900
Fish & Wildlife Found.			4,957	5,000			4,957	5,000
State Grants					28,214	28,053	28,214	28,053
Total	27,796	11,377	75,544	55,404	117,900	77,600	221,240	144,381

While this is a significant reduction, it is important to note that land acquisition projects have received $3.3 billion during the Reagan/Bush years. In addition to the amounts requested in the 1994 budget, Interior has over $160 million of unobligated balances from previous appropriations. Even at reduced levels overall, the 1994 budget will include increases for emergencies and inholdings over the 1993 enacted level. In addition, increased funding of nearly $5 million will be available to facilitate land exchanges -- trading public lands for park lands, wetlands, and other highly valued acquisitions.

By comparison, funding for operating accounts of Interior's three land management agencies -- National Park Service (NPS), Fish and Wildlife Service (FWS), and the Bureau of Land Management (BLM) -- are widely recognized as being inadequate. The land-management bureaus, for years, have tried to play catch up with growing demands. While operating accounts have increased over the years, they have not kept up with the demands of increased visitation and inflation. A short list of some the problems includes:

- increasing visitation -- NPS visitation alone increased 40 percent since 1977; more importantly, peak visitation periods are lengthening which means park managers must stay staffed up longer to deal with longer periods of what is, in effect, crisis management at the biggest parks.

- facilities requirements -- NPS owns and is continually acquiring an aging infrastructure. The NPS system contains over 15,000 buildings, 8,000 miles of roads, 1,400 bridges, 5,000 housing and 1,500 water and sewer systems. Many of the new parks added over the past few years have required significant infrastructure investment. The NPS estimates the value of its capital infrastructure at $50.0 billion.

  The FWS estimates its capital investment to be $3.0 billion, but its maintenance budget for 1993 was $62 million, barely two percent of its investment.

  The BLM estimates its capital investment to be $750 million.

- new requirements -- in addition to the growing numbers of parks and refuges and use of public lands for recreation, new responsibilities and resource problems have placed financial burdens on field units. Among these are: implementation of the Endangered Species Act in a climate of growing environmental consciousness; wetlands monitoring and protection for wildlife habitat; and, protection of cultural properties.

These competing pressures have to be taken care of in these tight budgetary times. Pay and fixed cost items were absorbed in the base in previous years and Congress has continually applied across-the-board reductions to operations budgets in order to meet its spending targets. Given these tight spending constraints, real increases can be achieved best by reallocating resources (from land acquisition accounts to operations) since overall government spending has to be kept level or reduced.

INVESTMENT IN NATURAL RESOURCES

The 1994 budget request for the Department of the Interior represents a dramatic departure from the budget requests for this Department in recent years. It ensures that the natural resources of our Nation are sustained and protected, not only for the current generation but also as an investment for the generations that will follow. By starting at a more realistic base, the budget request for Interior represents an end to the previous battles with the Congress over appropriate funding levels needed to meet the Department's conservation mission and its responsibilities to Native Americans. More importantly, this budget provides the resources needed to manage our National Parks, Refuges, and Wilderness areas with a true conservation ethic.

For Interior, this commitment is significant. It will ensure that the pressures on NPS which threaten to compromise its ability to properly carry out its mission will be significantly diminished. The major challenges facing the Park Service, so well articulated in its 75th Anniversary Symposium held in Vail, Colorado in October, 1991, will be addressed. The FWS and BLM face many of the same kinds of pressures in responding to their unique missions.

As currently formulated, the 1994 budget will allow us to address thee following key environmental concerns:

NATIONAL PARK SERVICE INITIATIVES -- The budget requests $1.2 billion for NPS operations, an increase of $188 million representing nearly a 20 percent increase above the 1993 enacted level. Adequate park operational funding was the leading budgetary recommendation following the Vail Symposium. This points to the need to adequately fund cultural and natural resource management and research programs in NPS and better prepare a professional Park Service workforce for the demands that confront them today as well as in the future. There are major environmental highlights contained in the NPS budget request, including:

- Park base funding will increase by $38 million which will be distributed to the 368 park units to ensure that park facilities remain open to the public and are in good repair. In addition, an increase of $40 million will be allocated to parks such as Glacier National Park, Independence National Historical Park, the Great Smoky Mountains, and the Lincoln and Jefferson Memorials which are in need of special repairs. With this approach, these special resource areas can serve as models for the system to deal with pressures placed on parks. Approximately one-fourth of this park base money will be used for different maintenance projects. Taken together, these increases represent an approximate 14 percent increase for park-level funding, reaching all 368 park units throughout the United States and its Insular areas.

- An additional $14 million will be used for professionalization of park management. Better training for park staff and better resource management were the key recommendations of the highly acclaimed review of Park Service needs at the Vail Symposium. This investment in NPS workforce professionalization will fund the hiring of needed professional staff in the natural and cultural areas. Of this amount, approximately $9 million will be distributed at the park level to hire botanists, hydrologists, biologists, and other skilled natural resources staff which will allow the parks to focus efforts on maintaining park natural resources. Similarly, approximately $5 million will be expended on cultural resource staff through the hiring of archaeologists, historic architects, and others skilled in cultural preservation.

- Funding for cyclic maintenance which is defined as projects that need to be performed on a regular, recurring basis, totals nearly $17 million. The backlog of maintenance projects for NPS is very large and is clearly visible to anyone who has toured some of the major parks with significant infrastructure.

- An additional $25 million is required to maintain our commitment to transfer the Presidio, a major historic military site at the foot of the Golden Gate Bridge to NPS. The Park Service operation of the Presidio, while extremely expensive, is an opportunity to share the rich heritage of this valuable property with the American people and to provide unique recreational and cultural opportunities for its visitors.

FISH AND WILDLIFE SERVICE INITIATIVES -- The budget requests $627.7 million for FWS operations, an increase of $97 million or 18 percent above the 1993 enacted level. This allows:

- An increase of $26 million, or 65 percent, for the endangered species program including $4 million for prelisting activities to take preventive measures so that plant and animal species do not end up on the threatened or endangered lists. The biggest portion of the endangered species funds, $11 million, will be used for recovery planning and implementation to deal with the backlog of animal and plant species for which no recovery planning currently exists.

- An additional $6 million for maintenance on National Wildlife Refuges and Hatcheries will accelerate overall maintenance spending by 10 percent and will be used to reduce the mounting backlog of projects.

- The increase of $5 million for refuge operations will fund wetland and upland habitat improvement projects and water rights negotiations.

- Sound science is the key to better management. An additional $26.6 million for wildlife, fisheries, and endangered species research has been included. These additional funds will be the cornerstone to the efforts currently underway to establish a National Biological Survey (NBS). The NBS proposal is designed to develop an anticipatory, proactive biological science program that will enable land and resource managers to develop comprehensive ecosystem management strategies, thus avoiding costs and conflicts such as those involved in several past Endangered Species Act crises.

