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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	1996 Budget appeal re: law enforcement technique [parital, pages 18-20 in full] (3 pages)	00/00/0000	b(7)(E)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Jose Cerda
OA/Box Number: 5317

FOLDER TITLE:

Federal Law Enforcement Proposed Cuts

2016-0931-S
rc2263

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

FEDERAL LAW ENFORCEMENT OFFICERS ASSOCIATION

'A Professional Association for Federal Law Enforcement Officers'

Representing Members of the:

Dept. of Agriculture — O I G — Special Agents
US Forest Service — *Special Agents*
Dept. of Commerce — Office of Export Enforce. — *S A*
Office of Inspector General — *Special Agents*
National Marine & Fisheries Serv. Law Enf. — *S A*
Dept. of Defense
US Army — CID — *Special Agents*
Defense Investigative Service — *Special Agents*
Defense Criminal Investigative Service — *S A*
Naval Investigative Service — *Special Agents*
US Air Force — OSI — *Special Agents*
Dept. of Education — Investigation — *S A*
Dept. of Energy — O I G — *Special Agents*
Dept. of Health & Human Services — *S A*
Dept. of Housing & Urban Devel. — Inves. — *S A*
Dept. of Interior — O.I G — *Special Agents*
US Fish & Wildlife Services — Law Enforce — *S A*
Bureau of Indian Affairs — *S A & Police*
US Park Police — *Park Police Officers*
Bureau of Land Management — *Special Agents & Rangers*
Dept. of Justice — US Attorneys — *C I & Attorneys*
Drug Enforcement Administration — *S A*
Federal Bureau of Investigation — *S A*
INS — *Special Agents & Border Patrol*
US Marshals Service — *Marshals & Dep Marshals*
Parole & Prob. Service — *Parole & Prob. Officers*
Dept. of Labor — O I G — *Special Agents*
Office of Labor Racketeering — *S A*
Dept. of State — Diplomatic Sec. Ser. — *Special Agents*
Investigation — *Special Agents*
Dept. of Trans. — Investigation — *Special Agents*
US Coast Guard — *Intel. Officers & S A*
Federal Aviation Admin (FAA) — *Investigators*
Dept. of Treasury
B A T F — *Special Agents*
US Customs Service — Office of Enforcement — *Special Agents*
Customs Investigators
Internal Affairs — *Special Agents*
Internal Revenue Service
Criminal Investigation Division — *S A*
Inspection Service — *Inspectors*
US Secret Service — *S A & Police*
Environmental Protection Agency
Office of Criminal Investigations — *Special Agents*
Office of Inspector General — *Special Agents*
General Services Administration
Office of Investigations — *Special Agents*
National Archives — *Criminal Investigators*
Nuclear Regulatory Commission - *Special Agents*
US Capitol Police — *Police Officers*
US Postal Service — *Inspectors & Postal Police*
US Printing Office — *Special Agents*
Veteran's Administration — Investigations — *S A*

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VICTOR OBOYSKI, JR.
Executive Vice-President
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Recording Secretary
WALTER W. WALLMARK
General Counsel
KATHLEEN P. MAHON
Legislative Consultant
JULES BERNSTEIN

May 2, 1994

The Honorable Al Gore
Old Executive Office Building
Washington, D.C.

Dear Mr. Gore,

On behalf of the 8,500 members of the Federal Law Enforcement Officers Association (FLEOA), and in the interest of equity, I am requesting that you create a **"National Law Enforcement Partnership Council"**, (NLEPC). The creation of a NLEPC would greatly assist in resolving the unique pay and classification issues confronting Federal law enforcement officers, issues that have been the subject of several commissions and advisory committees during the past six years.

In 1988 Congress created the National Advisory Commission on Law Enforcement (NACLE), to study pay, benefits and other issues related to recruitment, retention and morale of Federal law enforcement officers. In April of 1990 the findings of NACLE were given to President Bush and Congress. NACLE found that Federal law enforcement officers were lagging significantly behind their State and local counterparts on issues of pay and benefits.

As a result of the NACLE study Congress passed the Federal Law Enforcement Pay Reform Act of 1990, Public Law 101-105. The Act included a number of recommendations made by NACLE. These included, locality pay enhancements, discretionary foreign language bonuses and the ability of agencies to hire entry level employees at higher rates.

192 OAK STREET, AMITYVILLE, NY 11701-3028

NACLE also recommended, and Congress mandated, that the Office of Personnel Management (OPM) be required to develop a plan to establish a separate pay and classification system for Federal law enforcement officers.

The Act also mandated that the plan, and specifications for legislation, were to be submitted to Congress by OPM, "*...not later than January 1, 1993.*" A year after the Pay Reform Act was signed into law OPM established the, "Director's Advisory Committee on Law Enforcement and Protective Occupations." The Advisory Committee, which included FLEOA and other groups representing Federal officers, was designed to develop a separate pay plan for Federal law enforcement. The Committee held meetings for two years, addressing the issues of pay and classification. Also, it conducted surveys and collected massive amounts of data on every occupation relating to Federal law enforcement.

Despite the January 1, 1993 deadline, it wasn't until November 4, 1993 that OPM submitted testimony on pay reform before a hearing of the House Subcommittee on Compensation and Employee Benefits, chaired by Delegate Eleanor Holmes Norton. At that hearing OPM did an eleventh hour "about face" and recommended that, "*No independent actions be taken to establish a separate pay and job classification system for Federal law enforcement officers at this time, but rather that we move to implement the proposals of the National Performance Review.*"

Since the hearing, OPM has submitted a bare bones legislative package to Senator DeConcini for a new pay and classification system for Federal officers. At the same time, many Federal law enforcement agencies have begun plans for reinvention and reinvention labs. Most of theses initiatives are being done without any consultation with the associations or groups that represent the employees that reinvention will affect the most.

Currently there are over 50,000 Federal employees who are classified as law enforcement officers, the vast majority of whom are not represented by any labor organization. Establishing the NLEPC will give a voice to the thousands of criminal investigators who are prohibited by Executive Order from being represented in a collective bargaining unit.

The creation of a National Partnership Council is a critical step towards creating a partnership between Federal agencies and those that they employ. Federal law enforcement officers deserve at least the same opportunity for partnership with management enjoyed by the rest of the government work force.

I look forward to meeting with you and your staff to discuss this and other issues of concern to Federal law enforcement officers.

Very truly yours,

Victor Oboyski
National President

FEDERAL LAW ENFORCEMENT OFFICERS ASSOCIATION

'A Professional Association for Federal Law Enforcement Officers'

May 2, 1994

Mr. Jose Cerda III
Senior Police Analyst
Domestic Policy Council
The White House
Washington, D.C.

Dear Jose,

Attached is a letter to Vice-President Gore requesting that the Government establish a "National Law Enforcement Partnership Council" (NLEPC). The Council would be comprised of association and labor organizations that represent Federal criminal investigators and officers, as well as representatives from the agencies and departments involved in Federal law enforcement.

Some of the representative groups would be the Federal Law Enforcement Officers Association (FLEOA), the FBI Agents Association (FBIAA), the Federal Investigators Association (FIA), the FOP, NAPO, IBPO, NTEU and AFGE. The majority of the uniformed officers are represented by the police labor unions. The majority of Federal law enforcement officers (over 32,000) are criminal investigators and are represented by FLEOA, FBIAA and FIA.

It is important for the Vice-President to know that we have been attempting to "reinvent" pay and classification for Federal law enforcement officers since 1988. Also, that representative associations have played a large role in NACLE and the legislation that led to the 1990 Pay Reform Act for Federal officers.

A Federal LEO Partnership Council could address the many disparities that exist among the numerous Federal law enforcement agencies regarding personnel and operational policies. Some of policies that vary from agency to agency include merit promotion, use of deadly force, overtime compensation and disciplinary actions, to name a few.

It might help if you could set up a meeting between some of the representative groups and Vice President's Gore's staff that are involved with the National Partnership Council. If there is any other information you need on this issue please call.

Yours truly,

Vic

EXEMPTING FEDERAL LAW ENFORCEMENT FROM PERSONNEL CUTS

The signing of a Crime Bill into law will afford President Clinton a window of opportunity to exempt Federal law enforcement from any further personnel cuts. There is no doubt that any final anti-crime legislation that comes out of Congress for the President's signature will include new Federal offenses. New Federal offenses translates to new responsibilities for Federal law enforcement.

Republicans, and some Democrats, have been decrying the Administrations' down-sizing of Federal law enforcement at a time when fighting crime is considered a national priority. This is best exemplified by Rep. Allan Mollohan's (D-West Virginia) questioning of FBI Director Freeh before the House Appropriations Subcommittee on April 14, 1994. Mr. Mollohan asked Director Freeh if he had made an assessment of the pending crime bill and what additional responsibilities would grow out of the legislation. Also, how much the new responsibilities would cost the FBI and how realistic would it be for the FBI to assume additional responsibilities given the current budget.

Director Freeh replied, "*Well, my general assessment is that we could not fulfill some of those jurisdictions, in my view, adequately, given the decreasing number of resources that we have. Then, if I have to make decisions in October about RIFing* (laying off) *special agents, for instance, I don't think in that posture it would be reasonable, in any scheme of operational planning, to say with good faith that I could staff the additional major responsibilities, including one affecting gun control, and other statues which are now part of that bill.*"

Director Freeh continued, "*...the fact is that right now that I don't believe I am fully staffed to perform all of my current responsibilities, so any additional jurisdictions I think would be very difficult. We would have to make some choices along with the U.S. Attornyes' and the Attorney General as to what in fact we want to prioritize.*"

The concerns of Congress and Director Freeh are real and should not be ignored. The President could take the high ground on this issue by exempting Federal law enforcement from any further personnel cuts when he signs the Crime Bill into law. By stating that, "*...the Crime Bill contains added responsibility for Federal law enforcement,*

including the three strikes you're out provision", (the last crime must be a Federal offense), the President could justify exempting "**Federal law enforcement officers and special agents**", from any further cuts.

Presently, the general morale of Federal agents in the country is low. Waco, budget cuts, down-sizing and pay freezes have all had a negative affect upon the men and women in Federal law enforcement. An excellent way in which President Clinton could show his support for Federal law enforcement officers and special agents would be to exempt them from further personnel cuts.

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THE Eighteen Eleven

Professional Journal of the Federal Law Enforcement Officers Association

The Eighteen Eleven
Volume 116
Number 2
April-May 1994

Highlights

Mr. Clinton, Don't Cut Feds to Pay For Cops!!!

Leaders of the nation's ten leading law enforcement organizations told President Clinton that adding police officers by cutting Federal agents made no sense at all, and asked that he exempt Federal law enforcement from cuts.

In a letter sent, February 15, 1994, the leaders of these organizations which make up the Law Enforcement Steering Committee (LESC) told the President cutting Federal law enforcement officers would damage the very local law enforcement initiatives the President hoped to promote.

The proposed cuts in Federal law enforcement agencies, they stated, would "critically impact programs and systems such as training, the National Criminal Information Center (NCIC), and the Uniform Crime Report (UCR)" which directly assist and link to local law enforcement.

Proposed reductions and budget cuts for FY 1995, would cut 1,500 full time positions from the FBI, 216 from the US Marshals Service 177 from the Naval Criminal Investigative Service and 531 from the Drug Enforcement Administration.

Quoting from FBI Director Louis Freeh, the signatories to the letter pointed out that the

"Clinton" continued on page 3

The Law Enforcement Steering Committee

1001 22nd St., N.W., Suite 200
Washington, D.C. 20037

February 15, 1994

Representing Policing in America

Honorable William Clinton
The White House
Washington, D.C.

Dear Mr. Clinton:

We are writing on behalf of the Law Enforcement Steering Committee (LESC), a coalition of national law enforcement associations representing over 500,000 law enforcement practitioners, to urge you to exempt Federal law enforcement positions from Executive Order 12839 and other Executive memoranda mandating reductions in the Federal work force.

The LESC is a nonpartisan coalition consisting of the Federal Law Enforcement Officers Association, the Fraternal Order of Police, the International Brotherhood of Police Officers, the Major City Chiefs, the National Association of Police Organizations, the National Organization of Black Law Enforcement Executives, the National Sheriff's Association, the National Troopers Coalition, the Police Executive Research Forum, and the Police Foundation. The LESC is a model of an unprecedented cooperative effort between law enforcement research organizations, police management and labor. We are dedicated to the advancement of legislation and policy that will ensure the safety and security of our country's people.

The LESC applauds the Administration's continued commitment to put 100,000 more "cops on the beat" and the Senate's recent passage of a Comprehensive Crime Control and Law Enforcement Act authorizing over $22 billion in funding and grants. The Senate's quick action in passing anti-crime legislation is a clear indication that the public is sick and tired of the violence that is afflicting our nation.

The Senate's Crime Control Act established the Violent Crime Reduction Trust Fund, a copy of which is attached, to help finance the cost of the Act. Further, the Crime Control Act authorizes the revenues to fund the Trust Fund to be derived from savings resulting from the reduction of the Federal work force by 252,000 positions over a five year period. The proposed reduction in personnel includes full time Federal law enforcement positions. Many of these reductions, particularly within the FBI, will also critically impact programs and systems such as training, the National Criminal Information Center (NCIC), and the Uniform Crime Report (UCR), which directly interface with local law enforcement.

