



Laura Emmett

07/06/98 11:39:54 AM

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\$10 million infrastructure
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Record Type: Record

To: Paul J. Weinstein Jr./OPD/EOP, Diana Fortuna/OPD/EOP, Julie A. Fernandes/OPD/EOP
cc: Kate P. Donovan/OMB/EOP
Subject: VA/HUD SENATE SAP -- NEED CLEARANCE

Please review the following SAP and get comments to Kate by 12:30.

paul- environment
Julie- housing issues
Diana- service

Kate- also as an fyi- Elena is out all week

----- Forwarded by Laura Emmett/WHO/EOP on 07/06/98 11:42 AM -----



Kate P. Donovan
07/06/98 11:40:16 AM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: VA/HUD SENATE SAP -- NEED CLEARANCE

Below is the VA/HUD FY99 Appropriations Senate SAP. The Senate expects to begin consideration TODAY around noon. Therefore, please provide comments/clearance no later than 12:30pm. Thank you.

**S. 2168 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1999** (Sponsors: Stevens
(R), Alaska; Bond (R), Missouri)

This Statement of Administration Policy provides the Administration's views on S. 2168, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1999, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Administration appreciates efforts by the Committee to accommodate the President's priorities within the 302(b) allocation. However, the allocation is simply

insufficient to make the necessary investments in programs funded by this bill. As a result, a variety of critical programs are underfunded, as discussed below.

The only way to achieve the appropriate investment level is to offset discretionary spending by using savings in other areas. The President's FY 1999 Budget proposes levels of discretionary spending for FY 1999 that conform to the Bipartisan Budget Agreement by making savings in mandatory and other programs available to help finance this spending. In the recently enacted Transportation Equity Act, Congress -- on a broad, bipartisan basis -- took similar action in approving funding for surface transportation programs paid for with mandatory offsets. The Committee has used part of one such offset in its version of the bill, and we encourage the Congress to take advantage of such additional offsets.

Below is a discussion of our specific concerns with the Committee-reported bill. We look forward to working with you to resolve these concerns as the bill moves forward.

Department of Housing and Urban Development

The Administration is deeply concerned about the funding levels provided for key programs within the Department of Housing and Urban Development, particularly for welfare-to-work vouchers and other programs such as the Community Empowerment Fund that would expand job opportunities.

The Administration is very disappointed by the Committee's decision to fund only 7,000 incremental vouchers through a \$40 million "Self-Sufficiency" housing vouchers pilot program that earmarks funds for seven specified cities. In light of recent studies that show historically high unmet housing need among very low-income Americans, ~~however~~, the Administration believes it is critical for the Congress to fund the entire 50,000 welfare-to-work housing vouchers provided for in the President's request. Moreover, these welfare-to-work vouchers should be made available in a way that ensures vouchers are distributed to places with both the greatest need and the most effective program design. Full funding for welfare-to-work housing vouchers will support implementation of welfare reform by assisting those welfare recipients who need housing assistance to get or keep a job.

The Administration encourages the Congress to fund fully the President's request for \$400 million for a Community Empowerment Fund to generate jobs in distressed communities. The Committee provides only \$85 million as a set-aside within the existing CDBG program, with over 75 percent earmarked for specific projects.

The Administration appreciates the Committee's decision to fund a number of programs at the levels requested and to renew all expiring Section 8 contracts. Likewise, we appreciate the Committee's decision to increase funding for Homeless Assistance Grants above FY 1998 levels. We would strongly oppose,

however, a rigid set-aside for permanent housing, which would reduce the ability of each local entity to adopt the most effective response to the homeless challenge unique to that area. Further, the Administration is disappointed by the absence of funding for Regional Opportunity Counseling, a voluntary effort to expand the housing and employment opportunities available to low-income families. We urge the Senate to provide additional resources for the Fair Housing Initiatives Program in order to reduce housing discrimination that remains all too common. The Administration encourages the Senate to fund fully a number of other areas -- Brownfields, Regional Connections, Office of Lead Hazard Control, and the Partnership for Advancing Technologies in Housing (PATH) Initiative.

The Administration appreciates the Committee's decision to raise the limit on FHA single-family loans. The Administration urges the Congress to provide even greater homeownership opportunities by increasing FHA's loan limit to the GSE "conforming" limit. In addition, the Administration urges the Congress to adopt the Administration's proposal to reform HUD's single-family property disposition program, which would produce substantial savings by improving the efficiency of FHA's property disposition processes.

Finally, the Administration is concerned about the Committee's decision not to fund \$304 million in FHA administrative expenses. Appropriated funds are FHA's only source for contracting for vital management services for its insurance funds.

Environmental Protection Agency

The Administration has several major concerns with the Committee's mark for the Environmental Protection Agency. In particular, the Administration strongly objects to the action of the Committee to reallocate approximately \$600 million of funds that were already agreed to last year to accelerate Superfund cleanups. This reduction would delay cleanups at sites nationwide and needlessly jeopardize public health. The Administration urges the Senate to restore Superfund to the levels agreed to last year for FY 1999 and to delete restrictive language preventing use of brownfields funding for revolving loan funds.

