

**PHOTOCOPY
PRESERVATION**

THE WHITE HOUSE

WASHINGTON

August 2, 1993

MEMORANDUM FOR CAROL RASCO

FROM: BRIAN BURKE^{EB}

SUBJECT: DISCUSSION WITH EPA ON FY 95 BUDGET

UPDATE ON THE FLOOD/ENVIRONMENT

The flood is causing significant environmental damage in the Mississippi and Missouri river basins.

In sum, underground fuel tanks have sprung out of the ground and leaked into water. Drums of hazardous and chemical waste have been swept away along with products ranging from drain cleaners to insecticides and paint thinners. Large quantities of chemicals, fertilizers and pesticides have been swept from chemical storage facilities and farm supply facilities. Additionally, more than 20 waste treatment plants in the Missouri Valley are spilling raw sewage into the rivers. EPA will soon inspect certain large hazardous waste storage and waste treatment facilities to determine the extent to which there have been releases. Regarding trash, more than 16,000 tons of waste has been collected so far--more than three times the usual amount. EPA will offer technical assistance in burning the waste and will monitor the air around the fires.

On Thursday I accompanied Kathi to an OMB/DPC meeting to discuss funding with State and NGA officials. The Vice President will be chairing a long-term environmental restoration effort for the flood area, however, that initiative is still in the early stages.

EPA'S FY 95 BUDGET PRIORITIES AND ISSUES

The EPA FY 95 budget dialogue with OMB was rescheduled without notice. However, OMB and EPA's staffers identify the following issues as important to EPA in the upcoming budget cycle. Attached hereto are copies of budget materials I recently received from EPA.

Administrator Browner has established the following priorities for EPA: 1) pollution prevention and voluntary programs; 2) ecosystem protection; 3) multi-media regulations; 4) environmental justice; 5) state, local and tribal partnerships;

6) contract management; 7) environmental technology; 8) constituent outreach on the importance of environmental protection; 9) market-based approaches; 10) financial management.

The following are EPA's important management and budget issues: a) permit fees (also NPR issue); b) FTE's (also NPR issue); operating program budget level; c) contract management, (also NPR issue); d) unreliable accounts receivable information, primarily for Superfund; and, e) delinquent civil monetary penalties.

THE EPA BUDGET

a. Setting Priorities and Strategies for Environmental Protection

EPA has between 60-80 Committees or Subcommittees of Congress which have some oversight responsibility. This oversight dynamic results in EPA receiving conflicting guidance, appropriations and priorities. Often there is little connection or interrelationship between the statutes because each committee focuses and is concerned with differing interests. Further frustrating the dynamic is the fact that the committees direct EPA to address environmental risks based on public perception, not science.¹ Consequently, scientifically proven high risk environmental concerns do not always get priority attention. In short, no one committee supports the whole, and there is no multi-media, holistic, vision for environmental protection. There is a need to review the nations environmental protection scheme and to reorganize. Such a review is essential for cross agency budget purposes also. T.J. Glothier of OMB is in the early stages of forming a group to begin the process of enhancing inter-agency environmental budgeting and overall cooperation in environmental protection.

b. EPA Can Not Meet FTE Reduction Targets

EPA has the majority of the federal governments environmental programs but has a comparatively low level of overall operating monies. Specifically, EPA's operating programs have not kept pace with the federal environmental investments, and more investments are on the way. EPA has a strong argument that it should be in an FTE "growth Mode" to meet the new

¹ A recent Roper poll compared the perspectives on environmental risk: science and the public. The results reveal that science and the public view environmental risks differently. Of the environmental issues addressed in the President's FY 94 budget, scientists ranked 33.5% as higher risk. The public ranked 74.9% of the same issues to be of higher concern.

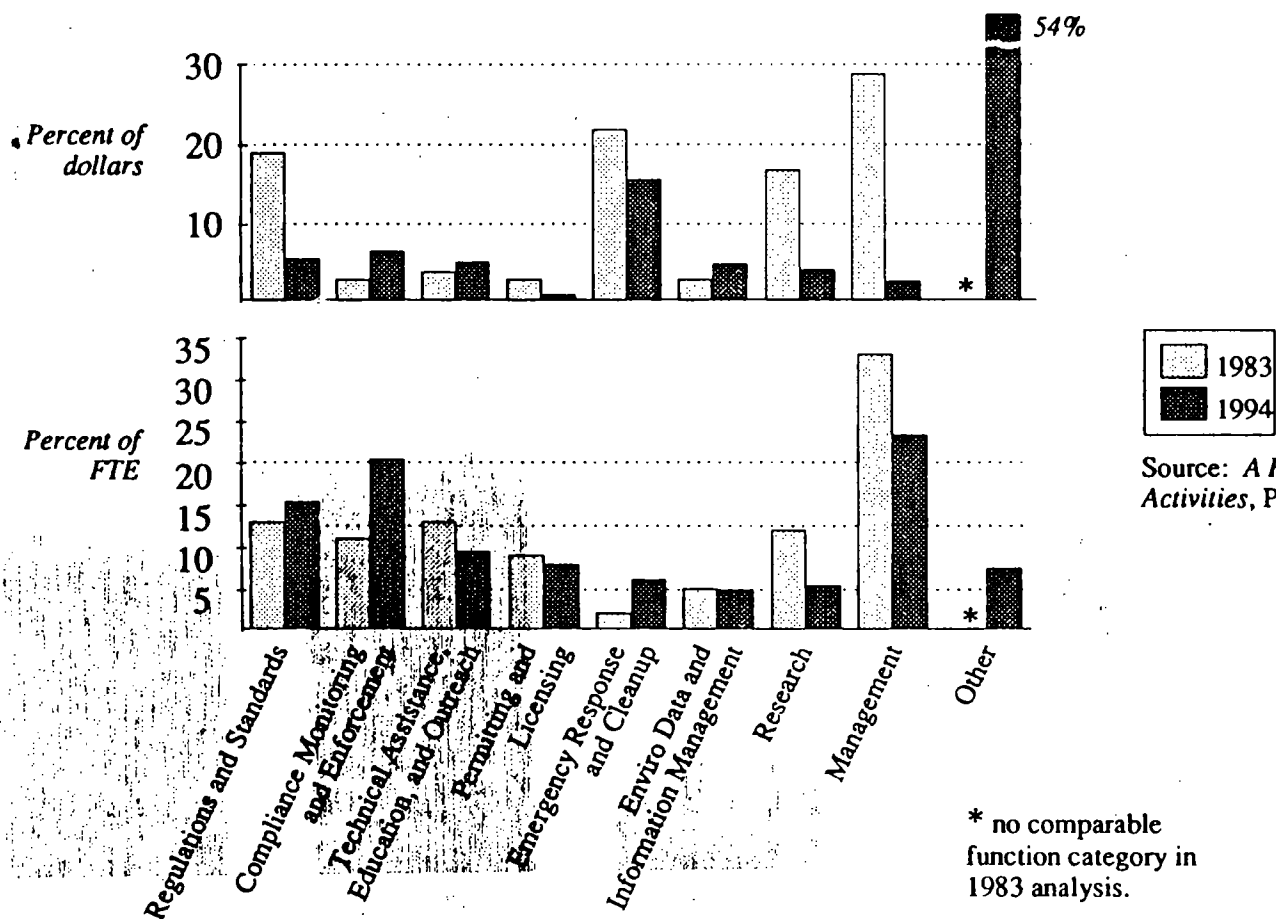
responsibilities which are set forth below.

EPA's Unmet FTE needs total 540. To satisfy Presidential investments EPA will need FTE's in the following areas: Green Programs (15), Environmental Technology Initiative (75), Safe Drinking Water Act (50), NPS (25). Additional, FTE's may be needed for existing and new legislation as follows: Pollution Prosecution Act (designed to increase EPA's criminal and civil investigators) (100), Federal Facility compliance (65), Base Closures (100), Waste Isolation Pilot Project (60), NAFTA (50). Unknown FTE needs will involve; Cabinet status, Indoor Air, Radon, Clean Water Act reauthorization, Pesticide Reform, Superfund reauthorization, and Global Climate Change (Montreal Protocol).

EPA may request an exemption from the across-the-board FTE reduction as well as additional FTE's to convert contractors to EPA employees in order to address Chairman Dingell's criticisms of EPA's contracts management.

There will be additional EPA budget discussions over the next several weeks. I will update you accordingly.

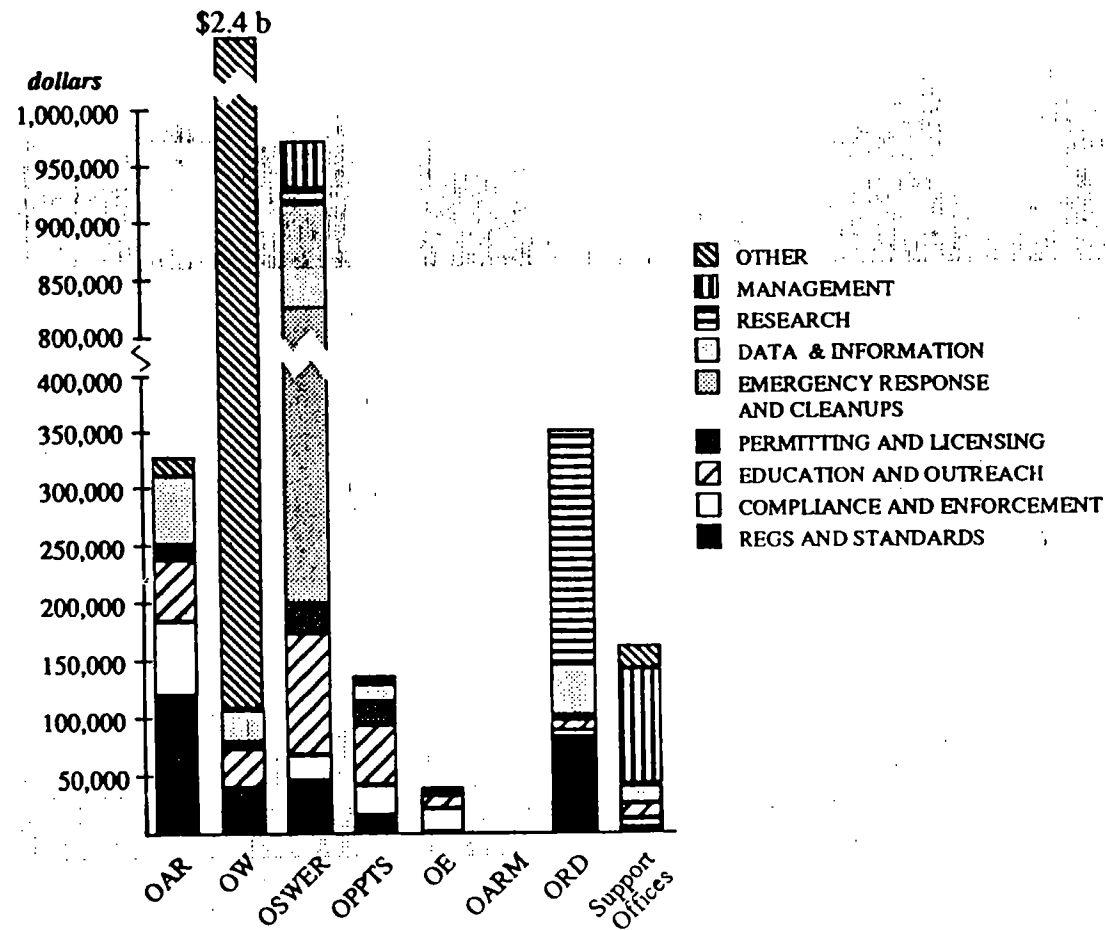
A Comparison of Agency Activities 1983 and 1993



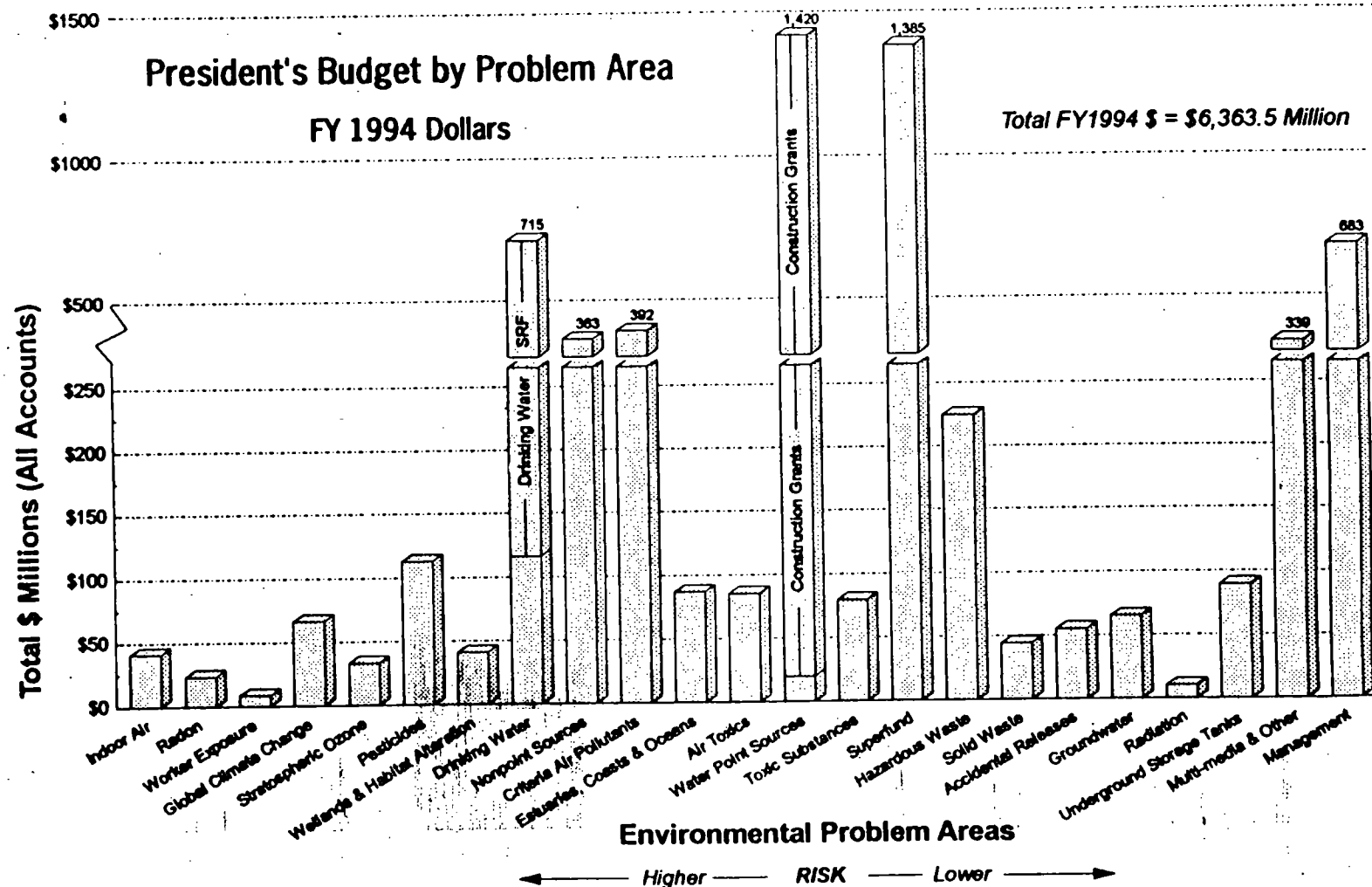
Source: *A Profile of EPA Activities*, PED/OPPE, 1983

Functions by Program Office

FY 1994 President's Budget (Extramural Dollars)

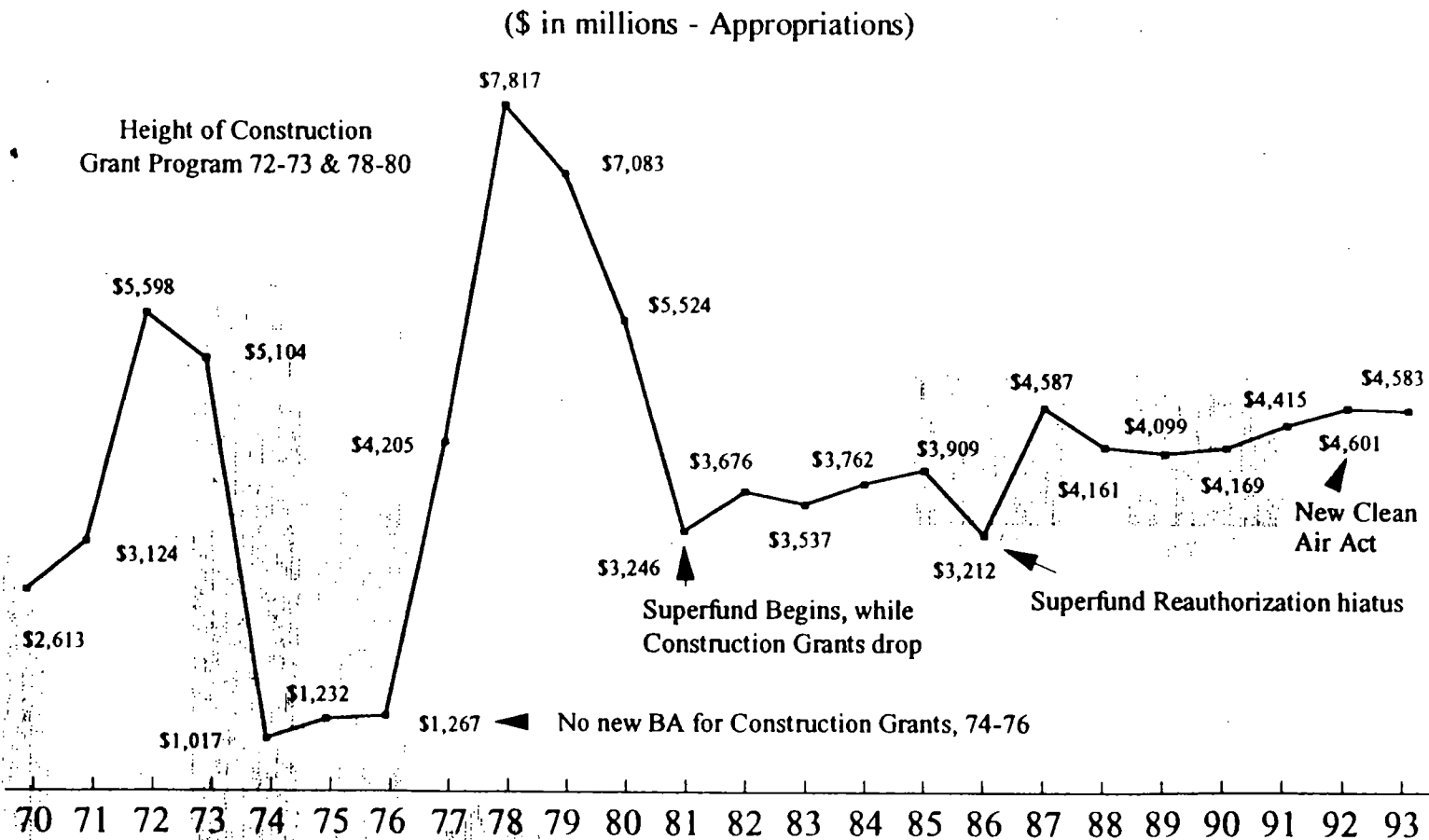


Budgeting Across Problem Areas



Note: This problem area ordering does not in any way constitute a definitive risk ranking.

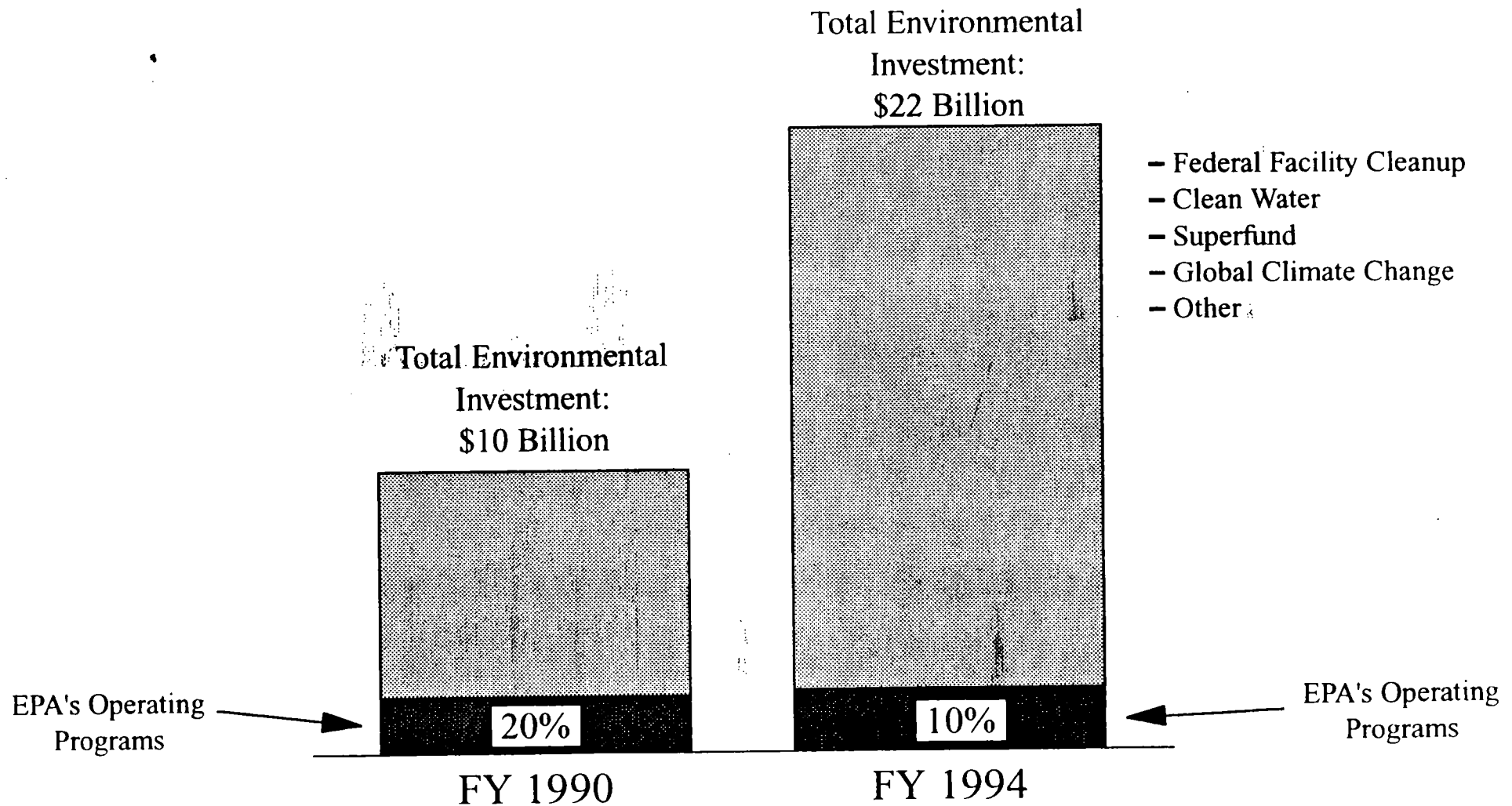
EPA Budget History in 1982 Constant Dollars



Note: No carryover included in totals

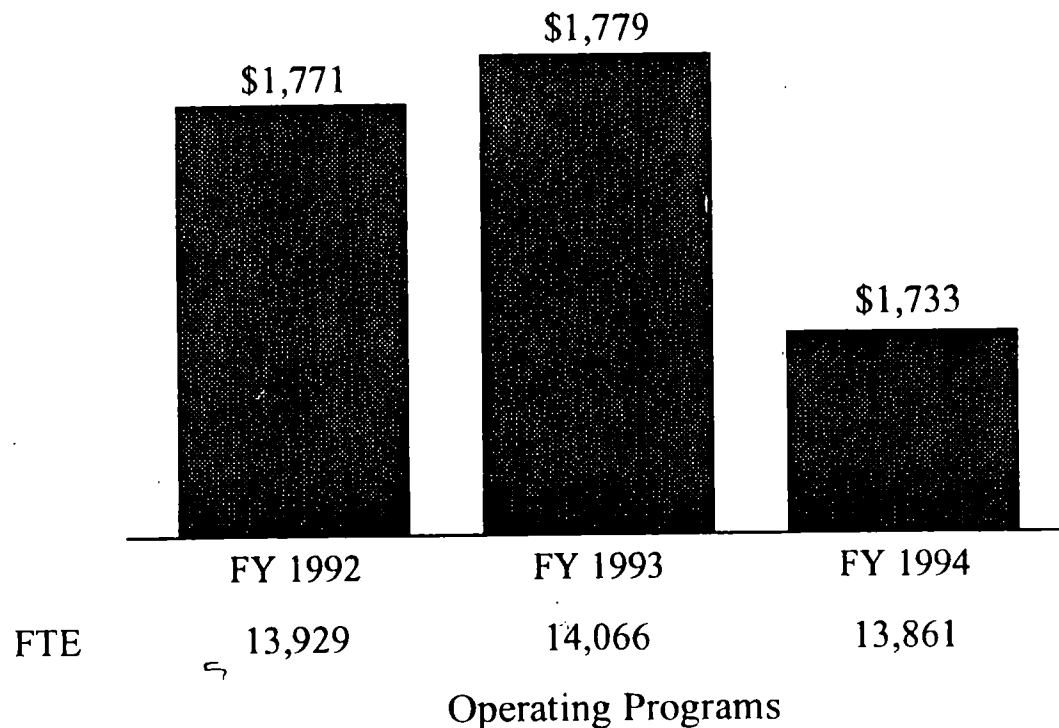
Overview

Growth in EPA's Operating Programs Has Not Kept Pace with the Federal Environmental Investments



Operating Program Resources Do Not Meet Increasing Demands

(Dollars in Millions)
~~1982~~ 1982 Constant Dollars
 9

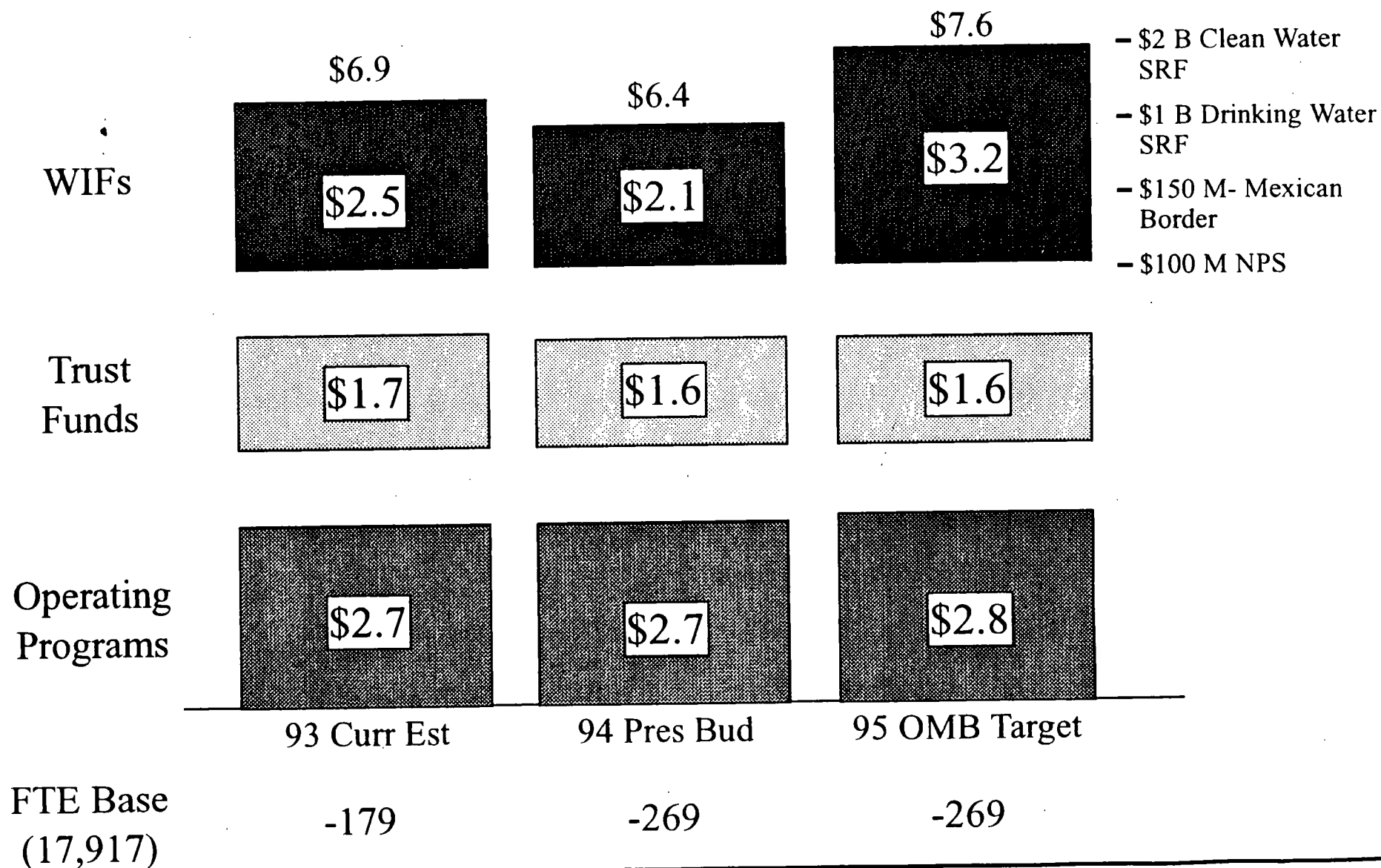


Resource Shortfalls

- ✓ Existing Legislation
 - Clean Air Act
 - Pollution Prosecution Act
 - Oil Pollution Act
 - Federal Facilities Compliance
 - RCRA
- ✓ New Legislation
 - Safe Drinking Water Act
 - Indoor Air
 - Clean Water Act
 - Base Closures
 - Water Pilot Project
- ✓ Other
 - NAFTA ^{BORDER} 40-50 Staff?
 - Montreal Facilitation - Climate change

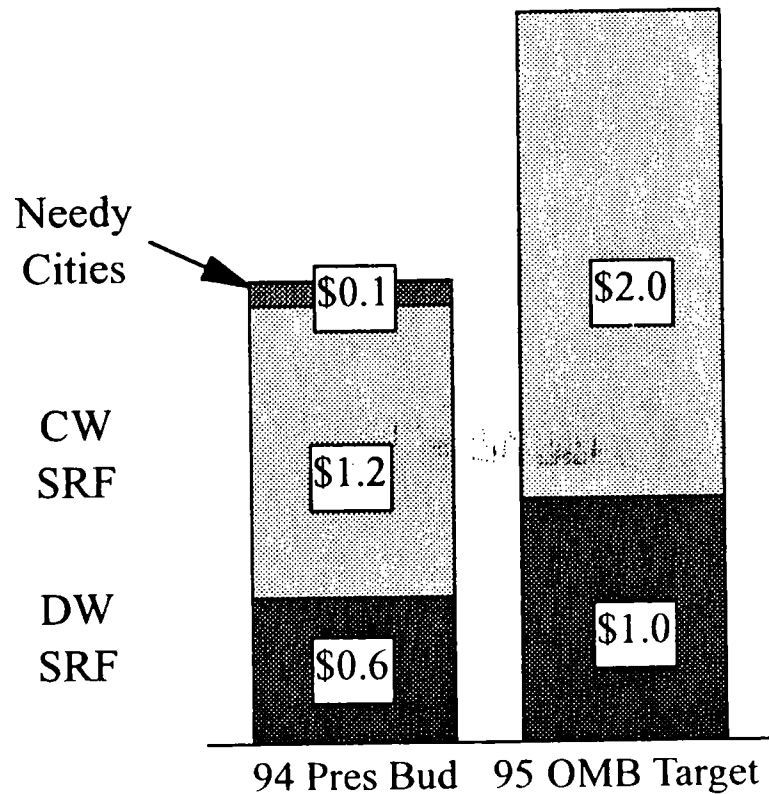
FY 1995 Outlook

(\$ in Billions)



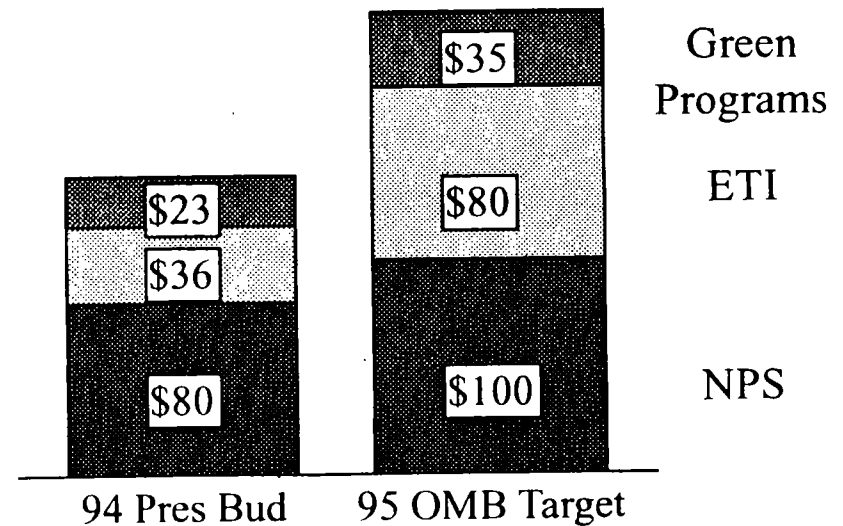
Vision for America: Investments Increase from \$2B in FY 94 to \$3.2B in FY 95 (+60%)

WIFs



(\$ in Billions)