As a result of the budget cuts and proposed reductions in law enforcement personnel, it is estimated that by 1995 the Federal Bureau of Investigation will have eliminated 1,500 full time positions, the United States Marshals 216 positions, the Naval Criminal Investigative Service 177 positions, and the Drug Enforcement Administration 531 positions, with further cuts to follow through to 1998. Many agencies have not had any new hires since 1992 and are now facing the possibility of RIFs of law enforcement personnel.

In the Senate's Crime Control Act, a sense of the Senate resolution, a copy of which is attached, recognizes that any meaningful anti-crime legislation must not include a reduction of Federal law enforcement personnel. This is because Congress has long acknowledged the integrated role that Federal law enforcement has in working with State and local law enforcement in combatting violent crime. Further, the Senate bill includes a number of new Federal criminal violations which, if they become law, will add substantially to the cost of operating Federal law enforcement agencies.

At a recent forum entitled, "Reinventing Federal Law Enforcement", Deputy Attorney General Phillip Heymann addressed the future of Federal law enforcement. Mr. Heymann stated, "You're going to see a lot of cooperation with State and local (law enforcement) because when you're in the violence or local drug business you have to be working with the State and local. I know the task forces have been doing this. We'll keep using task forces." Regarding the proposed cuts in personnel, he noted, "I know that in the Justice Department we've been planning on very sizable law enforcement cuts. I mean, the FBI is planning them, the DEA is planning them, and I'm sure ATF is too. And it is a little bit strange at a time when we're about to put 100,000 new cops of the street."

Addressing the same forum, FBI Director Louis Freeh stated, "Our agency, like many of your agencies, are facing reductions and cut backs which are really unprecedented in our history, at a time when our challenges and responsibilities are growing by leaps and bounds."

We agree with Deputy Attorny General Heymann and Director Freeh. It is in the best interest of the country's domestic security that all Federal law enforcement be exempted from the proposed cuts in positions described above. We urge you to sign such an order and inform OMB Director Panetta as soon as possible of your decision.

Very truly yours,

Victor G. Oboyski
Victor G. Oboyski
President
Federal Law Enforcement Officers Association

Dewey R. Stokes
Dewey R. Stokes
President
Fraternal Order of Police

Kenneth T. Lyons
Kenneth T. Lyons
National President
International Brotherhood of Police Officers

Patrick S. Fitzsimmons
Patrick S. Fitzsimmons
Chairman
Major Cities Chiefs

Robert T. Scully
Robert T. Scully
Executive Director
National Association of Police Organizations

Joseph M. Wright
Joseph M. Wright
Executive Director
National Organization of Black Law Enforcement Executives

Johnny Mack Brown
Sheriff Johnny Mack Brown
President
National Sheriffs' Association

James A. Rhinebarger
James A. Rhinebarger
Chairman
National Troopers Coalition

Chuck Wexler
Chuck Wexler
Executive Director
Police Executive Research Forum

Hubert Williams
Hubert Williams
President
Police Foundation

SEC. 5160. EXPANDED SPECIAL DEPORTATION PROCEEDINGS.

(1) Subject to the availability of appropriations, the Attorney General may expand the program authorized by section 242A(d) of the Immigration and Nationality Act to ensure that such aliens are immediately deportable upon their release from incarceration.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as necessary to carry out this section for each of fiscal years 1995 through 1998.

SEC. 5161. CONSTRUCTION OF INS SERVICE PROCESSING CENTERS TO DETAIN CRIMINAL ALIENS.

AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary in fiscal year 1995 to construct or contract for the construction of two INS Service Processing Centers to detain criminal aliens and such sums as are necessary in fiscal year 1996 to construct or contract for the construction of two additional Service Processing Centers.

SEC. 5162. ASSISTANT UNITED STATES ATTORNEY RESIDENCY.

Section 545(a) of title 28, United States Code, is amended—

(1) by striking "and assistant United States attorney"; and

(2) by inserting the following after the first sentence: "Each assistant United States attorney shall reside in the district for which he or she is appointed or within 50 miles thereof.".

SEC. 5163. GANG RESISTANCE EDUCATION AND TRAINING PROJECTS

(a) Authorization of appropriations for the Department of the Treasury for each of the fiscal years 1994, 1995, 1996, 1997, and 1998.

(b)(1) The Secretary of the Treasury shall establish no less than 50 Gang Resistance Education and Training (GREAT) projects to be located in communities across the country. Such amount shall be in addition to the number of projects currently funded.

(2) Communities identified for such GREAT projects shall be selected by the Director of the Bureau of Alcohol, Tobacco and Firearms, acting through the Secretary of the Treasury, on the basis of gang-related activity in that particular community.

(3) The Secretary of the Treasury shall make available no less than $800,000 per project, subject to appropriation, and such funds shall be allocated fifty percent to the affected State and local law enforcement and prevention organizations participating in such projects, and fifty percent to the Bureau of Alcohol, Tobacco and Firearms for salaries, expenses, and associated administrative costs for operating and overseeing such projects.

(c) There are authorized to be appropriated $30,000,000 for salaries and expenses of the Bureau of Alcohol, Tobacco and Firearms for the hiring, training, and equipping of no less than 200 full-time equivalent agent positions for the investigation of the trafficking of guns to juveniles and gangs, and the tracing of firearms used in the commission of violent crimes, and no less than 100 full-time equivalent inspector positions for the Firearms Compliance program and dealer policing activities.

(d) There are authorized to be appropriated $6,000,000 for the salaries and expenses of the United States Secret Service for the hiring, training and equipping of additional full-time equivalent positions to supplement current investigative authorities.

SEC. 5164. LAW ENFORCEMENT PERSONNEL.

(a)(1) Since we are losing control of our streets and our neighborhoods to gangs, drugs and violent crime;

(2) Since Americans tolerate a level of violence 5 times that of Canada and 10 times that of England;

(3) Since the Senate is about to adopt the Comprehensive Crime Control and Law Enforcement Act which establishes a $22,268,000,000 Violent Crime Reduction Trust Fund to combat the violent crime epidemic in this country;

(4) Since the Comprehensive Crime Control and Law Enforcement Act authorizes the revenues to fund the Trust Fund be derived from savings resulting from a reduction in Federal personnel; and

(5) Since the Federal law enforcement agencies charged with carrying out the provisions of the Comprehensive Crime Control and Law Enforcement Act will require substantial manpower to implement the Act.

(b) It is the sense of the Senate that law enforcement personnel should not be reduced and calls upon the President of the United States to exempt Federal law enforcement positions from Executive Order 12839 and other Executive memoranda mandating reductions in the Federal workforce.

SEC. 5165. REVIEW BY THE ATTORNEY GENERAL OF FEDERAL PRISON CAPACITY AND CONSTRUCTION AND OPERATIONAL STANDARDS FOR STATE AND LOCAL CORRECTIONS FACILITIES.

(a) REVIEW OF FEDERAL PRISON CAPACITY.—The Attorney General shall conduct a review of—

(1) the capacity of the facilities of the Federal Bureau of Prisons;

(2) the number of inmates in those facilities; and

(3) the characteristics of those inmates relative to their likelihood of criminal behavior, and especially violent criminal behavior, if released from custody under supervision.

(b) REVIEW OF STANDARDS.—The Attorney General shall review the standards for construction and operation of State and local corrections facilities contained in the publications entitled "Standards for Small Jail Facilities" and "Standards for Adult and Local Detention Facilities" (3d ed.)

(c) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Attorney General shall report to Congress on the reviews required under subsections (a) and (b).

(2) CONTENTS.—The report under paragraph (1) shall contain the Attorney General's recommendations for administrative and congressional initiatives to—

(A) release space in the Federal Bureau of Prisons for occupancy by inmates transferred from State correctional facilities, pursuant to section 1321; and

(B) modify standards for construction and operation of local and State correctional facilities.

SEC. 5166. COORDINATION OF SUBSTANCE ABUSE TREATMENT AND PREVENTION PROGRAMS.

The Attorney General shall consult with the Secretary of the Department of Health and Human Services in establishing and carrying out the substance abuse treatment and prevention components of the programs authorized under this Act, to assure coordination of programs, eliminate duplication of efforts and enhance the effectiveness of such services.

SEC. 5167. JUVENILE ANTI-DRUG AND ANTI-GANG GRANTS IN FEDERALLY ASSISTED LOW-INCOME HOUSING.

Grants authorized in this Act to reduce or prevent juvenile drug and gang-related activity in "public housing" may be used for such purposes in federally assisted, low-income housing.

SEC. 5168. DEFINITIONS.

Section 921(a)(17) of title 18, United States Code, is amended by revising subparagraph (B) and adding a new subparagraph (C) to read as follows:

"(B) The term 'armor piercing ammunition' means—

(i) a projectile or projectile core which may be used in a handgun and which is constructed entirely (excluding the presence of traces of other substances) from one or a combination of tungsten alloys, steel, iron, brass, bronze, beryllium copper, or depleted uranium; or

"(ii) a jacketed projectile larger than .22 caliber designed and intended for use in a handgun and whose jacket has a weight of more than 25 percent of the total weight of the projectile.

"(C) The term 'armor piercing ammunition' does not include shotgun shot required by Federal or State environmental or game regulations for hunting purposes, a frangible projectile designed for target shooting, a projectile which the Secretary finds is primarily intended to be used for sporting purposes, or any other projectile or projectile core which the Secretary finds is intended to be used for industrial purposes, including a charge used in an oil and gas well perforating device.".

INVESTMENT ADVISER OVERSIGHT ACT OF 1993

The text of the bill (S. 423) to provide for recovery of costs of supervision and regulation of investment advisers and their activities, and for other purposes, as passed by the Senate on November 20, 1993, is as follows:

S. 423

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Investment Adviser Oversight Act of 1993".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the activities of investment advisers are of continuing national concern;

(2) increased supervision of investment advisers by the Securities and Exchange Commission (hereafter in this Act referred to as the "Commission") is necessary to protect investors from fraud and other illegal conduct;

(3) additional resources are necessary to recover the Commission's costs of an enhanced program for the oversight of investment advisers and their activities, including the costs of registration and inspections; and

(4) because the direct beneficiaries of these activities are investment advisers, it is appropriate for investment advisers to pay fees for such activities.

SEC. 3. REGISTERED INVESTMENT ADVISER FEES.

(a) IN GENERAL.—The Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.) is amended by inserting after section 203 the following new section:

"SEC. 203A. FEES FOR REGISTRANTS AND APPLICANTS.

"(a) IN GENERAL.—The Commission is authorized, in accordance with this section, to collect fees to recover the costs of enhanced efforts to register all persons required to be registered under this title and enhanced supervision and regulation of investment advisers and their activities. Such fees shall be collected and shall be made available only to the extent provided in advance in appropriations Acts. Such fees shall be deposited as an offsetting collection to the Commission's appropriation and shall remain available until expended. The costs covered by such fees shall be the costs of Commission expenses for the registration and inspection of investment advisers and related activities.

"(b) TIME FOR PAYMENT.—

"(1) APPLICANTS.—At the time of filing an application for registration under this title, the applicant shall pay to the Commission the fee directed in advance in appropriations Acts to be collected as specified in subsection (c). No part of such fee shall be refunded to the applicant. The filing of an application for registration under this title shall not be deemed to have occurred unless *or an installation scheduled to be closed for locating a regional prison, the report shall include an analysis of why installations in the region, the use of which as a prison would be consistent with a reutilization and redevelopment plan, do not provide a cost-effective alternative to the purchase of real property or construction of new facilities.*

(D) The Attorney General shall obtain all information necessary to determine whether any portion of a closed military installation in the region or military installation scheduled to be closed in the region is a cost-effective alternative to the purchase of real property or construction of new prison facilities.

(c) ACCEPTANCE OF PRISONERS.—Any qualifying State may apply to the Attorney General to accept any qualifying prisoner. If, in the Attorney General's judgment there are likely to be more qualifying prisoners than there is space available, then to the extent that the Attorney General deems it practicable, the Attorney General should seek to allocate space among qualifying States in a proportion similar to the number of qualifying prisoners held by that State in relation to the total number of qualifying prisoners from qualifying States.

(d) QUALIFYING STATE.—

(1) IN GENERAL.—The Attorney General shall not certify a State as a qualifying State under this section unless the State is providing—

(A) truth in sentencing with respect to any felony crime of violence involving the use or attempted use of force against a person, or use of a firearm against a person for which a maximum sentence of 5 years or more is authorized that is consistent with that provided in the Federal system in chapter 229 of title 18, United States Code, which provides that defendants will serve at least 85 percent of the sentence ordered and which provides for a binding sentencing guideline system in which sentencing judges' discretion is limited to ensure greater uniformity in sentencing;

(B) pretrial detention similar to that provided in the Federal system under section 3142 of title 18, United States Code;

(C) sentences for firearm offenders where death or serious bodily injury results, murderers, sex offenders, and child abuse offenders that, after application of relevant sentencing guidelines, result in the imposition of sentences that are at least as long as those imposed under Federal law (after application of relevant sentencing guidelines); and

(D) suitable recognition for the rights of victims, including consideration of the victim's perspective at all appropriate stages of criminal proceedings.

(2) DISQUALIFICATION.—The Attorney General shall withdraw a State's status as a qualifying State if the Attorney General finds that the State no longer appropriately provides for the matters described in paragraph (1) or has ceased making substantial progress toward attaining them, in which event the State shall no longer be entitled to the benefits of this section, except to the extent the Attorney General otherwise directs.