- In addition, $2.5 million will be used to identify, survey, protect, and enhance native stocks of salmonids and striped bass. This program goes beyond improving recreational resources. Declining native stocks are indicators in our environment. This program works to protect genetically pure species with the added benefit of improving habitat, water quality, and land use practices in riverine ecosystems. The result is not only better sport fishing, but also improved resource management. A broader approach is taken by looking not only at the fish resources, but also the entire ecosystem.

BUREAU OF LAND MANAGEMENT INITIATIVES -- The 1994 budget for BLM contains a number of significant proposals for natural resource protection and enhancement on our nation's 270 million acres of public lands including $194 million for renewable resources management activities in the bureau, which is an increase of $24 million over the 1993 enacted level. The BLM increase includes:

- An increase of $7 million, 58 percent above the 1993 enacted level, for BLM's initiative to improve riparian areas - the habitat most critical for species such as salmon, trout, and deer in the western states. The bureau has seven million acres of lands along rivers and streams which with sound investment and proper management can be prime habitat for wildlife. The funds will be used to implement 350,000 acres of habitat improvement projects such as tree plantings, stream bank stabilizations, and nesting boxes as well as to conduct 1.7 million acres and 30 stream miles of habitat evaluation.

- BLM's current efforts to implement the Columbia and Snake River Basin Anadromous Fish Management Plan will nearly double with an increase of $5.9 million. The plan calls for meeting BLM's commitments made during the Salmon Summit to improve these river systems. BLM will apply an ecosystem management approach to resolve issues related to threatened and endangered species and development in the Pacific Northwest. The funds will be used for habitat improvements to 75,000 acres and 90 miles of streams as well as for habitat evaluations on an additional 300,000 acres and 240 stream miles. These projects will increase salmon survivability and spawning success in the years to come.

- An additional $6 million for endangered species prelisting and recovery activities represents a 50 percent increase in this program. Prelisting efforts, which is half of the increase, will help avoid the need for additional listings of endangered species. The other half of the increase will be used for specific recovery actions such as habitat restoration and improvement projects for several species of plants, the desert tortoise, the northern spotted owl, and others.

- Other wildlife and fisheries projects are being increased by $2.8 million for: the "Bring Back the Natives" program, a joint effort with the Forest Service to restore native fishes such as the Apache trout throughout the west; improving "Watchable Wildlife" sites with nature trails, wheelchair access, kiosks, and parking lots; and the Lake Havasu recreational fishing development project in Arizona and California. There is also an increase of $2 million for wilderness boundary identification and plan implementation at some 66 wilderness areas.

- BLM's efforts to expand and accelerate the exchange of lands will be increased by $3 million. This program allows the Department to exchange lands with little natural resource value for lands with high quality habitat and other features in need of protection and preservation such as wildlife refuges and wilderness areas.

- An increase of $4 million is included for facilities maintenance to address the highest priority projects on its backlog of maintenance work such as campground improvements and recreational facilities improvement work. An additional $10 million is included for road maintenance and road and bridge construction in Western Oregon which will, for instance, reconstruct portions of the Galice Helgate road in Josephine County and replace three bridges which do not meet Federal highway safety standards.

Department of the Interior

The funding needs for natural resource and environmental infrastructure programs are real needs that have been recognized for many years by the General Accounting Office, the Interior Inspector General, the Congress, and the various conservation interest groups. The Department's budget rquest was deliberately structured to make a substantial effort to address these needs and correct the deficiencies that have been pointed out.

Among the many reports critical of the Department's management of these resources are:

<u>Maintenance Deficiencies in the Park System (NPS)</u>
A February 1992 Report of the Department of the Interior Inspector General concluded that limited funding combined with an increase in visitation and other demands has contributed to a Park Service maintenance backlog of nearly $2 billion.

<u>Natural Resource Protection (NPS)</u>
A September 1992 Report of the Department of the Interior Inspector General found over a $400 million backlog of 4,000 natural resource protection projects at parks nation-wide. Examples of natural resource degradation include such diverse problems as over-grazing at Canyonlands, trash and debris collection at Padre Island and Gateway, fossil bed erosion at Hagerman Fossil Beds, and water pollution at Biscayne Bay.

<u>Vail 75th Anniversary Symposium (NPS)</u>
In October 1991, the Vail Symposium noted that NPS was faced with a series of challenges, mostly the result of the expanding urban/park interface, changing visitor use/demands and recognition that NPS is a world-wide conservation model. The Symposium made recommendations concerning organizational renewal, resource stewardship, park use, and environmental leadership. Key to the Vail Symposium recommendations are park employees, specifically workforce professionalization and training and allocating sufficient funding to reach goals in these areas.

<u>FY 1993 Fisheries and Wildlife Assessment (FWS)</u>
The National Fish and Wildlife Foundation's assessment report on the FY 1993 budget for the Fish and Wildlife Service reviewed every activity within the request. By looking at unfunded needs on a regional basis, the Foundation recommended additional funds for almost every activity in the budget. Some of the most significant recommendations were for: additional funds for the endangered species program; and large increases for habitat conservation work and refuge operations and maintenance. Also, very large increases were recommended for a number of specific proposals to improve the research and development capabilities of the Service.

<u>Attention to Wildlife is Limited (BLM)</u>
A March 1991 General Accounting Office report found that wildlife protection and enhancement receives only a small percentage (3 to 7%) of staffing and funding when compared with minerals, timber, and range programs (33%). GAO reported that an important factor contributing to this was "deference to grazing, logging, mining, and other consumptive interests."

FY 1993 Fisheries and Wildlife Assessment (BLM)
The National Fish and Wildlife Foundation analyzed the bureau's ongoing programs and recommended major programmatic increases for BLM efforts such as the Columbia and Snake River Anadromous Fish Management Plan; the "Bring Back the Natives" initiative; and riparian improvement projects. The Foundation also identified a critical need for additional funding in the BLM threatened and endangered species management program, as the bureau "cannot meet its responsibilities under the Endangered Species Act . . . with current funding."

Improvements Needed in Federal Wild Horse Program (BLM)
The General Accounting Office reported in August 1990 that thousands of wild horses were sold to slaughterhouses due to BLM noncompliance with regulations and internal guidance. Because of this and other critical reports, the bureau planned and is now implementing its strategic plan to effectively manage wild horse and burro populations on the Public Land.

Rangeland Management (BLM)
A February 1992 General Accounting Office report faulted the BLM for not adequately monitoring grazing allotments to supervise appropriate grazing levels. A March 1992 report of the Blue Ribbon Panel to the National Public Lands Advisory Council concluded that BLM has a "historic problem" in obtaining personnel and funding to meet its rangeland management responsibilities.