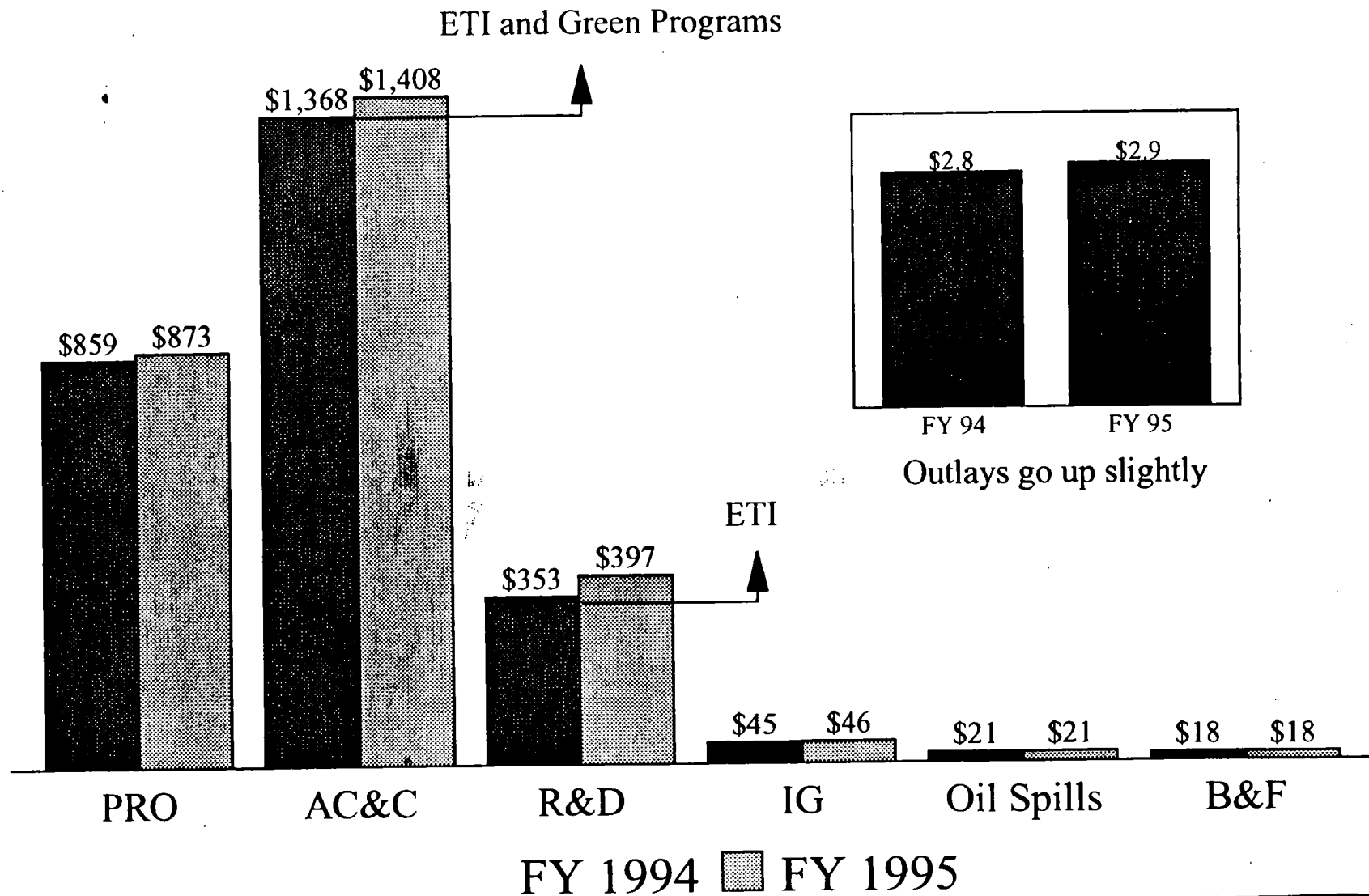
Operating Programs



(\$ in Millions)

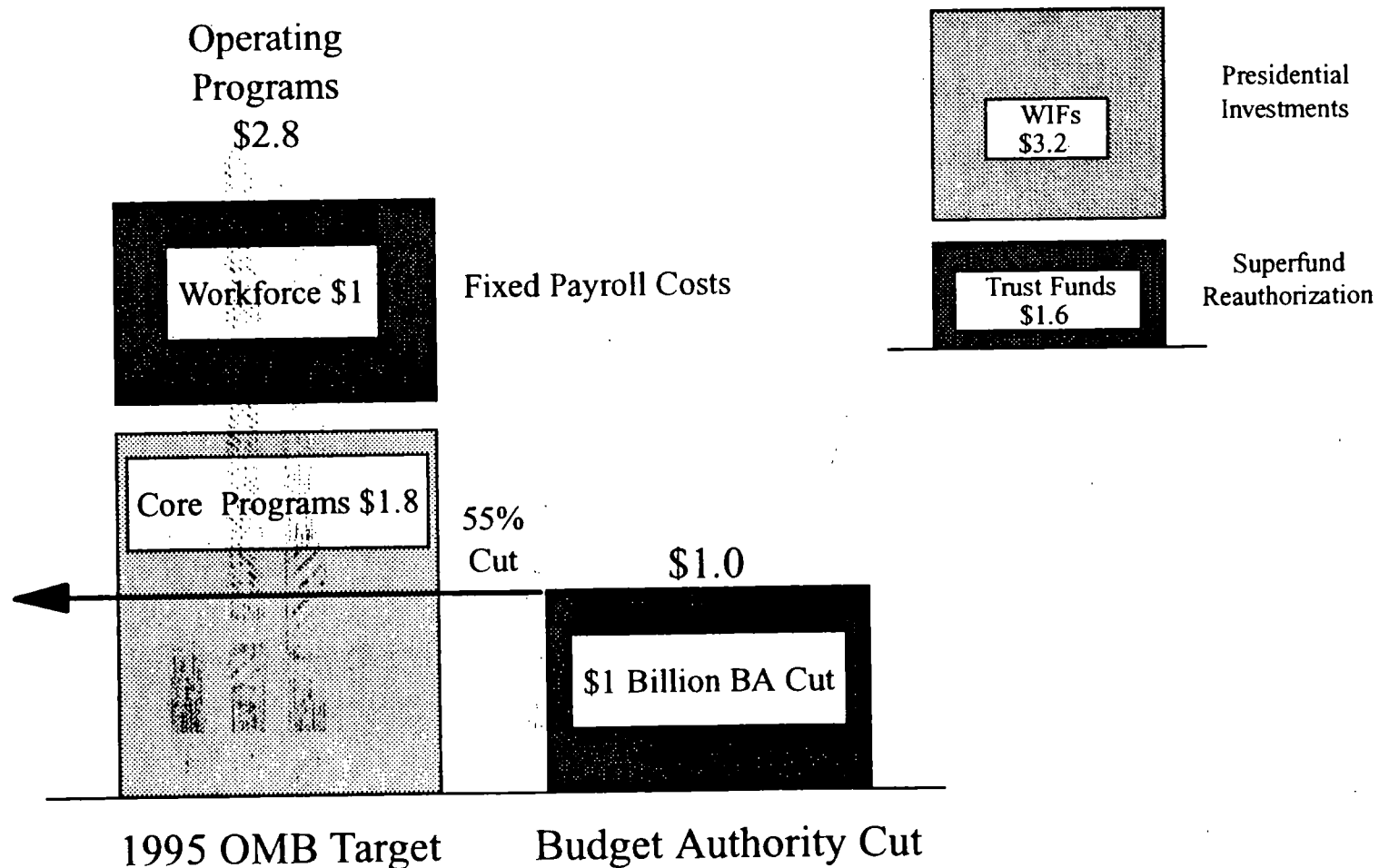
OMB's Operating Programs Target Provides Growth only for Presidential Investments

(\$ in Millions)



A \$420 Million Outlay Reduction Would Require a 55% Cut to Our Core Operating Programs

(Dollars in Billions)



Agency Needs Relief From the FTE Reduction Target and New Workyears to Meet Critical Needs

- EPA's diverse mission requires a wide range of highly-specialized skills
- Our current workforce is over-leveraged
- The Agency should be in a "Growth Mode" to meet new responsibilities
 - Base Closures
 - Waste Isolation Pilot Project
 - Pollution Prosecution
- We cannot address critical Agency needs and meet the FTE reduction targets through attrition alone
 - Attrition has dropped from 11% in FY 90 to 2% in FY 93
- To meet new responsibilities, current staff will have to be RIF'd in order to hire new staff in specialized areas

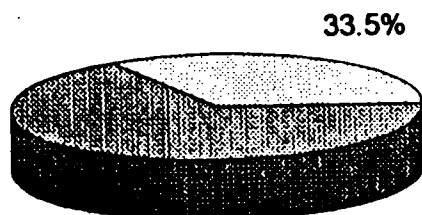
Perspectives on Risk: Science and Public

Two Ways of Looking at EPA's FY 1994 President's Budget

Science Ranking

Higher Risk	Lower Risk
Indoor Air Pollution	Water Point Sources
Radon	Toxic Substances
Worker Exposure	Superfund
Climate Change	Hazardous Waste
Stratospheric Ozone	Solid Waste
Pesticides	Accidental Releases
Wetlands & Habitat Alteration	Groundwater
Drinking Water	Radiation
Nonpoint Sources	Underground Storage Tanks
Criteria Air Pollutants	Multi-media & Other Management
Estuaries, Coasts & Oceans	
Air Toxics	

Higher Risk ☐
Lower Risk ☒



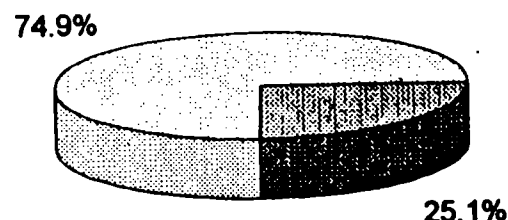
66.5%

Science

Roper Poll Ranking

Higher Concern	Lower Concern
Hazardous Waste	Accidental Releases
Radiation	Climate Change
Stratospheric Ozone	Drinking Water
Superfund	Pesticides
Worker Exposure	Solid Waste
Criteria Air Pollutants	Wetlands & Habitat Alteration
Estuaries, Coasts & Oceans	Nonpoint Sources
Underground Storage Tanks	Indoor Air Pollution
Water Point Sources	Radon
Toxic Substances	Groundwater
Air Toxics	Multi-media & Other Management

Higher Concern ☐
Lower Concern ☒



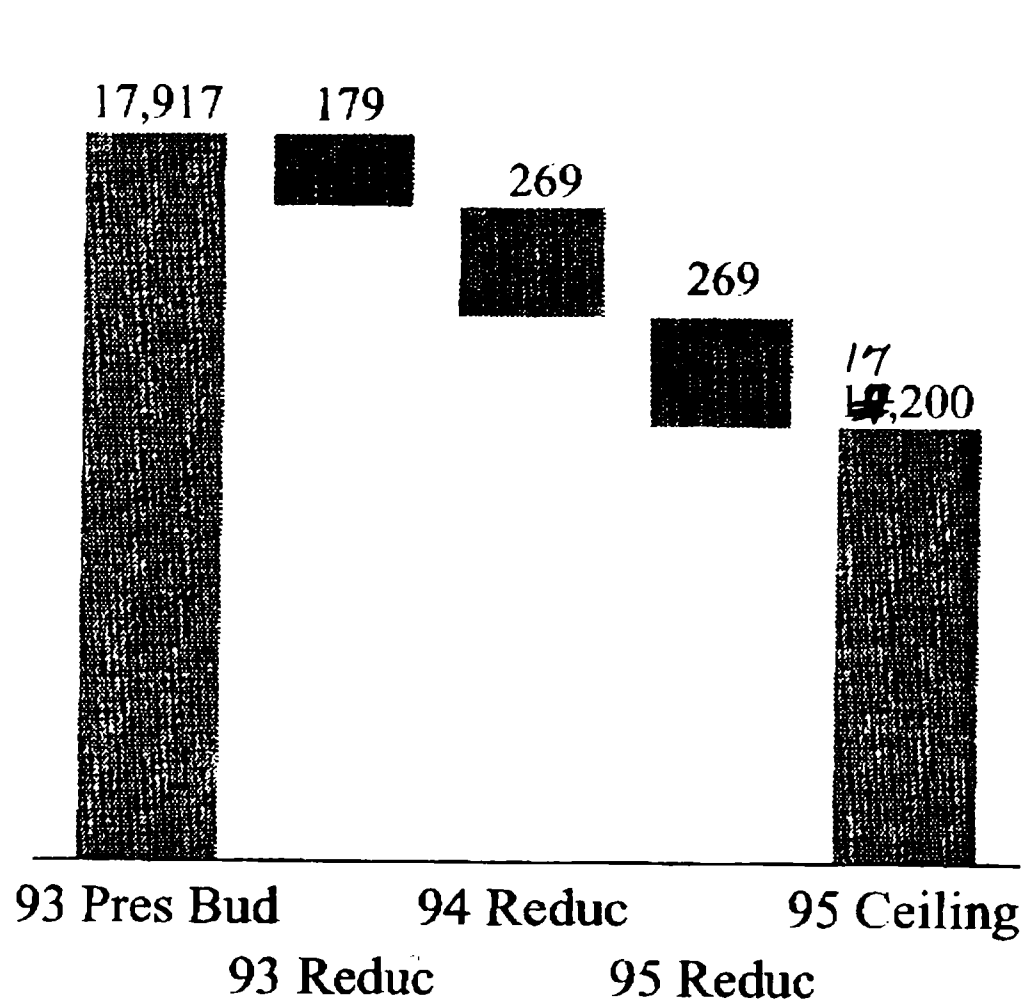
25.1%

Public

FY 1994 President's Budget
(Total EPA \$ = \$6,363.5 Million)

Note: The risk ranking implied in the Science perspective was derived by averaging the results presented in EPA's *Unfinished Business* (1987), the Regional Comparative Risk Projects (1990), and the Science Advisory Board's *Reducing Risk: Setting Priorities and Strategies for Environmental Protection* (1990); problem areas in the *Higher Risk* column were ranked high in terms of relative risk in at least one of the sources. The Public perspective was derived from the results of the 1992 *Roper Poll*; problem areas in the *Higher Concern* column were all ranked above medium in terms of relative concern.

EPA Cannot Address Emerging Needs and Meet FTE Reduction Targets



Unmet FTE Needs total 540

- Presidential Investments
 - Green 15
 - ETI 75
 - SDW 50
 - NPS 25
- Pollution Prosecution 100
- Federal Facility Comp 65
- Base Closures 100
- WIPP/RAD 60
- NAFTA 50

Environmental Protection Agency (EPA)
FY95 Budget Issues
(dollars in millions)

	<u>Discretionary Spending</u>	
	<u>BA</u>	<u>Outlays</u>
FY 93 Estimate	6,889	6,639
FY94 Request	6,363	6,811
Latest FY94 Estimate (House)	6,633	6,831
FY95 Target in FY94 Budget	7,608	7,006
10% Reduction, excl investment	-664	-477
FY95 with 10% adjustment	6,944	6,529

Outlook for FY95

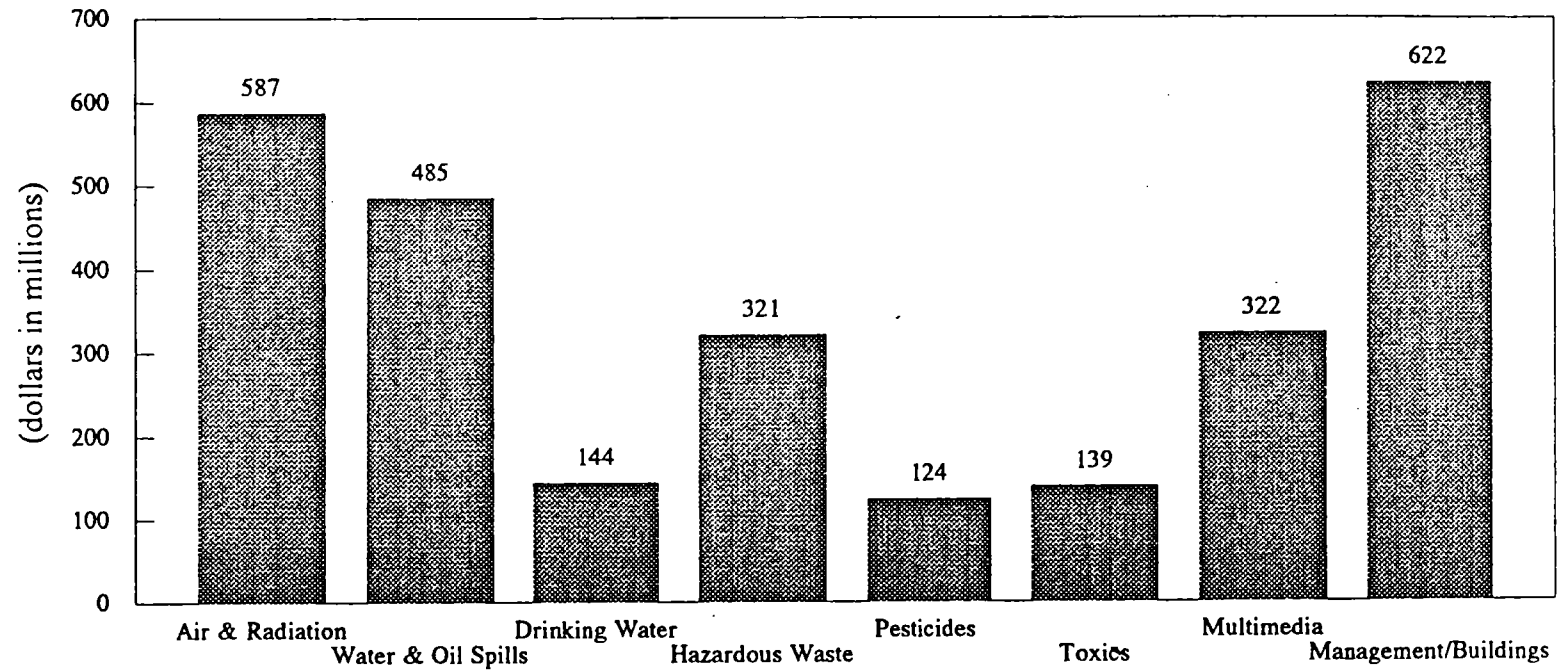
- The FY 1994 budget projected major increases for EPA in FY 1995, due to the large portion of the Agency's budget that was in the investment category subject to the 40 percent reduction in FY 1994.
- Due to EPA's low first year payout rate, EPA will need to cut far more BA than required in order to meet its outlay reduction target.
- If investment items are required to be protected, EPA's reduction will need to come from either Superfund or its operating program. EPA's operating program is the highest priority for the environmental community.
- Eliminating Superfund and the Leaking Underground Storage Tank program (-\$1.6B in BA and -\$430M in outlays) still does not meet the outlay reduction target of \$477 million.
- Alternatively, a 25 percent reduction in the operating program from the 1994 level would be required to meet the target if Superfund is not reduced.

**Environmental Protection Agency
Budget Summary
(dollars in millions)**

		FY 1992 Actual	FY 1993 Enacted	FY 1994 Pres. Bud.	FY 1995 Policy	FY 1995 1st Year Outlay
Operating Programs						
Base	BA	2,348	2,495	2,407	2,432	
	OL	2,111	2,594	2,499	2,516	1,438
Investment Base	BA	222	246	250	256	
	OL	215	235	245	250	109
Investment	BA	0	0	88	177	
	OL	0	0	34	105	66
Subtotal	BA	2,570	2,741	2,745	2,865	
	OL	2,111	2,594	2,778	2,871	1,613
Infrastructure Financing Programs						
Base (NAFTA)	BA	89	138	150	150	
	OL	7	30	68	103	7
Clean Water SRF (investment)	BA	2,311	2,362	1,198	2,000	
	OL	2,414	2,341	2,262	2,152	90
Drinking Water SRF (investment)	BA	0	0	599	1,000	
	OL	0	0	24	172	40
Boston (investment)	BA	0	0	100	0	
	OL	0	0	5	21	0
Subtotal	BA	2,400	2,500	2,047	3,150	
	OL	2,421	2,371	2,359	2,447	137
Cleanup Programs						
Superfund	BA	1,600	1,574	1,496	1,518	
	OL	1,291	1,599	1,599	1,613	389
LUST	BA	75	75	75	75	
	OL	67	74	75	75	38
Subtotal	BA	1,675	1,649	1,571	1,593	
	OL	1,358	1,673	1,674	1,688	427
Total Discretionary						
	BA	6,645	6,890	6,363	7,608	
	OL	5,890	6,638	6,811	7,006	2,177
Base	BA	4112	4282	4128	4175	
	OL	3477	4298	4241	4307	1,872
Investment (incl. Invest Base)	BA	2533	2608	2235	3433	
	OL	2629	2576	2570	2699	305
FTE		17,011	17,738	17,469	17,201	

EPA Operating Program by Media

FY 1994 President's Budget



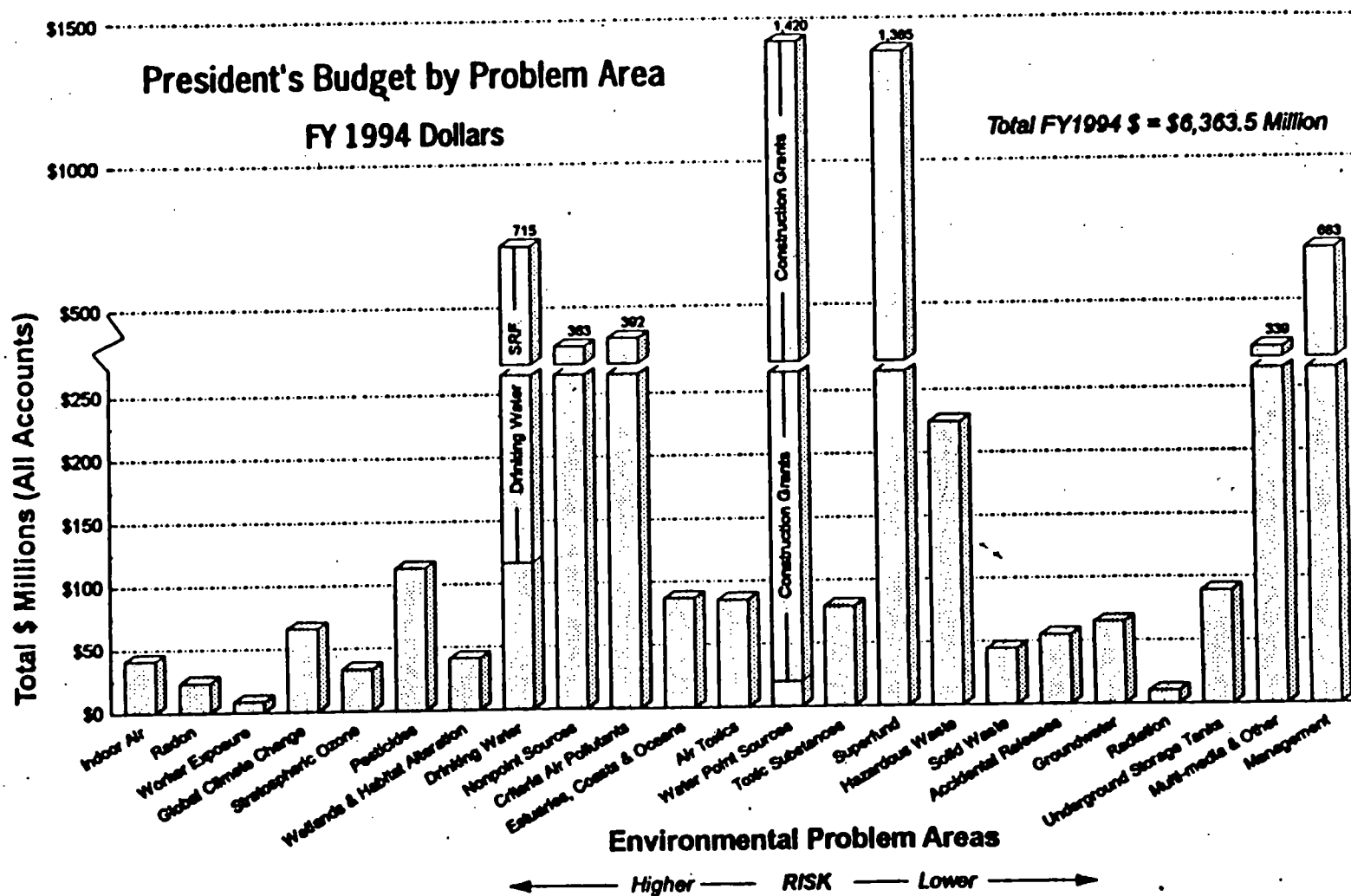
**Environmental Protection Agency (EPA)
FY95 Budget Issues**

FY95 Priorities

- Administrator Browner has established several Agency challenges that represent the themes she wants to pursue. These challenges include:
 - Pollution Prevention & Voluntary Programs
 - Ecosystem Protection
 - Multi-media Regulations
 - Environmental Justice
 - State, Local and Tribal Partnerships
 - Contract Management
 - Environmental Technology
 - Constituent Outreach on Importance of Environmental Protection
 - Market-Based Approaches
 - Financial Management
- Relevant M&B Issues
 - Permit Fees (also NPR issue)
 - FTEs (also NPR issue relating to contract mgmt)
 - Operating Program Budget Level
 - Contract Management (also NPR issues)
 - Unreliable accounts receivable information, primarily for Superfund
 - Delinquent Civil Monetary Penalties

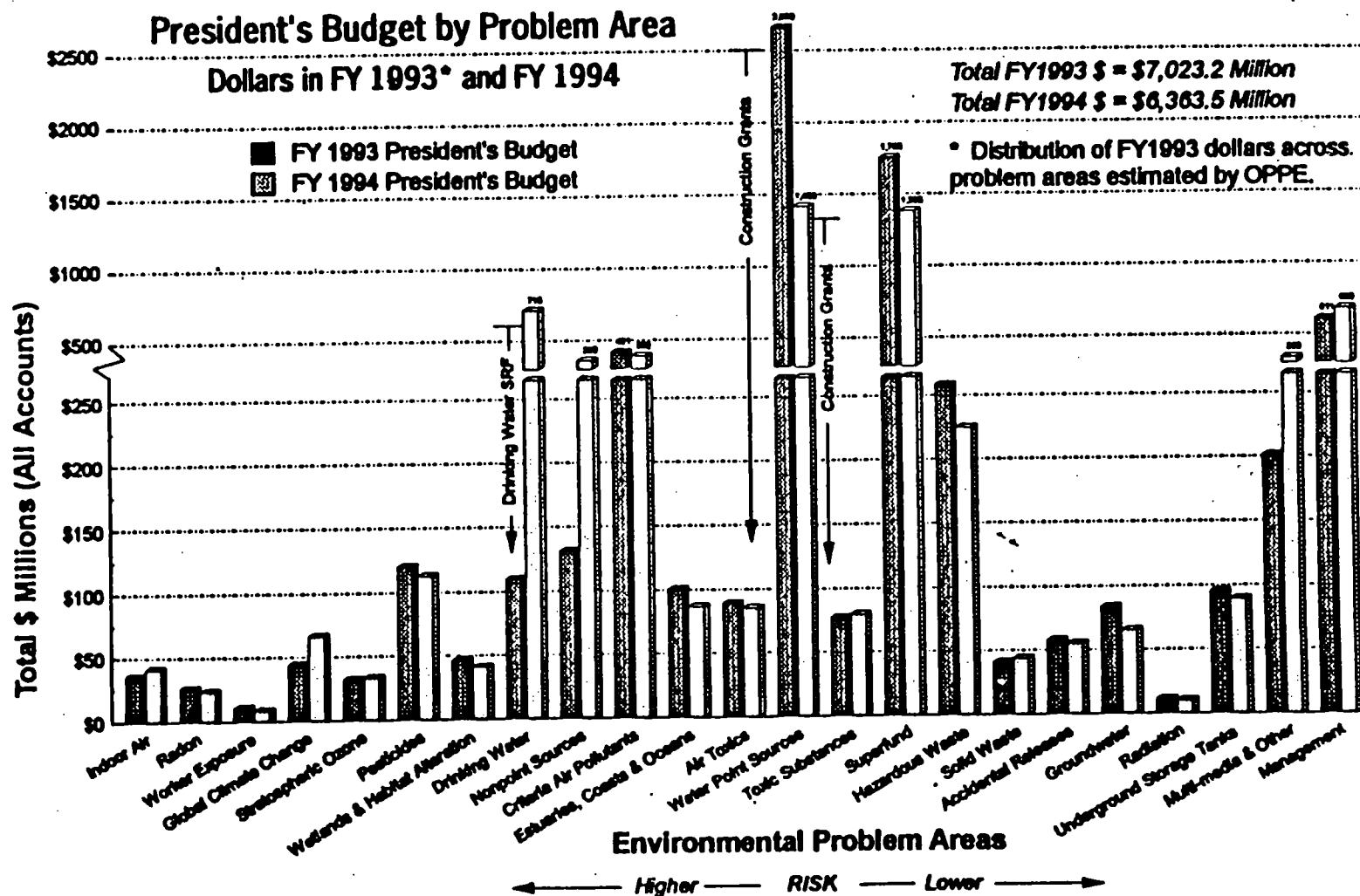
not people contracted out

Budgeting Across Problem Areas



Note: This problem area ordering does not constitute a definitive risk ranking.

Budgeting Across Problem Areas



Note: This problem area ordering does not in any way constitute a definitive risk ranking.

Issues

- Additional Potential Funding Needs in FY 1995 - NAFTA funding, Montreal Protocol (+ \$10M), Waste Isolation Pilot Project (+ \$8M); Base Closure Workyears (+ \$8M); Other FTE Appeals (+ \$30M); De minimus radioactive standards (+ \$5M).
- Pending Legislation - Supported by the Administration but Not in the Budget: Cabinet Status; Indoor Air; Radon; Clean Water; Pesticide Reform; Voluntary Cleanups. Superfund is also a possibility.
- FTEs - EPA may request an exemption from the across-the-board FTE reduction as well as additional FTEs to convert contractors to EPA employees in order to address some of Chairman Dingell's criticisms of EPA's contracts management.

Major Options for Achieving the FY95 Budget Target

(-\$477 million in outlays)

	Outlay Savings in millions
I. "Traditional" -- Freeze and Cut	
-- Freeze non-investment, non-pay items at FY 94 levels (\$33M)	10
-- Rescind construction of Bay City lab (Congressional add) (\$105M)	45
-- Impose Pesticide Registration fees (B)	15
-- Phaseout Clean Air Grants (\$75M) (R)	<u>40</u>
	110
II. "Adapt to Priorities"	
-- Eliminate Radon Grants (\$8M)	5
-- Eliminate Lead Training Grants (\$10M)	5
-- Eliminate Superfund Worker Training Grants (B/R) (\$20M)	5
-- Eliminate Multimedia Regional Projects (\$16M)	5
-- Administrative Expense Reduction (Superfund & Operating Program) (\$27M)	15
-- Reduce Clean Air Contract Funding (\$30M)	10
-- Reduce LUST Funding (\$25M)	10
-- Eliminate Exploratory Research Grants (\$21M)(R)	<u>10</u>
	65
III. Potential "Bolder Moves"	
-- Eliminate LUST funding (\$50M)	25
-- Eliminate Environmental Monitoring Assessment Program (\$39M)	15
-- Establish Watershed Restoration Trust Fund financed by a 5 percent tax on pesticides and fertilizers -- fund non-point source grants through Trust Fund (\$100M)	50
-- Methyl Bromide Tax to fund Montreal Protocol Assistance (\$17M)	5
-- Impose Emissions Tax to fund EPA Enforcement Programs (\$140M)	40
-- Delay investment increases one year (\$1,275M)	80
-- Reduce Superfund cleanups (\$335M)	<u>87</u>
	302
Total Reduction (1995 BA reduction: \$1.96 B)	477

Note: BA Reductions in parentheses

Better Prioritization

How get couple hundred
million in outlays

ENVIRONMENTAL PROTECTION AGENCY

16-Jul-93

Budget Overview
(Dollars in millions)

	FY 93 Estimate *	FY 94 Pres Bud	FY 94 House	FY 95 Estimate
Total Budget Authority	6,680.0	6,088.9	6,358.0	7,333.2
Total Outlays	6,446.7	6,538.9	6,561.4	6,733.0
Target Reduction in EPA Discretionary Outlay				(477.0)
<i>Operating Prgm (Total)</i>	<i>2,594.0</i>	<i>2,782.0</i>	<i>2,724.8</i>	<i>2,872.4</i>
Salaries & Expenses (PRO)	881.9	880.8	880.8	875.1
Abatement/Control/Compliance	1,245.7	1,341.6	1,341.6	1,402.0
Asbestos Loan Program	13.7	18.5	18.5	8.9
Inspector General	41.2	44.1	43.7	45.5
Research & Develop	314.1	343.0	341.1	374.0
Buildngs & Facilities	55.4	79.9	79.9	63.8
Oil Spill Response	16.5	19.2	19.2	20.6
<i>Infrastructure Financing (Total)</i>	<i>4,070.9</i>	<i>4,083.8</i>	<i>4,105.7</i>	<i>4,215.8</i>
Drinking Water SRF	0.0	24.0	0.0	171.8
Construction Grants	2,397.3	2,385.8	2,451.6	2,355.4
Superfund	1,599.3	1,598.7	1,577.8	1,613.4
LUST Trust Fund	<u>74.3</u>	<u>75.3</u>	<u>76.3</u>	<u>75.2</u>
Total Discretionary Outlays	6,639.4	6,811.0	6,830.6	7,005.7
<u>Mandatory Outlays</u>				
Mandatory Outlays	20.9	5.4	5.4	2.8
Offsetting Receipts:	<u>(213.6)</u>	<u>(274.6)</u>	<u>(274.6)</u>	<u>(274.1)</u>
Total Mandatory Outlays	(192.7)	(269.2)	(269.2)	(271.8)
Total EPA Outlays	6,446.7	6,538.9	6,561.4	6,733.0

* includes FY1993 Enacted Supplemental Bill

**CLINTON STIMULUS & INVESTMENT PROPOSALS
ENVIRONMENTAL PROTECTION AGENCY**

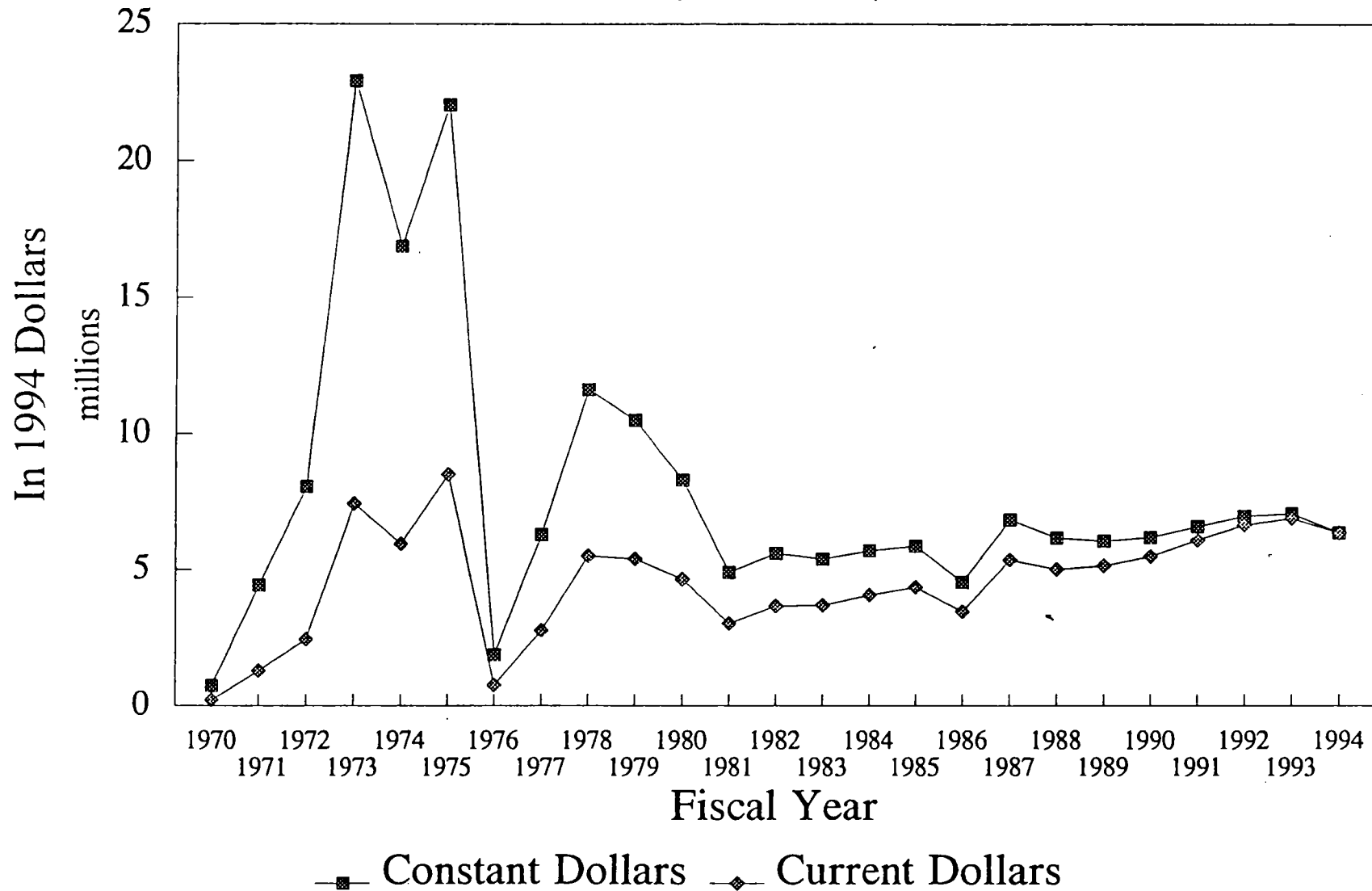
(Dollars in millions)