(3) WAIVER.—The Attorney General may waive, for no more than one year, any of the requirements of this subsection with respect to a particular State if the Attorney General certifies that, in the Attorney General's judgment, there are compelling law enforcement reasons for doing so. Any State granted any such waiver shall be treated as a qualifying State for all purposes of this subtitle, unless the Attorney General otherwise directs.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $600,000,000 for fiscal year 1994;
(2) $600,000,000 for fiscal year 1995;
(3) $600,000,000 for fiscal year 1996;
(4) $600,000,000 for fiscal year 1997; and
(5) $600,000,000 for fiscal year 1998.

Subtitle E—Violent Crime Reduction Trust Fund

SEC. 1351. PURPOSES.

The Congress declares it essential—

(1) to fully fund the control and prevention of violent crime authorized in this Act over the next 5 years;

(2) to ensure orderly limitation and reduction of Federal Government employment, as recommended by the Report of the National Performance Review, conducted by the Vice President; and

(3) to apply sufficient amounts of the savings achieved by limiting Government employment to the purpose of ensuring full funding of this Act over the next 5 years.

SEC. 1352. REDUCTION OF FEDERAL FULL-TIME EQUIVALENT POSITIONS.

(a) DEFINITION.—For purposes of this section, the term "agency" means an Executive agency as defined under section 105 of title 5, United States Code, but does not include the General Accounting Office.

(b) LIMITATIONS ON FULL-TIME EQUIVALENT POSITIONS.—The President, through the Office of Management and Budget (in consultation with the Office of Personnel Management), shall ensure that the total number of full-time equivalent positions in all agencies shall not exceed—

(1) 2,095,182 during fiscal year 1994;
(2) 2,044,100 during fiscal year 1995;
(3) 2,003,846 during fiscal year 1996;
(4) 1,963,593 during fiscal year 1997; and
(5) 1,923,339 during fiscal year 1998.

(c) MONITORING AND NOTIFICATION.—The Office of Management and Budget, after consultation with the Office of Personnel Management, shall—

(1) continuously monitor all agencies and make a determination on the first date of each quarter of each applicable fiscal year of whether the requirements under subsection (b) are met; and

(2) notify the President and the Congress on the first date of each quarter of each applicable fiscal year of any determination that any requirement of subsection (b) is not met.

(d) COMPLIANCE.—If at any time during a fiscal year, the Office of Management and Budget notifies the President and the Congress that any requirement under subsection (b) is not met, no agency may hire any employee for any position in such agency until the Office of Management and Budget notifies the President and the Congress that the total number of full-time equivalent positions for all agencies equals or is less than the applicable number required under subsection (b).

(e) WAIVER.—Any provision of this section may be waived upon—

(1) a determination by the President of the existence of war or a national security requirement; or

(2) the enactment of a joint resolution upon an affirmative vote of three-fifths of the Members of each House of the Congress duly chosen and sworn.

SEC. 1353. CREATION OF VIOLENT CRIME REDUCTION TRUST FUND.

(a) ESTABLISHMENT OF THE ACCOUNT.—Chapter 11 of title 31, United States Code, is amended by inserting at the end thereof the following new section:

"§1115. Violent crime reduction trust fund

"(a) There is established a separate account in the Treasury, known as the 'Violent Crime Reduction Trust Fund', into which shall be deposited deficit reduction achieved by section 1352 of the Violent Crime Control and Law Enforcement Act of 1993 sufficient to fund that Act (as defined in subsection (b) of this section).

"(b) On the first day of the following fiscal years (or as soon thereafter as possible for fiscal year 1994), the following amounts shall be transferred from the general fund to the Violent Crime Reduction Trust Fund—

"(1) for fiscal year 1994, $720,000,000;
"(2) for fiscal year 1995, $2,423,000,000;
"(3) for fiscal year 1996, $4,267,000,000;
"(4) for fiscal year 1997, $6,313,000,000; and
"(5) for fiscal year 1998, $8,545,000,000.

"(c) Notwithstanding any other provision of law—

"(1) the amounts in the Violent Crime Reduction Trust Fund may be appropriated exclusively for the purposes authorized in the Violent Crime Control and Law Enforcement Act of 1993;

"(2) the amounts in the Violent Crime Reduction Trust Fund and appropriations under paragraph (1) of this section shall be excluded from, and shall not be taken into account for purposes of, any budget enforcement procedures under the Congressional Budget Act of 1974 or the Balanced Budget and Emergency Deficit Control Act of 1985; and

"(3) for purposes of this subsection, 'appropriations under paragraph (1)' mean amounts of budget authority not to exceed the balances of the Violent Crime Reduction Trust Fund and amounts of outlays that flow from budget authority actually appropriated.".

(b) LISTING OF THE VIOLENT CRIME REDUCTION TRUST FUND AMONG GOVERNMENT TRUST FUNDS.—Section 1321(a) of title 31, United States Code, is amended by inserting at the end thereof the following new paragraph:

"(91) Violent Crime Reduction Trust Fund.".

(c) REQUIREMENT FOR THE PRESIDENT TO REPORT ANNUALLY ON THE STATUS OF THE ACCOUNT.—Section 1105(a) of title 31, United States Code, is amended by adding at the end thereof:

"(29) information about the Violent Crime Reduction Trust Fund, including a separate statement of amounts in that Trust Fund.

"(30) an analysis displaying by agency proposed reductions in full-time equivalent positions compared to the current year's level in order to comply with section 1352 of the Violent Crime Control and Law Enforcement Act of 1993.".

SEC. 1354. CONFORMING REDUCTION IN DISCRETIONARY SPENDING LIMITS.

The Director of the Office of Management and Budget shall, upon enactment of this Act, reduce the discretionary spending limits set forth in section 601(a)(2) of the Congressional Budget Act of 1974 for fiscal years 1994 through 1998 as follows:

(1) for fiscal year 1994, for the discretionary category: $720,000,000 in new budget authority and $314,000,000 in outlays;

(2) for fiscal year 1995, for the discretionary category: $2,423,000,000 in new budget authority and $2,330,000,000 in outlays;

(3) for fiscal year 1996, for the discretionary category: $4,267,000,000 in new budget authority and $4,184,000,000 in outlays;

(4) for fiscal year 1997, for the discretionary category: $6,313,000,000 in new budget authority and $6,221,000,000 in outlays; and

(5) for fiscal year 1998, for the discretionary category: $8,545,000,000 in new budget authority and $8,443,000,000 in outlays.

TITLE XIV—RURAL CRIME

Subtitle A—Drug Trafficking in Rural Areas

SEC. 1401. AUTHORIZATIONS FOR RURAL LAW ENFORCEMENT AGENCIES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 1001(a)(9) of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended to read as follows:

"(9) There are authorized to be appropriated to carry out part O $50,000,000 for each of fiscal years 1994, 1995, 1996, 1997, and 1998.".

(b) AMENDMENT TO BASE ALLOCATION.—Section 1501(a)(2)(A) of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by striking "$100,000" and inserting "$250,000".

SEC. 1402. RURAL CRIME AND DRUG ENFORCEMENT TASK FORCES.

(a) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this Act, the At-

12/7

Jose'
Here are some background materials on OMB's pass-back to Treasury enforcement.

A. F. Dickey*
622-1478

*ANNA F. DICKEY

Nonetheless, I do have strong concerns about the OMB proposal to reallocate more than half of the FY 1996 crime bill authorization to IRS thereby denying funding to basic law enforcement functions that were expressly provided for (e.g., greater border enforcement to curtail outbound vehicle theft). OMB proposes to earmark crime bill funds for the labor-intensive tax refund fraud program when we are expecting a 20 percent drop in fraudulent returns during the 1995 filing season. I propose that Treasury launch a strong appeal to restore funding for enforcement activities within the enforcement bureaus for the critical programs that were identified. The proposed initiatives are linked directly to violent crime and they significantly support efforts by the President to reduce drug traffic, money laundering and illegal immigration. For example, the proposal to fund Customs border enforcement teams will target proceeds from international trade of stolen property, bank and securities fraud, terrorism narcotics and weapons trafficking. This initiative addresses the underlying causes of violent crime associated with drug and weapons related activity. As noted above, this appeal assumes that Treasury will seek funding for IRS's tax refund fraud initiative at the appropriate level.

As you know, ATF personnel were present when two FBI agents and a MPD detective were slain last week. As long as we deploy Treasury personnel in stressful high risk areas, policy officials have a moral commitment to ensure that our personnel are provided adequate accoutrements to perform their mission, similar to that provided other federal enforcement personnel. The passback proposes to reduce Treasury enforcement by 1,300 from FY 1995 to FY 1996 while the Department of Justice FY 1995 Congressional add-on of 2,000 personnel is maintained. Although parity within federal law enforcement as well as within Treasury is important, this appeal extends beyond parity. It centers on our public responsibility to the men and women who have dedicated their careers to make this country safe for all of us. A more responsible approach is warranted.

I offer the following for policy consideration when funding discussions occur during the next several weeks regarding enforcement activities.

-- Frequently budgeteers are unmindful of the cost benefit of a special agent criminal investigator. The failure to sustain the Congressional add-on of 212 agent FTE is unwise and uneconomical. Treasury special agents are highly cost effective. They generate roughly $180-200 million in forfeiture fund revenues, deter crime, and save the federal government tens of millions by working high quality hours for which they receive no compensation. The average street agent works more than the 25% overtime for which he or she is compensated. More importantly, unlike other positions, special agents curb the need for additional FTEs. When a special agent works overtime the federal government receives an unusually high return on its personnel investment than what otherwise would occur if additional FTEs were hired. Agents overtime frequently obviate the need to incur added costs (e.g., leave, training, personnel benefits, space, equipment, etc.-- in order to secure the same level of productivity associated with special agents that work overtime.

-- The proposed FTE reductions (i.e., elimination of the Congressional add-ons, ATF's firearms program, etc.) are scheduled to occur at the same time the Secret Service will be preparing for the massive protective efforts involving the 1996 Presidential campaign, the United Nations 50th Anniversary, and the 1996 Summer Olympics. Because the Secret Service does not have resources to meet such peak load demands, it secures additional staff support by asking for agent detailees from other Treasury law enforcement bureaus. With a proposed 1,300 FTE reduction below FY 1995, the other bureaus will be unable to respond to these critical protection needs.

-- The proposed NPR FTE savings just "aren't there". During the mid 1980's, ATF re-engineered its entire administrative process and abolished five regional administrative offices which were staffed with personnel, procurement, budget and accounting personnel. Using technology, all administrative services were centralized at headquarters. This re-engineering process reduced the NPR type of targeted positions by over 100. The targeted positions remaining in headquarters cannot be reduced any further. Similarly, the proposed 1,100 FTE reduction for Customs isn't there. Even though its workload is expected to increase as a result recent trade legislation (NAFTA, GATT, etc), Customs is willing to manage some reductions (100 FTE for four years starting in FY 1996). This also is in addition to Customs reorganizing and downsizing efforts. FinCen, too, already has reorganized to streamline its use of resources and it cannot endure any additional FTE reductions. Congress reduced FinCen's appropriation at the same it increased it legislative responsibilities. Full FTE restoration and funding is being appealed.

-- The proposed ATF reductions are unacceptable and non-negotiable. We are appealing the entire passback. The 530 FTE firearms program reduction coupled with the proposals to eliminate critical support functions such as the Radio Branch will decimate ATF's ability to provide viable enforcement of the Nation's firearms laws.

- OMB's proposed base reduction to the firearms program ($53M and 530 FTEs) is impractical and nonsensical. Because of its complementary regulatory and enforcement responsibilities, ATF provides an unique value that no other law enforcement agency alone can provide in addressing firearms related violent crime. Local police do not have the jurisdiction to respond to offenders who receive, use and supply firearms across community, State and international lines.

- The proposal would require the riffing of 25% of the agency's criminal investigators--in a haphazard manner. An effect on all ATF programs would be unavoidable. Many field offices require agents to allocate their time to an assortment of duties (e.g., bombings, arson, firearms).

- The proposed four-year 1,000 police officer grant program is not practical. Rookie police officers would spend the preponderance of the first two years in formal and on-the-job training, or low level assignments. Moreover, at no time are "on the beat" police officers afforded the luxury to ignore low priority back-end assignments like first aid, car accidents, preserving crime scenes, etc. At the end of the four year period, ATF's front-end, and the rookies' back-end, expertise will be gone!. Taxpayers will lose a significant investment in the training and development of these experienced agents. A balanced federal and state response is necessary to curtail firearms related violent crimes.

-- The $1.4 million and 22 FTE reduction to ATF's alcohol program jeopardizes the collection of $7 billion in revenues. It will result in the failure to conduct 25% of revenue inspections thereby increasing the likelihood of falsified claims being paid--or that contaminated products may go undetected.

-- This office encourages you to press for a greater source of revenues that could fund our programs. To the extent practical, press OMB to include FFL reform, Harbor Maintenance, and alcohol label/formula testing fees in any other fee proposal that the Secretary or the Administration supports.

-- Customs air and marine and ATF's air program cannot continue as proposed. We propose that OMB either evaluate and fund federal law enforcement air support as a whole or maintain Customs and ATF at current levels. Justice has twice the number aircraft that Treasury has. Aircraft is a valuable and increasingly critical investigative tool because ground surveillance frequently is unable to get close enough to monitor undercover activities. Also, it is not unusual to have undercover agent body transmitters monitored from aircraft.