FY 1994 BUDGET BRIEFING

MARCH 17, 1993

	Page
Policy Issues:	
Abortion-related general provisions (Hyde amendment)	1
Boston Harbor wastewater treatment construction	3
Needle exchange prohibition	4
White House FY 1993 supplemental	5
Non-Stimulus FY 1993 supplementals	7
Policy Modifications Since February 17th:	
100,000 Cops: Meeting the pledge	13
EPA: Operating budget funding level confirmation	15
FTE Executive Order exemptions	17
Gaming facilities on Indian reservations	18
Gas tax: Allocation between highways and transit	19
Judiciary funding	20
Land acquisition	21
Legal Services Corporation	23
Medical assistance to undocumented aliens	24
Pell grant program	27
Refugee resettlement program	28
Timber sales: FY 1994 level	29
University research and development overhead	30
Table of Contents FY 1994 Budget	31

POLICY ISSUE FOR THE FY 1994 BUDGET

SUBJECT: Abortion-Related General Provisions (Hyde Amendment)

ISSUE:

At least two appropriations bills and several permanent authorizations contain provisions that address Federal funding for abortions. First enacted in 1976, as currently worded, the so-called Hyde Amendment states: "None of the funds contained in this Act [the Labor/HHS Appropriations Act] shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term." Attachment A lists the various versions of the Hyde Amendment.

DISCUSSION:

By the mid-1980s, the Hyde Amendment essentially eliminated Federal funding for abortions under the Medicaid program and other HHS programs. Similar provisions restricted Federal funding for abortions for the Indian Health Service; Federal appropriations to Washington, D.C., including local funds; women in Federal prisons; FEHB; direct medical services for the military and CHAMPUS, the health benefits program for military personnel and dependents; and foreign aid funding, including medical services for Peace Corps workers.

OPTIONS:

Option One: Delete the Hyde Amendment. The effect of this would be that States would probably be required to finance "medically necessary" abortions. Courts have upheld a State's refusal to fund "nontherapeutic" (i.e., not "medically necessary") abortions under the Medicaid program.

Option Two: Delete the Hyde Amendment and insert language stating that the Administration will work with the Congress to develop a clarifying position.

Option Three: Delete the Hyde Amendment and insert language providing that States may enact restrictions on abortions consistent with Roe v. Wade.

RECOMMENDATION:

No recommendation. HHS supports Option One.

Attachment

Attachment A

ABORTION-RELATED GENERAL PROVISIONS

Appropriation Bill	Current Status	Affected Population
Labor-HHS General Provisions Sec. 103	Federal funding allowed only when the life of the mother is endangered if the fetus is carried to term.	Medicaid, Indian Health Service, and PHS grantee clients
D.C. Appropriation Bill	Funding allowed only when the life of the mother in endangered if the fetus is carried to term. (Includes local tax funds).	D.C. residents who would otherwise receive non-Medicaid funding for abortions
State-Commerce-Justice General Provisions Sec. 103, 104, 105	Federal funding allowed only when the life of the mother is endangered if the fetus is carried to term. Also provides that "no funds shall be used to require any person to perform or facilitate an abortion;" but permits funds for escorting to abortion services outside the Bureau of Prisons.	INS detainees, sentenced and pre-sentenced prisoners, transitionally housed asylees, special witnesses and families protected by DOJ, and inmates
Treasury-Post Office appropriation bill, Sec. 513, 514 of Title 5	FEHB plans may not cover abortions unless the mother is endangered if the fetus is carried to term.	Federal employees and dependents
DOD-United States Code, Sec. 1093 of Title 10,	Federal funding allowed only when the life of the mother is endangered if the fetus is carried to term.	Military personnel and dependents
Foreign Aid--H.R. 5368 Foreign Operations, PL 102-391, Sec 524 and 534 (Kemp-Kasten Amendment)	No funds shall be used for : 1) abortions, 2) to lobby for abortion, or 3) involuntary sterilization as a method of family planning or as incentive to undergo sterilization.	Peace Corps workers and countries receiving U.S. foreign assistance

POLICY ISSUE FOR THE FY 1994 BUDGET

SUBJECT: Boston Harbor Wastewater Treatment Construction

ISSUE:

Should an earmarked grant of $100 million be provided to help pay for construction of a $3.5 billion wastewater treatment system in Boston? (About $1 billion remains unfunded for court-ordered wastewater treatment needs.)

DISCUSSION:

Federal assistance to municipalities for construction of wastewater treatment facilities has historically been allocated to States through a statutory formula. The last reauthorization of the Clean Water Act in 1987 provided $18 billion in Federal funding. The Clinton Administration's investment proposal would provide an additional $7.2 billion by 1997 through State Revolving Funds that make low-interest loans to municipalities. Because the Bush Administration had made Boston Harbor pollution a campaign issue in 1988, it deviated from the statutory formula by targeting a $100 million grant in FYs 1992 and 1993 specifically for Boston (five other cities also received targeted grants in FY 1993). Since sewer charges have been skyrocketing in the Boston area to pay for the new facilities, the Massachusetts congressional delegation has been lobbying hard for continued earmarked grants of at least $100 million per year. If Boston receives such targeted assistance, other cities with large remaining needs (e.g., New York and San Diego) will demand similar treatment.

OPTIONS:

Option One: Target $100 million grant to Boston, based on a formula using capital needs and high projected sewer charges, without mentioning the city by name.

Make sure Delegation is aware.

Option Two: Continue Bush Administration's $100 million grant for Boston only.

Option Three: Provide $100 million in funding for Boston under Section 513 of the 1987 Water Quality Act. (Section 513 authorizes funding for Boston, but the proposed amount exceeds the authorized level by $80 million.) This is EPA Administrator Browner's preferred option; however, EPA staff is still considering Option 1 with a 20 percent matching requirement.

RECOMMENDATION: Option One is preferred because it has less of an appearance of an earmark for Boston Harbor.

Rates going up to $1200/household.

POLICY ISSUE FOR THE FY 1994 BUDGET

SUBJECT: Needle Exchange Prohibition (Section 514, FY 1993 Labor/HHS Appropriations Act)

ISSUE:

Section 514 prohibits HHS from funding needle-exchange programs, *unless the Surgeon General determines that such programs are effective in preventing HIV transmission and do not encourage illegal drug use.*

DISCUSSION:

Section 514 appeared in appropriations language for the first time in FY 1993 due to a controversy over a similar prohibition in separate legislation to reauthorize many of HHS' drug abuse programs. President Bush refused to sign the bill because it did not include the prohibition. The bill, which had already been approved by a conference committee, was returned to conference, the prohibition was added, and President Bush signed the revised bill. The new law (P.L. 102-321) prohibits States from spending the $1.3 billion Substance Abuse Block Grant on needle exchange programs. (This block grant represents 31 percent of HHS drug abuse funding.)

OPTIONS:

Option One: Retain Sec. 514 in the FY 1994 President's Budget.

Option Two: Delete Sec. 514 in the FY 1994 President's Budget.

RECOMMENDATION:

HHS supports Option Two.

OMB recommends Option One. Deleting Section 514 in the FY 1994 Budget may create an issue where one does not exist. If retained, the FY 1994 provision would be in effect beginning on October 1, 1993. The new Surgeon General, Dr. Jocelyn Elders, takes office on July 1, 1993. At that point, she will be able to review the preliminary findings of a comprehensive, CDC-funded evaluation of needle-exchange programs, scheduled for release this April. It is likely that the new Surgeon General will find that needle-exchange programs do not increase drug use and do reduce HIV transmission. If she does so, the Administration will have fulfilled the terms of Section 514 without explicitly rejecting the provision, and HHS will be able to spend non-Block Grant funds on needle exchange programs.