	FY 1993	
	<u>BA</u>	<u>1st Year Outlays</u>
STIMULUS PROPOSALS		
Watershed Restoration	47	23
Green Programs	23	8
Wastewater SRF	<u>845</u>	<u>39</u>
Total, EPA	915	70

	FY 1994		FY 1995	
	<u>BA</u>	<u>1st Year Outlays</u>	<u>BA</u>	<u>1st Year Outlays</u>
INVESTMENT PROPOSALS				
Drinking Water SRF	599	24	1,000	40
Clean Water SRF	1,198	54	2,000	100
Watershed Restoration	30	15	50	25
Boston Harbor	100	5	0	0
FCCSET	7	2	22	7
Environmental Technology	36	12	80	26
Green Programs	<u>15</u>	<u>4</u>	<u>25</u>	<u>7</u>
Total, EPA	1,985	116	3,177	205

EPA TOTAL BUDGET

(1970-1994)





U.S. Environmental Protection Agency

Office of the
Assistant Administrator
for
Administration and Resources Management

FACSIMILE TRANSMITTAL FORM

FAX RECIPIENT: BRIAN BURKE

FAX NUMBER: 456-7739

LOCATION: WHITE HOUSE

SUBJECT: _____

SENDER NAME: SALLYANNE HARPER

PHONE NUMBER: 260-4600

NUMBER OF PAGES: 14

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DATE: 7/30/93

COMMENTS: _____

Perspectives on Risk: Science and Public

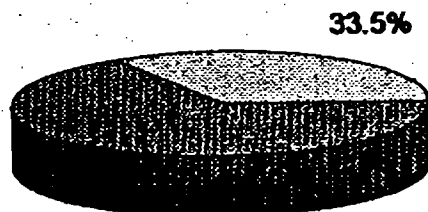
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*What's
higher
than
are
higher
risk*

Science Ranking

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Higher Risk 
Lower Risk 



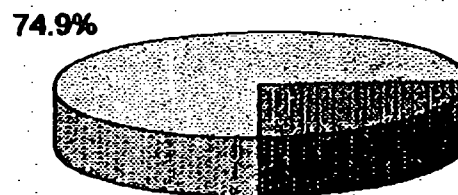
66.5%

Science

Roper Poll Ranking

Higher Concern	Lower Concern
Hazardous Waste	Accidental Releases
Radiation	Climate Change
Stratospheric Ozone	Drinking Water
Superfund	Pesticides
Worker Exposure	Solid Waste
Criteria Air Pollutants	Wetlands & Habitat Alteration
Estuaries, Coasts & Oceans	Nonpoint Sources
Underground Storage Tanks	Indoor Air Pollution
Water Point Sources	Radon
Toxic Substances	Groundwater
Air Toxics	Multi-media & Other Management

Higher Concern 
Lower Concern 



74.9%

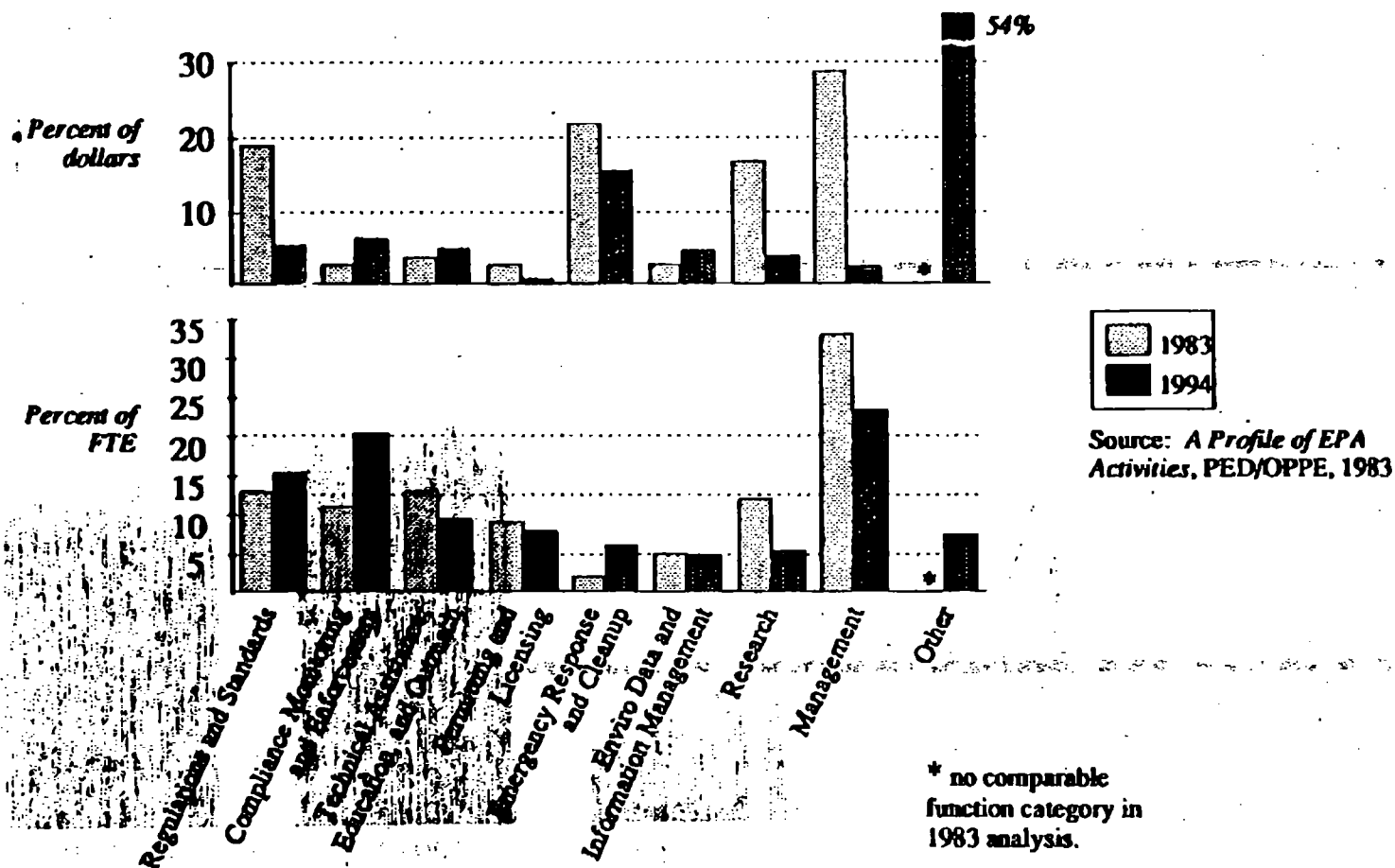
Public

25.1%

FY 1994 President's Budget
(Total EPA \$ = \$6,363.5 Million)

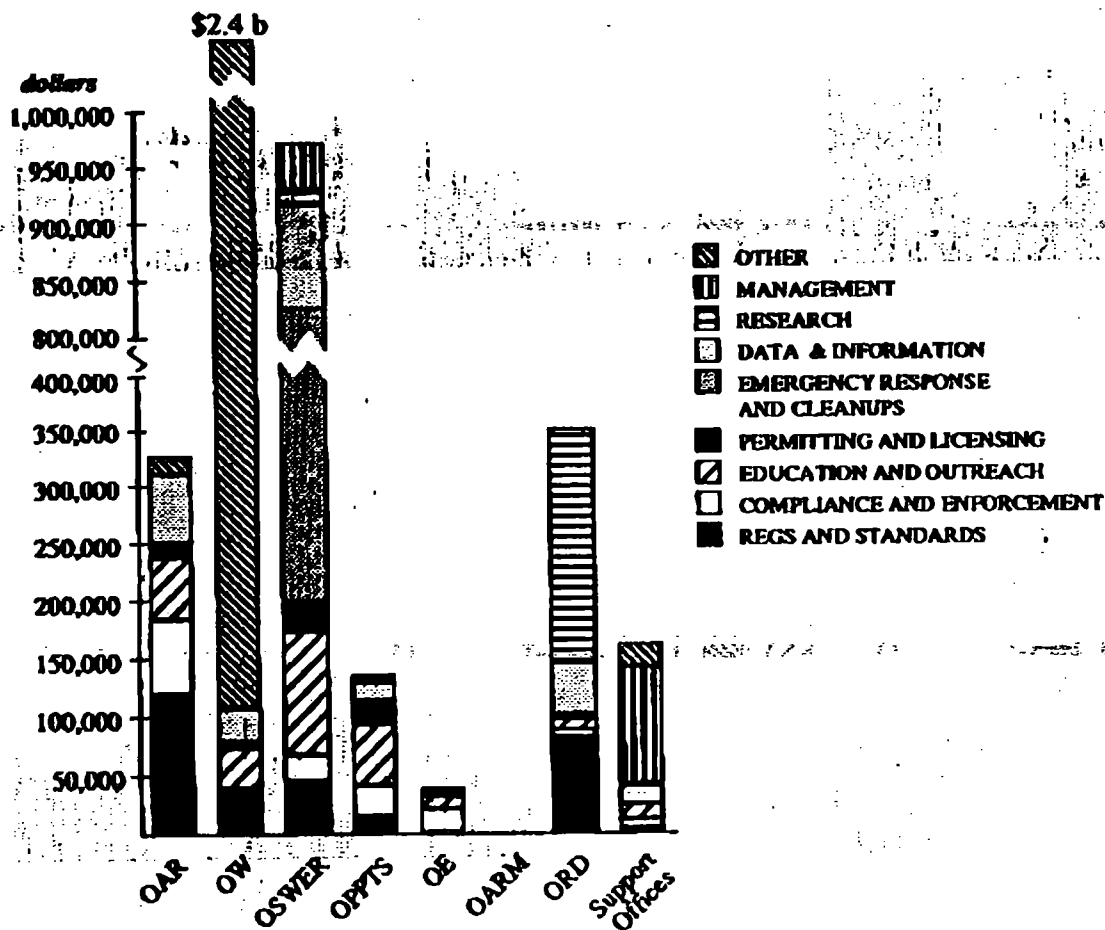
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A Comparison of Agency Activities 1983 and 1993

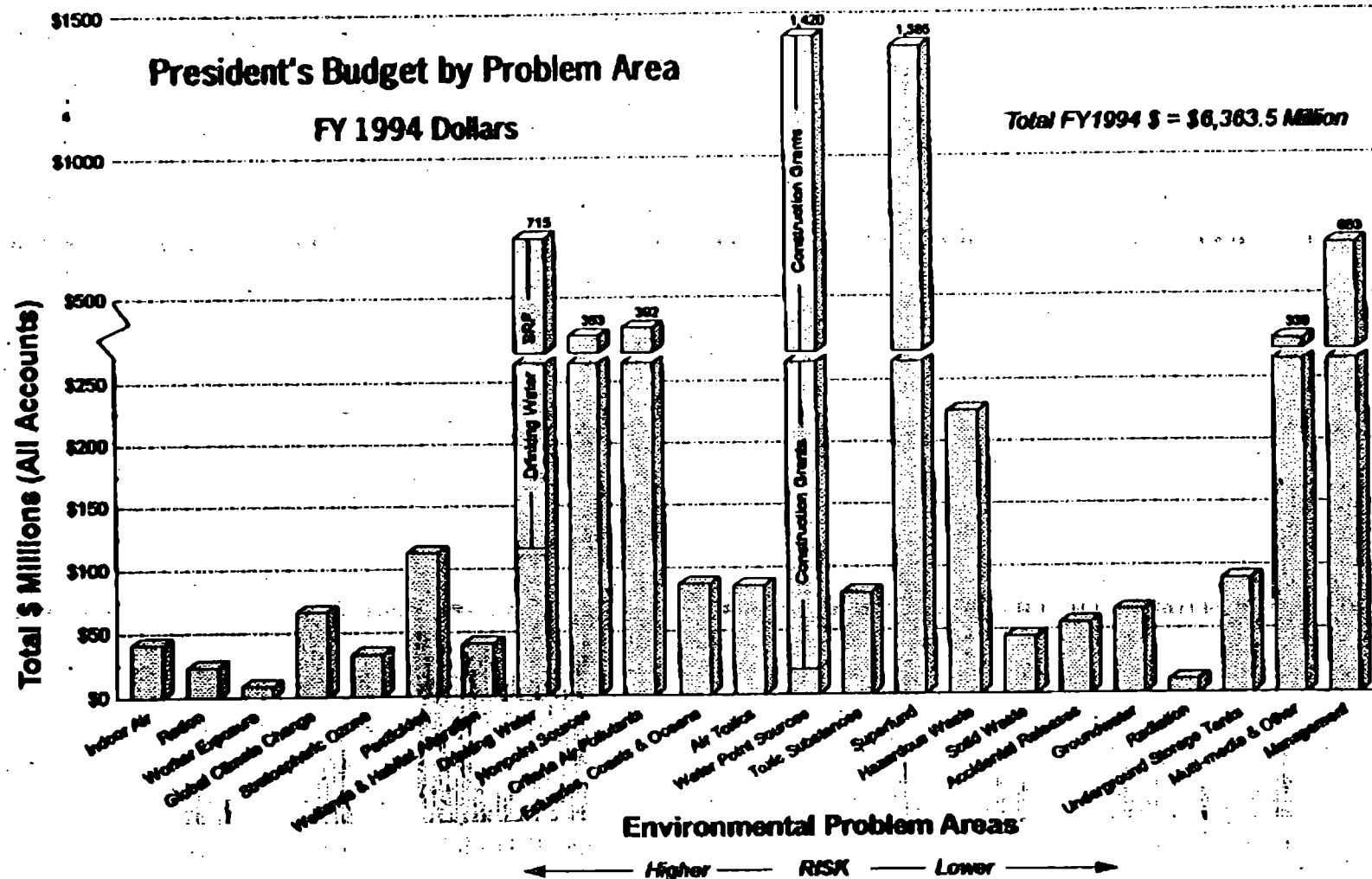


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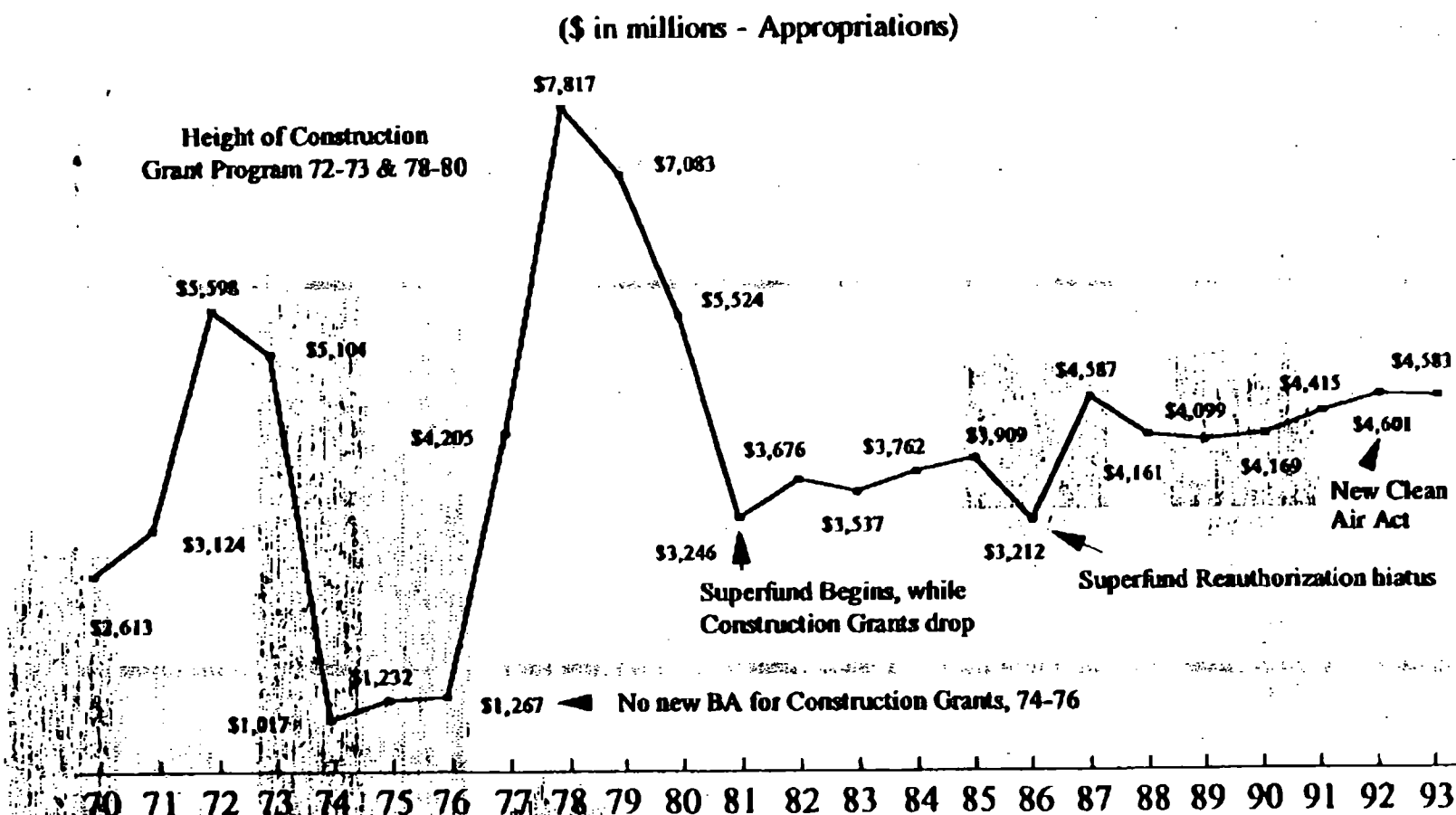


Budgeting Across Problem Areas



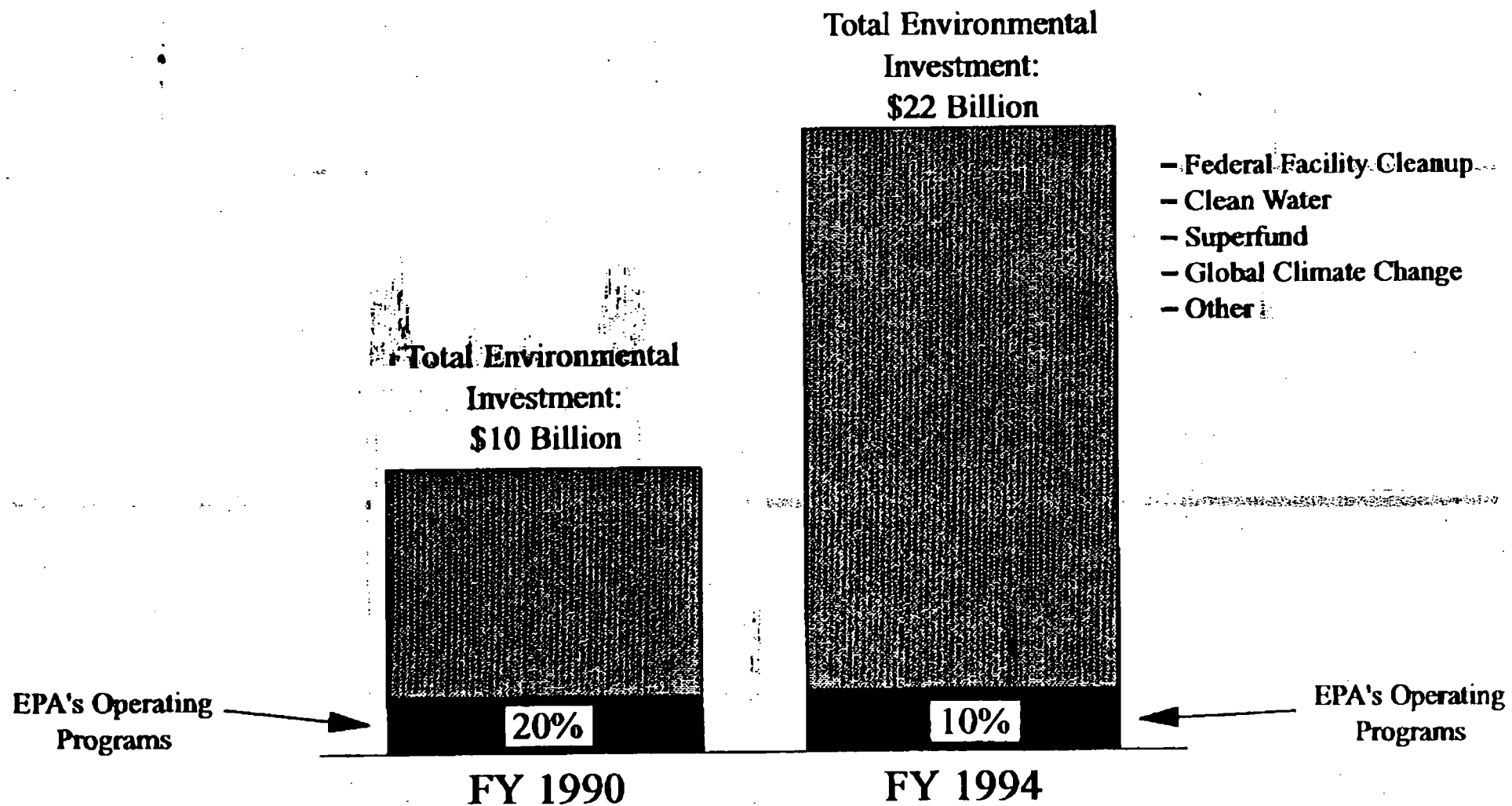
Note: This problem area ordering does not in any way constitute a definitive risk ranking.

EPA Budget History in 1982 Constant Dollars



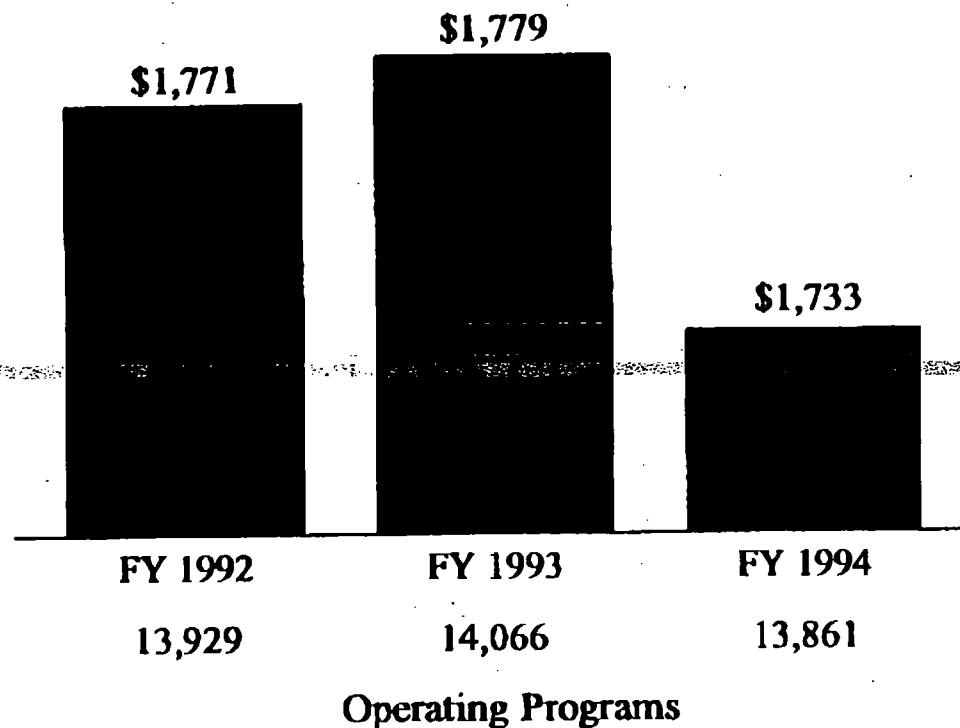
Note: No carryover included in totals

Growth in EPA's Operating Programs Has Not Kept Pace with the Federal Environmental Investments



Operating Program Resources Do Not Meet Increasing Demands

(Dollars in Millions)
1982 Constant Dollars

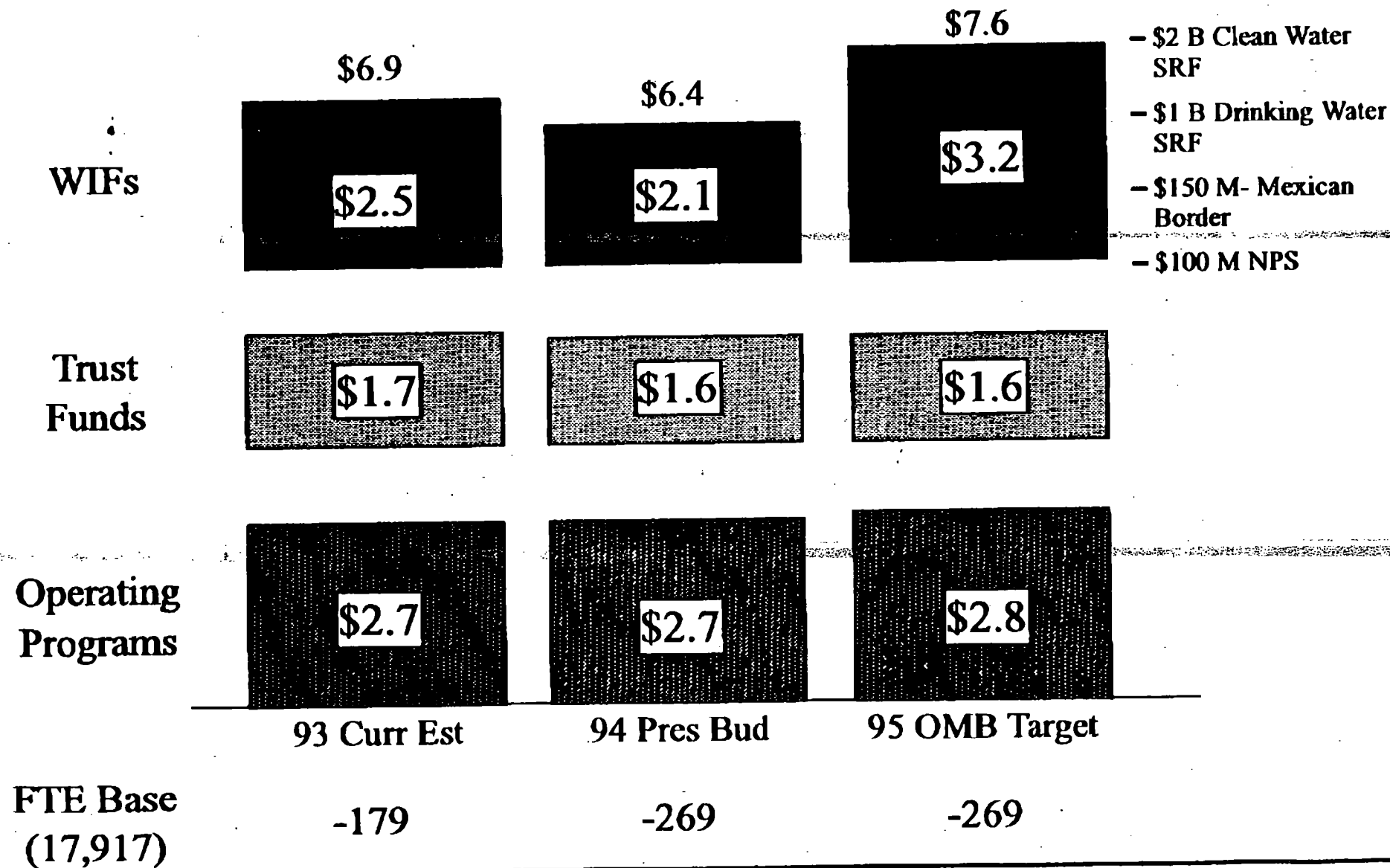


Resource Shortfalls

- ✓ Existing Legislation
 - Clean Air Act
 - Pollution Prosecution Act
 - Oil Pollution Act
 - Federal Facilities Compliance
 - RCRA
- ✓ New Legislation
 - Safe Drinking Water Act
 - Indoor Air
 - Clean Water Act
 - Base Closures
 - Water Pilot Project
- ✓ Other
 - NAFTA
 - Montreal Facilitation

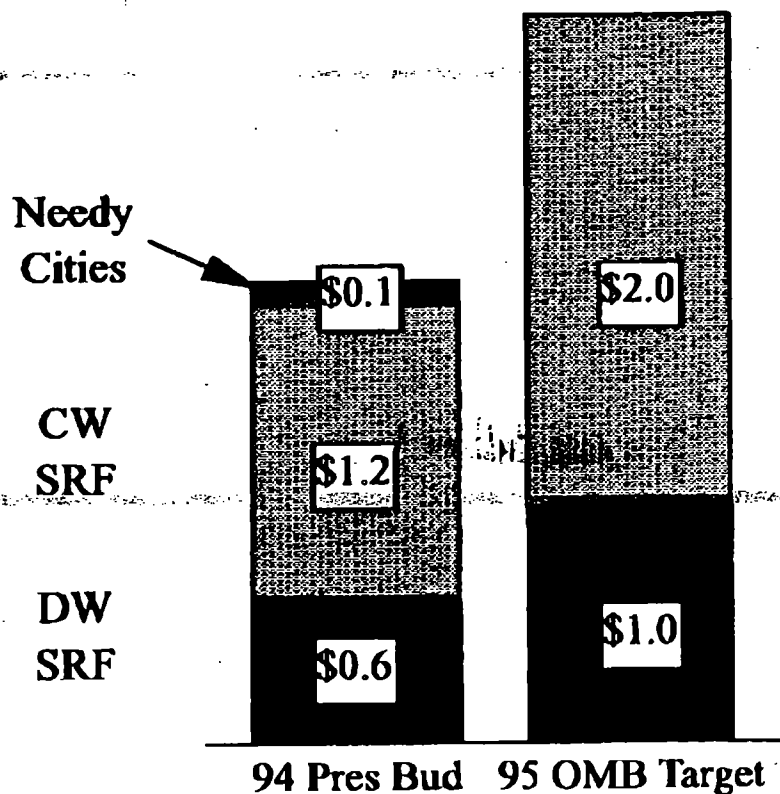
FY 1995 Outlook

(\$ in Billions)



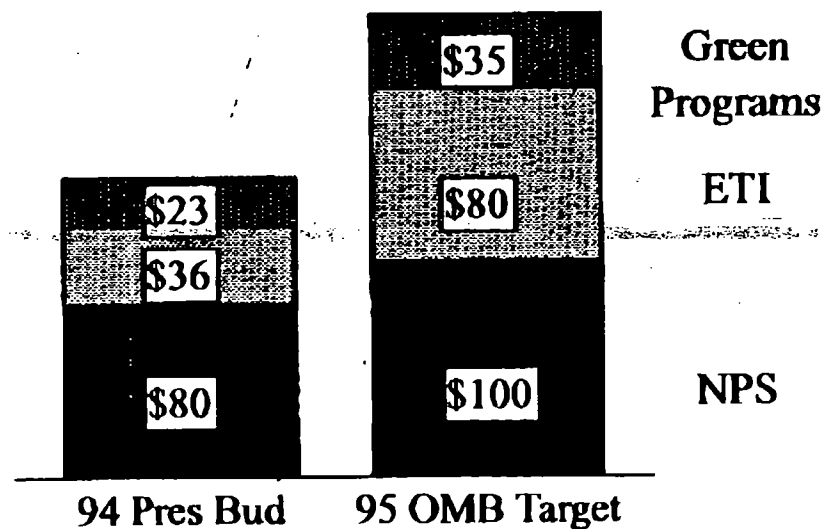
Vision for America: Investments Increase from \$2B in FY 94 to \$3.2B in FY 95 (+60%)

WIFs



(\$ in Billions)