-- A streamlined re-engineered workforce performing law enforcement duties in a high-tech environment must be trained. It is imperative that FLETC receives staff and funding to meet critical needs. Accordingly, I am requesting resources for basic training, international, and money laundering initiatives. Similarly, construction funding should be made available for the DM and east coast satellite facilities. As an aside, poorly trained personnel is a common trail lawyer argument that an increasing number of juries are accepting.

-- FinCen's core mission is to empower others to work more effectively and efficiently. Accordingly, I am seeking FY 1995/6 funding and restoration of 17 FTEs so that FinCen can proceed with plans to continue implementation of Gateway and on-site field support. In addition to empowering others, these initiatives allow FinCen to capture valuable intelligence to share with the entire federal law enforcement community.

-- Under separate cover, I have provided your staff with the appeal for my immediate office.

I can be available on short notice when you find a need to discuss these items with me. Also, as an aside, I am grateful for the generous and supportive assistance your staff has provided this office as we assess the OMB passback within short timeframes.

28-Nov-94
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Bud2crme

PROPOSED FY 1995/6 TREASURY ENFORCMENT CRIME BILL SPENDING

	FY 1995 REQ ($000s)	FTE	FY 1995 PASSBK ($000s)	FTE	FY 1995 APPEAL ($000s)	FTE	FY 1996 REQ ($000s)	FTE	FY 1996 PASSBK FTE	FTE	FY 1996 APPEAL ($000s)	FTE
Customs												
Outbound-vehicle theft	$1,295	25	$1,295	0	$1,295	25	$6,404	25	$1,295	0	$6,404	25
Border Strike Teams	$2,705	35	$2,705	0	$2,705	35	$10,686	35	$2,705	0	$9,670	35
	$4,000	60	$4,000	0	$4,000	60	$17,090	60	$4,000	0	$16,074	60
ATF												
Ceasefire	$288	4	$0	0	$288	4	$4,400	4	$0	0	$2,400	4
Targeting High Crime Areas	$1,302	8	$0	0	$1,302	8	$1,695	8	$0	0	$1,695	8
Grants									$10,000	0		
Equipment									$7,000	0		
Firearms Tracing	$2,092	7	$7,000	5	$2,092	7	$5,413	7	$2,000	5	$7,413	7
Firearms Accessability	$3,318	24	$0	0	$3,318	24	$7,842	24	$0	0	$6,842	24
GREAT (50/50)	$9,000	44	$9,000	5	$9,000	44	$7,200	44	$7,200	5	$7,200	44
	$16,000	87	$16,000	10	$16,000	87	$26,550	87	$26,200	10	$25,550	87
Secret Service												
Counterfeiting	$5,000	28	$0	0	$5,000	28	$11,416	28	$0	0	$10,416	28
Missing Children	$1,600	18	$0	0	$1,600	18	$1,600	18	$0	0	$1,600	18
	$6,600	46	$0	0	$6,600	46	$13,016	46	$0	0	$12,016	46
FinCEN												
Link Analysis	$519	0	$0	0	$0	0	$1,908	0	$0	0	$1,908	0
Field Coordination	$498	6	$0	0	1017	12	$674	6	$0	0	$1,348	12
Intelligence	$700	6	$700	0	$700	6	$1,500	6	$1,500	0	$1,500	6
Gateway	$983	5	$983	0	$983	5	$504	5	$504	0	$504	5
	$2,700	17	$1,683	0	$2,700	23	$4,586	17	$2,004	0	$5,260	23
FLETC												
Rural Drug Trng							$1,000	2	$1,000	3	$1,000	2
Community Police Trng							$567	3	$0	0	$567	3
Addtl Enforcement Trng							$1,342	5	$0	0	$2,684	10
FTE Construction							$1,000	10	$0	0	$1,000	10
							$3,909	20	$1,000	3	$5,251	25
IRS/CID												
Automated Invest. (Focus)	$3,000	0	$0	0	$3,000	0	$5,200	0	$0	0	$5,200	0
Motor Fuel Tax Evasion	$1,090	12	$0	0	$1,090	12	$1,090	12	$0	0	$1,090	12
HealthCare Fraud	$2,910	29	$0	0	$2,910	29						
Refund Fraud/ACI			9817	41			$2,909	29	$35,896	222	$2,909	29
	$7,000	41	9817	41	$7,000	41	$9,199	41	$35,896	222	$9,199	41
DO												
Interpol/State & local Link	$700	0	$0	0	$700	0	$500	0	$0	0	$500	0
Wireless	$600	0	$600	0	$600	0	$2,500	0	$2,500	0	$3,500	0
USSS/Counterfeiting			$6,600	28					$6,600	28		
FATF/Enformnt/S&L Network	$750	0	$0	0	$750	0	$500	0	$0	0	$500	0
Oversight (consultants, experts)	$350	0	$0	0	$350	0	$350	0	$0	0	$350	0
	$2,400	0	$7,200	28	$2,400	0	$3,850	0	$9,100	28	$4,850	0
GRAND TOTAL	$38,700	251	$38,700	79	$38,700	257	$78,200	271	$78,200	263	$78,200	282

HIGH	Appeal $	FTE	
ATF Firearms	53,000	530	
ATF Grants	0	0	
Land Border Fee	0	0	
EO FTE Cuts	12,500	212	
Customs Furn/ADP	5,503	0	
Customs Reorg	12,500	100	
Crime Bill	78,000	271	Distribution problems
IRS-Refund/ACI			"
ATF LAB MOVE	3,950	0	
ATF Radio Prog.	1,600	16	
FLETC Money Laundering	1,000	0	
Customs Air Prog.	27,400	0	Tech. correct. unobl. bal, diff. non recur
	7,190	0	
FLETC Internatl	800	5	0
MEDIUM			2403
ATF Intelligence Program	1,653	18	
FLETC (MP) Constr	4,800	0	
ATF's Air Program	2,000	2	
ATF Critical Equipment	7,000	0	
ATF Firearms Database	4,000	0	Crime bill opt
EEO	364	0	
Fees:			
Land Border (above)			
FFL			
Harbor Maint.			
Alcohol label			
LOW			
FFL Compliance	850	10	

THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

November 30, 1994

The Honorable Alice M. Rivlin
Director
Office of Management and Budget
Old Executive Office Building
17th and Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Alice:

We appreciate the overall allowance provided in your FY 1996 passback to the Treasury Department. It is clear that you agree with the importance of Treasury's mission and the need to continue investing in state-of-the-art technology to enhance our operations. This is especially apparent in the $1.0 billion total you have allowed for the critical Tax Systems Modernization program at the Internal Revenue Service.

<u>Treasury Operating Accounts</u>

Our appeal for Treasury's operating accounts is $11,424.3 million, or an additional $207 million above the passback. This includes the $405 million IRS compliance initiative, which the passback indicates will be proposed above the discretionary caps. We agree with this approach and believe it reflects Congressional intent when the funds were first appropriated in FY 1995.

Our proposed FTE level of 163,259 is 971 FTE <u>below</u> your original target level. We remain committed to seeking productivity savings and downsizing the Department in a sensible and responsible manner. Excluding the staffing associated with the IRS compliance initiative, our FY 1996 appeal for 156,698 FTE represents a 5.6 percent staffing reduction from our FY 1993 baseline of 166,085 FTE.

Enclosure A provides a detailed description of the areas we are appealing. I do want to highlight several items which we feel have important policy implications.

o <u>Firearms Law Enforcement</u>

We ask for reconsideration of the proposal to cut our firearms law enforcement program in the Bureau of Alcohol, Tobacco and Firearms by $53 million. In our view, the proposed State and local grant program would be a worthwhile complement to, but not substitute for, ATF's current firearms programs. This program is the most visible and successful Federal program targeting violent crime and career criminals. The proposed cut of $53 million would result in a reduction of roughly 25 percent of ATF's special agent cadre; Reductions-In-Force would be unavoidable.

- Border Crossing Fee

  We believe that a border crossing fee is a significant and sensitive issue that merits additional study and policy debate within the Administration before it is proposed. The Secretary feels strongly about this issue and intends to personally discuss this with you. At a minimum, if the President ultimately decides to pursue this fee, we ask that the proposal be presented in a way that would protect the Customs Service's operating budget from a possible $53.5 million budget reduction if the Congress does not approve the new fee.

- Financial Institutions Fraud

  We ask for reconsideration of the policy decision to reduce the Secret Service's investigations into financial institutions fraud (FIF) by $3 million. While the FBI has primary jurisdiction over FIF cases, the Service's efforts are specifically concentrated on those cases involving Treasury-regulated institutions, and the Service has been very responsive to requests for assistance from the Office of the Comptroller of the Currency and the Office of Thrift Supervision in this regard. The Administration should not send signals to the financial community that our determination to fight financial fraud is in any way diminished. In the same vein, we are appealing to maintain Congress' restoration of enforcement FTEs originally proposed to be cut in the FY 1995 budget in the Secret Service, as well as the Bureau of Alcohol, Tobacco and Firearms, and the Customs Service.

- Overseas Agents

  We are also concerned about the proposal to establish an operating overseas field agent capability within the Departmental Offices (DO). Although we agree with the concept that our overseas agents should be cross-trained and cross-designated to address all enforcement issues under Treasury's authority, this can be accomplished without establishing a new operational infrastructure within DO.

- Crime Bill and Tax Refund Fraud

  We seek restoration of the Crime Bill funding to the purposes originally proposed; and seek funds for increasing IRS' capability to counter tax refund fraud outside of the Crime Bill authorization.

- Mint Revolving Fund

  We are very pleased that OMB has approved the Mint revolving fund proposal for circulating coin production. This will be a big step forward in improving the operations of the Mint. We maintain our position that a single revolving fund, when coupled with an effective cost accounting system, will fully provide for proper management and accounting controls while avoiding the administrative burden of operating two separate revolving funds, as proposed by OMB. Treasury and OMB have historically discouraged multiple account structures. The two separate accounts proposed for the Mint is inconsistent with the single revolving fund concept currently in place at the Bureau of Engraving and Printing -- an account which has historically had unqualified audit opinions rendered

Proposed FY 1995 Supplemental Language

Enclosure B provides proposed FY 1995 supplemental language necessary to correct several problems in our FY 1995 appropriations act. Specifically, we want to (1) correct the funding level cited for Tax Systems Modernization, (2) expand the Mint's latitude to determine the amount of funds earmarked for Expansions and Improvements, (3) reinstate the authority of the Federal Law Enforcement Training Center (FLETC) to provide necessary emergency medical care to its trainees, and (4) permit FLETC to waive reimbursement for part or all of the travel expenses for foreign law enforcement personnel receiving training at FLETC when it is in the public interest to do so. Your approval of these language changes and assistance in transmitting them to Congress would be appreciated.

International Financial Institutions

Treasury appreciates OMB's consideration of our request for funding U.S. commitments to the international financial institutions during FY 1996. We accept the $2,304 million for the multilateral development banks and will not appeal the $25 million provided by OMB to partially fund the U.S. commitment to the International Monetary Fund's Enhanced Structural Adjustment Facility.

With regard to our debt reduction funding request for the poorest countries, we recognize your effort to grant our full $81 million request, while spreading funding out over four years. However, $20 million will not be enough to permit us to fulfill the President's commitment to provide deeper debt reduction for all eligible poorest countries in FY 1996. We expect the Paris Club to agree on 67 percent debt reduction for these countries within the next two weeks, and will need $27 million in FY 1996 to meet this commitment. Moreover, by proposing a further modification in OMB's methodology after FY 1996, the outyear cost for 67 percent debt reduction will increase sharply to $161 million. We therefore need to be assured of adequate funding for subsequent years as countries become eligible, or agree that there would be no dramatic change in the methodology rules in FY 1997, as currently proposed by OMB.

Once again, many thanks for your support for Treasury's mission and programs that you have demonstrated in your passback. We greatly appreciate the efforts of your staff during OMB's review and analysis phase of the budget process this fall. The Secretary and I look forward to working through these remaining issues with you and quickly reaching closure on a final FY 1996 budget for the Department.

Sincerely,

Frank N. Newman

Enclosures

Enclosure A

DEPARTMENT OF THE TREASURY
FY 1996 OMB PASSBACK -- APPEALS

TREASURYWIDE:

- o **Consolidation of General Counsel Offices and Legislative Affairs Offices --** ($2,000,000 and 0 FTE): Treasury feels that the current General Counsel centralized management structure provides "one voice" with minimal administrative overhead costs. We propose to conduct a systematic review of the current Legislative Affairs structure to determine if there would be benefits from a similar centralized management structure. In either case, the physical consolidation of their employees would result in increased costs and not savings; therefore, Treasury is appealing the proposed reduction of $2,000,000.

- o **NPR-Targeted Positions --** ($10,000,000 and 167 FTE): Treasury agrees that staffing levels in the NPR-targeted areas can be reduced, but not at the levels proposed by OMB. Treasury has accepted roughly $14.5 million and 196 FTE in additional streamlining and productivity savings included in the passback.