POLICY ISSUE FOR THE FY 1994 BUDGET

MMY. also our funds being depleted by Bush.

SUBJECT: White House FY 1993 Supplemental

ISSUE:

The White House is planning on requesting a supplemental for FY 1993 that totals $11.91 million with sufficient offsets to cover both the budget authority and outlays.

DISCUSSION:

The $11.91 million supplemental includes funds for the White House Office ($7.46 million), the Office of Administration ($4.34 million) and Special Assistance to the President, which funds the Vice President's staff ($.1 million). A summary follows:

-- $1.15 million for lump sum leave and unemployment benefits for departed Bush staff;

-- $.65 million for complying with court action concerning Bush EXOP hard drives and electronic mail (issues related to Clinton passport investigation and preservation of presidential records);

-- $.23 million for telephone system changes required by the change in Administration;

-- $3.16 million for temporary personnel to recruit and process 5,000 political and other government employees;

-- $4.73 million for new computer and phone systems to improve response to the American public and Congress;

-- $2 million to improve response to correspondence to the President from 33 percent for Bush to 100 percent for Clinton (postage, training of volunteers, improved technology).

With regard to the computer/phone system funds, David Watkins is still considering using private donations. This would reduce the supplemental and need for offsets by $4.73 million. At this time, the full amount is planned to be requested, and it would be reduced later if a decision is made to go with private donations.

Proposed Offsets (by transfer)

-- $4.1 million from salaries and expenses of the Office of National Drug Control Policy. This reduction from the $17.3 million appropriated for the drug czar is a result of the decision to reduce substantially and reorganize that Office (38 Bush appointees departed and have not been replaced, and since the reorganization many others have left).

-- $0.7 million from the National Space Council. This reduction from the $1.6 million appropriated is a result of the reorganization (there are currently two staff on board).

-- $7.1 million from three Internal Revenue Service accounts (Processing Tax Returns, Tax Law Enforcement and Information Systems).

-- $0.1 million from the National Critical Materials Council. This reduction from the $0.2 million appropriated is a result of the reorganization (there are currently two staff on board).

? CEQ ?

NON-STIMULUS SUPPLEMENTALS TO BE INCLUDED IN 1994 BUDGET
(IN MILLIONS OF DOLLARS)

	BA	Outlays	
	1993	1993	1994

DISCRETIONARY SUPPLEMENTAL REQUESTS:

Executive Office of the President:

	BA 1993	Outlays 1993	Outlays 1994
White House	11.9	---	---
Offsets funded by transfer	-11.9		

Purpose: Funding would be requested for lump sum annual leave and unemployment benefits for departing Bush staff; critical improvements to information, communications, and correspondence systems; and for temporary personnel and equipment needed to recruit and hire 5,000 top Federal employees.

Proposal to be fully offset. Possible offsets include: transfer from ONDCP, partial funding by donations, and rescission of ONDCP R&D funds.

	BA 1993	Outlays 1993	Outlays 1994
Office of the United States Trade Representative, Salaries and expenses	0.8	0.8	---

Purpose: The proposal would provide sufficient FY 1993 operating funds to handle the following two major trade initiatives:

-- Resuming the North American Free Trade Association talks to resolve satisfactorily environment, worker rights, and other issues; and

-- Continuing the Uruguay Round negotiations on the General Agreement onTariffs and Trade to settle remaining areas of disagreement.

Funds Appropriated to the President:

	BA 1993	Outlays 1993	Outlays 1994
Contributions to various international financial institutions	373.7	34.2	43.2

GAO??

Purpose: This proposal would provide funds to pay arrearages, resulting from appropriations cuts, on past payments that the United States has agreed to make to the multilateral development banks.

	BA 1993	Outlays 1993	Outlays 1994
Peacekeeping operations	14.0	9.7	4.3

Purpose: Provides a voluntary contribution for peacekeeping activities in Haiti and the former Yugoslavia.

NON-STIMULUS SUPPLEMENTALS TO BE INCLUDED IN 1994 BUDGET
(IN MILLIONS OF DOLLARS)

	BA 1993	Outlays 1993	Outlays 1994
Department of Agriculture, Soil Conservation Service, Watershed and flood prevention operations	Language	---	---

Purpose: Language is needed to release $12 million in previously appropriated funds to assist victims of Hurricane Andrew. Of the $62 million appropriated for this purpose in the Dire Emergency Supplemental Appropriations Act, $50 million has already been released.

	BA 1993	Outlays 1993	Outlays 1994
Department of Commerce, National Telecommunications and Information Administration	Language	---	---

Purpose: This language would amend supplemental language transmitted on February 22nd in the President's "Stimulus" package. The addition is needed to enable the National Telecommunications and Information Administration to award planning grants for the development of the President's information infrastructure initiative. Currently, planning grants under the public telecommunications facilities program are limited to educational and cultural activities.

	BA 1993	Outlays 1993	Outlays 1994
Department of Defense, National Security Education Trust Fund	Language	3.0	2.0

Purpose: Language would be proposed to release previously appropriated funds, in order to provide scholarships for U.S. students to study abroad in critical area studies, foreign language, and other related fields.

	BA 1993	Outlays 1993	Outlays 1994
Department of Defense-Civil, Army Corps of Engineers	Language	---	---

Purpose: Funds were set aside in the FY 1993 appropriation for the costs of reorganizing the Corps. This language would allow the use of $2 million for S&E to avoid RIFs in FY1993.

	BA 1993	Outlays 1993	Outlays 1994
Department of Education, Student financial assistance	160.0	---	---

Purpose: Non-emergency funding requested to cover shortfall in prior year appropriations.

NON-STIMULUS SUPPLEMENTALS TO BE INCLUDED IN 1994 BUDGET
(IN MILLIONS OF DOLLARS)

	BA 1993	Outlays 1993	Outlays 1994
Department of Health and Human Services:			
Refugee assistance	27.0	14.9	7.9

Purpose: Funds are requested to avoid reduction in benefit from 8 months to 5 months. Level of benefits would be maintained at constant level for 132,000 refugees.

	BA 1993	Outlays 1993	Outlays 1994
Food and Drug Administration	39.0	---	---
Offsetting fees and transfers	-39.0	---	---

Purpose: Language would be proposed to allow FDA to collect user fees from the drug industry. The fees would finance more FDA drug application reviewers and support personnel ($36.0 million). This supplemental would also transfer $3.0 million from HCFA, NIH, and CDC to pay for development of FDA standards for mammography testing.

Department of Housing and Urban Development:

	BA 1993	Outlays 1993	Outlays 1994
Home Investment Partnership Program	Language	---	---

Purpose: Language will be proposed to transfer $100 million in public housing disaster funds to the more flexible HOME program. This transfer will give HUD greater flexiblity in providing housing assistance to South Florida.