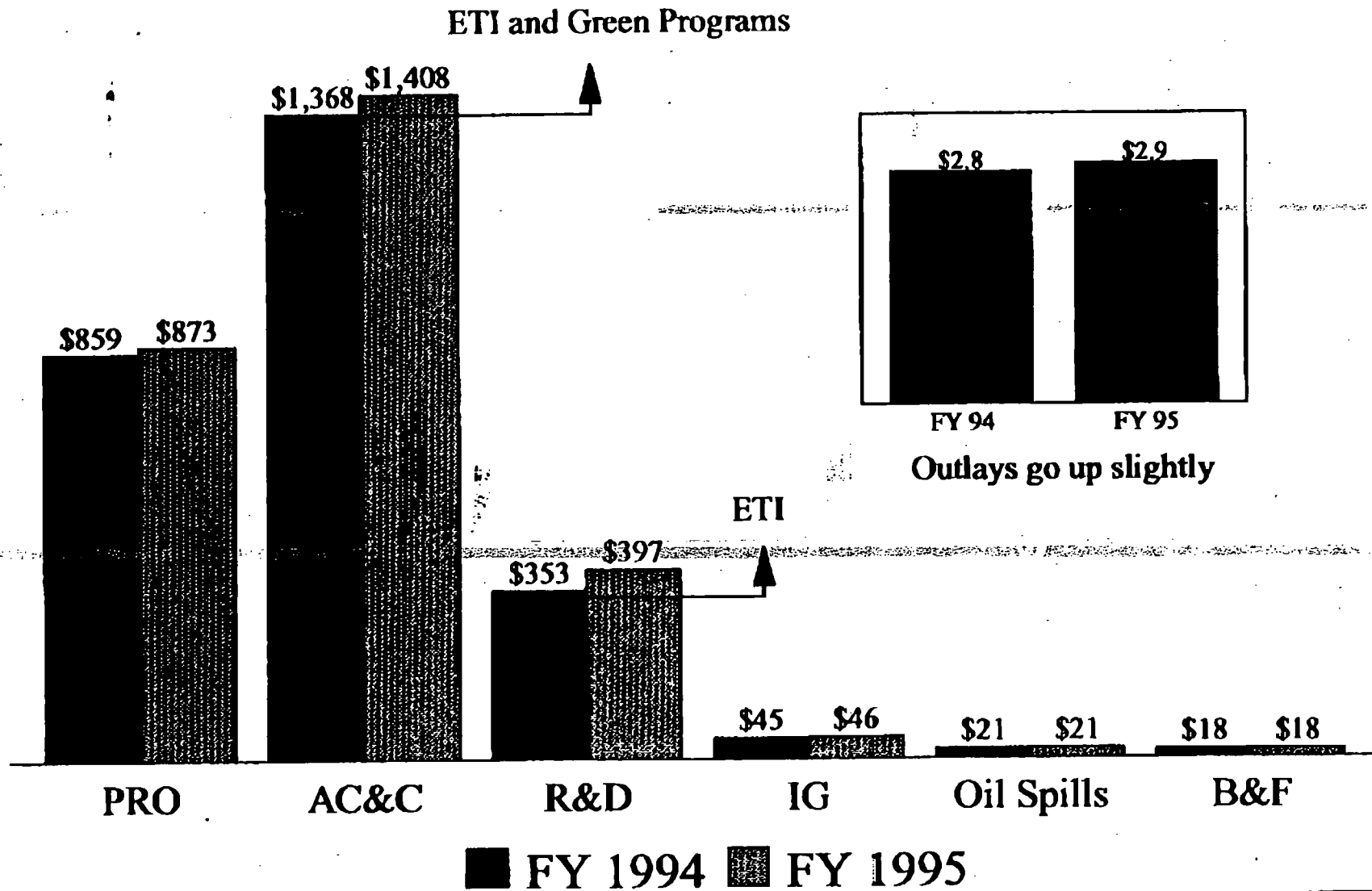
Operating Programs



(\$ in Millions)

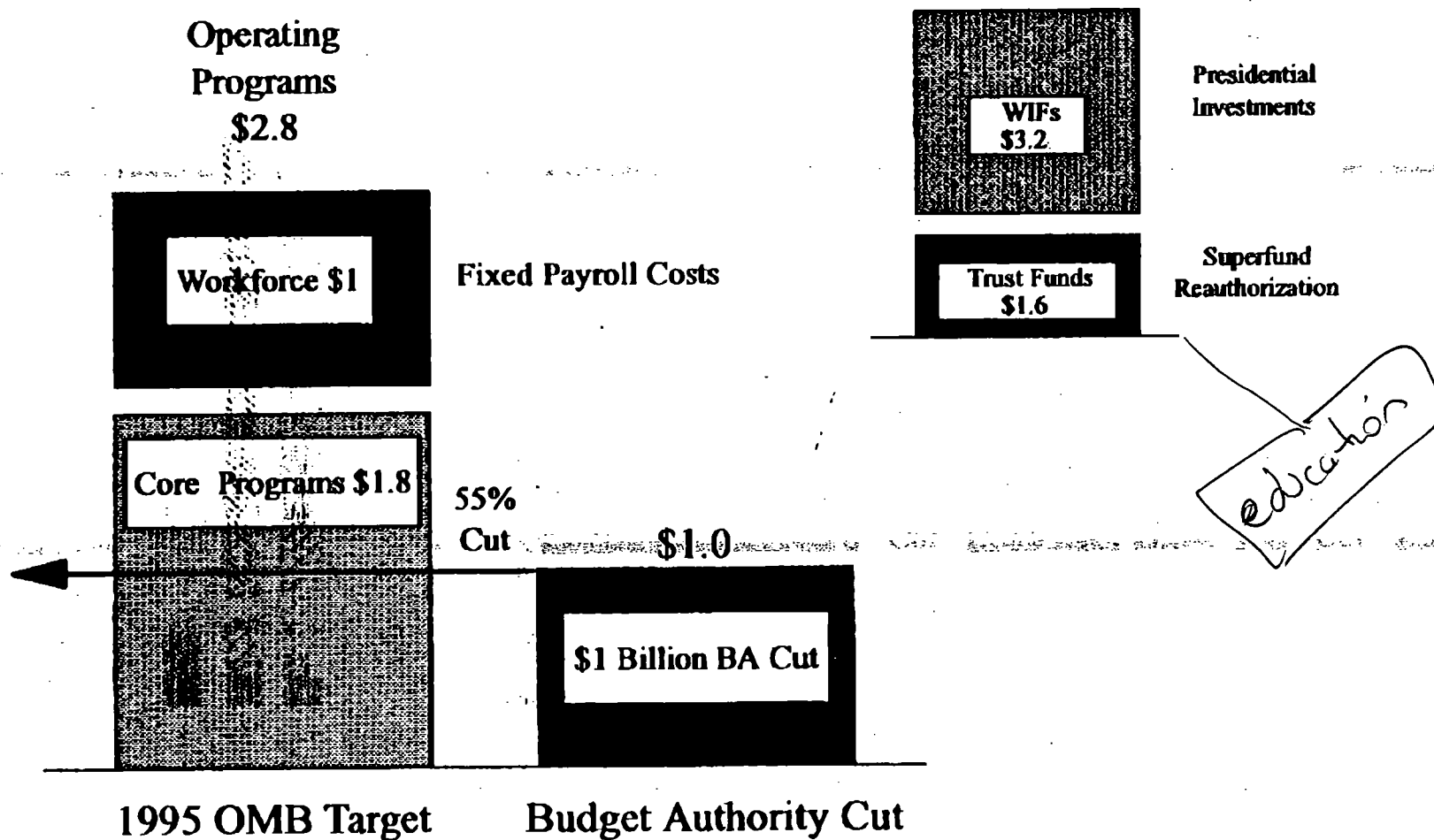
OMB's Operating Programs Target Provides Growth only for Presidential Investments

(\$ in Millions)

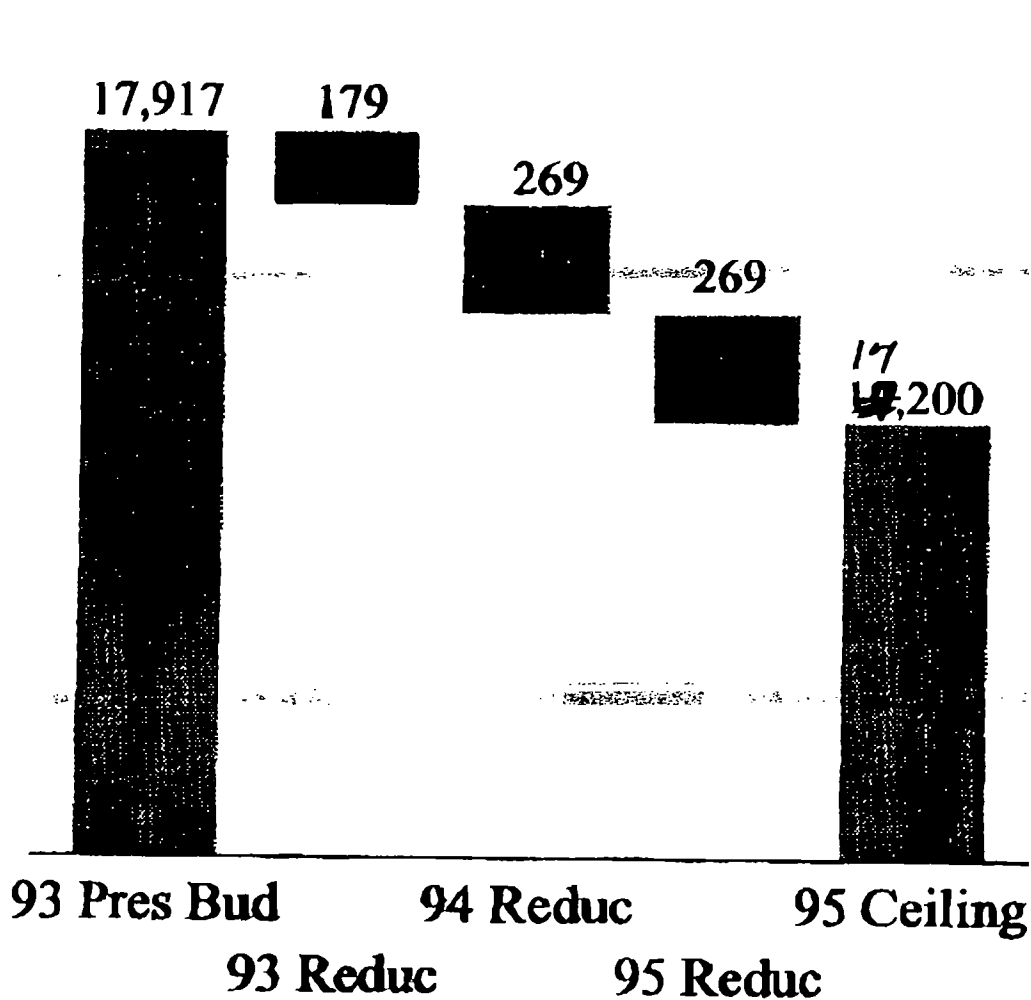


A \$420 Million Outlay Reduction Would Require a 55% Cut to Our Core Operating Programs

(Dollars in Billions)



EPA Cannot Address Emerging Needs and Meet FTE Reduction Targets



Unmet FTE Needs total 540

- Presidential Investments
 - Green 15
 - ETI 75
 - SDW 50
 - NPS 25
- Pollution Prosecution 100
- Federal Facility Comp 65
- Base Closures 100
- WIPP/RAD 60
- NAFTA 50

Agency Needs Relief From the FTE Reduction Target and New Workyears to Meet Critical Needs

- EPA's diverse mission requires a wide range of highly-specialized skills
- Our current workforce is over-leveraged
- The Agency should be in a "Growth Mode" to meet new responsibilities
 - Base Closures
 - Waste Isolation Pilot Project
 - Pollution Prosecution
- We cannot address critical Agency needs and meet the FTE reduction targets through attrition alone
 - Attrition has dropped from 11% in FY 90 to 2% in FY 93
- To meet new responsibilities, current staff will have to be RIF'd in order to hire new staff in specialized areas

THE WHITE HOUSE

WASHINGTON

July 8, 1993

MEMORANDUM FOR CAROL RASCO

FROM: JOSE CERDA III

SUBJECT: MEETING WITH OMB ON JUSTICE FY 95 BUDGET

With regrets, Carol, I forward this memorandum to you outlining the difficulties that we face in determining next year's budget for DOJ. Not only is the budget picture quite bleak, but -- as characterized by OMB -- DOJ's budget woes are a "worst case scenario" compared to some of the other agencies.

A. The Problem

The largest part of DOJ's budget problem stems from the "federalization" policies pursued by the previous administration and acquiesced to by Congress. Together, Congress and the Bush Administration proposed federal law enforcement policies that gave the federal government jurisdiction over crimes traditionally dealt with at the state and local level -- and created a federal presence in state and local law enforcement that will now be difficult to continue or difficult to reduce.

As a result of these policies, the federal government investigates, prosecutes and incarcerates more criminals today than ever before. And to do this, it has hired more investigators, attorneys and built additional prisons -- more than doubling DOJ's budget between 1986 and 1992 (from \$4 billion to \$10 billion). Thus, even if we stop the growth in "federalization" (i.e., limit new federal offenses, stop prison construction, etc.), we are still not be able afford current criminal justice expenditures.

To fund the President's requested investments and to meet these rapidly growing criminal justice obligations, DOJ will have to find \$2 billion in cuts from its \$9 billion base budget -- a near impossible task. To realize such a high percentage of cuts, we are faced with the politically infeasible choices of dramatically scaling back the President's priorities (cops and INS monies), re-sentencing federal prisoners and laying off federal law enforcement officers or gutting other Justice programs by an across-the-board percentage. (NB: At this point, OMB hasn't factored in what DOJ's priorities might be).

Both OMB Director Panetta and Deputy Director Rivlin agreed that DOJ would be unable to find \$2 billion in cuts. There is no chance of addressing this problem with a "budget scrub," they concluded. Rather, it looks as though OMB will need to find money elsewhere for DOJ to meet its obligations. Director Panetta did propose, however, that OMB at least be able to suggest some \$600 million in cuts and \$60 million in fees to DOJ as a starting point.

B. Prisons

The growth in the federal prison population presents the largest and fastest growing part of DOJ's budget -- and its biggest headache. While the Attorney General has repeatedly talked about undoing mandatory minimums and utilizing alternative sanctions, these proposals will only address the long-term trends in our prison costs. Long-term prison construction costs are not the issue here; current prison maintenance costs and hiring the staff required to bring new prisons on line are the problem. To realize immediate savings DOJ would have to reduce the prison population by re-sentencing current federal inmates to shorter terms. This is a serious policy shift that -- particularly if forwarded as a budget decision -- would be political dynamite.

OMB staff also suggested shifting the investigation, prosecution, and incarceration burden of certain crimes to the states. To a certain degree this makes sense on policy grounds and is partially consistent with the President's pro state and local law enforcement views. However, states prisons are more overcrowded than federal prisons. Such a shift would have to be phased in and, thus, would not realize immediate, sizable savings.

B. 100,000 Cops

The President's 100,000 cops pledge was repeatedly put on the table as any easy source of funds. Panetta resisted such cuts, but Rivlin suggested that the AG was not enthusiastic about the 100,000 cops proposal. OMB staff and I argued that (1) the pledge was too important to the President, and that (2) we were actually only asking DOJ to put up the money for 50,000 cops (the remainder coming from a collection of other programs). OMB staff has flagged this proposal, for now, as a "non-optional" and definite presidential priority. (Still, vigilance is our watchword when it comes to money for cops.)

OMB staff also suggested that, in light of the President's commitment to cops, we cut other resources, such as the Byrne Grants (\$450 million), to state and local law enforcement. While there may be some room to cut duplicative monies here, I can't imagine that we will be able to increase state and local law enforcement responsibilities and cut their main source of funds (Byrne Grant) at the same time. At best, we are talking tens of millions here, not hundreds of millions.

D. INS and Border Patrol

OMB staff has also classified INS monies as a "non-optional". INS is perhaps the bureau at DOJ with the most significant infrastructure problems. The agency requires new monies simply to function properly, let alone to take any new duties. Also, OMB staff made Panetta and Rivlin aware that the President has "twice" referred to new monies that he has for more border patrol agents -- money we don't actually have. (Although the House did pass a Duncan-Hunter amendment to the appropriations bill to increase the border patrol account by \$60 million. No offsetting provision was included.)

Suggestions made at the meeting to help pay for INS expenditures included charging fees at the border, shifting legal immigration to the State Department or shifting employer sanctions-related responsibilities to Labor.

cc: Bruce Reed
Donsia Strong

July 20, 1993

MEMORANDUM FOR CAROL RASCO

FROM: BRIAN BURKE ^{BB}

SUBJECT: MEETING WITH SECRETARY BABBITT AND OMB
ON DEPARTMENT OF INTERIOR FY 95 BUDGET

On July 15, 1993, I attended the OMB meeting on the Department of the Interior ("DOI or "the Department") budget for FY 95. Set forth below is a summary of Secretary Babbitt's comments. (Attached hereto is a copy of the materials DOI distributed at the meeting).¹

DOI's FY 95 Budget

The Secretary emphasized that DOI funding is a small percentage of the total government-wide discretionary budget (1.5 %). He emphasized that DOI's discretionary needs for FY 95 are \$7.8 billion, merely \$ 300 million above the FY 1994 budget. The important components of the DOI budget fall into the following four issue areas:

- science and technology activities, particularly development of the national biological survey to count comprehensively all plants and animals in the United States; this will enable DOI to determine which species may need protection under the Endangered Species Act;
- National Parks Service;
- Bureau of Indian Affairs. This bureau needs reform. In particular, Indian education, the Department's version of an entitlement system, is out of control;
- environmental clean-ups.

¹ Secretary Babbitt began his presentation by circulating a large photograph of himself standing in front of a portrait of James Watt; the photo was offered as a reminder of the way things were.

Bureau of Indian Affairs

The Secretary emphasized that the Bureau of Indian Affairs needs considerable attention. However, Senator Inouye controls the Bureau, and DOI has little programmatic power. Nevertheless, the need for education is immediate. Until now, no one has been willing to ask the tough questions concerning attendance, support, etc., DOI remains stuck with an education entitlement system over which it has no control, but which needs drastic reform. The situation is further complicated by the disparity in power, influence and wealth between tribes.

This is an issue of primary importance to the Department, but it cannot be addressed head-on without provoking an immediate and vocal response from the Indian community.

The Secretary's Update

a. Grazing Fees

The Secretary provided an update on fees paid by cattle ranchers who graze their livestock on public lands. According to the Secretary, the grazing issue is "moving along nicely." Six hearings have been held around the country on this issue. The ranchers presently pay \$1.86 per animal unit month. The ranchers expect DOI to raise the fee to between \$6-8 per animal unit month. The Secretary thinks the best option is to raise the fee moderately, \$3 per animal unit month--but to impose a clear set of environmental rules with clear management provisions. As an enforcement scheme, the Secretary is considering the creation of an oversight committee composed of the existing environmental regulatory agencies, and granting judicial recourse to environmental groups.

b. Public Park Entrance Fees

Regarding DOI's desire to raise admission fees for public parks, the Secretary stated that Congress is resistant to the idea there is a strong feeling on Capitol Hill that the public are visitors and should not be asked to pay more. The Department is also seeking ways to improve the fare box system which, because of manpower shortages, results in inconsistent compliance.

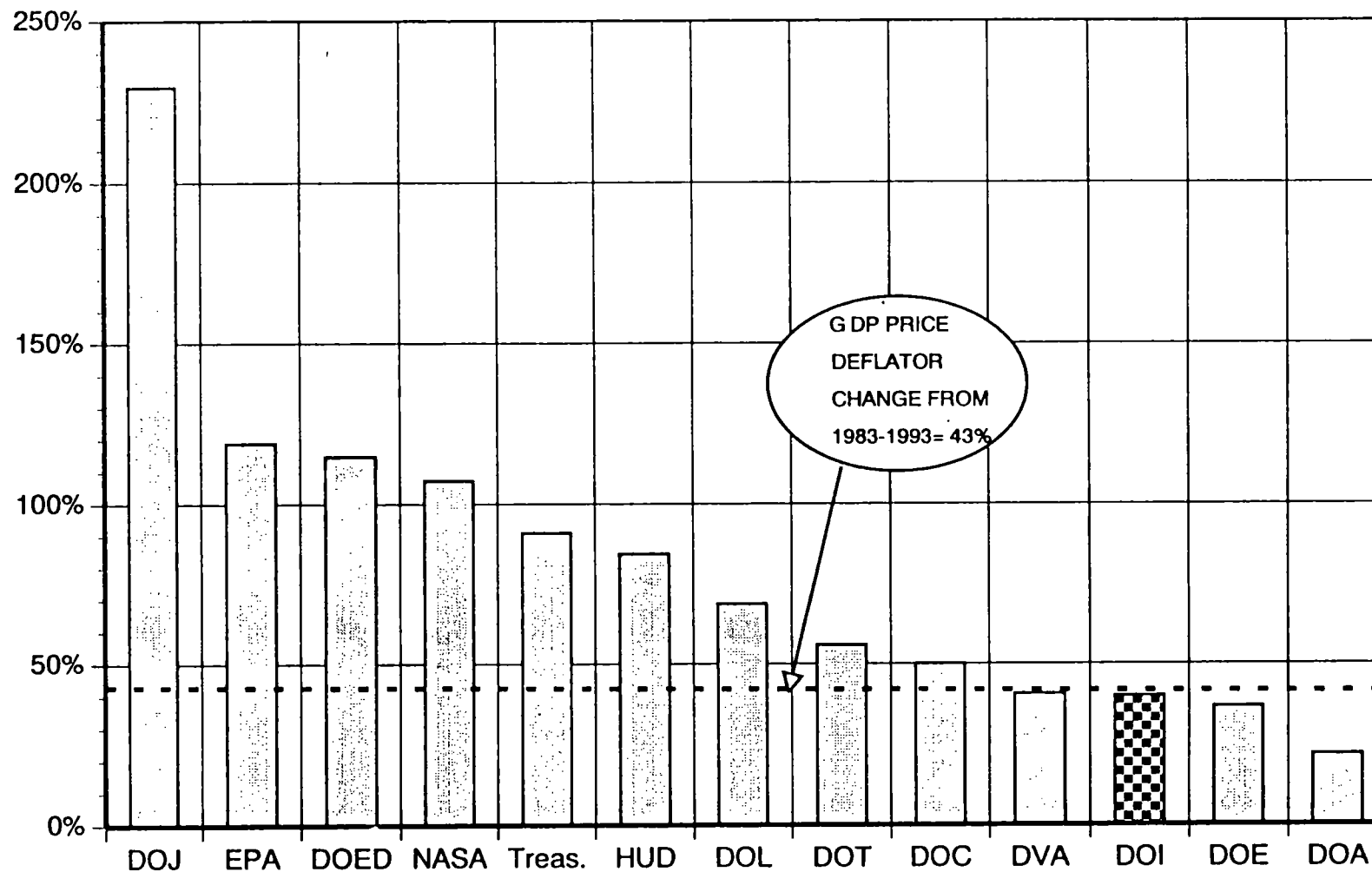
c. Mining Fees

The Secretary stated that the Mining Reform Bill will most likely be passed. DOI will not collect the amount of fees as previously expected because royalties may only be collected if the mining occurs on federally owned land; not as much mining occurs on federal lands as previously expected. Most of the land

on which gold is mined is owned by a private Canadian entity.

In conclusion the Secretary stated that the \$ 300 million DOI will need above its FY 94 budget is essential and only a small amount. If pressed to make cuts, DOI's focus would be on the Bureau of Reclamation (which was reduced by 10% this year and is targeted for another 10% next year) and; the Bureau of Mines, which has been cut slightly. (Note: Senator Byrd makes it extremely difficult to make further cuts in the Bureau of Mines, despite the need).

CHANGES IN GROSS TOTAL APPROPRIATION LEVELS FOR SELECTED DOMESTIC DEPARTMENTS 1983-1993

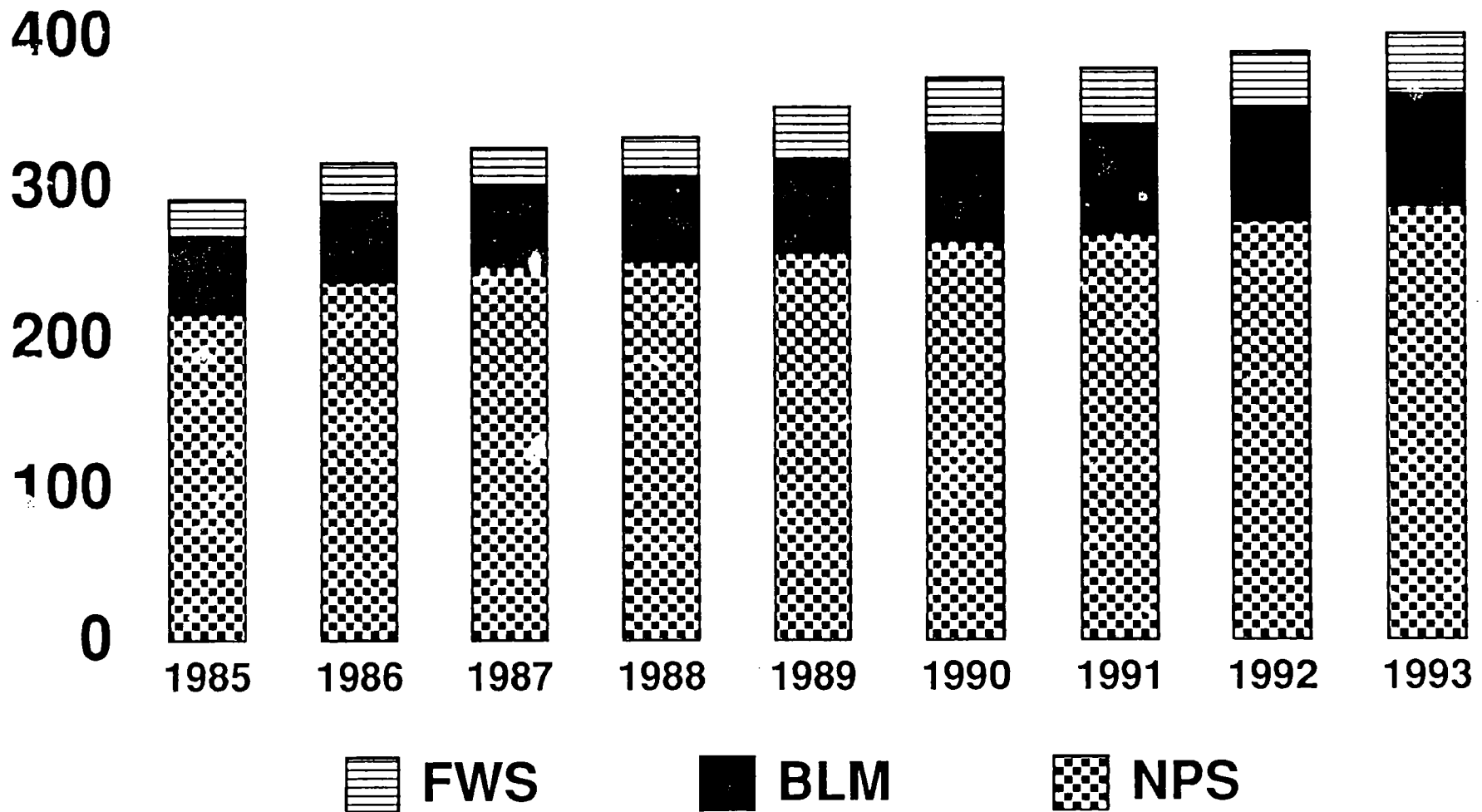


Department of the Interior: A Small Fish of a Different Stripe

- Interior's discretionary funding is about one and one-half percent of the total discretionary budget.
- Yet in the past 10 years, Interior's budget ranked 9th in budget authority change among domestic departments -- one of the few agencies that didn't keep pace with inflation. Its percentage change in this period was about a third of that of EPA's and less than half of NASA's.
- We've made great strides with our strong 1994 request.
- For relatively small dollars in our 1995 request, we can continue to make political gains.
- Major reductions are more difficult for personnel-intensive agencies like Interior than for those with significant funds for grants and contracts:
- 30% of Interior's obligations are personnel related (excluding about \$190 million in salaries and benefits for tribes who contract for programs). Only two other domestic agencies (Commerce and Justice) have a larger share of the budget going to personnel costs. The average is 4%.
- According to OMB's data, of the 12 domestic Cabinet-level agencies, Interior is the only one estimating lower personnel expenditures in 1994 than in 1993 (down 1.3%, where all domestic Departments, as a group, are up 2.7%, and one, HUD, is up 10.3%).
- After several years of constrained budgets, few options exist for "finding" reductions other than in program operations. The cushion available by tightening down on acquisition and grant funding is gone.

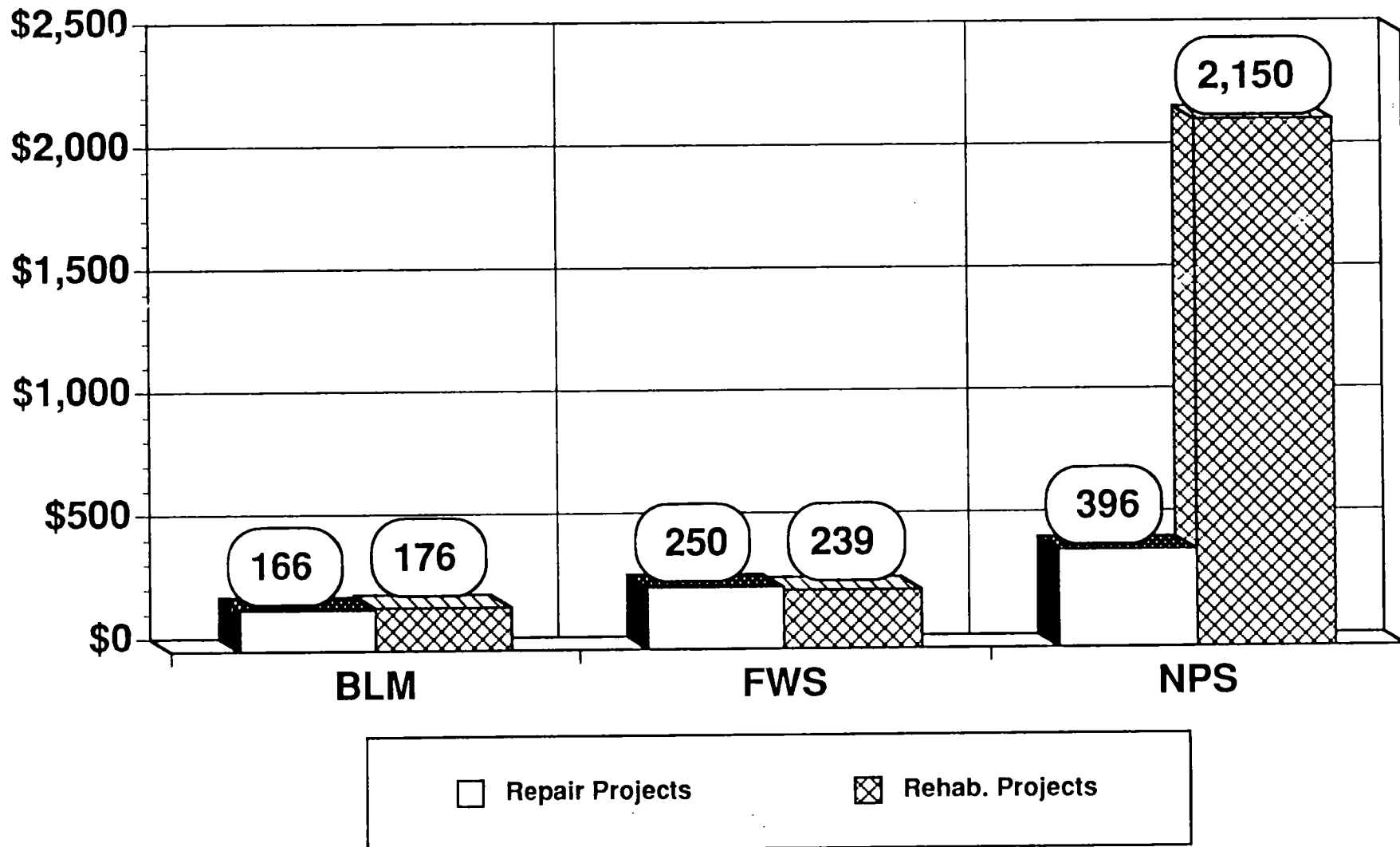
Visits to National Parks, BLM Public Lands & FWS Refuges

(in Millions)



Repair & Rehabilitation Backlog Estimates

(Dollars in Millions)



DEPARTMENT OF THE INTERIOR - INFRASTRUCTURE BACKLOG

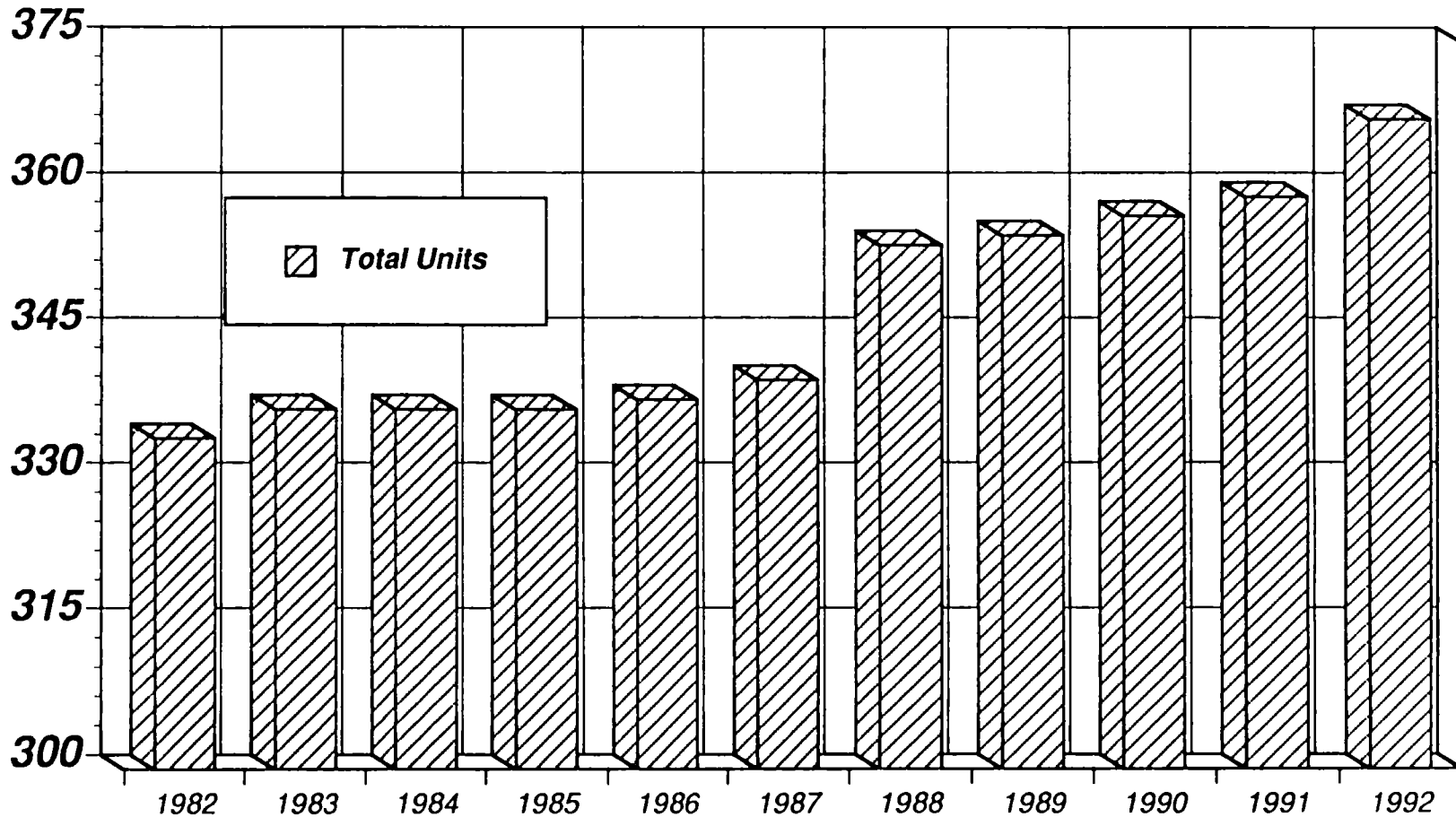
(\$ in millions)