[redacted]

- **Appropriation Structure:** The passback agreed to an IRS appropriation structure of three appropriations achieved by combining the Administration and Management appropriation with the Processing Tax Returns and Assistance appropriation. The Department would like to appeal the original request of a two appropriation structure that would include the Information Systems appropriation in the new appropriation leaving Tax Law Enforcement as the second appropriation. In prior discussions OMB noted that they were reluctant to do so for outlay considerations, but we believe this aspect can be addressed and a solution found. There are structural and mathematical solutions that can be explored in devising outlay rates for the new appropriation that will reflect the different nature of capital investments.

- **Diesel Dye funding:** The Department is still working with IRS, the Office of Tax Analysis (OTA), and OMB to substantiate a method for funding the IRS Diesel Dye initiative from the mandatory spending allocation. We believe we have found such a method through rescoring revenues previously descored when the Diesel Dye provisions were first scored. We expect to receive the information required from IRS to allow OTA to do the rescoring in the next few days and will keep OMB informed.

<u>Technical Appeal Items:</u>

- **FY 1995 FTE change:** The passback included a FTE total for FY 1995 that was 69 FTE higher than the Department's request. We do not believe these FTE to be funded and are removing them in our appeal. In addition we are revising upward, at OMB's suggestion, the FY 1995 FTE for Tax Refund Fraud from 41 FTE to 77 FTE. This results in a net change from the passback of -33 FTE in FY 1995.

- **Interappropriation Transfers:** Our request had requested some internal transfers in FY 1996 that netted to zero but did change the appropriation levels. These were denied. The transfers are important to present the correct allocation of resources among appropriations in the President's budget so that Congress will appropriate the funding in that way and we will not have to go back for reprogramming authority at a later time. In the belief that OMB's main objection was the funding being transferred out of the Tax Law Enforcement appropriation, IRS is restructuring the transfers to not affect that appropriation. We will forward this information in a few days.

- **Tax Systems Modernization:** The Department is not appealing the increase level of $403,700,000 for FY 1996. We would like to work at the staff level with both OMB and IRS to develop an allocation of that amount among the many projects that is satisfactory to all involved.

<u>U.S. CUSTOMS SERVICE:</u>

- **Proposed Savings from Reorganization** -- $12,500,000 and 100 FTE: Customs has devoted a great deal of time and effort to develop a plan to revamp the way it does business. Customs undertook the reorganization as a means to be responsive to the increasing workload being created as a result of NAFTA and GATT, and other customer service demands. This was the reason for the reorganization, not primarily to find resource savings. Customs reorganization plan has wide approval, from the Hill to the NPR team. The reorganization will provide Customs with the flexibility to keep pace with increasing workload requirements and to support new initiatives for the benefit of the trade community.

- **Air and Marine Program Proposed Reductions and Use of Unobligated Balances to Fund Operations** -- $20,340,000 and 0 FTE: The level funded by the Passback would result in a reduction of the air and marine program resources below the FY 1995 operating level of approximately $85 million which is supported by Treasury Enforcement, OMB and ONDCP.

  First, the passback directed the use of $35,000,000 of existing unobligated balances to fund base program operations funded by the Operations and Maintenance account. Approximately $18,360,000 remains in the O&M unobligated balances that is not committed to previously approved projects and could be used to fund current operations.

  Second, Customs was directed to drop all $9,050,000 of initiatives added by the Congress to the FY 1995 Operations and Maintenance appropriation. Of this, a $3,700,000 initiative will continue training on the Citation interceptor aircraft for aircrews from Mexican and other Caribbean basin source/transit countries to supplement American drug interdiction efforts.

- **Border Crossing Fee offset** -- $53,500,000 and 0 FTE: Customs was directed to offset funding of $53,500,000 of border inspections and related enforcement activities from revenue collected through the implementation of a new border crossing fee, which would charge $3 per car and $1 per pedestrian. Treasury has several reservations:

  - We estimate that a $3 per vehicle/$1 per pedestrian fee could reduce the annual economic product of the border region by up to $220 million a year (80 percent from the southern border). Such a fee would be highly regressive, and would place a substantial portion of the burden for financing border operations on the working poor concentrated in the area of the country. Illegal immigrants would bear none of the burden.

  - A land border fee would not be a violation of our international obligations per se. However, it could result in retaliatory measures. The State Department has only recently been consulted on the proposed fee, but expects to oppose it.

- Any attempt to charge a fee may be opposed by legislators from border States, although a fee for a specific service, such as a commuter lane, would likely garner less opposition. A Treasury queuing study shows that even a few minutes delay in primary inspection, such as for fee collection, could increase waiting times substantially.

- Before any fee would be implemented, a study would be needed to estimate infrastructure, staffing and security needs for each port, to ensure that sufficient resources exist to support collections and maintain flow of traffic. We understand that OMB's passback envisioned these costs as being derived from fee receipts and funded on the mandatory side of the budget.

o **Crime Bill Funding** -- $10,421,000 and 60 FTE: Passback proposed shifting resources from two of the three initiatives proposed by Customs to other Treasury programs. The two initiatives that were priorities of the Treasury Under Secretary for Enforcement were to fund 60 FTE supporting additional law enforcement in two important areas: vehicle theft and border economic crime.

  - **Vehicle Theft** -- $5,751,000 and 25 FTE ($1,295,000 and 25 FTE in FY 1995): Customs will work with local law enforcement agencies in communities near land border crossings to interdict the export of stolen vehicles. Customs will conduct threat assessments at ports that handle large numbers of motor vehicle exports and develop test programs in high threat areas. An ADP system will be developed to conduct rapid verification of VIN numbers and title information to coordinate with other concerned agencies.

  - **BESTeams** -- $8,670,000 and 35 FTE ($2,705,000 and 35 FTE in FY 1995): The multi-disciplined BESTeams, with support from other Treasury bureaus, will work to dismantle the financial infrastructure and seize assets of the increasing numbers of non-narcotics international criminal organizations that launder money and move goods unlawfully across U.S. borders. Using its authority under the Bank Secrecy Act and the Money Laundering Control Act, Customs will use complex international financial investigations to direct enforcement against global money laundering enterprises.

o **Restore Proposed FY 1995 Reprogramming** -- $5,350,000 and 110 FTE: Congress restored law enforcement resources which would have been eliminated under Executive Order 12837. In addition to performance of their normal law enforcement duties, Customs agents will supplement the Secret Service protective efforts in FY 1996 for the 1996 Presidential campaign, the United Nations' 50th Anniversary celebration, and the 1996 Summer Olympics.

Technical Appeal Items:

- o **Double Reduction of Air and Marine Program** -- $5,950,000 and 70 FTE: First, Customs was directed to reprogram $5,090,000 and 70 FTE of initiatives added by the Congress to the FY 1995 Salaries and Expenses appropriation to fund other programs and then to take an additional $5,950,000 and 70 FTE reduction, based on the Treasury proposal to not fund those same initiatives in FY 1996. Thus, the same initiatives are cut twice, plus an additional $900,000. This was an unintentional double reduction of the air and marine programs by OMB. While the argument can be made that the $5,090,000 and 70 FTE of initiatives added by the Congress to the FY 1995 appropriation do not need to be supported by the Administration, no programmatic argument has been put forward to take them out twice.

- o **Restore 30 FTE to Small Airports Appropriation** -- $0 and 30 FTE: OMB erroneously omitted the FTE associated with this account. The 30 FTE are necessary to run the program.

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS:

- o **Restoration of Law Enforcement Firearms Base Reduction/Reject State and Local "Cops on the Beat" Grant Program** -- $53,000,000 and 530 FTE/ -$50,000,000 and -5 FTE: ATF's law enforcement firearms program is a highly effective tool for attacking firearms violence. ATF agents bring unique skills, law enforcement authorities and organizational support resources to their investigations. They participate in numerous formal task forces and informally work with state and local law enforcement in every field office. They focus their efforts on interstate firearms trafficking and on violent career criminals who often operate interstate. Limited jurisdiction state and local law enforcement cannot match this effort. The loss of one quarter of ATF's force through an abrupt RIF of hundreds of experienced, dedicated agents would shatter the effectiveness of their effort. In our view, the gains in local law enforcement resulting from the proposed "Cops on the Beat" grants are simply not worth this price.

Crime Bill

- o **GREAT Program Staffing** -- $0 and 39 FTE (in both FY 1995 and FY 1996): Additional FTE are needed to implement the GREAT program as authorized by the Crime Bill. The authorization requires that 50 percent of the resources be used for ATF expenses. These expenses are primarily personnel related.

- o **CEASEFIRE Program** -- $2,400,000 and 4 FTE ($288,000 and 4 FTE in FY 1995): These resources will allow ATF to further expand the CEASEFIRE program. Using the Bulletproof forensics matching system and ATF's investigative resources, this program has great potential to put more violent criminals in jail. In addition to increasing the effectiveness of ATF's investigative effort, this system is an important component in ATF's campaign to assist state and local law enforcement's anti-violent crime efforts.

- o **Firearms Tracing Center** -- $5,413,000 and 2 FTE (-$4,908,000 and 2 FTE in FY 1995): The Passback proposed to forward fund portions of the Tracing Center request in FY 1995. This proposal is appealed to restore FY 1995 Crime Bill funding to other priority ATF Crime Bill programs discussed in this appeal.

- o **Disrupting Criminal Access to Firearms** -- $6,842,000 and 24 FTE ($3,318,000 and 24 FTE in FY 1995): This investment will further improve the effectiveness of ATF's firearms regulatory effort. It would allow ATF to improve its technological base and to sponsor task forces with state and local law enforcement to enhance the FFL application review process and to more aggressively attack firearms theft and trafficking.

- o **Targeting High Crime Areas** -- $1,695,000 and 8 FTE ($1,302,000 and 8 FTE for FY 1995): These resources would allow ATF to form a firearms trafficking task force in one of the nation's 10 highest crime areas. In cooperation with state and local law enforcement, ATF will study patterns of illegal gun flows and target its investigations to stem these flows. This approach has historically proven effective in attacking firearms trafficking.

- o **Intelligence Program Staffing** -- $1,653,000 and 18 FTE: ATF has been criticized for weaknesses in its intelligence program. This staffing increase is part of the bureau's efforts to improve this aspect of its operations in the interest of greater effectiveness and greater safety for agents and civilians.

<u>Non-Crime Bill</u>

- o **Rescission of Alcohol Program Restoration** -- $1,400,000 and 22 FTE: Reconsideration of the proposed rescission of the Congressionally restored Alcohol Regulatory FTE is requested. ATF was forced to reduce its FTE level by 97 in order to absorb the unfunded portion of the 1995 pay raise and other salary and benefit shortfalls. Substantial cuts were made to the Alcohol Regulatory program as a result of these absorptions. Further cuts would threaten the integrity of the bureau's revenue collection programs.

- **FLSA Nonrecur** -- $899,000 and 0 FTE: Restoration of the proposed FLSA savings is requested. ATF estimates that its FLSA savings resulting from the Availability Pay reform will total approximately $700,000 in FY 1995. These resources have been reprogrammed to cover increased lump sum annual leave payments related to early retirements, AUO payments for newly eligible explosives technicians, and the mandatory $80 per employee fee imposed by Workforce Restructuring Act. They are not available for non-recur in FY 1996.

- **Mandatory Laboratory Relocation** -- $3,950,000 and 0 FTE: OMB's Passback called for the consolidation of the laboratory with another Treasury laboratory. We are not aware of any Treasury laboratory with the required excess space needed to accommodate ATF's needs. Even if a consolidation candidate were found, funding the move to this combined facility would still be required at approximately the same level. Consequently, the relocation costs are appealed.

- **Critical Equipment Needs** -- $7,000,000 and 0 FTE (-$7,000,000 in Crime Bill funding): This initiative was funded out of Crime Bill resources in the Passback. We appreciate the recognition on OMB's part of the importance of restoring the ATF equipment base to a sustainable level. However, we strongly believe that Crime Bill resources should be devoted to program initiatives which can deliver identifiable products (convictions, weapons traced, stolen automobiles recovered, etc.). Consequently we are seeking funding for this initiative through non-Crime Bill resources.

- **Air Program Elimination** -- $2,000,000 and 2 FTE: The proposed elimination of the ATF Air Branch is appealed. This program provides valuable support to ATF agents. This support is important both to ensure the effectiveness of ATF's investigative mission and to maximize agent safety in dangerous undercover situations. Use of Customs air assets for these mission needs is not practical or cost effective. Their assets are based on the borders and are largely too fast or too noisy for ATF's purposes.

- **Radio Branch Elimination** -- $1,600,000 and 16 FTE: The proposed elimination of the radio branch and consolidation of this function with some other Treasury bureau radio branch is impractical. ATF has an independent, and largely incompatible radio system that cannot be merged in the short-term with another Treasury bureau's radio system. In addition, even if a merger were possible, the funding for this branch would need to be maintained in ATF's base in order to reimburse the service bureau for ATF's radio maintenance and operational needs.

<u>Technical Appeal Item:</u>

- **GREAT Non-recur** -- $1,800,000 and 0 FTE: This funding was incorrectly nonrecurred in both the direct budget and the Crime Bill in Passback.