	BA 1993	Outlays 1993	Outlays 1994
Salaries and expenses	Language	---	---

Purpose: Language would be proposed to remove micro-management of the Department implemented through appropriatons language provisions enacted in FY's 1992 and 1993.

	BA 1993	Outlays 1993	Outlays 1994
Office of Federal Housing Enterprise Oversight (OFHEO)	Language	---	---

Purpose: Language would authorize HUD to collect assessments from the Federal National Mortgage Association and Federal Home Loan Mortgage Association, to fund the expenses of HUD's OFHEO. This office was established in the Housing and Community Development Act of 1992 (Title XIII) to oversee the financial safety and soundness of the housing GSEs.

NON-STIMULUS SUPPLEMENTALS TO BE INCLUDED IN 1994 BUDGET
(IN MILLIONS OF DOLLARS)

	BA 1993	Outlays 1993	Outlays 1994
HOPE grants	-340.0	---	---
Severely distressed public housing	300.0	---	---
Youthbuild	40.0	---	---

Purpose: Moves funds appropriated to HOPE in FY 1993 to two new accounts that are proposed for FY 1994. Transfer consolidates similar activities under the new account.

	BA 1993	Outlays 1993	Outlays 1994
Department of Interior, Bureau of Indian Affairs, Alaska resupply program	Language	---	---

Purpose: Language would provide authority to transfer funds from other Interior Department appropriations to cover $6 million shortfall in operating expenses.

	BA 1993	Outlays 1993	Outlays 1994
Department of Justice, General provisions	Language	---	---

Purpose: This language would clarify the authority of the Justice Department to receive reimbursement from agencies referring debt to the Department for collection. The reimbursement would cover the cost of tracking and reporting to those agencies the status of debt related to their programs.

	BA 1993	Outlays 1993	Outlays 1994
Department of State, Contribution for international peacekeeping activities	293.0	293.0	---

Purpose: Provides treaty-mandated contributions for peacekeeping activities in Somolia, Mozambique, Angola, and elsewhere.

	BA 1993	Outlays 1993	Outlays 1994
General Services Administration, Allowances and office staff for former presidents	0.2	0.2	---

Purpose: This supplemental would provide funds to cover the cost of a Presidential pension, office staff, travel, and other related expenses associated with former President Bush's retirement.

Other Independent Agencies:

	BA 1993	Outlays 1993	Outlays 1994
Arms Control and Disarmament Agency, S&E	2.0	2.0	---

Purpose: Provides treaty-mandated contributions to new international chemical weapons control organization.

NON-STIMULUS SUPPLEMENTALS TO BE INCLUDED IN 1994 BUDGET
(IN MILLIONS OF DOLLARS)

	BA 1993	Outlays 1993	Outlays 1994
Federal Communications Commission, Salaries and expenses	12.0	11.3	0.7
Purpose: These funds would enable the Federal Communications Commission (FCC) to implement the requirements of the Cable Television Consumer Protection and Competition Act of 1992. The Cable Act mandates regulation of cable television rates in approximately 30,000 communities where cable television is not subject to effective competition.			
National Archives and Records Administration, Operating expenses	3.3	3.3	---
Purpose: This request would provide funds to move former President Bush's Presidential and Vice Presidential records to College Station, Texas. The funds would be used to move, store, and process the former President's records in preparation for permanent storage at the Bush Library.			
USIA	125.0	1.0	14.0
Purpose: Provides for a new VOA transmitter in Kuwait. This request would be offset by a $180 million rescission of funds from the Board for International Broadcasting.			
Board for International Broadcasting	-180.0	-18.0	-60.0
Purpose: Rescinds funds for Israel transmitter to offest funding for the Kuwait transmitter. This is a portion of the proposal to consolidate international broadcasting.			
The Judiciary, Various accounts	98.3	92.6	5.7
Purpose: The largest component of this request is an increase of $70.8 million for the Defender services account. This account pays the expenses of court appointed attorneys for indigent defendants.			

NON-STIMULUS SUPPLEMENTALS TO BE INCLUDED IN 1994 BUDGET
(IN MILLIONS OF DOLLARS)

	BA	Outlays	
	1993	1993	1994
DISCRETIONARY SUPPLEMENTAL TOTALS:			
Total domestic discretionary	**301.6**	**123.1**	**14.3**
Total international discretionary	**627.7**	**321.9**	**1.5**
Total defense discretionary	**0.0**	**3.0**	**2.0**
Total Discretionary Supplementals	**929.3**	**448.0**	**17.8**
MANDATORY SUPPLEMENTAL REQUESTS:			
Department of Veterans Affairs, Compensation and Pensions	147.0	137.0	10.0

Purpose: To cover shortfall in funding for mandatory compensation payments.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: 100,000 Cops: Meeting the Pledge

ISSUE:

During the campaign, in Putting People First, and in recent speeches, the President has made numerous references to increasing the number of State and local law enforcement personnel fighting crime by putting 100,000 new cops on the street. The February 17th document, while including resources for increased law enforcement, did not meet this goal.

DISCUSSION:

The February 17th plan included resources to support approximately 65,000 new cops (or law enforcement equivalent personnel) by 1998. Slightly over half of these new officers are associated with the crime initiative, which is expected to put about 38,000 new police on the streets by 1998. Of the 38,000, 23,000 are associated with a new "Community Policing/Cops on the Beat" program and 15,000 with a new "Police Corps" program. Other programs containing resources for new law enforcement positions include: HUD's Urban Crime Initiative for increased police presence in public housing (approximately 5,000 positions by 1998), Education's Safe Schools program (approximately 2,000 positions by 1998), and various additional programs including the National Service Program (approximately 20,000 positions by 1998).

In order to meet fully the 100,000 cops pledge by 1998, an additional new program is proposed to assist States and localities to hire police. The program would provide subsidies to local law enforcement agencies for the sole purpose of hiring new cops associated with community policing. Resources for this program will come from two sources: 1) the Community Investment Program and 2) an additional 1995-98 sum beyond levels contained in the February 17th document, from $94 million in 1994 to $187 million in 1998. Using these additional resources, approximately 35,000 additional cops are expected to be hired by 1998. The attachment summarizes the programs and estimates used in meeting the 100,000 cops pledge.

Since many of the programs listed above are still in their development stage, general assumptions were made in developing the new cop estimates. These estimates should be considered high-end. As such, the proposal could be criticized for being "patchwork."