	<u>Backlog</u>
Bureau of Land Management	
Maintenance Repair Projects	166
Rehabilitation Construction Projects	<u>176</u>
Bureau total	342
 Bureau of Reclamation	
Operation & Maintenance	98
 Fish and Wildlife Service	
Maintenance Repair Projects	250
Rehabilitation Construction Projects	<u>239</u>
Bureau total	489
 National Park Service	
Repair/Rehabilitation Projects (ONPS)	396
Rehabilitation Construction Projects	<u>2,150</u>
Bureau total	2,546
 Bureau of Indian Affairs	
Minor Improvement/Repair of Facilities	10
Roads maintenance	95
Irrigation Rehabilitation	300
School and other Rehabilitation	
Construction Projects	550
Dam Safety	262
Housing Rehabilitation	<u>420</u>
Bureau total	1,637
 TOTAL	<u><u>5,112</u></u>

National Park Service

New Park Units 1982 — 1992

Magnified Scale



Total Units

334	337	337	337	338	340	354	355	357	359	367
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BLM Managed Wilderness Areas

Number

2,000

1,500

1,000

500

0

1984

1985

1986

1987

1988

1989

1990

1991

Year



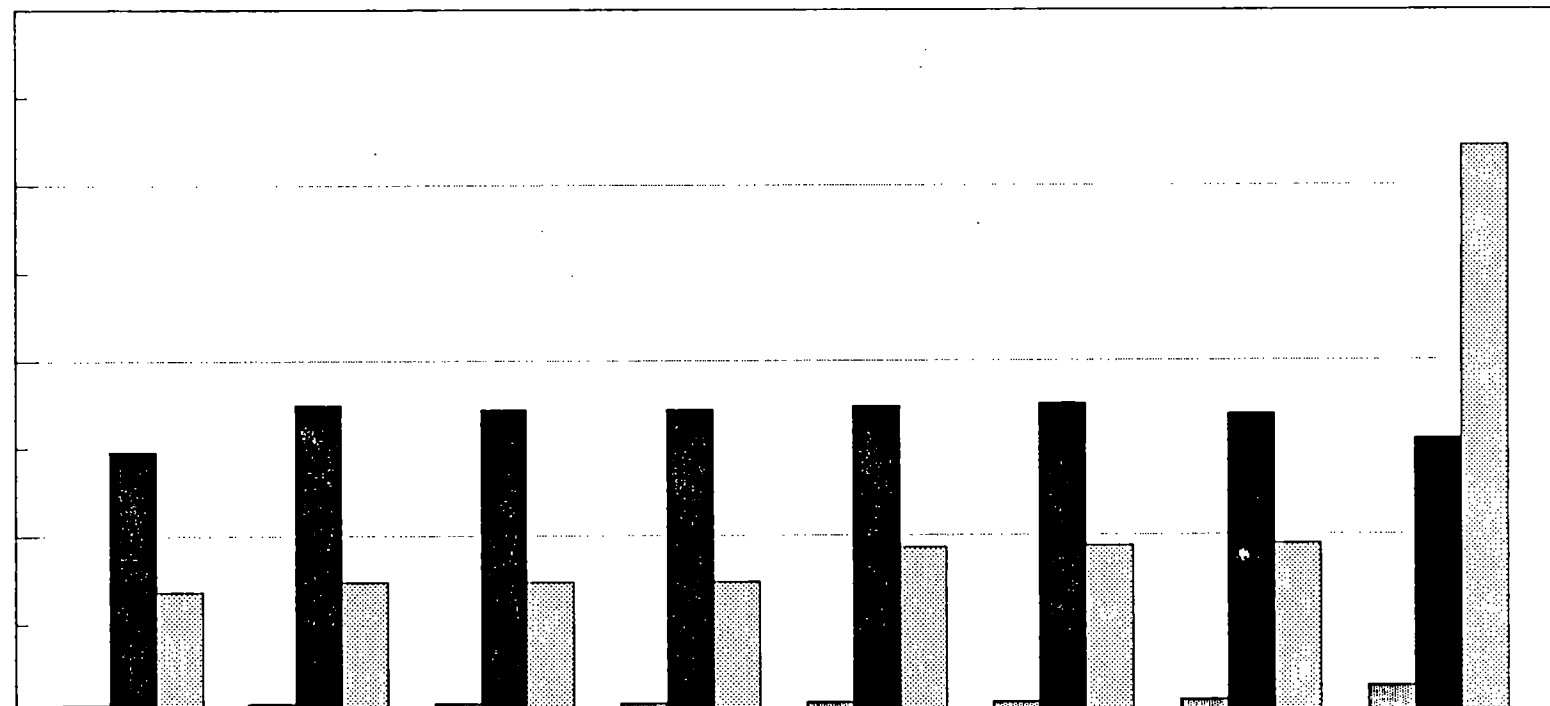
Wilderness Areas



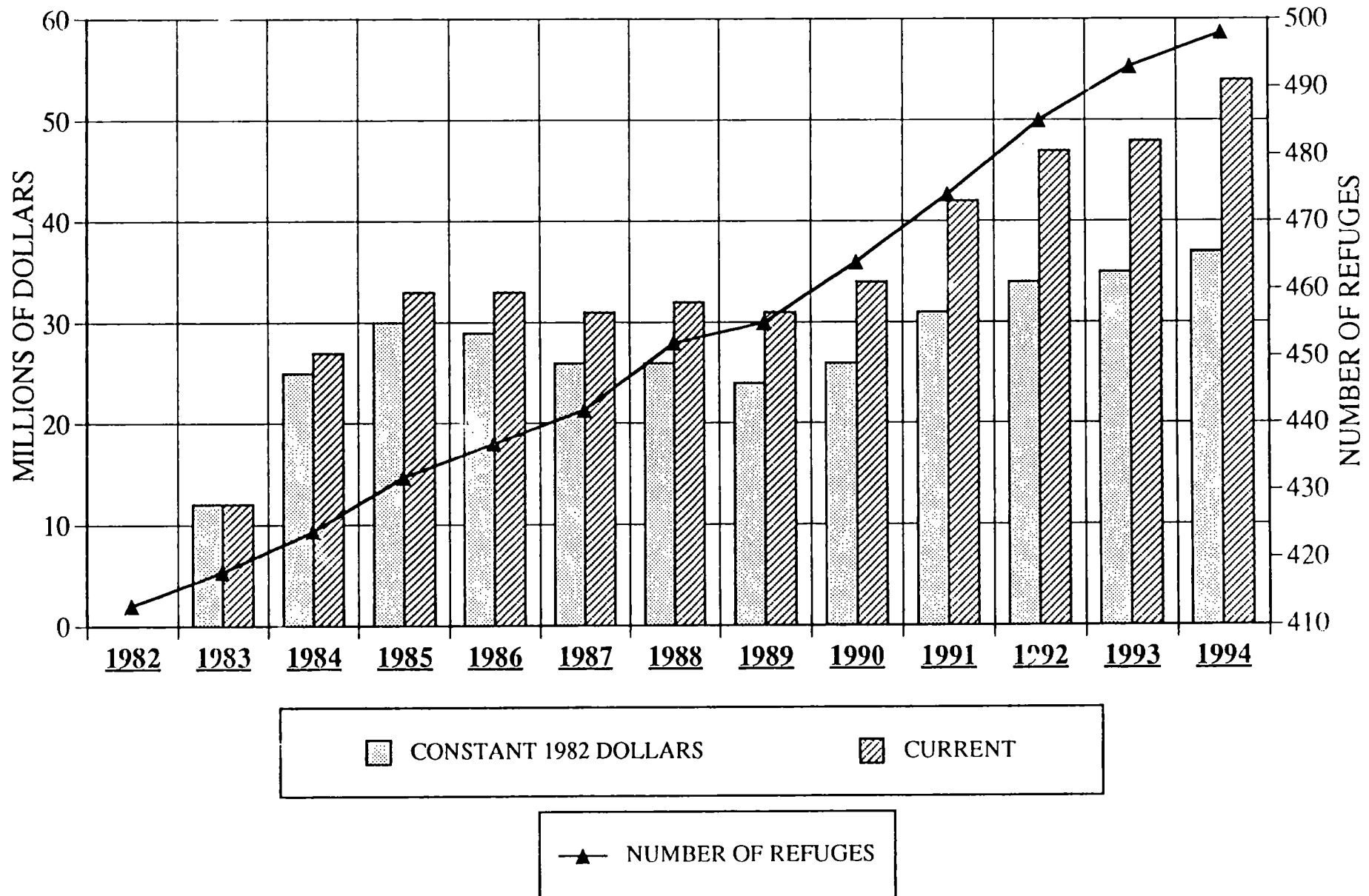
Wilderness Study Areas



Acres Managed (000's)

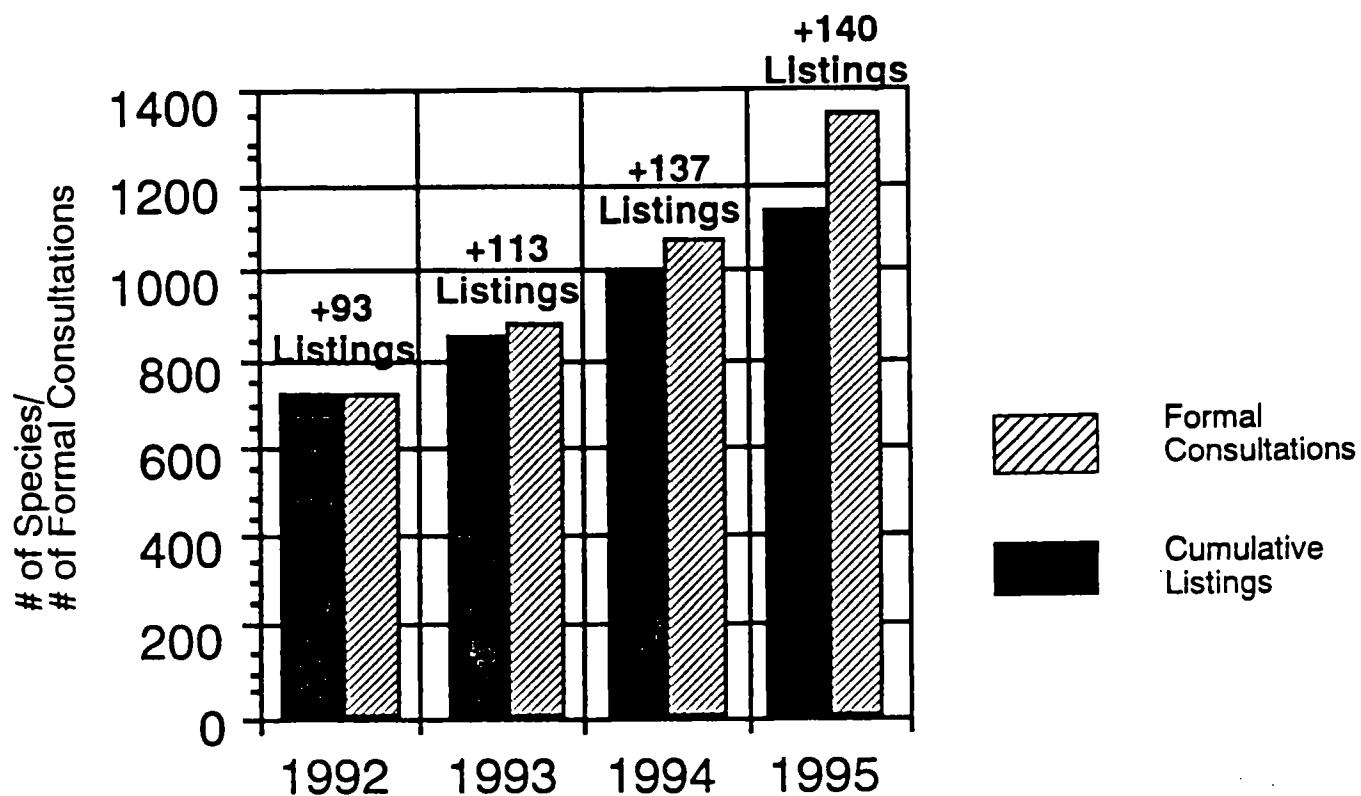


FWS REFUGE MAINTENANCE FUNDING COMPARED TO NUMBER OF REFUGES

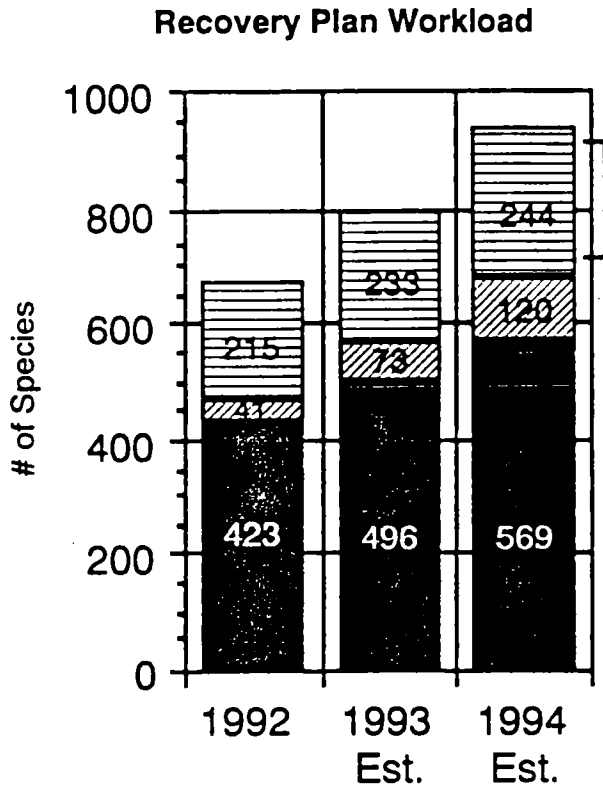


Increased Consultation Workload Parallels Anticipated Listings

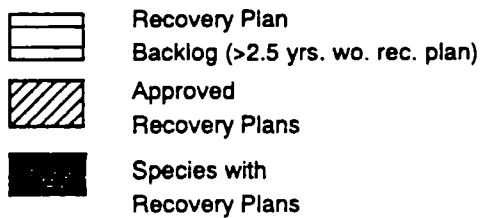
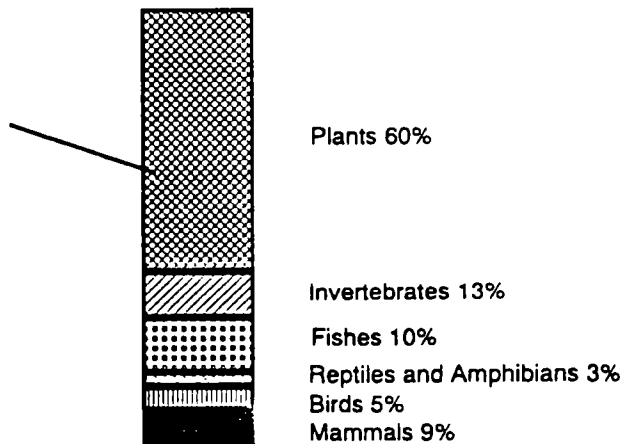
(Based on category 1 candidate species as of 12/92)



Recovery Plan Workload and Composition of Backlog by Taxonomic Group

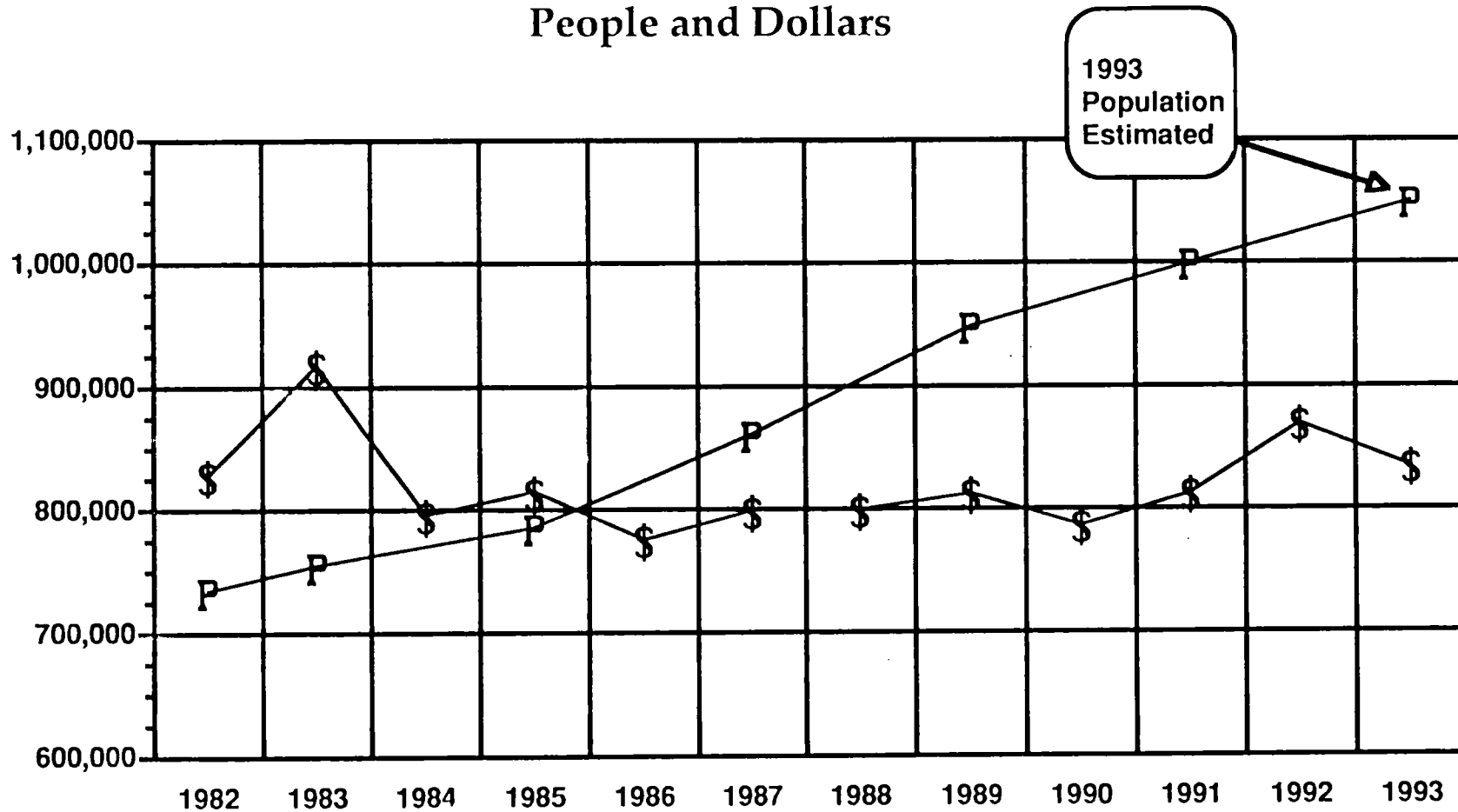


**Estimated 1994 Recovery
Plan Backlog Composi-
tion by Taxonomic Group**



Bureau of Indian Affairs

People and Dollars

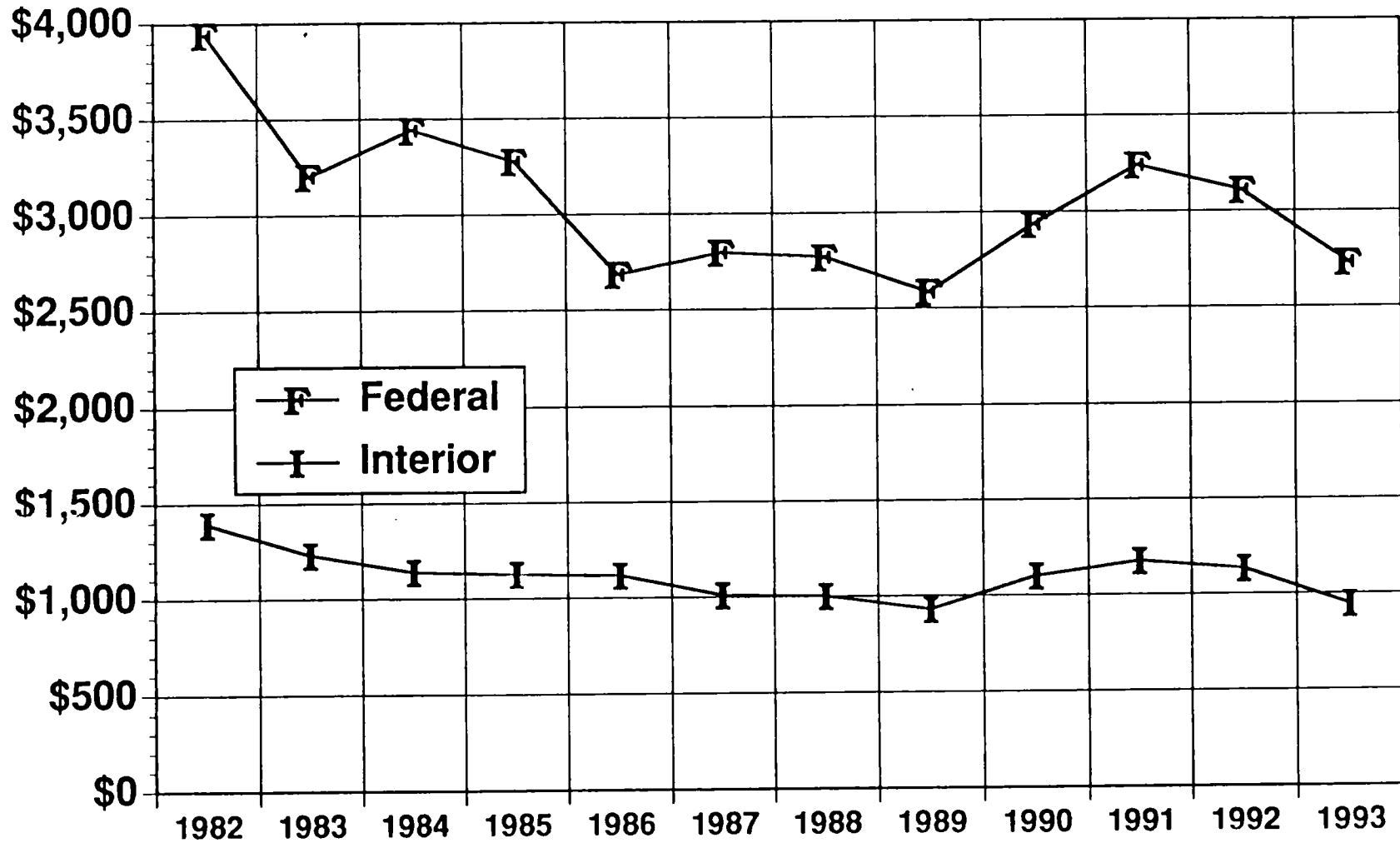


Operation of Indian Program (OIP) Funding

[Constant 1982 Dollars]

Comparison of Per Capita Indian Funding

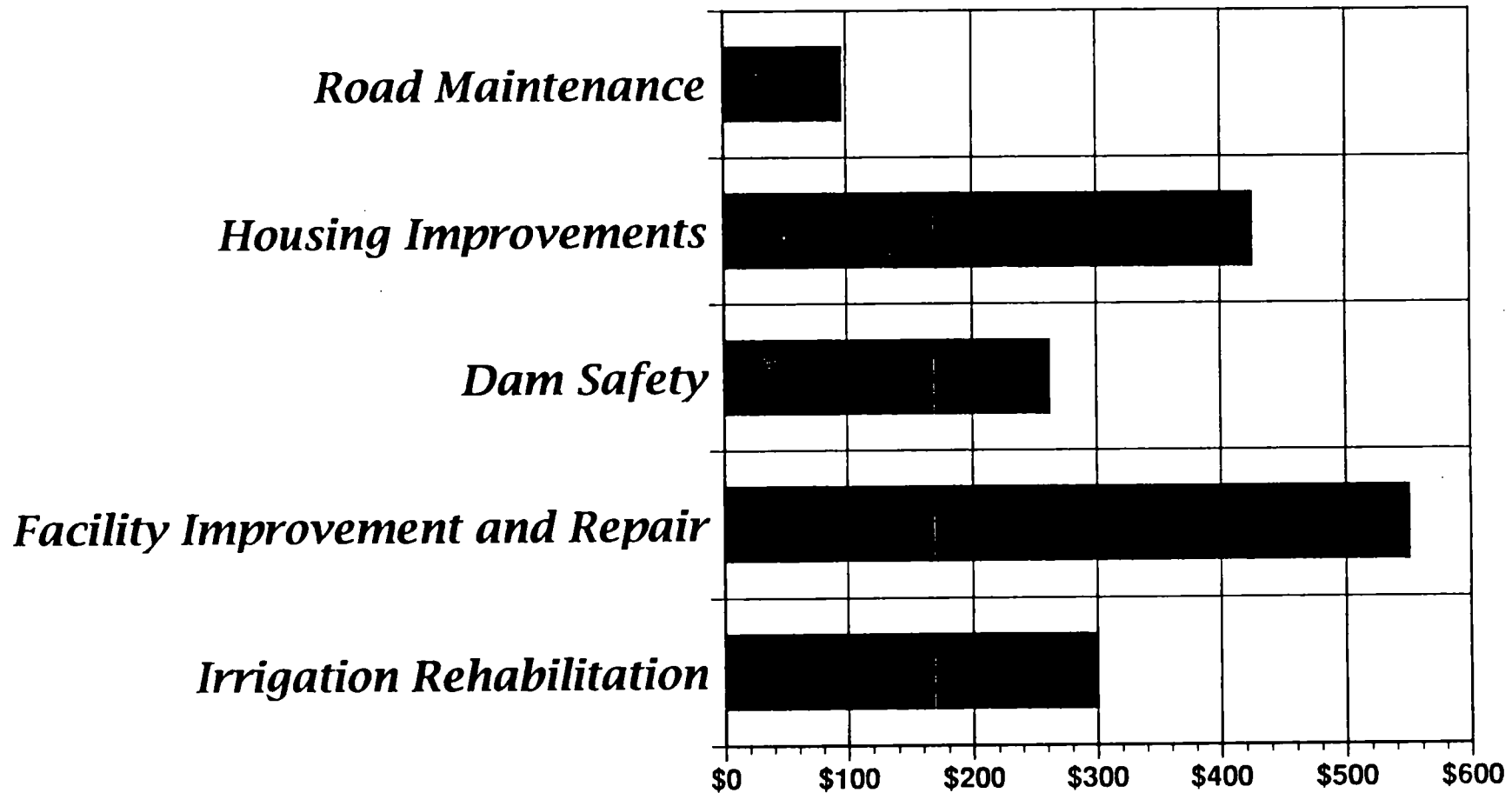
Constant 1982 Dollars



Federal	\$3,940	\$3,204	\$3,443	\$3,278	\$2,686	\$2,799	\$2,772	\$2,587	\$2,938	\$3,242	\$3,111	\$2,733
Interior	\$1,393	\$1,229	\$1,139	\$1,125	\$1,117	\$1,011	\$1,003	\$929	\$1,099	\$1,175	\$1,135	\$946

Bureau of Indian Affairs Backlog of Projects

[Dollars in Millions]



THE WHITE HOUSE

WASHINGTON

July 24, 1993

MEMORANDUM FOR CAROL H. RASCO

FROM: BRIAN BURKE ^{BB}

SUBJECT: MEETING WITH SECRETARY O'LEARY AND OMB
ON THE DEPARTMENT OF ENERGY FY 95 BUDGET

I attended the OMB meeting on the Department of Energy ("DOE" or "the Department") budget for FY 95. Set forth below is a summary of Secretary O'Leary's comments. Attached hereto at tab A is a copy of the materials DOE distributed at the meeting. The first six pages of these materials provide a useful supplement to this memorandum.¹

Introduction

Secretary O'Leary anticipates that the budget process will be difficult for DOE. The important first step for DOE is to have a "mark" to aim for and to know what is open for negotiation.

DOE Budget Priorities

1. Environmental Restoration and Clean-up

DOE is committed to improving its environmental clean-up and restoration record and to improving its image in the environmental community and the public at large. To achieve this objective of improving DOE's record and public perception, however, DOE will have to make large adjustments to its singularly defense orientated agency vision.

In this regard, the Department must work to develop

-
- ¹ DOE identifies its FY 95 budget issues as follows:
- A. Staffing--FTE v. contractor employees;
 - B. Funding basic science;
 - C. Funding Energy Policy Act;
 - D. Fill rate for strategic petroleum reserves
 - E. Defense--downsizing and R&D
 - F. Nuclear R&D
 - G. Nuclear Waste--Yucca Mountain; Plutonium disposition, Revolving fund;
 - H. Power marketing Administrations.

commercially applicable and cost effective clean-up technologies.²

DOE's specific concerns are: 1) to keep its budget from getting out of hand, and; 2) to assure communities that environmental concerns are getting promptly all necessary action. DOE intends to work with communities to build support for their environmental efforts. For example DOE has started the process of having certain documents declassified to allow citizens and environmental groups see what has been happening in DOE facilities and what environmental harms may exist. (Note: this is a break from the past and a good first step toward increased understanding and respect).

Additionally, DOE is in the early planning stages of forming Site specific advisory committees designed for communities to advise DOE on their environmental concerns. A large group of stakeholders have been involved in setting this up. The Secretary stated that Pantax is the best place to do this. (Note: Pantax is a warhead production site located in Amarillo, TX, covers an area which covers 8,960 acres. The facility is contaminated with radioactive and chemical waste which has been found in surface ponds, landfills, storage areas, and buildings. Analytical assessments are underway).

The Secretary feels strongly that environmental restoration and clean-up is an area where DOE can reorganize its laboratories to perform essential peace-time functions (Note: many of these labs are faced with peacetime downsizing and possible closure on a scale similar to the recent base closings).

Regarding the use of the Army Corp of Engineers ("the Corp") to complete some of the needed environmental clean-up work, the Secretary stated that DOE is already using the Corp in some places, but they may be able to use the competitive bidding process to their advantage given the large number of military contractors who will be eager for work due to downsizing. Thus far, little has been done to analyze comparatively the costs of having such work completed by the Corp as opposed to competitive contracting. Comparative data will be available soon.

² BACKGROUND NOTE: Developing cost-effective clean-up technologies to improve the environment and to assure that U.S. manufacturers are at the forefront in selling environmental technologies, is a Presidential priority. The President has asked Secretary Brown to develop an interagency strategic plan to increase exports of U.S. environmental technologies and to improve the competitiveness of those technologies. DOC, DOE and EPA are working on this.

2. Defense Downsizing

The Secretary emphasized that despite the President's recent decision to discontinue nuclear testing, there will be costs involved in maintaining the Department's defense capability (e.g., its ability to resume production and testing). DOE's efforts to do this will require expenditures for high physics, increased intelligence work for nonproliferation purposes,³ and the consolidation of existing weapons production facilities.

The costs associated with maintaining a nuclear testing capability are not clear. For example, it will cost 150 million to keep the doors open at certain test facilities. The alternative, "modelling", requires high speed computers which may cost more than maintaining the existing capability. DOE is currently looking at associated cost estimates.

The Secretary raised the following issue which needs to be seriously considered as a federal policy matter. During the reconfiguration of all agencies affected by peacetime downsizing, there should be a focused effort to survey all existing laboratories to determine their function and utility. At present, no one can state with any accuracy how many national laboratories there are, what each laboratory is doing and whether there is redundancy. A broad assessment must be done to determine if these laboratories are needed. The federal government must determine what it wants from these labs, then set priorities. (Note: the laboratory dynamic closely resembles the base closing situation).

Regarding the personnel component of downsizing, DOE has a 1 to 16 ratio of FTE's to contractor employees. The Secretary wants to develop an in-house expertise to overview/review contractor work. At present, such oversight itself must be completed by contractors. This goal is part of the overall contracting reform priority the department has set. Additionally, quality principles have to be adopted by DOE management and staffers. DOE's goal is to become part of the "quality revolution" that is transforming American enterprise. At present, there is a paucity of DOE employees who can actually provide appropriate technical oversight.

DOE reconfiguration will be much easier than will be the case for DOD. The Secretary stated that to lessen the harsh effect of reconfiguration on communities, DOE intends to put seed money into the communities to inspire other uses for the

³ It is my understanding that whether DOE or another agency takes the lead role on nonproliferation issues is unresolved.

facilities. However, the amount of money available for such grants is wholly inadequate. DOD has an office of grant-making authority which was designed after a DOE model. To avoid a run on the funds, DOE is waiting until communities approach them for funding.

Regarding Yucca Mountain, the Secretary stated that she will give the program a "heavy scrub".

July 27, 1993

MEMORANDUM FOR CAROL RASCO

FROM: JOSE CERDA III

SUBJECT: MEETING WITH OMB & JUSTICE ON FY 95 BUDGET

"You have a real budget problem on your hands at Justice --" Alice Rivlin.

"I don't have a budget problem. You have a terrible political problem." Janet Reno.

At yesterday's M&B review, the Attorney General made the case for her three priorities during the FY 1995 budget cycle. There were:

- (1) Making sure that the nation's prison resources are adequate "to put away dangerous offenders for good," including violent criminals and major drug traffickers;
- (2) Consolidating federal law enforcement to ensure that it is more cost-effective -- as well as more productive;
- (3) Restructuring the Office of Justice Programs (OJP) and "weaving it into one package that cuts across agency lines" to help prevent crime.

The AG made a strong case to both Panetta and Rivlin that she is willing to take politically unpopular courses of action to address Justice's long term budgetary problems -- but only if the White House was behind her. She complained that Phil Gramm and the White House were the only ones "sniping" at her, and that her message has been otherwise well received. If the White House supported her -- perhaps within the context of "National Crime Strategy" -- she would be willing to take the lead in implementing more sensible crime and drug policies that would yield long term savings.

Both Panetta and Rivlin were supportive of the AG and suggested that she go directly to the President within the next month to get the "go ahead" on these policy/budget changes -- and on putting together a National Crime Strategy to politically defend them.

A more detailed discussion follows.

A. Prisons

As outlined in my previous memorandum, prisons remain the single biggest problem for the Justice Department. Despite the fact that the President's budget reduces future prison construction, we will still have a problem funding S & E (salary and expenses) accounts for current and future prisons. OMB's fear is that -- when those prisons that are already funded and currently in the process of being built come on-line -- we will soon have to make a choice between new, empty prisons and other Justice expenditures (i.e., law enforcement, border patrol, etc).

The Attorney General expressed great interest in tackling this problem by (1) specifically defining non-violent, first-time offenders and "getting them out" of the system and into drug treatment, halfway houses, etc., and by (2) changing the Justice Department's prosecutorial guidelines. Currently, based on a memorandum from former AG Dick Thornburgh, Justice's prosecutors must charge a defendant with the most serious crime of which they can be accused. Thus, according to AG Reno, "a thirty-five year old electrician who is arrested for helping unload a large cargo of cocaine will be sentenced based on the entire amount of cocaine, and not based on their lesser role."