UNITED STATES SECRET SERVICE:

Crime Bill

- o **Overseas Counterfeiting** -- $10,416,000 and 28 FTE ($5,000,000 and 28 FTE in FY 1995): Protecting the integrity of U.S. currency is at the core of the Service's investigative mission. Over the past several years, overseas counterfeiting of U.S. currency has increased significantly; the number of Secret Service agents currently stationed abroad is not sufficient to combat this increase in counterfeiting activities. The Congress expressed strong, bi-partisan concern on this issue during the Secret Service's FY 1995 Appropriation hearings. During those hearings, the Director of the Secret Service committed to provide manpower and resources toward the effort. This Crime Bill funding and additional staffing will allow the Service to increase their efforts to suppress overseas counterfeiting.

- o **Missing and Exploited Children Database** -- $1,600,000 and 18 FTE (in FY 1995): This funding would allow the Service to use its unique forensic capabilities to assist in the effort to locate missing and exploited children. Due to the nature of its protective work, the Service has developed investigative capabilities such as the Forensic Information System/ Handwriting (FISH) and the Automated Fingerprinting Identification System (AFIS) which could provide unique support to state, local, and federal law enforcement officials working on missing children cases.

Non-Crime Bill

- o **FY 1995 White House Security Needs:** As you know, we are currently doing a review of White House Security needs. We appreciate the support you have shown for improving White House security by funding our FY 1996 initiative request. However, we anticipate that as a result of our review, we will require additional FY 1995 funding. We will work with you to address this issue once we have developed a firm estimate of any additional funding requirements.

- o **Congressional Add Rescission** -- $6,814,000 and 84 FTE: This proposed reduction would rescind $1,943,000 and 14 FTE specifically directed by the Congress for increased overseas anti-counterfeiting activities, as well as $4,871,000 and 71 FTE restored by the Congress from the Executive Order 12839 personnel reduction. These rescissions would reduce the Service's ability to combat the increase threat of overseas counterfeiting, and would further strain the Service's manpower resources at a time when they will be undertaking the massive, heavily personnel-intensive protective efforts of the 1996 Presidential campaign, the 50th Anniversary of the United Nations, and 1996 Summer Olympics in Atlanta.

- **FLSA Reform Savings** -- $431,000 and 0 FTE: Secret Service estimates that its FY 1995 FLSA savings resulting from the Availability Pay Reform will total approximately $1,900,000. This funding has been reprogrammed to absorb the unfunded portion of the 1995 payraise. Therefore, it is not available for non-recur.

- **Financial Institution Fraud Investigations Program Reduction** -- $3,000,000 and 10 FTE: While the FBI has primary jurisdiction over Financial Institution Fraud (FIF) cases, the Secret Service's efforts are specifically concentrated on those cases involving Treasury-regulated institutions. A reduction to the Service's FIF program could send signals to the financial community that the Administration's commitment to fighting financial fraud has diminished.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

Crime Bill

- **Community Police Training Assistance** -- $567,000 and 3 FTE: This funding would allow FLETC to expand its state and local training programs in support of community policing and to become a center for the study and improvement of community policing practices.

- **Basic Training for Federal Law Enforcement Officers** -- $2,684,000 and 10 FTE: The Center's basic training workload is rising as a result of funding increases provided to Federal law enforcement in the Crime Bill and regular appropriations. The requested resources (basic training materials and support funding and additional instructors) are needed to accommodate this training increase.

- **Personnel for Satellite Training Facility Construction** -- $1,000,000 and 10 FTE: FLETC's existing facilities staff is fully occupied with the implementation of the Glynco portion of the Master Plan and with addressing the demands of maintaining the aging infrastructure in Glynco in the face of high usage and rising environmental standards. At the same time, the Center is faced with the challenge of building a new satellite facility at the Davis-Monthan Air Force Base and with a Congressional mandate to build a Washington area training facility. Meeting these demands will require additional facilities staff over the next several years.

Non-Crime Bill

- o **Operations at Artesia and Davis-Monthan** -- $750,000 and 5 FTE: Under Congressional mandate, FLETC is in the process of expanding its facilities and training capacity at Davis-Monthan Air Force Base. The Marana facility had been a limited operation and the Center had contracted with the facility's owners for many basic services. In contrast, new Davis-Monthan facility will have a larger training capacity and its own dormitory, dining hall and training facilities. While many support functions will continue to be contracted out, additional staff and operating funds are required to for this facility.

- o **International Training** -- $480,000 and 3 FTE: Increasing the effectiveness of Treasury's overseas law enforcement operations is a high priority. FLETC's international training initiative is part of an effort to maximize the effectiveness of this effort without funding large increases in agent presence overseas. FLETC will participate by training foreign officers to be more effective partners of U.S. law enforcement, and by training bureau oversees agents to represent the interests of the entire Treasury law enforcement community. Treasury appreciates the support shown for this concept in providing a portion of the request ($320,000 and 2 FTE). However, FLETC believes that $800,000 and 5 FTE is the minimum effort required to make this effort viable in FY 1996.

- o **Money Laundering Training** -- $1,000,000 and 0 FTE: Proper training is crucial to the ability of Federal agents to deal with the complex world of modern financial crime. FLETC has a strong program for providing agent trainees with the skills and knowledge base necessary to make them effective in this world. However, modernized computer training equipment is crucial to the continued success of this effort. FLETC's base budget is not sufficient to achieve this modernization without a periodic infusion of initiative dollars.

FINANCIAL CRIMES ENFORCEMENT NETWORK:

Crime Bill

- o **Operation Gateway** -- $0 and 5 FTE (in both FY 1995 and FY 1996): Operation Gateway is an example of reinventing government by the creation of a more efficient, less cumbersome method by which state and local governments can access Bank Secrecy Act (BSA) data. The success of this initiative requires that the requested FTE as well as the funding be provided. It is anticipated that recent changes to BSA reporting requirements will greatly increase the flow of information into this system, and that the current Gateway staffing, provided by detailees from other agencies, will not be sufficient to meet the increased demand.

- **Financial Intelligence** -- $0 and 6 FTE (in both FY 1995 and FY 1996): The transfer of the Office of Financial Enforcement (OFE) from Departmental Offices to FinCEN at the beginning of FY 1995 created a new function for FinCEN. FinCEN will now take on the task of working with Bank Secrecy Act regulations and compliance at a time when new laws are expected to dramatically increase the BSA compliance workload. The requested FTE will allow FinCEN to meet this increased demand.

- **Field Coordination** -- $1,348,000 and 12 FTE ($1,017,000 and 12 FTE in FY 1995): This funding would allow FinCEN to place experienced FinCEN personnel in the field to provide direct case assistance to state and local law enforcement.

- **Link Analysis** -- $1,908,000 and 0 FTE: FinCEN must meet mandated requirements of new 1994 money laundering legislation that will require FinCEN to obtain and store a greater volume of BSA-related information, and further, to have a more flexible and precise method of searching and sorting the information. FinCEN requires this additional funding in order to acquire the hardware and software necessary to meet this obligation. This investment in FinCEN's technological infrastructure will result in more cost-effective regulation, less burdensome reporting requirements on financial institutions, and better law enforcement.

Non-Crime Bill

- **On-Site Field Support** -- $1,380,000 and 6 FTE: This initiative comports with the spirit of the Administration's efforts to reinvent government by making FinCEN more receptive to the needs of its law enforcement "customers". This initiative would place FinCEN personnel on-site at the five High Intensity Drug Trafficking Areas (HIDTAs) to provide direct case assistance to law enforcement personnel. This would allow the customer direct and continuous access to assistance from FinCEN analysts who are focused specifically on the casework and investigative needs of a particular HIDTA.

UNITED STATES MINT:

- **MINT OPERATIONS REVOLVING FUND:** We agree and appreciate OMB's support of a revolving fund for circulating coin production; however, Treasury maintains our position that a single revolving fund, coupled with an effective cost accounting system, will provide adequate management and accounting controls.

  The single fund concept proposed by Treasury is consistent with procedures now in place at the Bureau of Engraving and Printing which has one revolving fund and one accounting system for two distinct business areas (stamps and currency).

[redacted]

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o [redacted]

<u>DEPARTMENTAL OFFICES:</u>

o **Rescission of Congressional Adds -- $1,000,000 and 13 FTE:** These resources are critical to our enforcement activities and enable the Department to provide clear and effective enforcement policy and oversight. Over the past 18 months three national high profile occurrences (Waco, White House air incursion, and live fire penetrating into the White House) have demonstrated the need for increased oversight.

o **Rescission of Crime Bill** - International Telecommunications Network -- $1,800,000 and 0 FTE: Whether responding to a disaster situation or performing search and rescue or interdiction activities, international, federal, state and local law enforcement and public safety works must be able to communicate with each other effectively, and securely. Due to the differences in time zones, the proposed networks (Interpol and Financial Action Task Force (FATF) will provide quick turnaround on international investigative leads while also providing for intelligence gathering from such queries. It is important that both modules are funded synchronously. The outside experts/consultants included in this request will be used to oversee and coordinate this effort and for improved general oversight activities. The use of outside experts will obviate the need to hire permanent FTE for a short term project.

o **Supplemental for Crime Bill for Foreign Counterfeit Activities** -- $6,600,000 and 28 FTE: Departmental Offices is geared towards policy oversight and not operations. It would be difficult to manage and oversee foreign law enforcement operations. This would require operational expertise and a supporting infrastructure that does not presently exist in Departmental Offices. This function and funding should remain with U.S. Secret Service.

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o **Crime Bill - Wireless Radio -- $1,000,000 and 0 FTE:** Funding required for this joint Justice and Treasury project, an increase from $2,500,000 to $3,500,000, is requested to accelerate implementation. This project will advance the NPR concept of National Law Enforcement/Public Safety Wireless Network for use by federal state, and local agencies. In order to protect the cooperative arrangement developed between Justice and Treasury on this important project, Treasury requests that OMB continue with its commitment to split funding for this effort evenly between the two Departments.

Explanation of Language Change:

Supplemental language is proposed to change the floor on TSM from $650 million to $591 million. The level appropriated for Information Systems does not provide sufficient funding for ongoing, non-TSM systems operations. Full funding for non-TSM information systems must be provided to ensure continuation of the current IRS work processes. This proposal adjusts the floor for TSM to ensure sufficient non-TSM funding.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

SALARIES AND EXPENSES

For necessary expenses of the Federal Law Enforcement Training Center, as a bureau of the Department of the Treasury, including materials and support costs of Federal law enforcement basic training, purchase (not to exceed fifty-two for police-type use) and hire of passenger motor vehicles; for expenses for student athletic and related activities; uniforms without regard to the general purchase price limitation for the current fiscal year; the conducting of and participating in firearms matches and presentation of awards; for public awareness and enhancing community support of law enforcement training; not to exceed $7,000 for official reception and representation expenses; room and board for student interns; and services as authorized by 5 U.S.C. 3109: Provided, That the Center is authorized to accept and use gifts: of property, both real and personal, and to accept services, for authorized purposes including funding of a gift of intrinsic value which shall be awarded annually by the Director of the Center to the outstanding student who graduated from a basic training program at the Center during the previous fiscal year, which shall be funded only by gifts received through the Center's gift authority: Provided further, That notwithstanding any other provision of law, students attending training at any Federal Law Enforcement Training Center site shall reside in on-Center or Center-provided housing, insofar as available and in accordance with Center policy: Provided further, That funds appropriated in this account shall be available for State and local government law enforcement training on a space-available basis; training of foreign law enforcement officials on a space-available basis with reimbursement of actual costs to this appropriation; <u>except that the Director has discretion to waive reimbursement for foreign and State and local personnel when the Director determines that it is in the public interest;</u> training of private sector security officials on a space-available basis with reimbursement of actual costs to this appropriation; payment of travel expenses for non-Federal <u>(including foreign, State and local, and private sector security)</u> personnel to attend [State and local course development meetings] <u>training and program development meetings</u> at the Center <u>when the Director determines that it is in the public interest to do so</u>: Provided further, That the Center is authorized to obligate funds in anticipation of reimbursements from agencies receiving training at the Federal Law Enforcement Training Center, except that total obligations at the end of the fiscal year shall not exceed total budgetary resources available at the end of the fiscal year: Provided further, That the Federal Law Enforcement Training Center is authorized to provide [first-aid and emergency] <u>short-term</u> medical services for students undergoing training at the Center;

$46,713,000, of which $8,821,000 for materials and support costs of Federal law enforcement basic training shall remain available until September 30, 1997.

Explanation of Language Changes:

Two provisions for FLETC are proposed. One provision regarding health services will restore authority to provide necessary medical services for students in attendance at FLETC programs. A second provision will allow the FLETC Director to waive the costs of certain training for specified personnel when it is in the best interests of the Government.

Medical Services: The FY 1995 appropriation for the FLETC contains language that drastically modifies the level of care previously available to students in training. The FY 1995 enacted language limits care to "first aid and emergency medical services" in place of "short term medical care". The FLETC historically has provided a variety of health services solely for students who are TDY in programs of up to 18 weeks duration, most of which require vigorous physical training. The services provided prior to this fiscal year were less than what is generally associated with a full service military medical facility and did not include surgery or treatment for more serious physical illnesses or injuries. This approach has greatly reduced disruption of the training schedule which would have resulted had students been required to leave the Center during the draining day to seek medical attention for these types of ailments and has saved the Government a great deal of money in treating many workers compensation injuries in-house. The proposed language restores our authority to treat students in a manner consistent with previous authority.