While the Administration appreciates the increases provided for the Clean Water Action Plan, we urge the Senate to provide the President's full request to prevent pollution run-off and protect public health. In addition, the Administration strongly urges the Congress to restore the \$50 million request to help improve water quality in Boston Harbor and prevent beach closings.

The Administration strongly opposes the Committee's \$91 million reduction in EPA funding for the Climate Change Technology Initiative. This high-priority program should be fully funded to cut energy usage, save consumers money, and reduce greenhouse gas emissions. We will work with the Congress to restore

requested funding as the bill moves forward. The Administration is also concerned about the report language relating to this initiative, which is so broad that it could be interpreted to preclude or terminate many on-going activities that are already authorized by existing laws and treaties. In addition, the Administration objects to the report language requiring a detailed Government Performance and Results Act (GPRA) plan relating to Climate Change activities. Such a plan is premature and appears to require us to set goals for implementing the Kyoto Protocol before it has been ratified by the Senate.

The Administration is also concerned with the large number of unrequested, earmarked projects in the Committee mark for EPA, particularly when the Committee has reduced several other high-priority Administration initiatives, including right-to-know programs, Montreal Protocol, GLOBE, and Mexican border wastewater treatment funding.

Council on Environmental Quality

The Administration appreciates the modest increase over the FY 1998 level provided for the Council on Environmental Quality (CEQ). However, we strongly believe that in order to allow CEQ to carry out its environmental mission and reinvention efforts, the full requested level should be provided, and language prohibiting use of detailees should be deleted.

Corporation for National and Community Service

The Administration is deeply concerned that freezing funding for the Corporation for National and Community Service at the FY 1998 level, \$74 million below the President's request, will not allow the Corporation to finance nearly 5,000 AmeriCorps tutors targeted to recruit, organize, and manage more than 60,000 volunteers as part of America Reads, the Administration's effort to raise student literacy through the use of tutors to supplement the school day activities.

Community Development Financial Institutions Fund

The Administration strongly opposes the Committee's decision to reduce the request for the Community Development Financial Institutions Fund by \$70 million. This cut would severely reduce the Fund's ability to leverage investments, loans, and financial services in the country's most distressed communities.

Neighborhood Reinvestment Corporation

The Administration is disappointed by the Committee's decision not to fund the full request for the Neighborhood Reinvestment Corporation (NRC). The NRC has a proven successful record of leveraging private sector resources to promote homeownership and helping to strengthen Americas communities. The Administration urges the Senate to fully

fund the President's request of \$90 million, which includes a \$25 million homeownership initiative that seeks to create 10,000 new homeowners through FY 2000.

National Aeronautics and Space Administration

The Administration is pleased that the Committee has fully funded the President's request for NASA. We hope that it is possible to reach an accommodation on overall funding in the bill that can satisfy both the Administration's unfunded priorities in other agencies and the Committee's interest in providing increased funding for NASA. As indicated above, the Administration looks forward to working with Congress to identify mandatory and other program savings so that increases in spending, such as the additional spending for NASA, is possible.

We are concerned by the increased number of appropriation accounts for Space Station and other activities. The redirection of key resources to implement this change could threaten NASA's Year 2000 conversion effort and pose an audit risk. The Administration is prepared to work with the Congress to control development costs of the International Space Station better, while also providing the flexibility necessary to deal with unanticipated requirements. The Administration is also concerned about the very large number of unrequested, site-specific earmarks, which would have the effect of circumventing the competitive, peer review process.

Federal Emergency Management Agency

The Administration appreciates the level of funding provided by the Committee for the Federal Emergency Management Agency. However, we believe that the \$25 million reduction to the President's request for pre-disaster mitigation grants is shortsighted. These grants would help reduce the costs of future disasters by leveraging local and private-sector support for enhanced mitigation efforts at the State and community level. We urge the Senate to fund fully the President's request for this important initiative. In addition, we urge the Senate to approve the President's recent request for funding to help States and communities prepare for potential terrorist incidents involving chemical and/or biological weapons.

National Science Foundation

Given the budget constraints facing the Committee, the Administration appreciates the effort to provide a \$215 million increase over the FY 1998 level for the National Science Foundation (NSF). However, the Administration is concerned that the elimination of funding for the proposed Polar Cap Observatory (PCO) would hamper scientists' further understanding of the Earth's upper atmosphere as well as the study of conditions in the space environment that can influence the performance and reliability of satellites, communications, navigation, and electric power distribution systems. The Administration is firmly committed to NSF's basic research function, which not only promotes scientific advancement but also contributes to economic development. We strongly urge the Senate to provide the full increase requested for NSF. The Administration is also concerned about the number and specificity of earmarks related to NSF, which come dangerously close to infringing on the merit-based review and

decision-making process.

Administrative Provision

Finally, the Administration supports the Committee's goal of ensuring a safe and environmentally sound ship scrapping policy. The specific requirements in the bill, however, raise implementation issues such as EPA's certification of the enforcement of other countries' laws. The Administration believes that a starting point to develop a more workable approach to achieve these protection aims would be to build on the recommendations of the Interagency Ship Scrapping Review Panel. The Administration is committed to working with Congress to resolve these concerns and to finding mutually acceptable solutions that achieve these important objectives.

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