To be able to pursue such a shift in our sentencing policies, the AG asked Panetta and Rivlin for their help in getting White House support for such changes. These changes would have to be couched in terms of a "National Crime Strategy" that would put a priority on violent offenders and set state and federal goals for incarcerating such offenders. Panetta and Rivlin expressed their desire to help her get such support.

Bruce and I have some concerns about the AG taking the lead on such a strategy, and we'll forward a separate memorandum with some suggestions soon. Also, we dispute some of the AG's claims on mandatory minimums and are doing our own research on the topic. It is not that mandatory minimums are not a problem -- they are -- or that we want to continue the "lock'em up" policy of the previous administration -- we don't. But we are concerned about preliminary proposals developed by the AG's staff that would call for the re-sentencing and early release of up to as many as 40% of the federal prison population.

B. Federal Law Enforcement Consolidation

The AG informed Panetta and Rivlin that she is not satisfied with the National Performance Review's cursory look at consolidating federal law enforcement, and she wants to work with OMB on how to consolidate federal law enforcement. She is particularly concerned about the merging the Federal Bureau of Investigation and the Drug Enforcement Agency, but also the Marshalls, INS and law enforcement branches in other agencies, too. Interestingly, while such a consolidation may cost yield savings in the long run, it is likely to cost more in FY 1995.

The AG believes this consolidation also needs to be addressed within the context of a White-House supported/Justice-run National Crime Strategy.

C. Restructuring the Office of Justice Programs (OJP)

The Attorney General referred to OJP as a "political nightmare" that "we need to get a handle on." She believes that OJP's resources are squandered and can be cut. Moreover, she would like to see these programs focused into one, interagency crime prevention program. No word, however, on exactly what such a program would like -- though one can already imagine the resistance from the Hill and from other agencies.

D. Putting 100,000 New Cops on the Street

The AG did not identify the President's 100,000 new police pledge as a priority. In fact, she is concerned that the 100,000 new police initiative will sap the Justice Department of its base, and she asked Rivlin and Panetta about various other pots of money. First, she inquired about raiding the Department of Defense's budget. Panetta said no that the President had made a commitment to Senator Nunn. She then asked about using DoD's interdiction monies -- even just their gasoline expenses. Panetta said that he didn't think these monies were fungible but maybe. Finally, she asked about using the military to pay for part of the 100,000 cops -- and about using policing monies for new FBI and DEA agents and that could be assigned to some type of "street" duty.

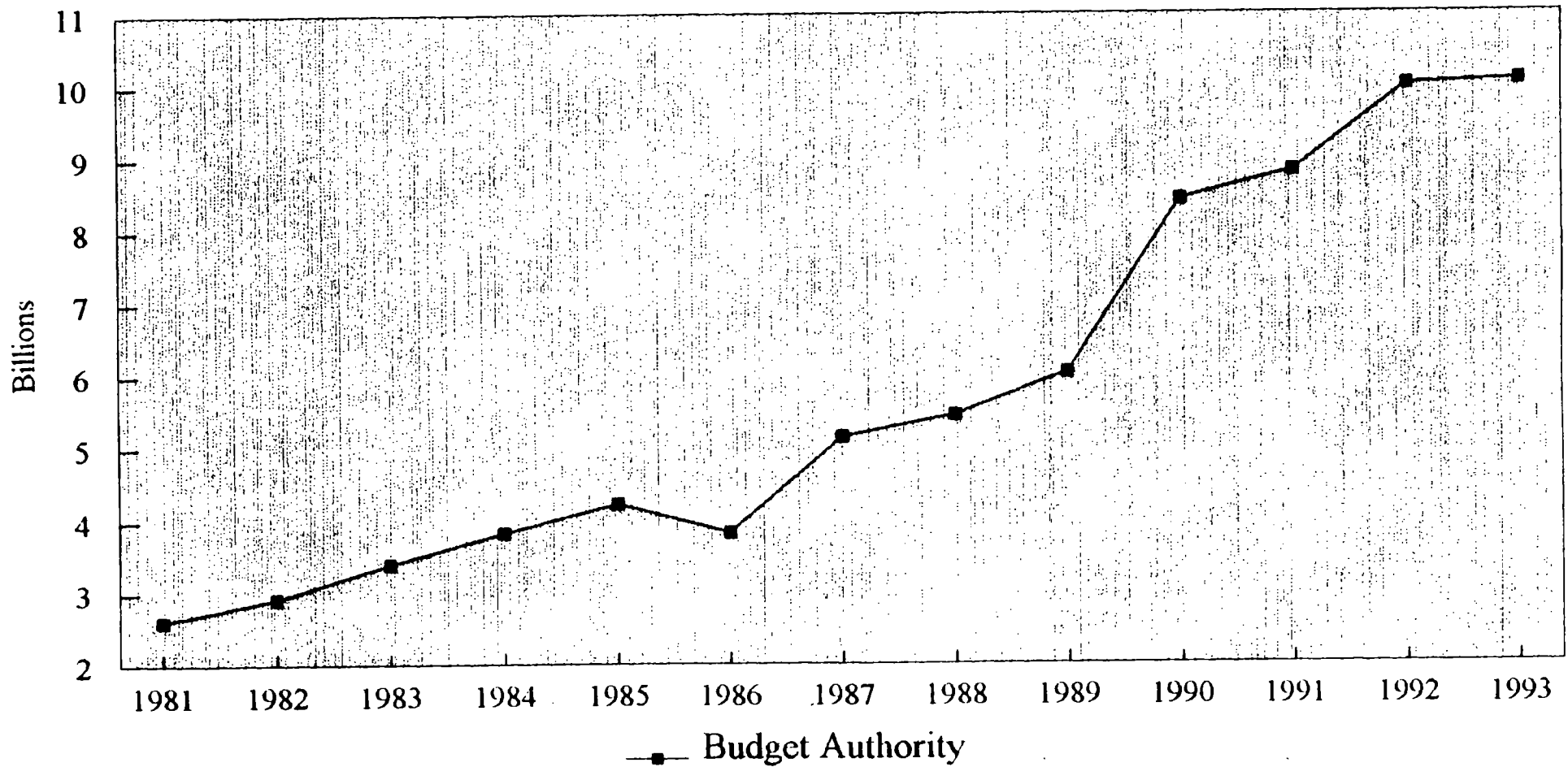
The AG also told Panetta and Rivlin that it would be best if we replaced the President's "100,000 cops" rhetoric with the less numerically specific phrase, "cops on the beat." That is, she said, "until some mid-level, White House staffer tells her otherwise."

NB: Bruce and I will follow-up soon with our suggestion on how to address the AG's request to take the lead on a National Crime Strategy.

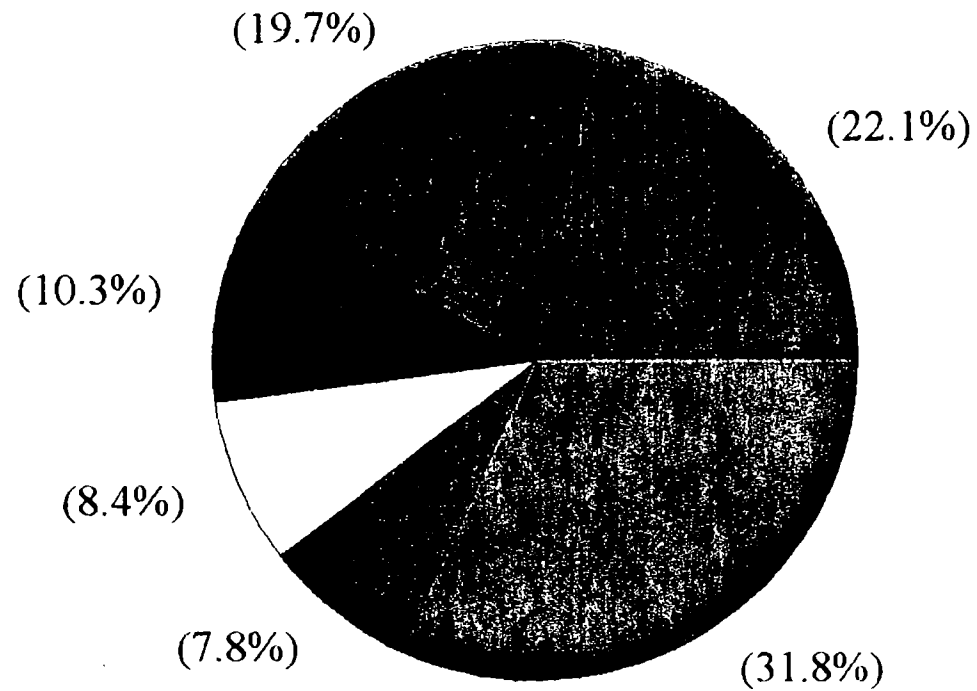
cc: Bruce Reed
Donsia Strong

Department of Justice

(\$ in Billions)



DISTRIBUTION OF DEPARTMENT OF JUSTICE BUDGET AUTHORITY



■ Prisons

■ FBI

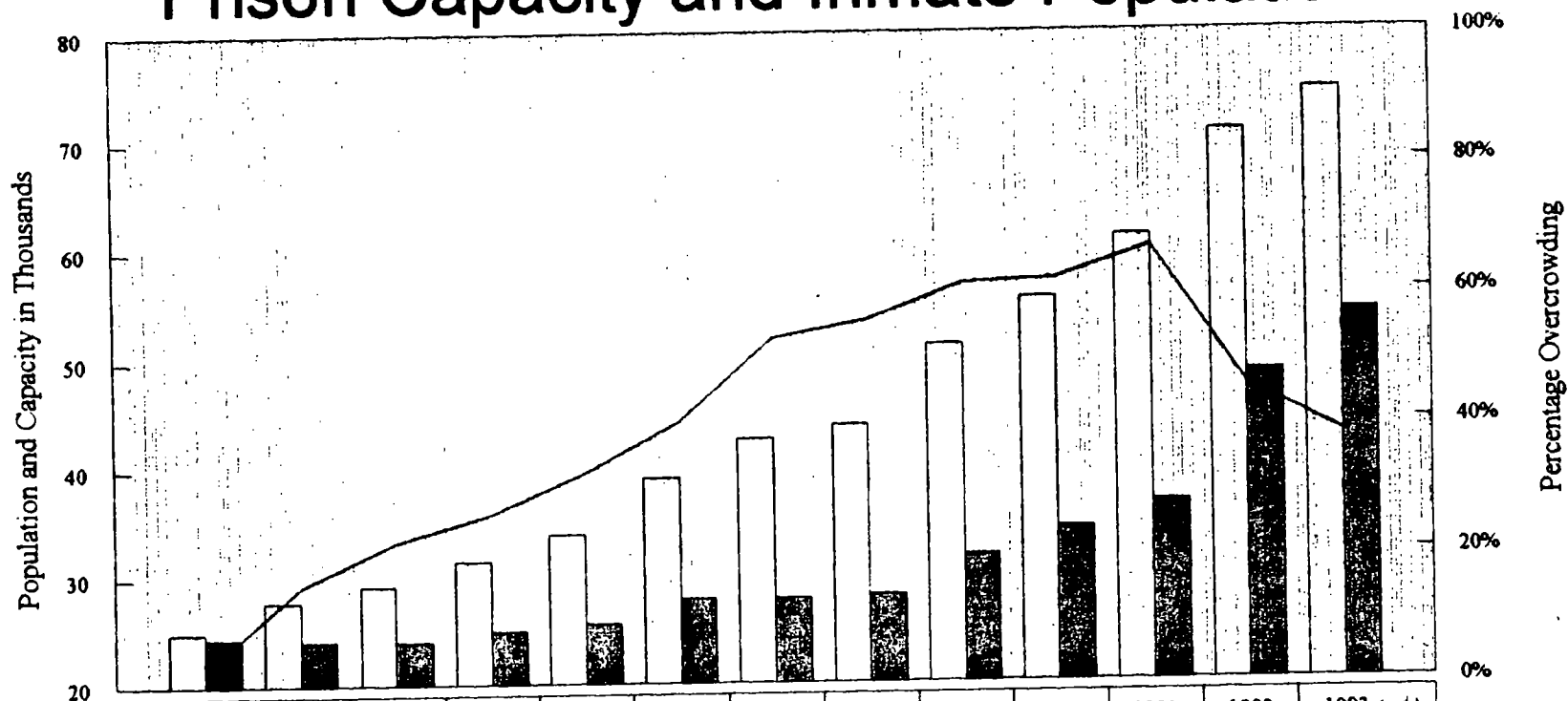
■ INS

□ US Attorneys

■ DEA

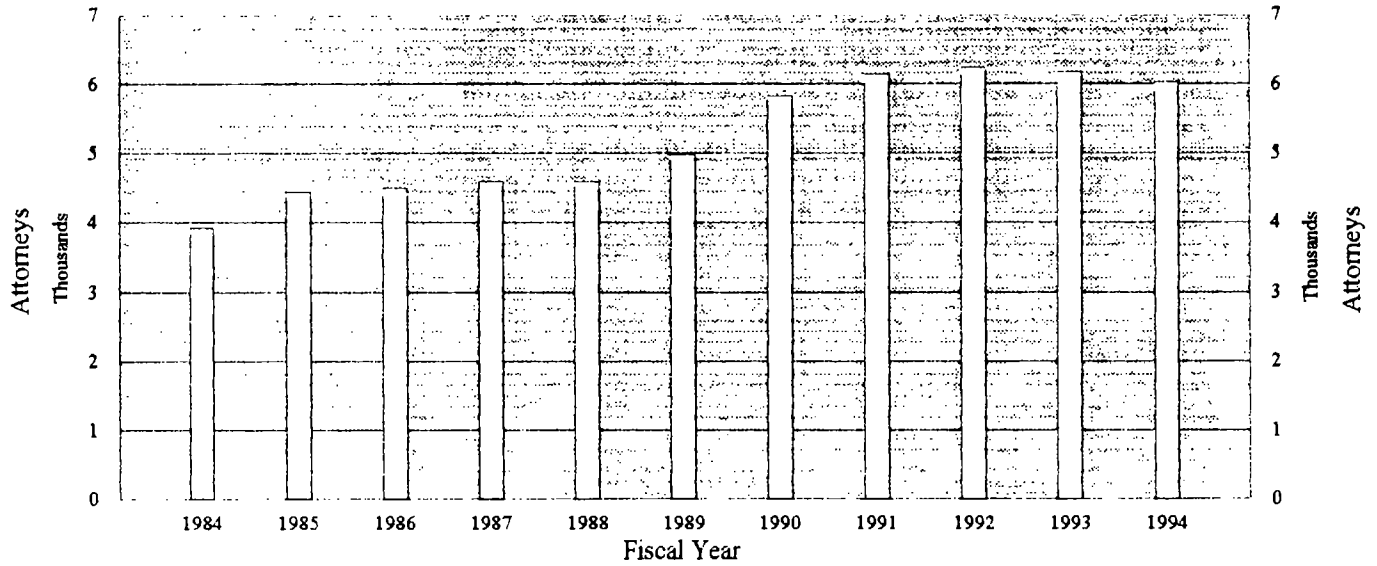
■ All Other

Prison Capacity and Inmate Population



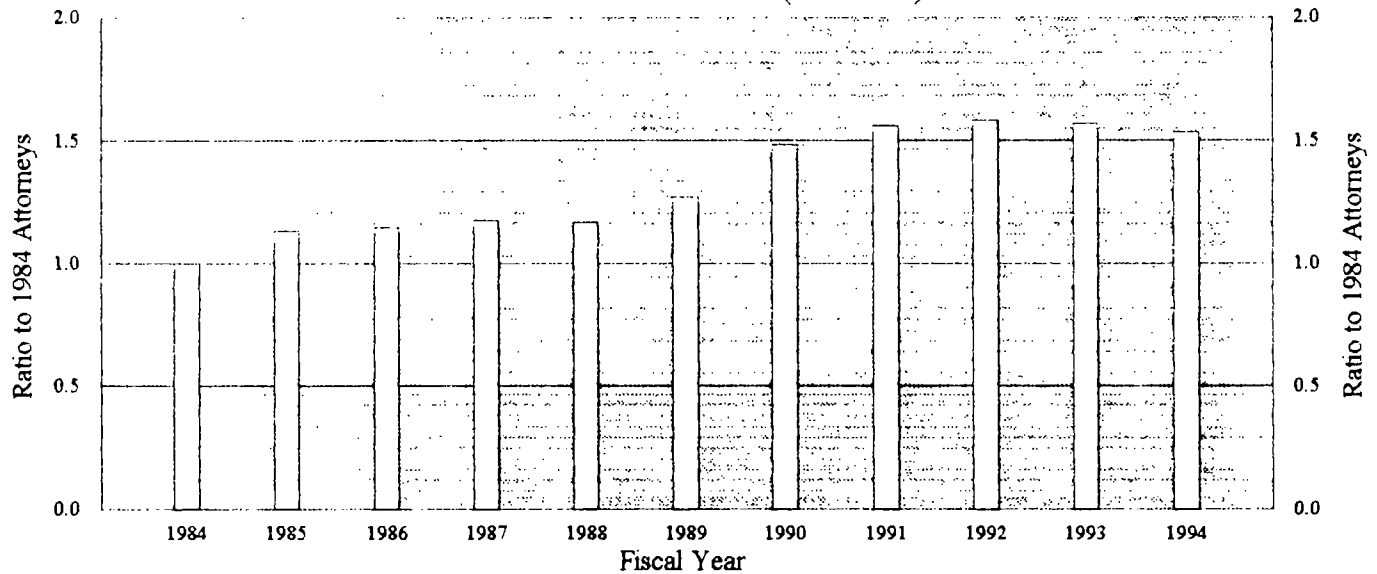
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 (est.)
Inmate Population	24,932	27,730	29,178	31,394	33,834	39,008	42,627	43,835	51,153	55,407	61,071	70,630	74,460
Prison Capacity	24,311	24,072	23,936	24,874	25,532	27,785	27,854	28,143	31,727	34,239	36,624	48,527	53,946
— % Overcrowding	2.6%	15.2%	21.9%	26.2%	32.5%	40.4%	53.0%	55.8%	61.2%	61.8%	66.8%	45.5%	38.0%

Absolute Growth in Justice Department Attorneys 1984 - 1994



Includes principal litigating attorneys (antitrust, civil, civil rights, criminal, environment, and tax divisions and U.S. attorneys) only.

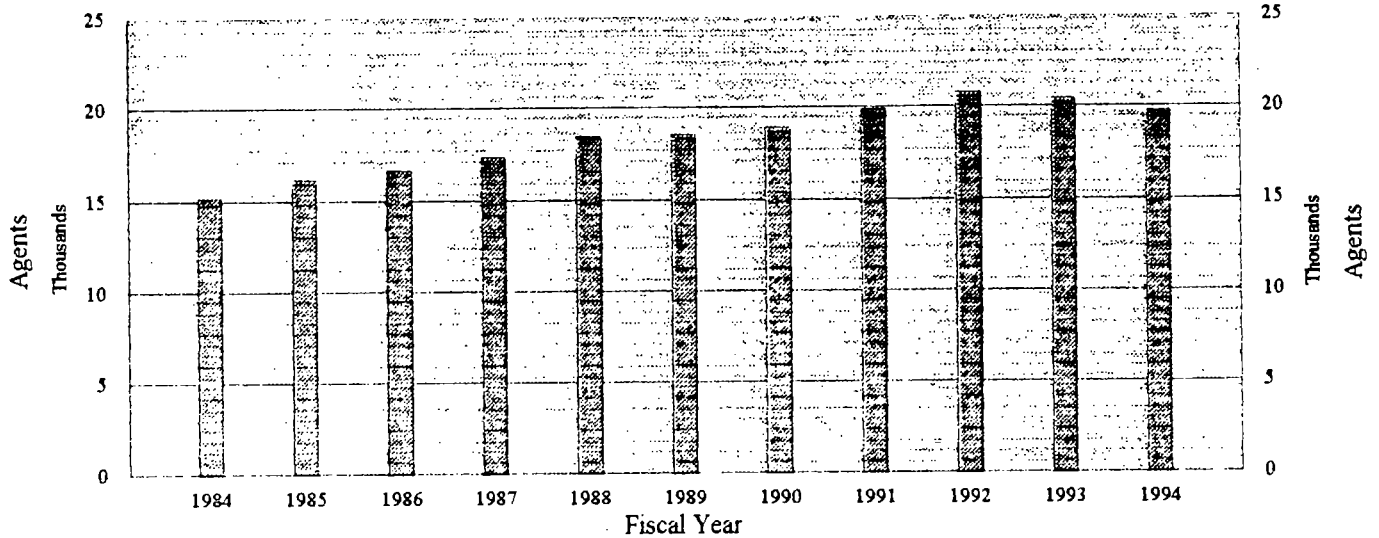
Proportional Growth in Justice Department Attorneys Base Year is Fiscal Year 1984 (1984 = 1.0)



Includes principal litigating attorneys (antitrust, civil, civil rights, criminal, environment, and tax divisions and U.S. attorneys) only.

Absolute Growth in Justice Department Agents

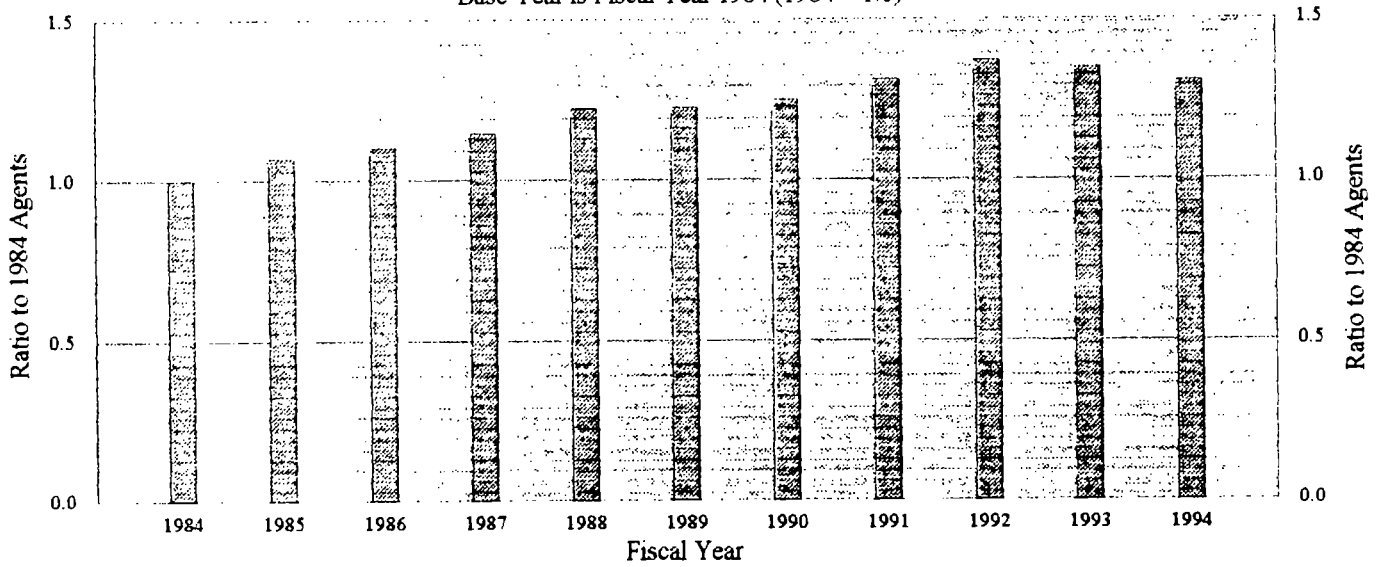
1984 - 1994



Includes DEA, FBI, INS and Marshals Service agents.

Proportional Growth in Justice Departments Agents

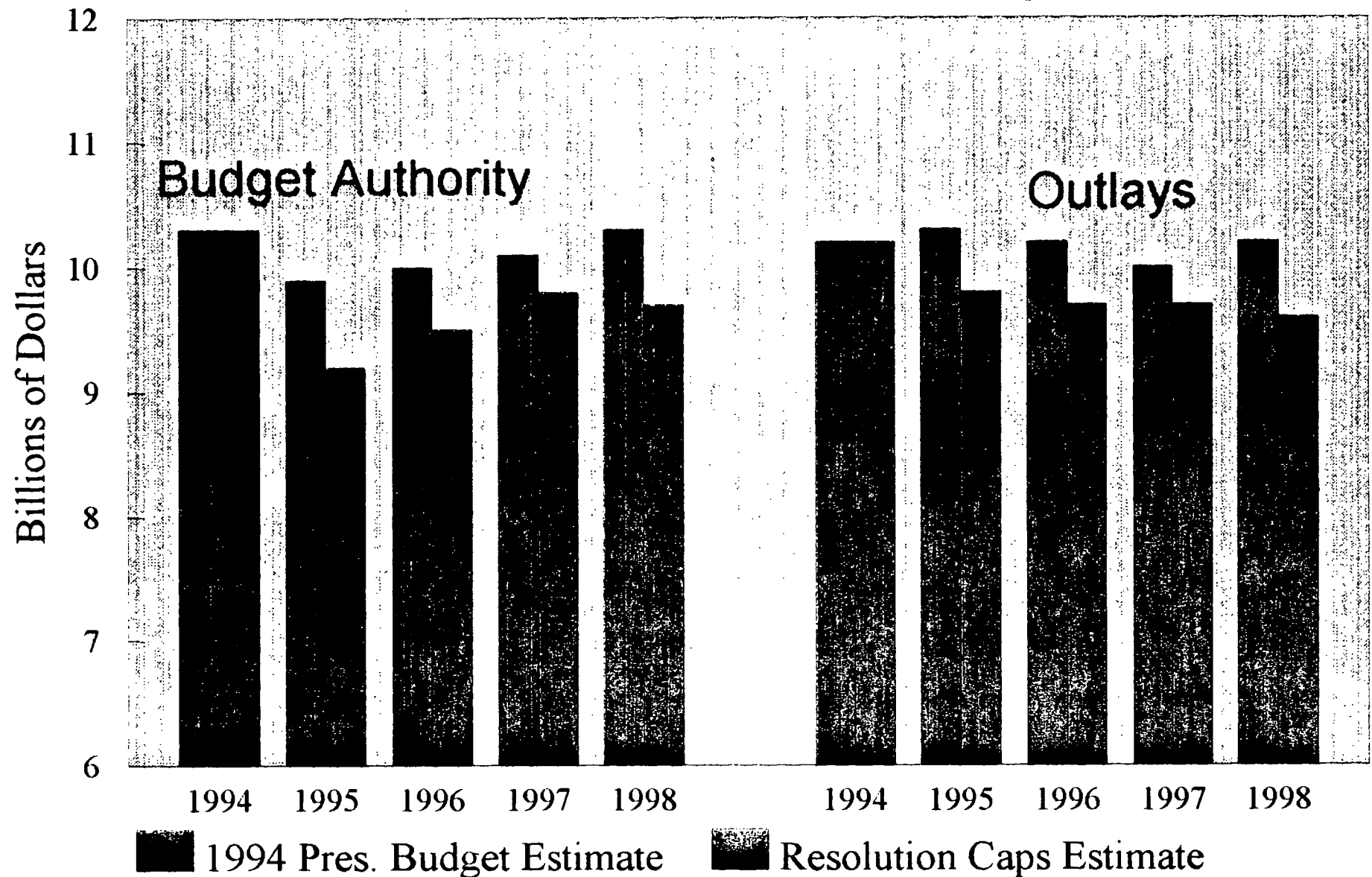
Base Year is Fiscal Year 1984 (1984 = 1.0)



Includes DEA, FBI, INS and Marshals Service agents.

DEPARTMENT OF JUSTICE BA AND OUTLAYS:

1994 Pres. Bud. Estimates vs. Resolution Caps Estimate



DEPARTMENT OF JUSTICE PRESIDENT'S INVESTMENT PROPOSALS

(Budget Authority, Dollars in Millions)

	1993 Enacted	1994 Request, Total	1994 Investment Portion	1994 House Action, Total	1994 House Investment Portion	1995 Request, Total	1995 Investment Portion
Federal/State Partnerships 1/	0	100	100	25	25	394	394
Community Policing		[50]	[50]	[25]	[25]		
Police Corps		[25]	[25]	[0]	[0]		
Criminal Records Upgrade		[25]	[25]	[0]	[0]		
Community Relations Service	28	35	7	27	0	38	9
Support of U.S. Prisoners	241	357	88	308	39	397	121
FBI	1,998	2,044	19	2,024	0	2,014	26
INS	978	1,019	28	999	0	1,012	35
Prisons: Salaries and Expenses	1,744	2,040	151	1,950	65	2,062	208

1/ Federal/State Partnerships investment was requested as a new budget account. House action earmarked \$25 million for community policing under an existing account in the Office of Justice Programs.

Department of Justice
FY 1995 Discretionary Budget Estimates
(\$ in millions)

1.	<u>Background</u>	<u>B A</u>	<u>Outlays</u>	<u>FTE</u>
	1994 Request	9,581	9,480	95,912
	1994 House	9,131	9,330	N/A
	1995 Request in '94 Budget	9,863	10,327	N/A
	1995 Provisional Ceiling	9,233	9,790	94,436
2.	<u>Costs to carry out House 1994 in 1995</u>	9,747	10,297	
3.	<u>Investment Proposal</u>			
	• Funded 1994 Investment (non-add)	(129)	(75)	
	• Unfunded 1994	262	139	
	• Planned 1995 Investment Increment	404	378	
4.	<u>Necessary Cost Increases Over Investment Proposals</u>			
	• Prisons - S&E	390	332	800*
	• Meeting the 100,000 Cops Pledge	343	75	10
	• US Marshals	50	45	400
	• INS Border Patrol, Detention, Infrastructure	49	40	500
	• Community Relations	7	6	0
	• Defense of Environmental lawsuits	3	3	50
	Subtotal (Sum of 3 & 4)	1,508	1,018	
5.	<u>Estimated Requirements (Sum of 2, 3, & 4)</u>	11,255	11,315	
6.	<u>Required reduction to reach 1995 Provisional Ceiling</u>	-2,022	-1,525	

* 2000 Positions

Major Issues

- Reaching provisional ceilings requires major realignment and RIFs
- Law Enforcement - Role and scope in context of FTE ceilings and budget reductions.
 - Realign Federal role vs State/local
 - A. Revise Federal Code to streamline # of Federal offenses
 - B. Encourage States and locals to stiffen sentencing, penalties
 - C. Charge States for services (eg. training, lab)
 - D. Downsizing Federal law enforcement presence in conjunction with 100,000 cops initiative
 - Streamline Federal structure
 - A. DEA/FBI merger; Eliminate Organized Crime Drug Enforcement Task Forces
- Federal Prison System
 - Projected Growth/Future Requirements - Now the biggest bureau in DOJ
 - Prison population has increased from about 29,000 in 1983 to 75,000 in 1993.
 - Mandatory Minimum Sentences - Impact
- Law Enforcement Pay - No more enhancements
- Immigration Policy/INS
 - Asylum legislation and streamlining admin. procedures
 - Infrastructure Improvement Needs

- Restructuring
 - A. Shift of legal immigration to State Dept.
 - B. Shift employer penalties to Labor Dept.
 - C. Merge Customs/INS on landborder ports, especially southwest
- US Marshals - Growth and infrastructure requirements
- Office of Justice Programs - State and Local Law Enforcement Assistance/ Juvenile Justice

Management Issues

- Reaching FTE targets
- Improving management debt collection
 - A. collection of fines and restitution
 - B. collection of debts owed U.S. referred by other agencies
 - C. contracting for debt connection
- Improvement of contract administration
- Resolution of responsibilities (jurisdiction) between the Inspector General and the Office of Professional Responsibility.
- Prisons - Correct environmental health and safety issues and provide sufficient resources to reduce overcrowding and inadequate staffing (high risk).