Travel Cost Waiver: Currently, 31 U.S.C. 1345 prohibits agencies from paying travel costs for non-Federal personnel in the absence of other specific statutes. The FLETC has long had authority to conduct training for certain non-Federal personnel categories, to include international, State and local law enforcement officers and private sector security personnel. Given the global nature of crime and the significant involvement of Treasury Enforcement Bureaus in this expanding arena, it is critical that training be made available for foreign law enforcement personnel. The FLETC in cooperation with the other Treasury Enforcement bureaus has an objective to conduct financial investigative and analytical training to select foreign enforcement officers. One of the principle costs to foreign governments for this training will be the travel to the United States. This cost will be an impediment especially for emerging democratic countries, which most need this training. The proposed language will permit the FLETC Director discretion to waive reimbursement for part or all of the travel expenses for foreign law enforcement personnel receiving training at the FLETC when it is in the public interest to do so. Further, the FLETC Director will have the discretion to waive similar travel expenses for State and local law enforcement officers and private sector security personnel to attend FLETC training and to participate in program development conferences, when it is within the public interest to do so.

DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
WASHINGTON, D.C. 20226

DIRECTOR

NOV 25 1994

MEMORANDUM TO: Assistant Secretary (Management)

THROUGH: Under Secretary (Enforcement)

FROM: Director

SUBJECT: FY 1996 OMB Passback Appeal

This serves to transmit appeals to OMB's passback of the Bureau's budget submission for fiscal year 1996, and to changes made in the appropriation for FY 1995. The Bureau is appealing $89,466,000 and 576 FTEs in FY 1996, and $1,400,000 and 99 FTEs in FY 1995; in summary, the entire passback.

The centerpiece of OMB's proposal is a 1996 base reduction of 530 FTE in the Firearms program, ATF's major law enforcement mission. This, coupled with their recommendations to eliminate critical support functions such as the Radio Branch and Air Program, will decimate the ability of this agency to provide viable enforcement of this country's firearms laws. This Administration has recognized the need to combat the escalation in firearms related violence through their hard work and proactive support in passing significant legislation such as the Brady Law and the Crime Bill. Reductions of this magnitude are confusing, and can only be perceived by the public and police agencies as a sudden abandonment by the government of its role in stemming the criminal misuse of firearms. To recommend or concur with such a course of action would ignore the intent of both the President and the Congress. A more responsible approach is warranted.

OMB proposes to use $50 million from the elimination of these positions to fund State and local grants to hire police. Although providing direct support such as this was a major part of the Crime Bill supported by the Administration, it must also be noted that this reduction eliminates 25% of the agent workforce. These agents, using the tools provided in the Federal firearms laws, currently provide a valuable resource to local agencies as they work side by side each day with police agencies around the country. To replace veteran criminal investigators having unique expertise and jurisdiction with rookie police officers seems totally contrary to the intent of the Violent Crime Control and Law Enforcement Act of 1994. More profound consideration must be given to the needs of State and local law enforcement and the public we all serve. The reduction/grant proposal has the appearance of being an afterthought to achieve a quick trim of dollars.

The impact of these reductions will be felt in other areas as well. Most agents are involved in a full range of investigative activity in addition to firearms cases that crosses defined program lines, such as criminal bombings and arson. In addition, during presidential campaign years, the Secret Service relies heavily on ATF assistance for protection of those involved. A large reduction in force would eliminate personnel making valuable contributions in these critical areas.

The Bureau would also note OMB's planned redirection of FY 1995 and 1996 resources planned for enforcement of the Violent Crime Control and Law Enforcement Act. These initiatives were drafted in close cooperation with the Department, mindful of both the Secretary's and the Administration's publicly, clearly stated priorities. Again, it appears that there is a serious divergence with these priorities and the OMB proposals.

OMB has submitted these proposals to ATF without the benefit of any previous meaningful discussion, which may be indicative of a misunderstanding of the unique individual value that ATF brings to reducing violent crime. If there is another motivation on OMB's part, it is not readily apparent. ATF sees no value added for the public safety in any of the OMB proposals submitted in this passback.

Assistant Secretary (Management)

Your support in these appeals is essential in enabling ATF to continue our longstanding cooperation to State and local law enforcement and our direct role in the protection of the public from the carnage caused by the criminal misuse of firearms.

John W. Magaw

John W. Magaw

Attachments

Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
FY 1996 Budget Chronology

	FY 1996 Departmental Budget Request		Treasury Passback		FY 1996 OMB Budget Request		FY 1996 OMB Budget Request w/ Crime Bill		OMB Passback		OMB Suggested FY 1996 President's Budget Request w/ Crime Bill		ATF Appeal		ATF Requested FY 1996 President's Budget Request w/ Crime Bill	
	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000
FY 1995 President's Budget Request	4,171	$380,302	0	0	4,171	380,302	4,171	380,302	0	0	4,171	380,302	0	0	4,171	380,302
Procurement Savings (NPR Recommendation)	0	(621)	0	0	0	(621)	0	(621)	0	0	0	(621)	0	0	0	(621)
Rent Reduction	0	(1,387)	0	0	0	(1,387)	0	(1,387)	0	0	0	(1,387)	0	0	0	(1,387)
Revised FY 1995 President's Budget	4,171	378,294	0	0	4,171	378,294	4,171	378,294	0	0	4,171	378,294	0	0	4,171	378,294
Congressional Add-On's																
Restore G.R.E.A.T.	0	0	0	0	0	0	0	5,000	0	0	0	5,000	0	0	0	5,000
Restore E.O. 12839 (Streamlining)	0	0	0	0	0	0	22	1,400	(22)	(1,400)	0	0	22	1,400	22	1,400
FY 1995 Enacted Level (w/o Crime Bill)	4,171	378,294	0	0	4,171	378,294	4,193	384,694	(22)	(1,400)	4,171	383,294	22	1,400	4,193	384,694
FTE Absorption	0	0	0	0	0	0	(97)	0	0	0	(97)	0	0	0	(97)	0
FY 1995 Financial Plan (w/o Crime Bill)	4,171	$378,294	0	$0	4,171	$378,294	4,096	$384,694	(22)	($1,400)	4,074	$363,294	22	$1,400	4,096	$384,694
FY 1995 Crime Bill																
CEASEFIRE Program	0	0	0	0	0	0	4	288	(4)	(288)	0	0	4	288	4	288
Targeting High Crime Areas	0	0	0	0	0	0	8	1,302	(8)	(1,302)	0	0	8	1,302	8	1,302
Firearms Tracing Center	0	0	0	0	0	0	7	2,092	(2)	4,908	5	7,000	2	(4,908)	7	2,092
Disrupting Criminal Access to Firearms (Firearms Accessibility)	0	0	0	0	0	0	24	3,318	(24)	(3,318)	0	0	24	3,318	24	3,318
G.R.E.A.T. Program	0	0	0	0	0	0	44	9,000	(39)	0	5	9,000	39	0	44	9,000
Subtotal FY 1995 Crime Bill	0	0	0	0	0	0	87	16,000	(77)	0	10	16,000	77	0	87	16,000
FY 1995 Enacted Level (w/ Crime Bill)	4,171	$378,294	0	$0	4,171	$378,294	4,183	$400,694	(99)	($1,400)	4,084	$379,294	99	$1,400	4,183	$400,694
Reductions																
E.O. 12837 (Administrative Overhead Reduction)	0	(2,347)	0	0	0	(2,347)	0	(2,347)	0	0	0	(2,347)	0	0	0	(2,347)
FY 1996 Procurement Savings	0	(1,851)	0	1,851	0	0	0	0	0	0	0	0	0	0	0	0
FLSA Savings (Annualization from FY95)	0	0	0	0	0	0	0	0	0	(899)	0	(899)	0	899	0	0
Eliminate ATF Air Program	0	0	0	0	0	0	0	0	(2)	(2,000)	(2)	(2,000)	2	2,000	0	0
Eliminate ATF Radio Branch	0	0	0	0	0	0	0	0	(16)	(1,600)	(16)	(1,600)	16	1,600	0	0
NPR targetted positions (budget, personnel, acquisitions)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidate Treasury Counsel and Legisl. Affairs Offices	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reduce LE Firearms Program	0	0	0	0	0	0	0	0	(530)	(53,000)	(530)	(53,000)	530	53,000	0	0
Subtotal Reductions	0	(4,198)	0	1,851	0	(2,347)	0	(2,347)	(548)	(57,499)	(548)	(59,846)	548	57,499	0	(2,347)
Increases																
Pay Annualization – 1995 1.6% pay raise	0	1,313	0	260	0	1,573	0	2,702	0	(1,003)	0	1,699	0	0	0	1,699
1996 Pay Raise (2.2%)	0	4,842	0	(645)	0	4,197	0	4,197	0	0	0	4,197	0	0	0	4,197
One additional Compensable Day	0	1,121	0	(140)	0	981	0	981	0	0	0	981	0	0	0	981
Mandatory Pay Increase	0	7,265	0	(7,265)	0	0	0	0	0	0	0	0	0	0	0	0
Maintain Current Levels	0	10,304	0	(6,616)	0	3,686	0	3,715	0	576	0	4,291	0	0	0	4,291
Subtotal Increases	0	24,845	0	(14,406)	0	10,437	0	11,595	0	(427)	0	11,168	0	0	0	11,168
FY 1996 Baseline Total	4,171	$398,941	0	(12,557)	4,171	386,384	4,183	$409,942	(647)	(59,326)	3,536	$350,816	647	$58,899	4,183	$409,515

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Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
FY 1996 Budget Chronology

	FY 1996 Departmental Budget Request		Treasury Passback		FY 1996 OMB Budget Request		FY 1996 OMB Budget Request w/ Crime Bill		OMB Passback		OMB Suggested FY 1996 President's Budget Request w/ Crime Bill		ATF Appeal		ATF Requested FY 1996 President's Budget Request w/ Crime Bill	
	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000	FTE's	$000
Program Initiatives																
Relocation of Nat'l Laboratory Ctr & Tactical Operations Branch & Co-location of Radio Communications Branch	0	6,000	0	(2,050)	0	3,950	0	3,950	0	(3,950)	0	0	0	3,950	0	3,950
Internal Workplace Improvements																
Equal Opportunity	0	364	0	0	0	364	0	364	0	(364)	0	0	0	364	0	364
Hazardous Materials and Workplace Monitoring Program	0	620	0	(620)	0	0	0	0	0	0	0	0	0	0	0	0
Waco Review Team Recommendations	28	2,653	(10)	(1,000)	18	1,653	18	1,653	(18)	(1,653)	0	0	18	1,653	18	1,653
Tactical Safety	0	4,331	0	(2,526)	0	1,805	0	1,805	0	(1,805)	0	0	0	1,805	0	1,805
National Command Center Enhancements	0	1,700	0	(1,700)	0	0	0	0	0	0	0	0	0	0	0	0
State and Local Assistance											0	0				
Olympics/Paralympics Funding	0	3,318	0	(3,318)	0	0	0	0	0	0	0	0	0	0	0	0
State & Local Explosives/Arson Assistance	0	700	0	(700)	0	0	0	0	0	0	0	0	0	0	0	0
Bureau Systems Modernization Program											0	0				
Financial Management Information System (FMIS)	0	395	0	0	0	395	0	395	0	0	0	395	0	0	0	395
Integrated Collection System (ICS)	0	1,529	0	0	0	1,529	0	1,529	0	0	0	1,529	0	0	0	1,529
National Firearms Violence Information Database	0	4,825	0	(825)	0	4,000	0	4,000	0	(4,000)	0	0	0	4,000	0	4,000
Compliance Operations Image Network (COIN)	0	114	0	(114)	0	0	0	0	0	0	0	0	0	0	0	0
Field Investigative Support System (FISS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
											0	0				
Motor Vehicle Fleet Enhancement	0	10,800	0	(6,990)	0	3,810	0	3,810	0	(3,810)	0	0	0	3,810	0	3,810
Technological Improvements	0	2,544	0	(1,159)	0	1,385	0	1,385	0	(1,385)	0	0	0	1,385	0	1,385
CEASEFIRE	80	11,682	(80)	(11,682)	0	0	0	0	0	0	0	0	0	0	0	0
Expansion of International Enforcement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radio Communications Enhancement Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Alcohol Enforcement Center Enhancements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
President's Firearms Policy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Headquarters Security	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bureau Employee Training Tracking System	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Federal Firearms License Compliance	0	0	10	850	10	850	10	850	(10)	(850)	0	0	10	850	10	850
OMB Initiative – Firearms State/Local Grants	0	0	0	0	0	0	0	0	5	40,000	5	40,000	0	0	0	0
Subtotal Program Initiatives	108	51,575	(80)	(31,834)	28	19,741	28	19,741	(23)	22,183	5	41,924	28	17,817	28	19,741
FY 1996 OMB Budget Request w/o Crime Bill	4,279	$450,516	(80)	($44,391)	4,199	$406,125	4,211	$429,683	(670)	($37,143)	3,541	$392,540	675	$76,718	4,211	$429,256
FY 1996 Crime Bill																
CEASEFIRE Program	0	0	0	0	0	0	0	4,112	0	(4,112)	0	0	0	4,112	0	4,112
Targeting High Crime Areas	0	0	0	0	0	0	0	393	0	(393)	0	0	0	393	0	393
Firearms Tracing Center	0	0	0	0	0	0	0	3,321	0	(3,321)	0	0	0	3,321	0	3,321
Non-recur FY 1995 Firearms Tracing	0	0	0	0	0	0	0	0	0	(5,000)	0	(5,000)	0	0	0	0
Critical Equipment	0	0	0	0	0	0	0	0	0	7,000	0	7,000	0	0	0	0
Non-recur FY 1995 Operation GREAT	0	0	0	0	0	0	0	(1,800)	0	0	0	(1,800)	0	0	0	0
Operation GREAT	0	0	0	0	0	0	0	0	0	(1,800)	0	(1,800)	0	1,800	0	(1,800)
Disrupting Criminal Access to Firearms (Firearms Accessibility)	0	0	0	0	0	0	0	4,524	0	(4,524)	0	0	0	4,524	0	4,524
OMB Initiative – Firearms State/Local Grants	0	0	0	0	0	0	0	0	0	10,000	0	10,000	0	0	0	0
Subtotal FY 1996 Crime Bill	0	0	0	0	0	0	0	10,550	0	(2,150)	0	8,400	0	14,150	0	10,550
FY 1996 OMB Request Level (w/ Crime Bill)	4,279	$450,516	(80)	($44,391)	4,199	$406,125	4,211	$440,233	(670)	($39,293)	3,541	$400,940	675	$90,868	4,211	$439,806
Proposed Offsetting User Fees																
Labeling/Testing Approvals	–	–	0	(4,260)	0	(4,260)	0	(4,260)	0	4,260	0	0	0	0	0	0
FFL Fee Increase to $600 Per Year	–	–	0	(8,994)	0	(8,994)	0	(8,994)	0	8,994	0	0	0	0	0	0
Subtotal Proposed Offsetting User Fees	–	–	0	($13,274)	0	($13,274)	0	($13,274)	0	$13,274	0	$0	0	$0	0	0
FY 1996 OMB Request Level w/ Offsetting Collections	4,279	$450,516	(80)	($57,665)	4,199	$392,851	4,211	$426,959	(670)	($26,019)	3,541	$400,940	675	$90,868	4,211	$439,806