Attachment

Meeting the "100,000 cops" pledge in the Clinton Budget proposal

Initiatives related to "100,000 cops" pledge.	1994	1995	1996	1997	1998
Community Policing/Cops on the Beat					
Budget Authority ($ in millions)	50	175	250	300	350
Est. # of New Officers	3,300	11,700	16,700	20,000	23,300
Police Corps Program					
Budget Authority ($ in millions)	25	75	150	150	150
Est. # of Officers Supported	2,500	7,500	15,000	15,000	15,000
HUD Urban Crime Initiative/Other HUD Programs					
Budget Authority ($ in millions)	124	150	150	149	149
Law Enforc. Equiv. Positions	4,100	5,000	5,000	5,000	5,000
DoEd Safe Schools Program					
Budget Authority ($ in millions)	75	100	100	100	100
Law Enforc. Equiv. Positions	600	800	1,300	1,500	2,100
National Service/Other Programs					
Budget Authority ($ in millions)	xxx	xxx	xxx	xxx	xxx
Law Enforce. Equiv. Positions	600	6,100	11,200	17,700	20,000
New Police Hires/Community Policing					
Community Investment Program					
Obligations ($ in millions)	500	0	0	0	0
Est. # of New Officers	13,900	13,900	13,900	13,900	13,900
New Funding					
Budget Authority ($ in millions)	**0**	**94**	**156**	**187**	**187**
Est. # of New Officers	**0**	**5,200**	**10,400**	**15,600**	**20,800**
Total New Officers					
and Equivalent Positions	25,000	51,100	73,500	88,700	100,100

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: EPA: Operating Budget Funding Level Confirmation

ISSUE:

Concerns have been raised about EPA's proposed FY 1994 operating budget as compared to the FY 1993 enacted level.

DISCUSSION:

EPA's operating budget provides funding for research, rule development, state grants, enforcement, and administration. It has traditionally been viewed by the environmental community as an important symbol of an Administration's commitment to the environment. The Friends of the Earth have already written the Vice President expressing concern about EPA's operating budget level. As the attached chart shows, EPA's operating budget received increased funding for several investment initiatives and was not targeted for any programmatic reductions. However, the final operating budget level for FY 1994 is only $1 million higher than the FY 1993 enacted level. This is because increases were offset by technical adjustments and government-wide reductions.

Attachment

Attachment

Operating Budget Crosswalk
(BA $ in millions)

Enacted Operating Budget	**2,744**
Inflation	+94
Clinton Baseline	**2,838**
Investment	
Green Programs	+15
Watershed Resource Restoration	+30
Environmental Technology	+36
FCCSET Research	+7
Operating Budget (Programmatic Level)	**2,926**
Technical Adjustments	
Eliminating one-time building projects	-98
FTS price reduction	-1
Cross-cutting, government-wide savings	
Streamling savings	-32
FTE Reduction	-15
Pay: Policy adjustment	-26
Other administrative efficiencies	-5
Limits on R&D grant overhead	-3
Clinton Operating Budget	**2,745**

==

Total EPA Discretionary Funding
(BA $ in millions)

	FY 93 Enacted	FY 94 Budget	FY 95 Projected
EPA Operating Budget	2,744	2,745	2,865
Construction Programs	2,500	1,947	3,150
Clean-up Programs	1,649	1,571	1,593
Total EPA Discretionary	**6,892** 1/	**6,263**	**7,608**

1/ Does not include $916 million in proposed stimulus funding for EPA.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: FTE Executive Order Exemptions

ISSUE:

A number of agencies have requested, or are expected to request, exemptions from Executive Order 12839, "Reduction of 100,000 Federal Positions".

DISCUSSION:

Since February 17th, several changes have been made to the reductions included in the Vision document. The overall reduction in FY 1993 is now 0.5 percent. The target is one percent. By FY 1995, however, 108.7 thousand FTE (5.1 percent) will be cut. Major changes from February 17th are:

- no FY 1993 reduction to DOD (the DOD base is 45,600 below the FY 1992 actual);
- an additional 4,500 FTEs for VA medical care in FY 1994;
- exemptions for EEOC and Panama Canal Commission.

Among other appeals that will be considered after the FY 1994 Budget is submitted are:

- Justice: newly opening prisons staffing and INS;
- IRS: collection enforcement;
- Commerce: National Weather Service upgrade;
- Labor: dislocated workers, Job Corps, youth apprenticeship;
- Education: loans processing;
- FCC, cable regulation.

A formal review process will be used for FTE appeals. Criteria for granting appeals will include:

- relationship to Administration initiatives, e.g., investment;
- efficiency in use of existing FTEs;
- ability to absorb reductions in non-priority programs;
- ability to offset expenditures.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Gaming facilities on Indian reservations

ISSUE:

Objections have been raised concerning the use of Bureau of Indian Affairs (BIA) loan guarantees for the financing of Indian gaming facilities.

DISCUSSION:

Both the stimulus package and the FY 1994 Budget had originally included BIA loan guarantees to tribes providing construction capital for new business ventures and other projects (Tribal administrative facilities, hotels, and gaming facilities). BIA loan guarantees often provide the only source of capital for starting businesses on Indian reservations and providing job opportunities for tribal members. The FY 1994 Budget proposed $8.8 million in budget authority to guarantee $53.6 million in loans.

Representative Obey raised concern that the Administration's stimulus package for BIA economic development included funds to subsidize loan guarantees for Indian gaming facilities, specifically for building casinos on Indian reservations in Wisconsin. As a result, Secretary Babbitt sent a letter to the Interior Subcommittee on Appropriations dated March 9th requesting that the funds included in the stimulus package for BIA loan guarantees would be better used if appropriated to the BIA construction program to build juvenile detention facilities.
The Administration had no objection to that change.

For the FY 1994 Budget, OMB concluded that appropriations language will be included in the Department of the Interior's budget, to prohibit the use of loan guarantee funds for gaming facilities. Department of the Interior objects to this prohibitive language.

Senator Inouye, Chairman for the Select Committee on Indian Affairs, and tribal leaders will likely object to both actions. Senator Inouye may argue that any such significant change in policy should be the subject of "consultation" between the Federal Government and tribes before such a change in policy is made.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Gas Tax: Allocation Between Highways and Transit

ISSUE:

The President's Budget will propose that the 2.5 cents per gallon fuel tax that is currently used for deficit reduction be extended beyond FY 1995 and used to ensure the solvency of the Highway Trust Fund. This proposal raises the following issue: How much, if any, of the 2.5 cents should be credited to the Mass Transit Account within the Highway Trust Fund?

distribute accordingly to fund [illegible] fully fund ISTEA

DISCUSSION:

The Highway Account of the Highway Trust Fund has a greater need for additional revenue than the Transit Account. For example, by the end of FY 1995 the Highway Account's commitments will exceed its cash balance by $37 billion. Conversely, the Transit Account's cash balance will ~~exceed its commitments by $4~~ billion.

Notwithstanding the Highway Account's greater need, the consensus of those representing mass transit and the cities is that transit should receive 20 percent of the 2.5 cents. This is the percentage of gas tax increases transit has received in the past.

[illegible]

The Budget will propose to give 10 percent, or .25 cents, of the 2.5 cents to the Transit Account and the remainder to the Highway Account.

This allocation was recommended by both OMB and the Secretary of Transportation. Under this approach, the Highway Account is projected to be solvent through 1998. The Transit Account would be solvent through FY 1999. Both accounts would be able to sustain proposed funding levels beyond the current authorization period, which ends in FY 1997.

Secretary Pena has consulted with Chairmen Mineta and Moynihan on this issue. DOT has also consulted with Ways and Means and Senate Finance Committee staffs.

Big ISTEA $ 1?