BOLD STRATEGIES TO ACHIEVE 1995 PROVISIONAL CEILING
(dollars in millions)

Co	Agency/Bureau	Brief Description	1995 Base Outlays	Savings		
				1995 Proposal BA	OL	5 year BA estimate
CROSSCUT PROPOSALS						
	DOJ/STATE/DOD	Shift \$200M from DOJ/State/DOD drug "supply" programs to drug "demand" programs.	8,301	N/A	N/A	N/A
	DOC/TREASURY	Consolidate INS and Customs border management responsibilities into one agency. (Savings would be split between Treasury and Justice.) NPR	N/A	(35)	(26)	(175)
	DOC/TREASURY	Consolidate BATF firearms and explosives functions into FBI. (Savings in Treasury and additions to Justice.) NPR	219	20	18	100
EL	ATION/RESTRUCTURING PROPOSALS					
	Drug Enforcement Administration	Consolidate/Restructure DEA overseas offices. Move to a country office format to regional offices.	723	(40)	(30)	(210)
	Drug Enforcement Administration	Eliminate foreign enforcement operations (i.e., SNOWCAP, CADENCE)	723	(15)	(11)	(75)
	Assts Forfeiture Fund	Reduce state payments for assets forfeiture. Proposal cuts in half the sharing of forfeited assets shared with states. Savings are deferred for use until 1996 since the receipts are earmarked and carry over for this and other law enforcement programs. Feds bear most of the cost. Could offset OJP. Crosscut: similar policy for Treasury Asset Forfeiture Program.	245	(123)	(49)	(715)
	Office of Justice Programs	Reduce anti-drug abuse grants by 20%. Would eliminate, for one year, all new grants and enable States "catch up"/ use large obligated balances. Rationale for cut would also be the 100,000 cops initiative.	758	(85)	(19)	(425)
REVENUE/FEE PROPOSALS						
	INS	Introduce INS fees at land border (several forms). Crosscut: Similar policy in Customs	1,012	(17)	(17)	(85)
	FBI	Charge State and local law enforcement agencies for fingerprint/name checks. (\$2 per 5.5M checks.) Also charge for FBI State/local training.	1,934	(16)	(12)	(80)

Other Strategies to achieve 1995 Provisional Ceiling

(Dollars in millions)

	<u>BA</u>	<u>OL</u>
A. <u>User Charges/Other Revenues</u>		
• Charge for FBI lab work performed for State and local law enforcement	-5	-3
• Uniformly refer all debt under \$1 million to private collectors (results in additional revenues and frees US Attorneys to work other cases)	-3	-3
B. <u>Program Reductions</u>		
• Terminate National Institute of Corrections	-10	-4
• Terminate State and local Overtime	-5	-4
• Scale back IAFIS (Fingerprint ID System - FBI) No 1995 Approp. (Byrd)	-20	-15
• Reduce Foreign Counterintelligence (FBI)	-10	-8
• Eliminate Regional Drug Intell. Squads (OCDE) - NPR	-15	-8
• Eliminate Marijuana Eradication Program (DEA)	-10	-8
• Eliminate Weed and Seed (GA)	-14	-10
C. <u>Investment Reductions Below 95 Level</u>		
• None		
D. <u>Alternative Strategies</u>		
• Shift "legal" immigration to State Department	(-35)	(-35)
• Shift employer sanctions to Labor Department	(-5)	(-4)

- | | | |
|--|-------|------|
| • Shift Inspections to Treasury Department - NPR | (-10) | (-8) |
| • Consolidate drug law enforcement (DEA/FBI) - NPR | -50 | -38 |
| • Eliminate OCDE in lieu of FBI/DEA merger - NPR | -385 | -193 |
| • Drop local drug investigation role;
assume States and localities will pick it up. | -100 | -100 |

Total:	-627	-394
---------------	-------------	-------------

Department of Energy Priorities

The Big Picture—FY 1994 vs. 1995

A. FY 1994 House Mark

1. Allowance Is \$1 Billion below President's Request
2. Major differences are: Eliminates Superconducting Super Collider (−\$420 million), Reductions in clean-up (−\$280 million), Reductions in defense activities (−\$250 Million)

B. FY 1995 Original OMB Target

1. Represents a \$1.3 billion increase over the President's 1994 Request
2. Provides for a 2.3% real growth in clean-up activities
3. President's investment initiatives fully funded
4. Other activities held level, no growth

C. FY 1995 Potential Revised OMB Target I—\$19.1 billion

1. Fully funds President's investment initiative and related base programs
2. All other discretionary programs, including clean-up, reduced 10%

D. FY 1995 Potential Revised Omb Target II—\$19.6 billion

1. Similar to the \$19.1 billion level except provides for 2.3% real growth in environmental clean-up.

(In all FY 1995 cases Superconducting Super Collider is funded at \$520 million, which is \$120 below the President's FY 1994 Request)

Department of Energy Priorities

I. Recognized leaders in science and technology

- A. Utilize unique capabilities of our National Laboratories
- B. Foster Basic Research
- C. Construct State of the Art Facilities
- D. Support Science and Math Education
- E. Apply scientific research to address global issues

The Bottom Line \$3.1 Billion

<i>Priority Programs:</i>	Basic Energy Research High Performance Computing Superconducting Super Collider Advanced Neutron Source B Factory Tokamak Physics Experiment High Energy and Nuclear Physics Biological and Environmental Research Science and Math Education
<i>What this buys:</i>	Over 6,000 scientists, nationally and internationally, using facilities—includes 1,500 industry users Supports direct employment of 50,000 engineers and scientists \$75–100 million matching industry funds leveraged in basic research Sustains 8 major basic research construction projects Provides science research funding to over 5,000 students Provides science and math education to over 350,000 students and 45,000 teachers

Department of Energy Priorities

II. Department of Energy Drives the Economy

- A. Foster industry partnerships
- B. Create jobs
- C. Enhance U.S. competitiveness
- D. Foster energy efficiency
- E. Commercialize technologies

The Bottom Line \$2.4 Billion

Priority Programs: Energy Efficiency

Renewable Energy

Biotechnology

Natural Gas Investment Initiative

Technology Transfer - *demonstrated programs already in place*
- *moving out into national markets*

Alternative Fueled Vehicles

Integrated Resource Planning

Cogeneration

What this buys:

Over 101,000 jobs created

Over \$1.73 billion in industry participation

Over 830 U.S. industrial partnerships

15,000 alternative fueled vehicles purchased or converted for the Federal fleet.

145,000 homes weatherized, 1,400 schools and hospitals assisted

\$1 billion savings in Federal building energy consumption by year 2000

Meets the following goals

- Reduces oil imports
- Accelerates use of clean natural gas
- Cleaner use of coal
- Accelerates introduction of high efficiency, lower cost technologies
- Commercializes renewable energy technologies
- Emphasizes near-term, exportable technologies

Department of Energy Priorities

III. World-class Environmentalist

- A. Develop commercially applicable, cost effective cleanup technologies
- B. Foster trust from our stakeholders
- C. Implement a risk-based, affordable cleanup program
- D. Provide for the safe disposal of spent nuclear fuel
- E. Apply Energy Efficient and Renewable Technologies to reduce greenhouse gases

The Bottom Line \$7.6 Billion

Priority Programs: Critical Environmental Technologies

Technology Development

Environmental Cleanup

Waste Management

Civilian Radioactive Waste Disposal

Decontamination and Decommissioning

What this buys: Leverages \$245 million Technology Development with \$700 million industry contributions

58 emerging environmental restoration and waste management technologies demonstrated

Waste Minimization cost-benefits estimated at \$50 million, potentially much higher

Ten percent reduction from 1993 levels in Department of Energy generated waste

Private sector employment of over 50,000

Seven clean-up actions and 153 clean-up interim actions and expedited responses completed

Twelve decontamination and decommissioning activities completed

Twenty million kilograms of hazardous waste disposed of

Twenty percent of geologic repository site characterization completed, cumulative through FY 1995

Department of Energy Priorities

IV. Downsizing the Defense Complex

- A. Maintain safety and surety of the remaining Nuclear Weapons Stockpile
 - B. Retain ability to resume production/testing
 - C. Enhance laboratory alternatives to testing
 - D. Assist workers and communities impacted by downsizing
 - E. Support non-proliferation
 - F. Reconfigure the Defense Complex
 - G. Transition Laboratories to civilian and clean-up missions
-

The Bottom Line \$5.3 Billion

Priority Programs: Worker and Community Assistance

Reconfiguration

Stabilization of processing facilities

Develop alternatives to testing

Continue stockpile maintenance/retirements

Transition of defense labs

What this buys:

A draft Programmatic Environmental Impact Statement for consolidation of nuclear weapons complex

The capability to conduct 3 or 4 nuclear weapons tests and development of non-nuclear testing alternatives

Secure maintenance of existing nuclear weapons stockpile and dismantlement of 2,000 warheads

Partnerships with private industry matching DOE's funds to create \$500 million in dual use benefits to the U.S. economy and weapons complex

Implementation of Presidential initiatives in nonproliferation and arms control technologies

A major Department initiative to review 600,000 documents for declassification

Achieve savings of \$234 million in more efficient safeguards and security (from \$1.2 billion 1992 costs)

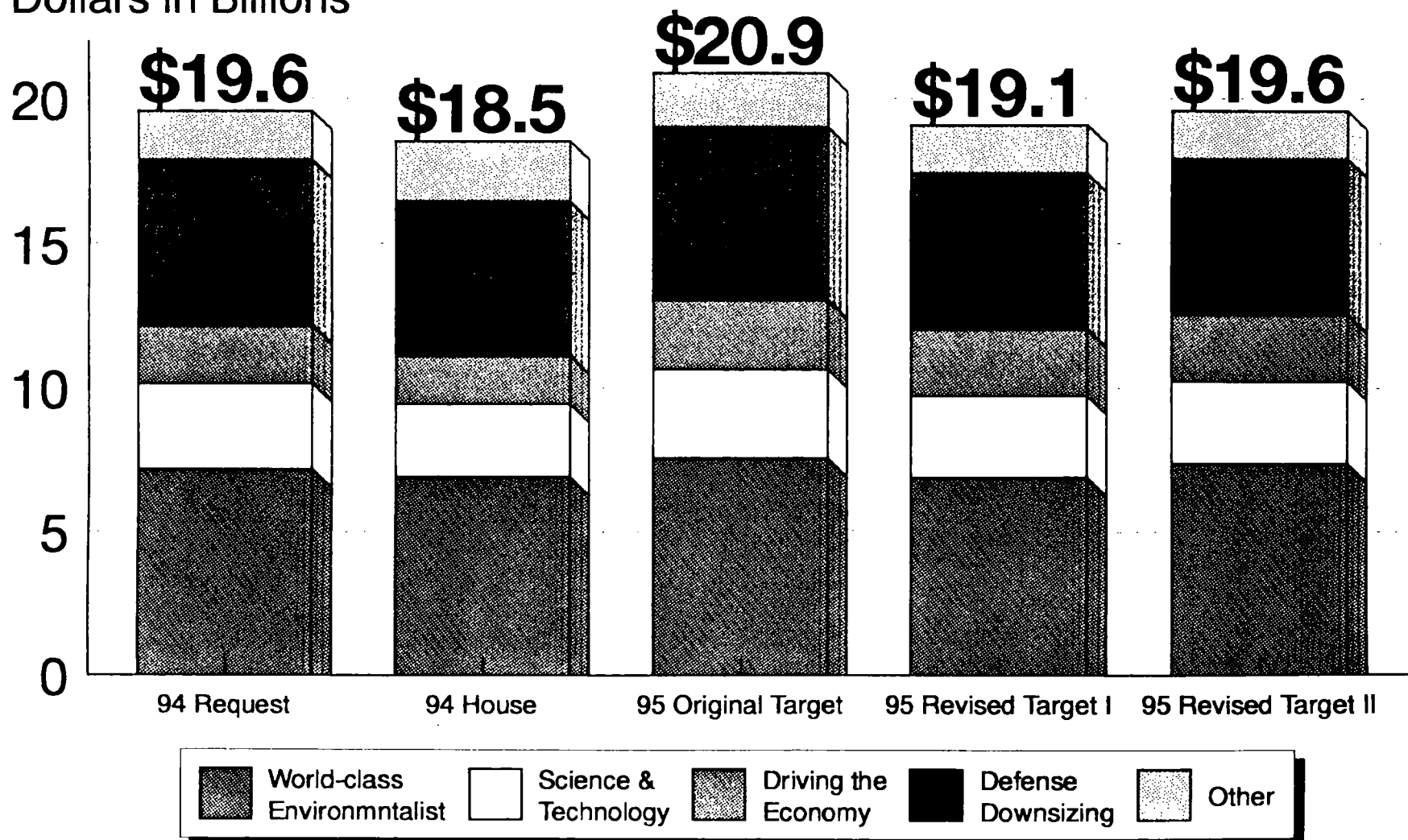
Department of Energy Priorities

V. FY 1995 Budget Issues

- A. Staffing — Departmental vs. contract employees
- B. Funding of Basic Science
- C. Funding of Energy Policy Act
- D. Fill rate of Strategic Petroleum Reserve
- E. Defense
 - 1. Reconfiguration/Downsizing
 - 2. Research, Development and Testing
- F. Nuclear R&D
- G. Nuclear Waste
 - 1. Yucca Mountain
 - 2. Revolving Fund
 - 3. Plutonium disposition
- H. Power Marketing Administrations

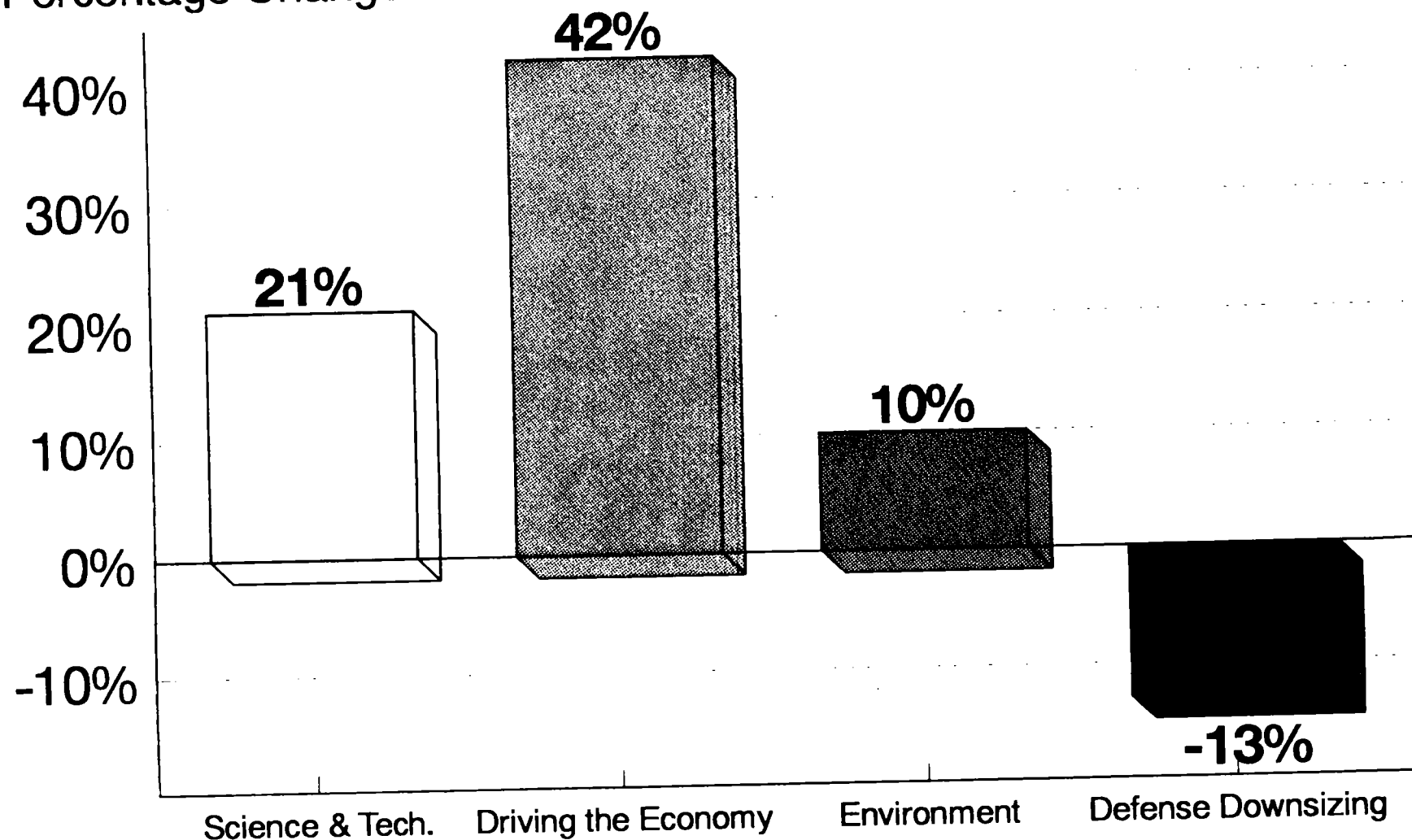
The Big Picture - 1994 vs. 1995

Dollars in Billions



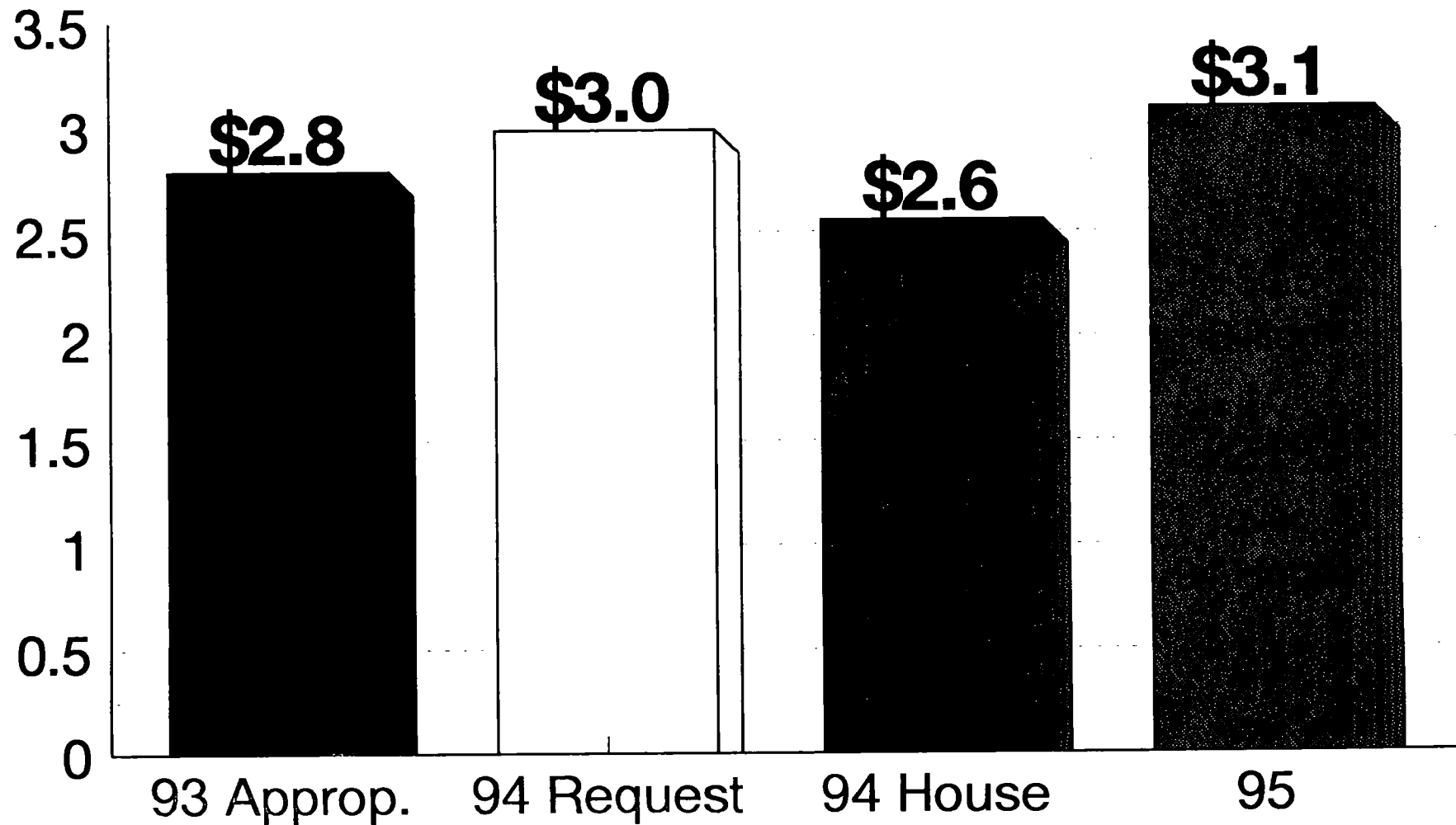
95 vs. 94 House Mark

Percentage Change



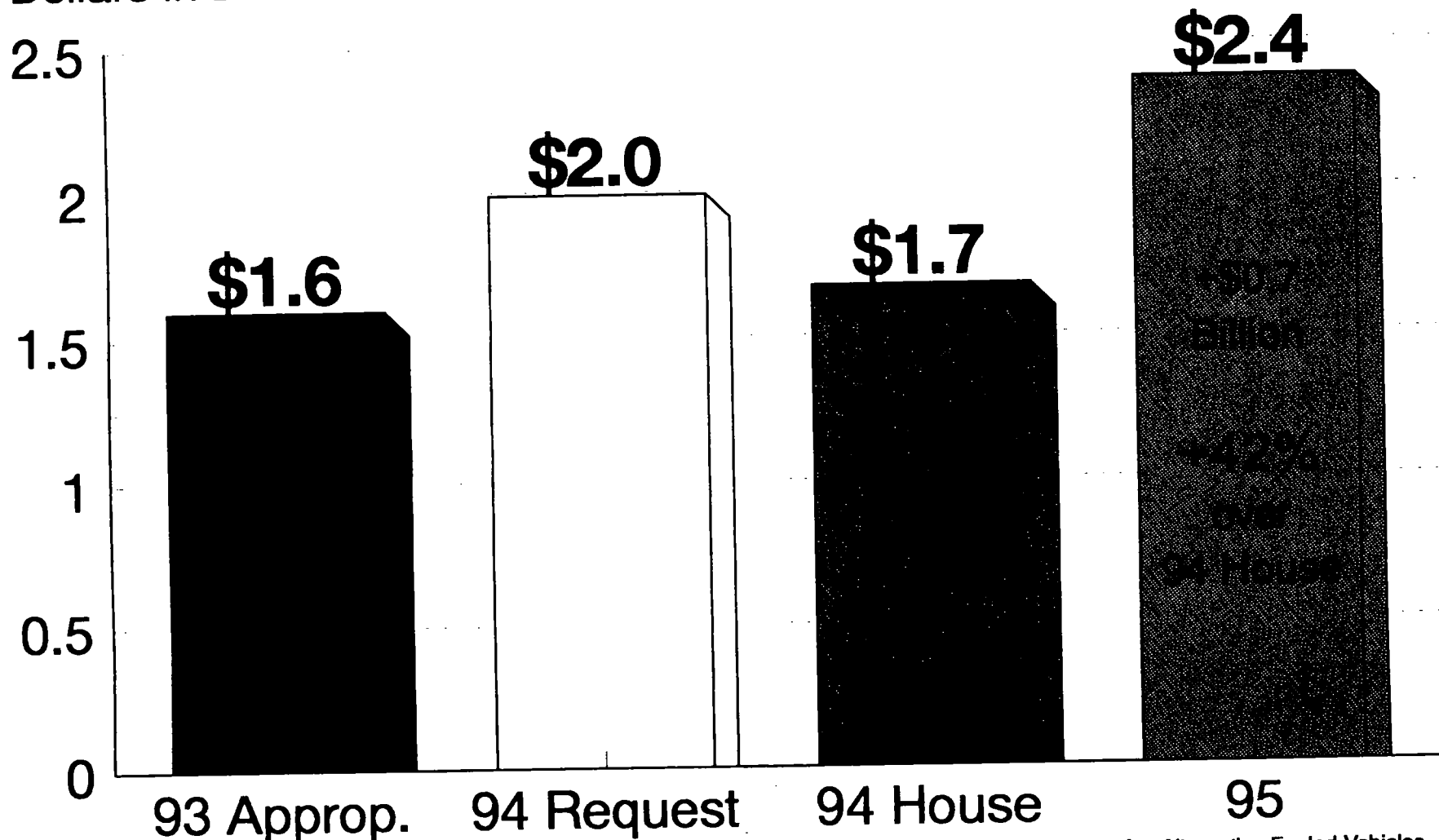
Science and Technology

Dollars in Billions



Driving the Economy: Efficiency, Competitiveness, Jobs

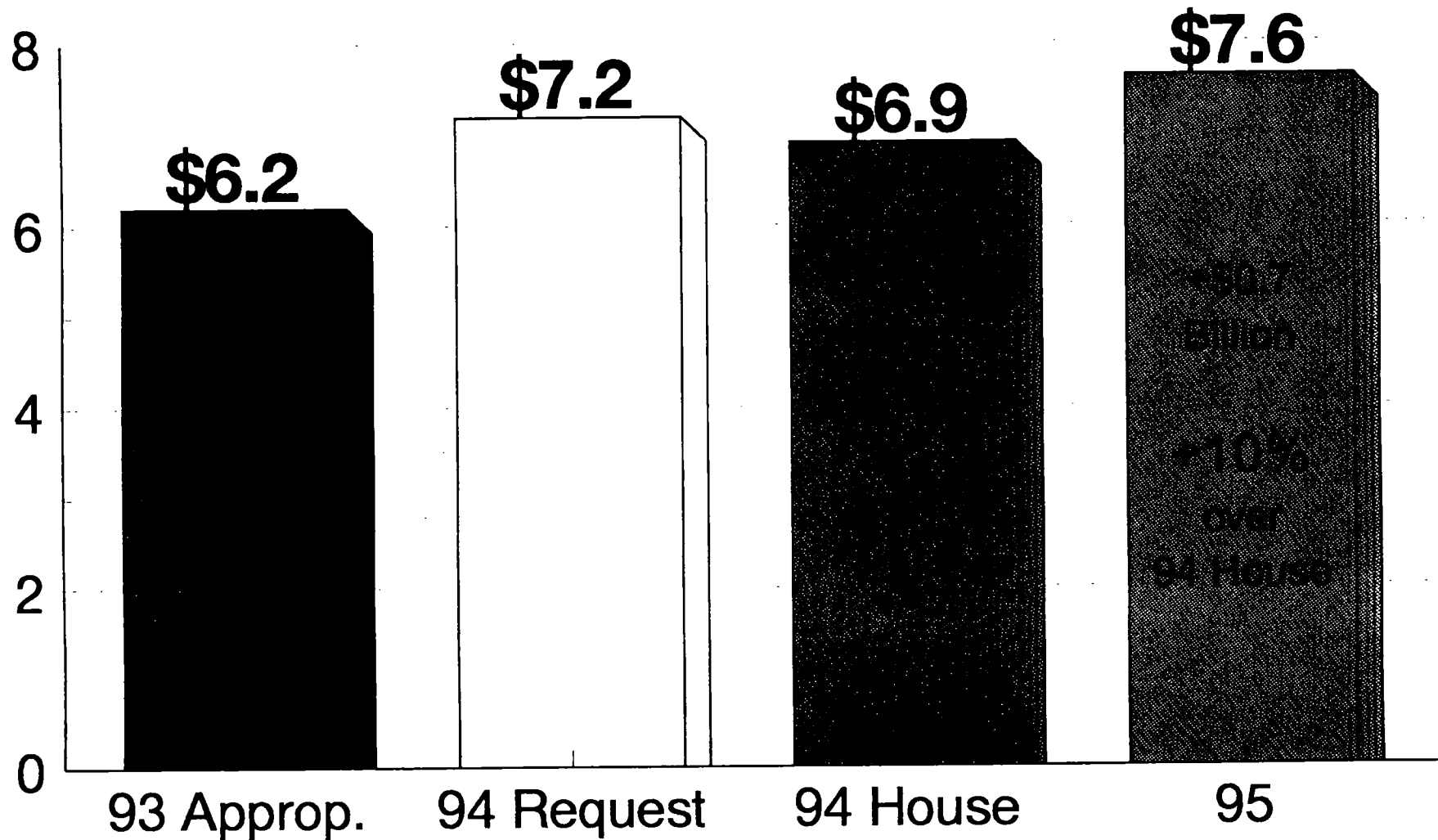
Dollars in Billions



*Includes Energy Efficiency, Renewable Energy, Biotechnology, Natural Resources, Investment Initiative, Technology Transfer, Alternative Fueled Vehicles, Integrated Resource Planning, and Cogeneration

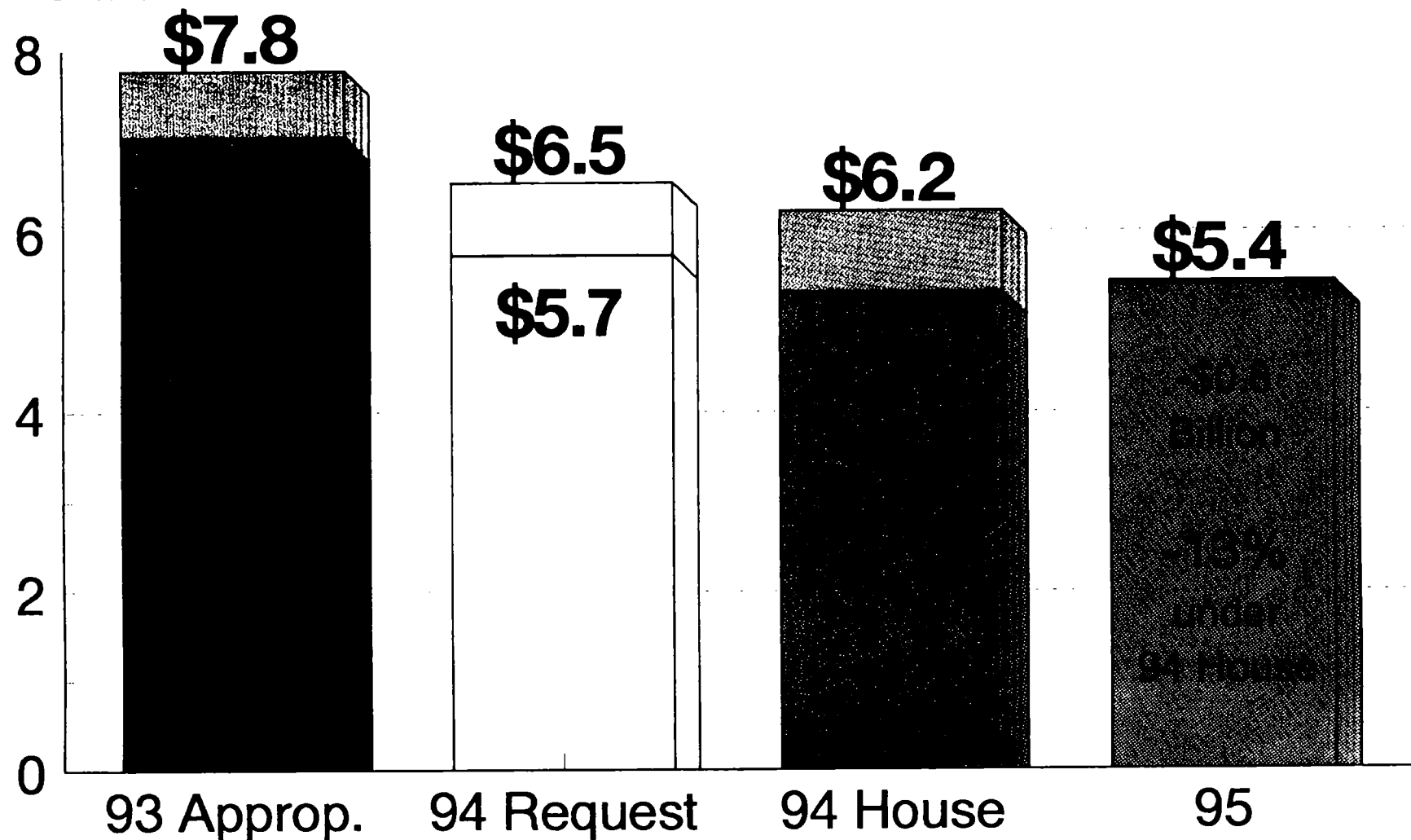
World-class Environmentalist

Dollars in Billions



Downsizing the Defense Complex

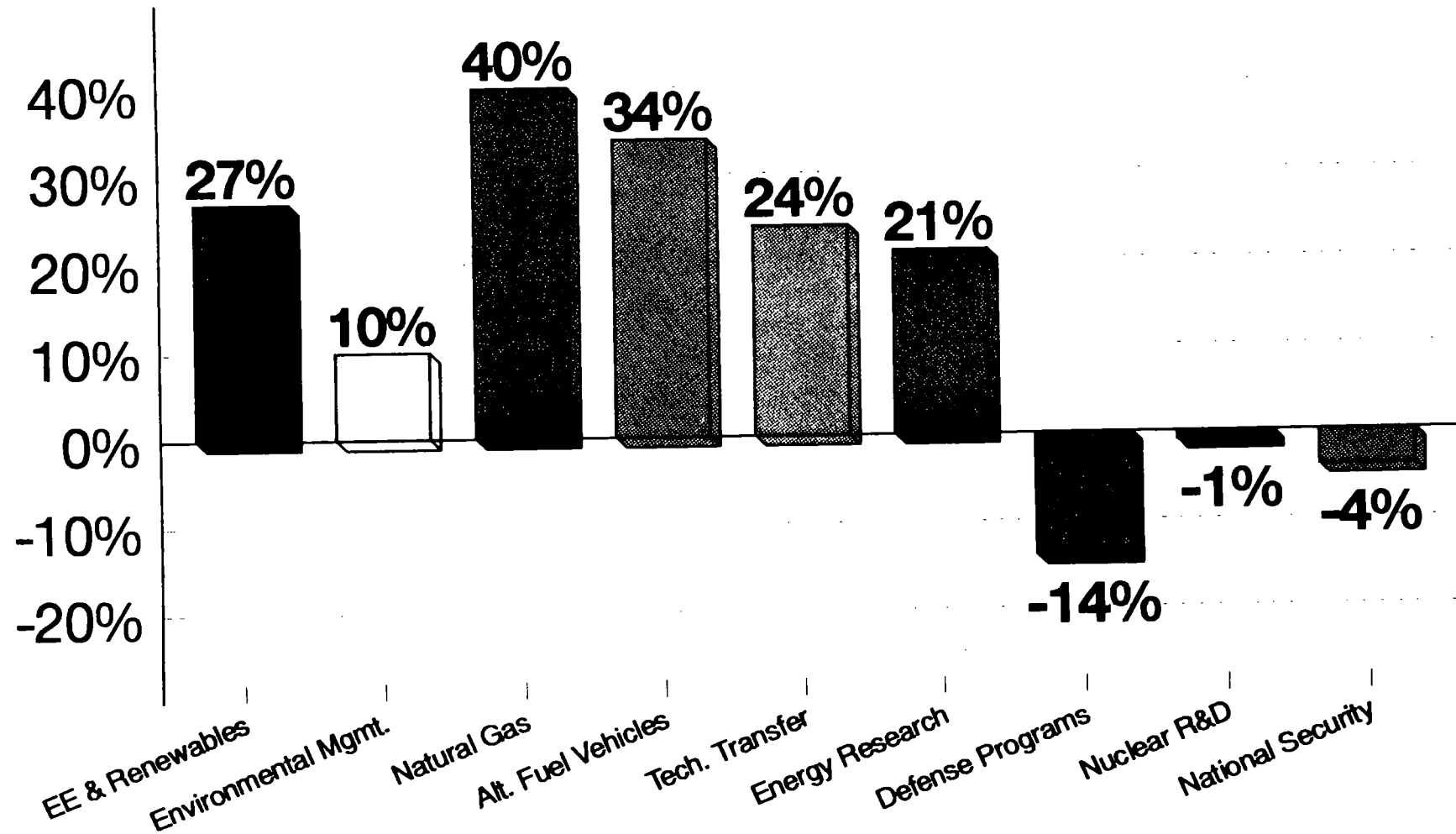
Dollars in Billions



*Shaded areas indicate funding from the Savannah River pension refund and prior balances

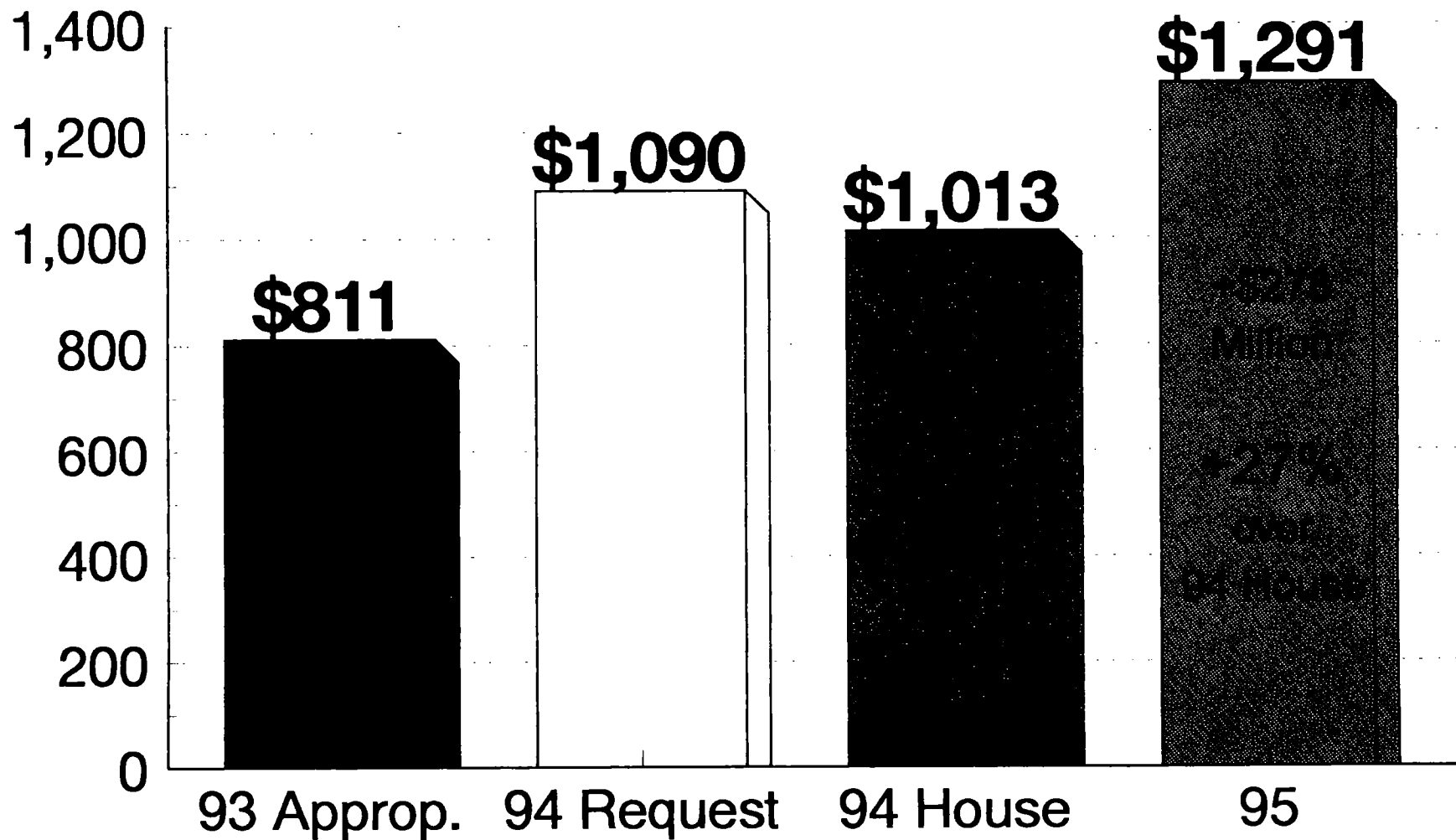
95 vs. 94 House Mark

Percentage Change



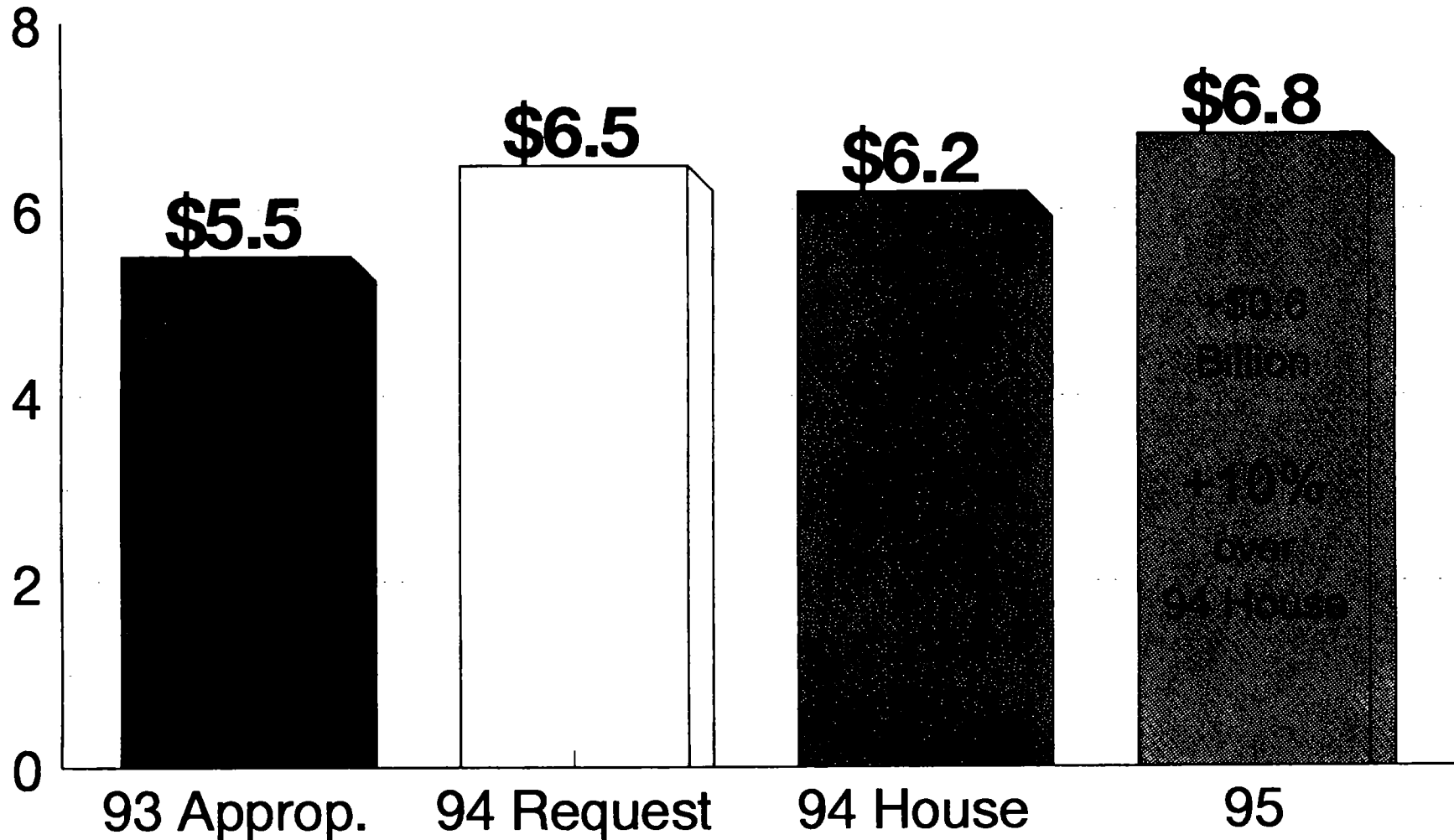
Efficiency and Renewables

Dollars in Millions



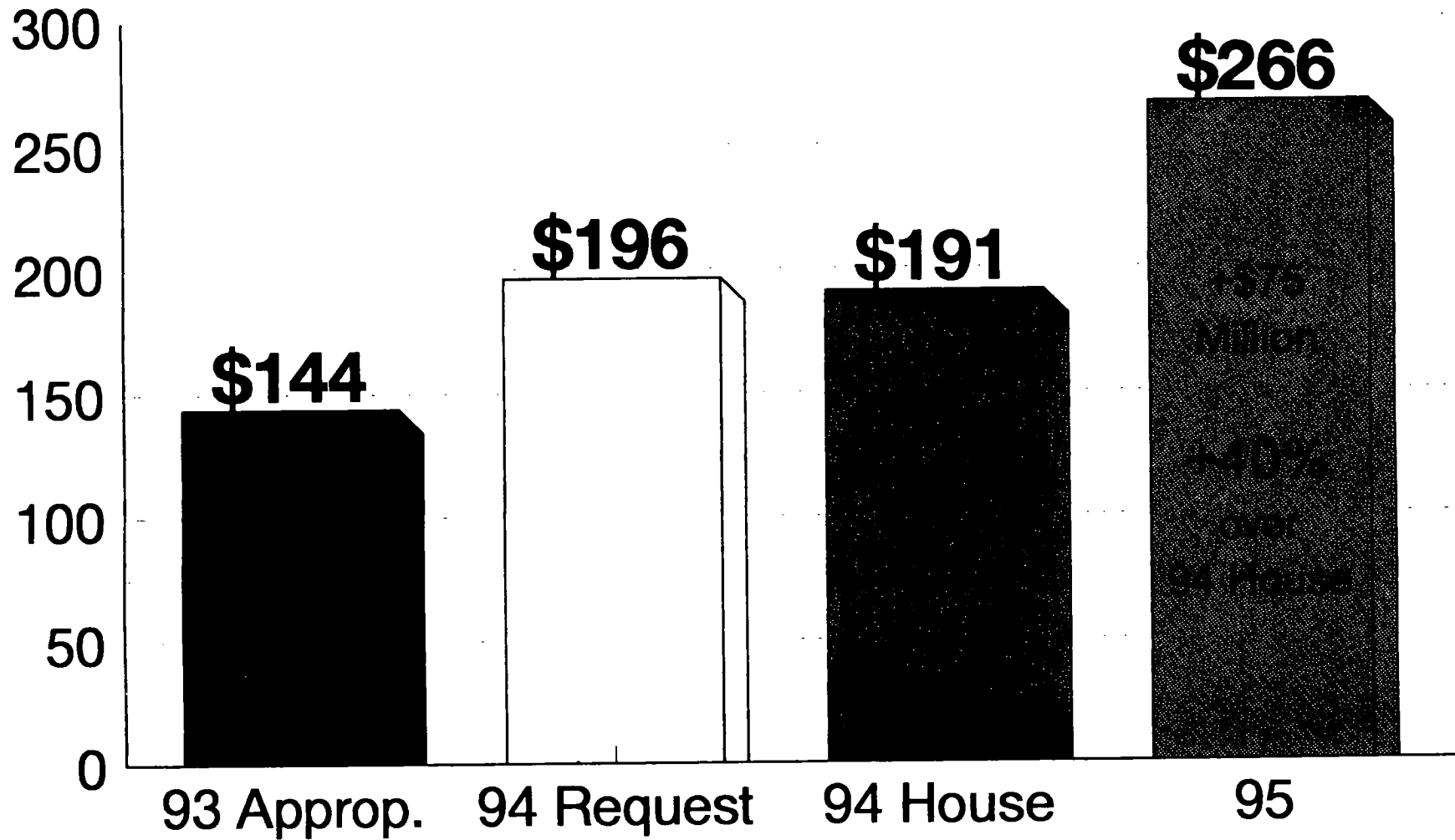
Environmental Restoration

Dollars in Billions



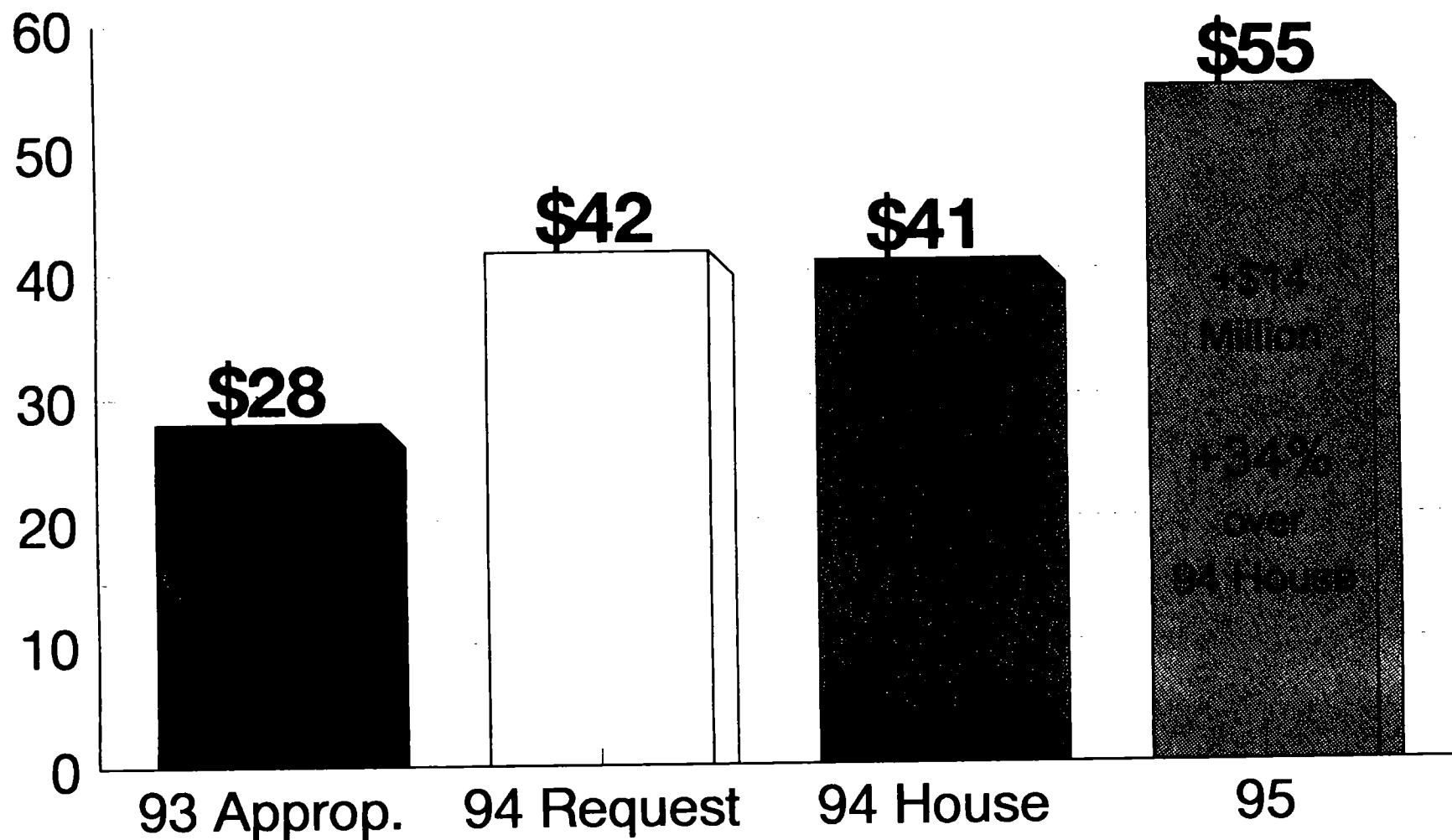
Natural Gas

Dollars in Millions



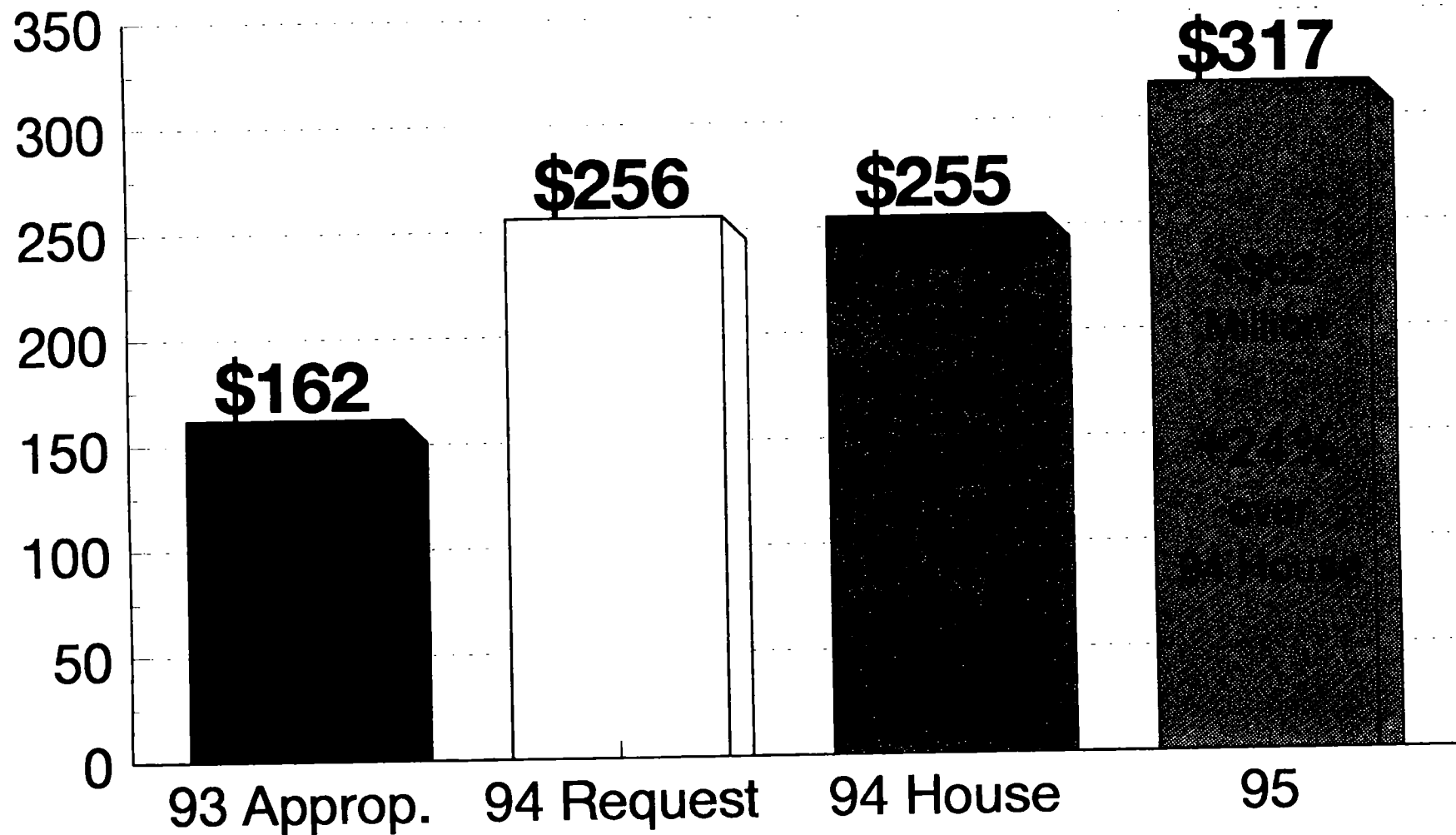
Alternative Fuel Vehicles

Dollars in Millions



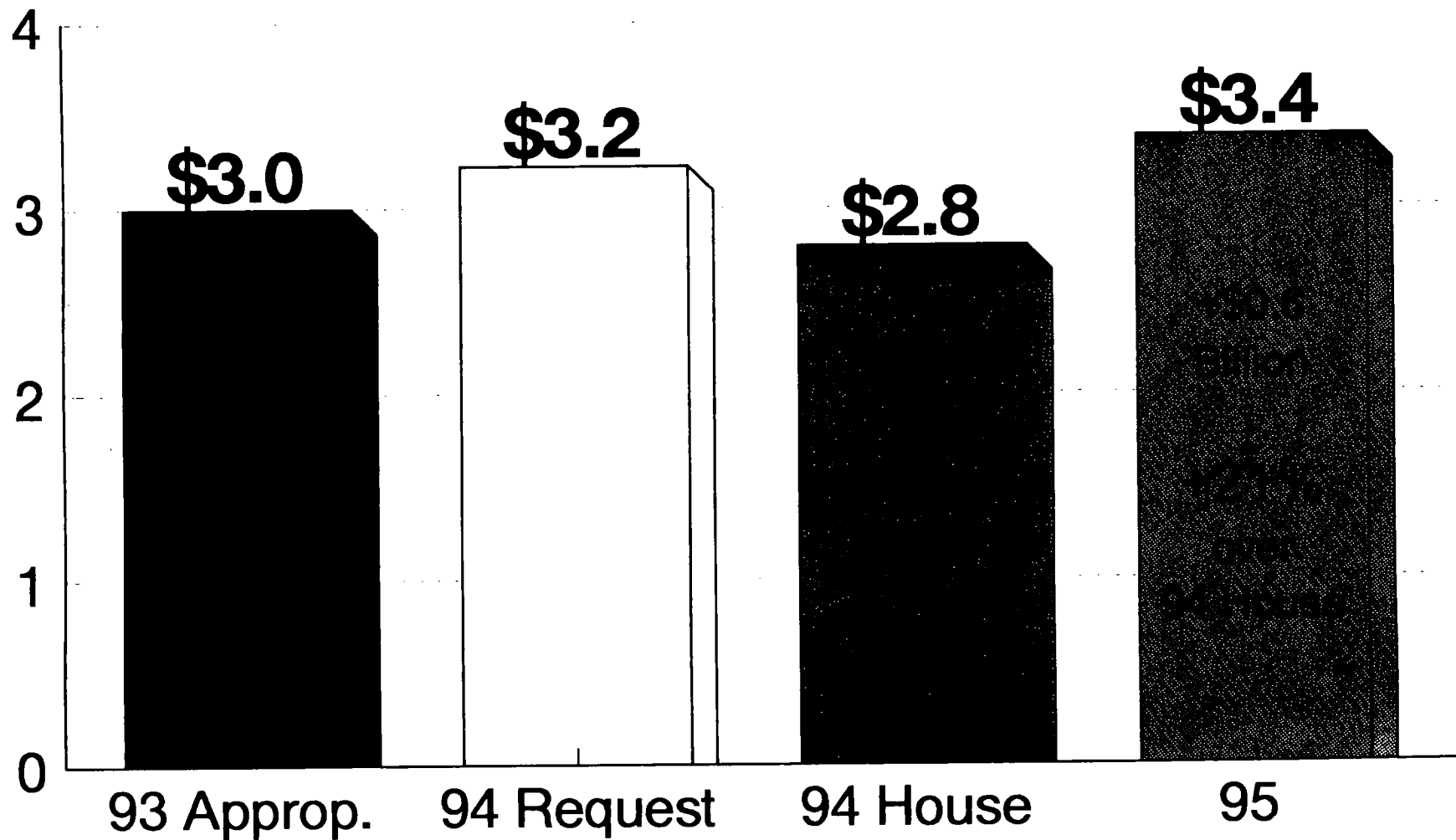
Technology Transfer

Dollars in Millions



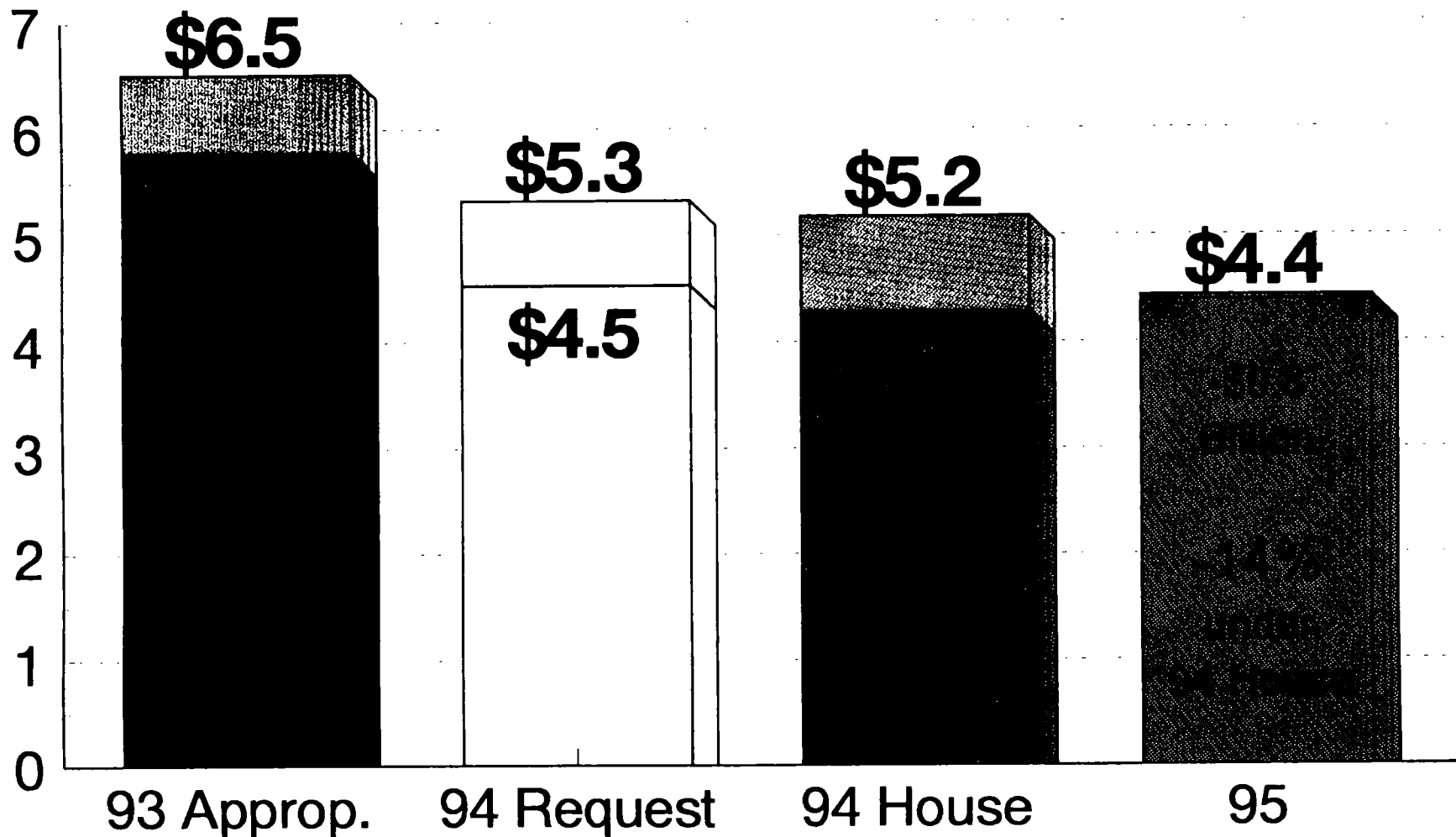
Energy Research

Dollars in Billions



Defense Programs

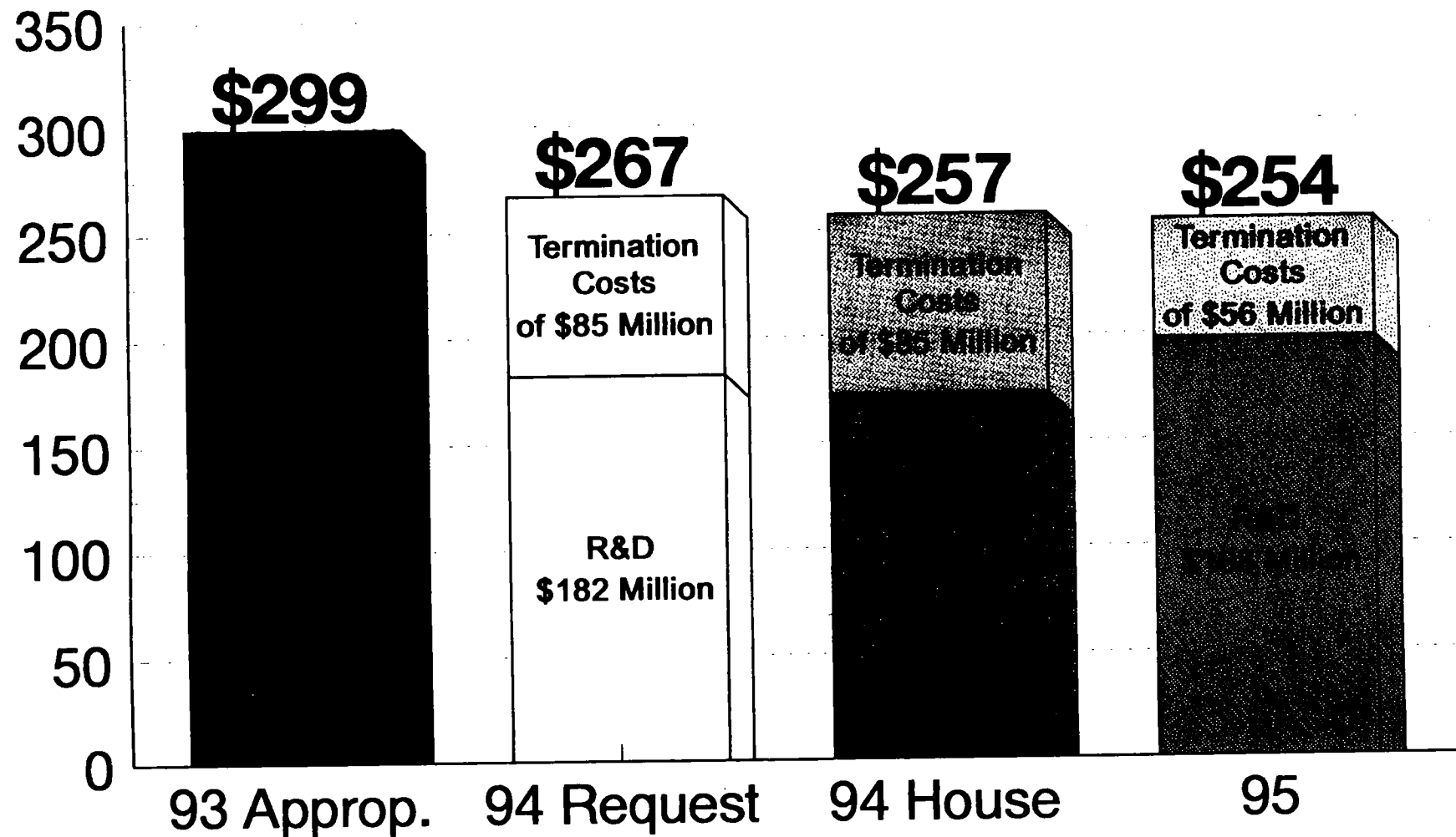
Dollars in Billions



*Shaded areas indicate funding from the Savannah River pension refund and prior balances

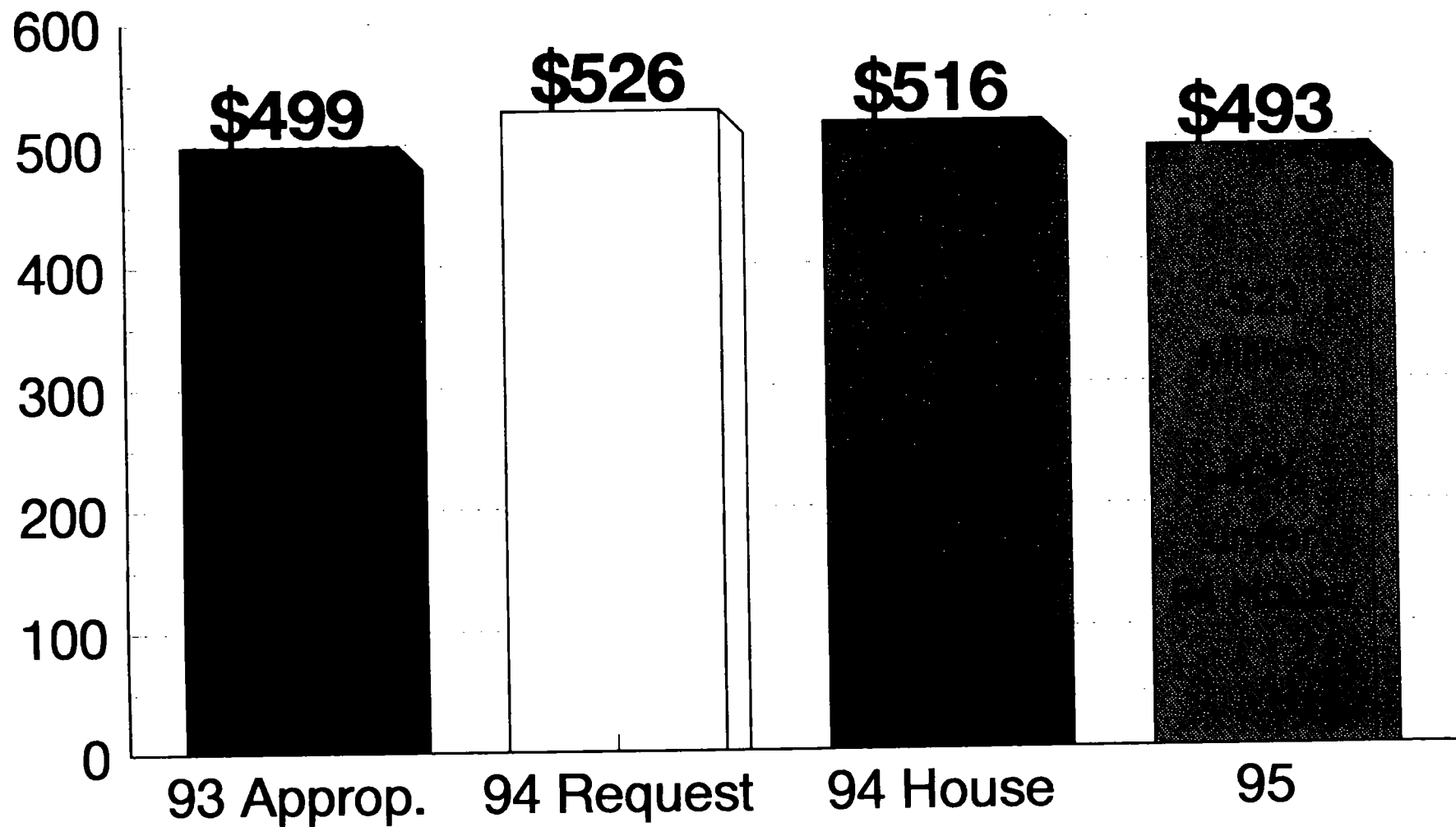
Nuclear Energy R&D

Dollars in Millions



Intelligence and National Security

Dollars in Millions



FY 1995 BUDGET REVIEW SUMMARY
NATURAL RESOURCE AGENCIES -- DISCRETIONARY FUNDING
(dollars in millions)

		FY 1993	FY 1994	FY 1995		
		<u>ACTUAL</u>	<u>ENACTED</u>	<u>AGENCY</u>	<u>SEPTEMBER</u>	<u>POSSIBLE OPTION</u>
				<u>REQUEST</u>	<u>GUIDANCE</u>	<u>TO STAY WITHIN CAP</u>
Department of Agriculture	BA	10,699	11,075	11,956	9,936	9,756
	OL	10,094	10,714	11,154	9,843	9,845
Department of the Interior	BA	7,074	7,446	7,347	7,200	7,136
	OL	7,344	7,501	7,594	7,408	7,402
Environment Protection Agency	BA	6,923	6,659	7,164	7,115	7,127
	OL	6,105	6,816	7,089	7,010	7,007
Army Corps of Engineers	BA	3,842	3,907	3,426	3,600	3,426
	OL	3,358	3,971	3,534	3,535	3,534
NATURAL RESOURCE AGENCY TOTAL	BA	28,538	29,087	29,893	27,851	27,445
	OL	26,901	29,002	29,371	27,796	27,788

FY 1995 Budget Review Summary
Energy and Science Division's Agencies--Discretionary Funding
(Dollars In Billions)

	1995										(1.5 reduction)
	1993 Actual		1994 Enacted		Agency Request		Sept. 2nd Guidance		Possible Options to Stay within Cap		
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL	
Energy	19.3	18.9	18.7	18.7	19.4	19.0	18.5	17.9	17.2	18.0	
NASA	14.3	14.3	14.6	14.2	15.3	15.0	14.3	14.5	14.3	14.5	
NSF	2.7	2.4	3.0	2.8	3.8	3.1	3.0	2.9	3.2	2.9	
Total	36.3	35.6	36.3	35.7	38.5	37.1	35.8	35.3	34.7	35.4	