[illegible]

conservation & renewables.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Judiciary Funding

ISSUE:

The estimates supporting the February 17th document, A Vision of Change for America, included a negative allowance for the Judiciary. The purpose of this negative allowance was to reduce the Judiciary's excessive budget request to the baseline level, thereby making the request conceptually comparable to the request of the Executive Branch. The Judiciary strenuously opposed this presentation.

DISCUSSION:

As a separate branch of Government, the Judiciary is legally exempt from normal Executive Branch budgetary review. Each year, the Judiciary submits a budget that is unconstrained by the fiscal limitations applied to the Executive Branch. These budgets normally request large increases for Judicial activities, anticipating that Congress will appropriate something much less.

The Judiciary's FY 1994 budget request would add over $574 million above inflation to its FY 1993 enacted level of funding. By FY 1998, Judiciary's budget would double, with growth exceeding inflation by $2.4 billion. If accommodated within Federal totals, the Judiciary's growth would erode the Administration's ability to fund its priorities.

To bring the Judiciary's total budget request more in line with funding levels sought by the rest of the Federal Government, an offset was created and included in the February 17th estimates. The offset reduced the Judiciary's bottom line total to a level more consistent with the rest of the Government. Judge Arnold, Chairman of the Budget Committee of the Judicial Conference, objected strenuously and requested that the offset be withdrawn.

To address Judge Arnold's concerns, OMB modified its approach by establishing a more general adjustment that combines reductions for both the Judicial and Legislative Branches and applies the resulting adjustment to the entirety of the Federal budget. This approach accomplishes the same goals of budget reduction without specifically singling out the Judiciary. The reduction will appear in the budget as an "adjustment for accounts not subject to Executive Branch review."

This change of treatment has been accepted by Judge Arnold.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Land Acquisition

ISSUE:

Sensitivity of the environmental community to the Department of the Interior's (DOI) FY 1994 recommendation for land acquisition.

DISCUSSION:

The OMB February 17th passback to DOI for FY 1994 land acquisition assumed baseline ($229 million in budget authority). Under flexibility granted to Secretary Babbitt, significant reductions for land acquisition are proposed by DOI (-$89 million below baseline). As a result, FY 1994 land acquisition funding for both DOI and Forest Service (USDA) totals $203 million, the lowest land acquisition total since the FY 1988 appropriation of $170 million. (However, the USDA mark for the Forest Service is above the enacted level.)

The environmental community has historically used land acquisition requests as a measure for an Administration's commitment to their issues. Secretary Babbitt is aware of the sensitivity of his request and personally made the decision regarding land acquisition. He strongly believes that an expanded and more aggressive program of land exchanges will meet Federal needs at a lower cost.

Attachment

LAND AND WATER CONSERVATION FUND (LWCF)
LAND ACQUISITION
(BA in millions)

Agency/ Bureau	Actual FY 1992	FY 1993 Bush Budget	FY 1993 Enacted	FY 1994 Baseline	FY 1994 Agency Allocation*	Difference Baseline to Allocation
National Park Service:						
Federal Land Acquisition	82	84	90	93	50	(43)
State Grants	23	60	28	29	28	(1)
Fish and Wildlife Service	99	80	76	78	50	(28)
Bureau of Land Management	25	42	28	29	11	(17)
Subtotal--Dept. of the Interior	**229**	**266**	**221**	**229**	**139**	**(89)**
Forest Service (USDA)	88	100	62	65	64	(1)
TOTAL, LWCF FUNDING	**317**	**366**	**284**	**293**	**203**	**(90)**

* **Proposed**

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Legal Services Corporation

ISSUE:

The Legal Services Corporation has operated without an authorization since 1980. Detailed and lengthy appropriations language has evolved in the interim.

Last year's appropriations language included general provisions prohibiting the expenditure of funds "for any purpose prohibited or limited by or contrary to" the many provisos set forth in the FY91 appropriations language or authorizing language that might be enacted during the fiscal year.

The provisos from FY 1991 include, for example, that none of the funds appropriated under the Act may be used, ".... by the Corporation or any recipient to participate in any litigation with respect to abortion," or "... to pay for any publicity or propaganda intended or designed to support or defeat legislation pending before Congress or State or local legislative bodies or intended or designed to influence any decision by a Federal, State, or local agency," or "... to pay for any personal service, advertisement, telegram, telephone communication, letter, printed or written matter, or any other device intended to influence any Member of Congress or any other Federal, State, or local elected official to favor or oppose any Act, bill, resolution, or similar legislation..."

A Vision of Change for America did not consider an appropriations or authorization strategy for the LSC.

DISCUSSION:

A reauthorization will be proposed. In expectation of a reauthorization which will address all these issues, the FY94 Budget will propose all of last year's appropriations language be deleted but for the basic request for funds. To retain flexibility for an incoming Board, the language will propose that funds be available monthly until a new Board is confirmed.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Medical Assistance to Undocumented Aliens

ISSUE:

Some States incur disproportionately high costs for providing services to undocumented aliens. Hospitals provide emergency care to the uninsured, including undocumented aliens, in many cases without compensation. This program would provide Medicaid grants to States to help offset these medical costs for States that bear a particularly large share of the burden for such care.

DISCUSSION:

This program is based on an investment item advanced in A Vision of Change for America. Medicaid, under current law, does not provide funding specifically for medical care for undocumented aliens. This proposal was initiated to assist California and other states that bear a relatively large share of the burden for such care.

Currently, States receive State Legalization Impact Assistance Grants (SLIAG) and Refugee Resettlement aid to assist with the cost of eligible legalized aliens and refugees. States that receive such aid for recently legalized residents are also likely to have relatively high costs for medical assistance for residents who are undocumented. Under this proposal, the Federal Government would allocate up to $400 million in discretionary funds annually as supplemental Medicaid grants to States. Allocations would be based upon SLIAG allocations in the first year -- as a proxy for State medical costs for undocumented residents. In the second and third years, grants would be allocated based upon actual past medical spending on undocumented aliens.

California has a particularly large population of undocumented residents and would be expected to receive at least 50 percent of the funding ($200 million per year). Texas, New York, and Florida also have relatively high populations of illegal immigrants, and would be expected to receive funds.

The Budget will seek authorization for three years to spend $400 million annually for Medicaid grants to States for medical assistance for undocumented aliens.

Attachment

FEDERAL ASSISTANCE TO CALIFORNIA FOR UNDOCUMENTED AND DOCUMENTED ALIENS IN FY 1994

Federal Programs Targeted to Undocumented Aliens

Agency	Type of Assistance	Federal Assistance ($ in millions)
Health and Human Services	Medicaid: Medical Assistance for Undocumented Residents	200.0
Justice Immigration and Naturalization Service		
	Detention and Deportation	5.2
	Inspections	2.6
	Investigations	0.6
	Legal	0.3
	subtotal	208.7

Federal Programs Targeted to Documented Aliens

Agency	Type of Assistance	Federal Assistance ($ in millions)
Health and Human Services	Food Stamps	300.0
	Head Start	20.0
	Refugee Resettlement Assistance	101.0
	State Legalization and Impact Assistance Grants (SLIAG)	511.0
State Department	Migration and Refugee Assistance	21.0
Education	Chapter 1 grants for compensatory education services to migrant children	100.4
	Immigrant education to school districts	12.0
	subtotal	1065.4
Federal Assistance to Aliens	**Total**	1274.1

NOTE: The information contained in this summary document reflects data readily identifiable on Federal funds expended in the State of California. It is based on the economic plan as of February 17, 1993. Estimates are based on allocation formulas in current law, as modified by the President's proposals, and assume that the plan is enacted as proposed.

In FY 1994, these Health and Human Services programs will provide Federal assistance to California, some of which will go to undocumented and documented aliens. However, the proportion spent on aliens is unknown.

Agency	Type of Assistance
Health and Human Services	
	Aid to Families with Dependent Children (AFDC)
	Child Care Block Grants
	Earned Income Credits
	Medicaid: Disproportionate Share Hospitals (DSH)
	Nutrition Assistance
	Old Age and Survivors Disablity Insurance (OASDI)
	Parenting and Family Support
	Social Services Block Grant
	Supplemental Security Income (SSI)

Note:
US Department of Education Grant Program funds are available for any child or adult who meets the authorizing statute's service criteria. Resident status is not an eligibility criterion. The number of undocumented aliens participating in education programs is unknown.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Pell Grant Program

ISSUE:

Cost saving legislative changes in the Pell Grant program needed to maintain the maximum grant amount at the current level.

DISCUSSION:

Of the funds allocated to the Education Department for FY 1994, Secretary Riley has allotted $6.3 billion for Pell grants, $.6 billion over the FY 1993 level.

He proposes to maintain the Pell grant maximum award at $2,300. In order to do this within the amounts available for the FY 1994 Budget, he also proposes to require each student with family income over $15,000 to provide a minimum contribution: $500, rising with income.

This proposal saves $620 million. The effect of this change is to eliminate 160,000 recipients with incomes over $15,000. Total recipients, however, increase 200,000 over FY 1993 to a total of 4.6 million.

Secretary Riley's staff discussed Pell limitations with authorizing committee staff. The Secretary had wanted more eligibility limits in order to fund a $100 increase to the maximum award, but committee staff preferred no increase in the maximum if that required additional eligibility constraints.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Refugee Resettlement Program

ISSUE:

The Refugee Resettlement Program provides social services, cash and medical assistance to refugees newly arrived in the U.S. The Department of Health & Human Services (HHS) requested a FY 1993 supplemental appropriation of $27 million, in addition to the currently appropriated $381 million, to allow States to continue to pay eight months of benefits to eligible refugees in FY 1993. To continue the level of benefits in FY 1994, HHS also requested an additional $39 million over the initial FY 1994 funding level passed back from OMB, for a total of $420 million.

DISCUSSION:

Both of HHS's appeals were granted in full.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: Timber Sales: FY 1994 Level

ISSUE:

What level of timber sales and receipts from National Forests (USDA/Forest Service) should be assumed for FY 1994?

DISCUSSION:

Annually, the President's budget request to Congress has included total sales volume estimates for timber to be offered for sale by the Forest Service. Attention is given by both timber and environmental groups to the projected timber sales volume requested by the President and the volume funded by Congress through annual appropriations. Forest Service timber sales peaked in the early to mid-1980s at around 12 BBF (billion board feet) nationwide. In FY 1990, volume began to drop significantly as compared to the historical trend due, in part, to the spotted owl issue in the Pacific Northwest where roughly 25 percent of total Forest Service sales volume is achieved. Since that time, Federal court injunctions have limited timber sales in affected owl territory. In FY 1992, the Forest Service offered for sale 5.1 BBF, down from 6.2 BBF in FY 1991.

The Budget will assume a continuation of the FYs 1992 and 1993 sales levels, with additional reductions for phasing out below-cost sales (as announced in the February 17th document). Assume higher timber prices as projected by the Forest Service.

After the scheduled Forest Conference, additional sales volume could be added to reflect resolution of the problems in the Pacific Northwest. Due to sustained harvest levels and recent timber price increases, estimated Forest Service timber receipts actually increase in FY 1994 compared to actual and estimated receipts in FYs 1992 and 1993. Assuming a conservative level of timber sales in the baseline now will greatly reduce the likelihood of pay-as-you-go scoring costs from any legislation resulting from the Forest Conference. However, it may generate short-term criticism that the Administration is pre-judging the Forest Conference outcome.

POLICY MODIFICATION SINCE FEBRUARY 17TH

SUBJECT: University Research and Development (R&D) Overhead

ISSUE:

The savings estimate in A Vision of Change for America for placing upper limits on overhead payments for civilian research and development (R&D) at colleges and universities has been modified to apply to civilian R&D generally instead of explicitly to overhead.

DISCUSSION:

Research grants to colleges and universities by Federal departments and agencies (notably including HHS, NSF, NASA, and Energy), cover both direct research costs and overhead costs. The February 17th plan assumed savings of $1.2 billion in outlays from FYs 1994 through 1997 from placing limits on civilian Federal overhead payment rates on university R&D.

Major research universities strenuously objected to this policy. The budget reduction has been revised to apply to the overall level of Federally-sponsored civilian R&D at colleges and universities, no longer targeting overhead payment rates.

TABLE OF CONTENTS

	Page
The Federal Government Dollar	
Summary Information:	
Economic Projections	
Federal Receipts	
User Fees and Other Collections	
Trust Funds and Federal Funds	
Federal Borrowing and Debt	
Federal Employment	
Federal Research and Development Expenditures	
Federal Credit	
Federal Investment Outlays	
Federal Aid to State and Local Governments	
National Income and Product Accounts	
Comparison of Actual to Estimated Totals for 1992	
Relationship of Budget Authority to Outlays	
Discretionary Proposals by Appropriations Subcommittee	
Off-Budget Federal Entities	
Reductions in Administrative Costs	
Progress Report: Correction of High Risk Areas	
Budget Enforcement Act Preview Report	
Current Services Estimates	

APPENDIX

Federal Programs by Function and Subfunction	
Federal Programs by Agency and Account	
Detailed Budget Estimates:	
Explanation of Estimates	
Governmentwide General Provisions	
Detailed Budget Estimates by Agency:	
Legislative Branch	
The Judiciary	
Executive Office of the President	
Funds Appropriated to the President	
Department of Agriculture	
Department of Commerce	
Department of Defense—Military	

Page

Department of Defense—Civil
Department of Education
Department of Energy
Department of Health and Human Services, except Social Security
Department of Health and Human Services, Social Security
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
Environmental Protection Agency
General Services Administration
National Aeronautics and Space Administration
Office of Personnel Management
Small Business Administration
Other Independent agencies
Stimulus and Other Supplemental Proposals
Investment Proposals
Amendments to and Revisions in Budget Authority for 1993
Advance Appropriations, Advance Funding, and Forward Funding for 1994
Estimates for Government-Sponsored Enterprises
Glossary of Budget Terms
List of Charts and Tables
Index