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Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Crime Bill Trust Fund - CEASEFIRE

	FY 1995 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 96 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs	$144.0	-$144.0	$144.0	$144.0	$0.0
Support Costs	124.0	-124.0	124.0	124.0	0.0
Capital Investment Costs	20.0	-20.0	20.0	20.0	0.0
Total Budget Authority	$288.0	-$288.0	$288.0	$288.0	$0.0
FTE:	4	-4	4	4	0

	FY 1996 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 97 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs	$0.0	$0.0	$0.0	$0.0	$0.0
Support Costs	660.0	-660.0	660.0	660.0	0.0
Capital Investment Costs	3,452.0	-3,452.0	3,452.0	3,452.0	0.0
Total Budget Authority	$4,112.0	-$4,112.0	$4,112.0	$4,112.0	$0.0
FTE:	0	0	0	0	0

Principal Performance Measures:

1. Number of investigations — 286 in FY 95 and FY 96
2. Number of suspects recommended for prosecution — 270 in FY 95 and FY 96

Justification for Appeal:

CEASEFIRE is a high priority and ATF considers the implementation of the program to be a very important step in the fulfillment of our mandated mission to provide assistance to State and local law enforcement in the battle against firearms-related violent crime.

If CEASEFIRE is not funded our assistance to State and local law enforcement will be greatly impeded. The key component of the program which provides the network allowing for the comparison of ballistics evidence from multiple jurisdictions would not exist, and we would be unable to establish a national or regional network.

Jurisdictions that have made commitments to purchase the key component of the program are dependant upon ATF to develop and implement the network in order to take full advantage of this investigatory aid.

As depicted in the performance measures for this initiative, the end result of the technology and enforcement strategy for CEASEFIRE is the apprehension of persons responsible for firearms violence, to include murder, drive by shootings and other serious felony assaults. People have an expectation of their government to provide for their safety and security. Not to utilize a tool which provides a significant advance in this regard is clear and outright irresponsibility.

American citizens

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Crime Bill Trust Fund - Targeting High Crime Areas

	FY 1995 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 96 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs	$588.0	-$588.0	$588.0	$588.0	$0.0
Support Costs	416.0	-416.0	416.0	416.0	0.0
Capital Investment Costs	298.0	298.0	298.0	298.0	0.0
Total Budget Authority	$1,302.0	-$1,302.0	$1,302.0	$1,302.0	$0.0
FTE:	8	-8	8	8	0

	FY 1996 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 97 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs	$0.0	$0.0	$0.0	$0.0	$0.0
Support Costs	329.0	-329.0	329.0	329.0	0.0
Capital Investment Costs	64.0	-64.0	64.0	64.0	0.0
Total Budget Authority	$393.0	-$393.0	$393.0	$393.0	$0.0
FTE:	0	0	0	0	0

Principal Performance Measures:

	1995	1996
1. Number of Investigations	48	48
2. Number of suspects recommended for prosecution	48	48

Justification for Appeal:

Under Secretary (Enforcement) Noble outlined specific actions to be taken in support of Treasury Secretary Bentsen's, Anti-Violence Initiative in his January 18, 1994, memorandum to Director Magaw.

Included in that initiative is the edict that ATF, in cooperation with local law enforcement entities and any anti-crime task forces existing in the 10 counties with 23 percent of serious crime, develop a plan for a study of the local gun sources for criminals, giving priority to firearms trace requests for those areas. Funding will afford the opportunity to implement a pilot firearms trafficking project in one of the 10 counties. It will also allow us to work closely with the States along the Eastern Seaboard who have recently entered into a compact with ATF to share intelligence and investigative efforts against a firearms trafficking problem which has grown to outrageous proportions.

The program would be modeled after the already established firearms trafficking task forces participated in by the State of Virginia and the West Virginia State police.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Crime Bill Trust Fund - Firearms Tracing Center

	FY 1995 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$252.0	$180.0	$72.0	$252.0
Support Costs	1,805.0	1,289.0	516.0	1,805.0
Capital Investment Costs	35.0	5,531.0	-5,496.0	35.0
Total Budget Authority	$2,092.0	$7,000.0	-$4,908.0	$2,092.0
FTE:	7	5	2	7

	FY 1996 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	3,321.0	-3,321.0	3,321.0	3,321.0
Total Budget Authority	$3,321.0	-$3,321.0	$3,321.0	$3,321.0
FTE:	0	0	0	0

Principal Performance Measures:

	FY 1993 ACTUALS	FY 1994 ACTUALS	FY 1995 ESTIMATES	FY 1996 ESTIMATES
Number of Traces	54,302	79,191	200,000	220,000
% of traces resulting in leads	19%	18% why	25%	25%
% of traces successfully completed to retailer	49%	45%	55%	55%
Cost per trace	$0.00	$53.54 ?	$37.70	$35.00
Average trace response time (in working days)	57%	57%	57%	57%

Justification for Appeal:

With the move of the National Tracing Center (NTC) to West Virginia completed, the NTC has begun to dramatically increase its productivity, and has made tremendous strides in providing law enforcement agencies throughout the world with a systematic means of tracking of firearms recovered in crimes to specific possessors. With development of Project LEAD and the enhancement of its present capabilities, in FY 1995, we envision providing law enforcement agencies approximately 5,000 investigative leads involving ~~firearm~~ traffickers.

Interest in the electronic transfer of trace requests directly to the NTC has been expressed by a number of police departments including the Canadian Province of Ontario, and other foreign countries.

The NTC is also in the process of implementing a program that would provide for the direct transmission of firearms trace information from a police department to the NTC. Thus all firearms recovered would automatically be submitted for tracing within 48 hours of the firearm being taken into custody. This will increase the workload of NTC 278 percent by FY 1996. The number of traces requested in FY 1994 was 79,191. By FY 1996, that number will reach 220,000. With this volume of requests, the NTC must be prepared to quickly complete the requested traces and provide the information in a timely manner, if it is to be used effectively. Without the requested resources, NTC, the only facility of its kind in the United States, will not be able to meet the demand. Additionally, it should be noted that NTC is a highly cost effective organization. The cost of a trace in FY 1994 was $53.54. It is projected to be $35.00 in FY 1996.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in Thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Crime Bill Trust Fund - Disrupting Criminal Access to Firearms

	FY 1995 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$1,515.0	-$1,515.0	$1,515.0	$1,515.0
Support Costs	1,255.0	-1,255.0	1,255.0	1,255.0
Capital Investment Costs	548.0	-548.0	548.0	548.0
Total Budget Authority	$3,318.0	-$3,318.0	$3,318.0	$3,318.0
FTE:	24	-24	24	24

	FY 1996 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	4,204.0	-4,204.0	4,204.0	4,204.0
Capital Investment Costs	320.0	-320.0	320.0	320.0
Total Budget Authority	$4,524.0	-$4,524.0	$4,524.0	$4,524.0
FTE:	0	0	0	0

Principal Performance measures:

	FY 1995	FY 1996
1. Firearms trafficking investigations	73	73
2. Suspects recommended for prosecution	75	75
3. Inspections	1,625	1,625

Justification for Appeal:

The thrust of this program is to constrict the number of channels by which criminals gain access to firearms and to increase our ability to identify changes in those channels. As a prevention program it combines the efforts of federal, State, and local law enforcement agencies to keep individuals from exploiting weaknesses in State firearms laws and to prevent diversion of firearms to criminals. Prescreening license applicants reduces the number of licensees who are not going to comply with federal provisions for tracing firearms and identifying purchasers. State and local agencies also receive information that increases their ability to enforce tax and zoning ordinances to eliminate non-legitimate dealers. Information systems will allow verification of FFL's before a firearms transfer takes place, further cutting off the conduit between the legal trade in firearms and the criminal element. Gaining physical control of more out of business dealers' records and information about more guns found at crime scenes will close the gap in our ability to trace crime guns and determine the subjects of follow up enforcement. Loss of funding will eliminate the benefits of these strategies as a comprehensive program.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in Thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Crime Bill Trust Fund - G.R.E.A.T. Program

	FY 1995 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$0.0	$0.0	$0.0	$0.0
FTE:	44	5	39	44

	FY 1996 Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	0.0	-1,800.0	1,800.0	1,800.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$0.0	-$1,800.0	$1,800.0	$1,800.0
FTE:	0	0	0	0

Principal Performance Measures:

	FY 94	FY 95	FY 96
Law Enforcement Officers trained	954	612	612
Schoolchildren exposed	400,000	300,000	200,000
New sites established		12	9

Justification for appeal:

These positions represent the entire ATF direct effort to the program. The Bureau will apply the bulk of the G.R.E.A.T. resources to enable the participating state and local agencies to fund officers and programs at the local level. ATF cannot adminster the G.R.E.A.T. funding for the state and local agencies without these positions. No additional FTE are required to efficiently and effectively accomplish the Congressionally mandated program objectives.

For FY 1996, the Bureau is technically appealing the reduction of an additional $1,800,000 for the G.R.E.A.T. Program. This reduction would further reduce the establishment of new sites by three and limit program exposure to schoolchildren.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in Thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: FY 95 CO Alcohol Program Reduction

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	-$1,400.0	$1,400.0	$1,400.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$0.0	-$1,400.0	$1,400.0	$1,400.0
FTE:	0	-22	22	22

Principal Performance Measures:

1. Number of applications processed	4,550
2. Number of inspections	2,800
3. Dollars collected	$7,275,000
4. Number of tax audits/inspections	900
5. Percent of population inspected	70%

Justification for appeal:

The Bureau has already taken reductions to meet the streamlining targets established for FY 1996-1999. This reduction would put the Bureau under these targets.
The proposed reduction will result in the failure to conduct 25 percent of our revenue inspections or 33 percent of our qualification and product integrity inspections. This means that: 1) revenue collections will be jeopardized, 2) that the submission of falsified claims will be encouraged and possibly paid, 3) that smuggling and other diversions of alcohol will go undetected, 4) that unqualified persons will become excise taxpayers, or 5) that contaminated products may go undetected.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Base Reduction - Reduce Firearms Program

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	-$53,000.0	$53,000.0	$53,000.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$0.0	$53,000.0	$53,000.0	$53,000.0
FTE:	0	-530	530	530

Principal Performance Measures:

1. Arrests, Convictions, and Sentence of Incarceration

Justification for Appeal:

A review of the federal firearms legislation enacted over the past 10 years shows a pattern of intent to mount a response to **firearms** related violent crime recognizing that firearms are a commodity in interstate commerce and the mobility of criminal offenders. It is interesting to note, that this has occurred in the face of spirited debate by people on both sides of the firearms issue.

A closer review shows that during this period the newer pieces of legislation tended to expand upon the preceding pieces. Each new law placed increased responsibilities on the Bureau of Alcohol, Tobacco and Firearms.

Most importantly however, the latest pieces of legislation, the Brady Law and the Violent Crime Control and Law Enforcement Act of 1994 were developed with the stouthearted support of the current administration. The President and the Secretary of the Treasury have been extremely proactive and vocal in their promotion of these effective laws throughout the formulation and implementation stages of legislative action.

As provided in attachment I, all of the Federal firearms legislation enacted during the last 10 years, particularly the Brady Law and the Violent crime Control and Law Enforcement Act of 1994, laws have created a paradigm shift that is causing a number of effects:

- There is a clear intent to establish a "Federal get tough policy" with violent criminals who unlawfully use and carry firearms. Many states do not have this resource.

- ATF provides a unique value to the public that no other law enforcement agency alone can provide in addressing firearms related violent crime because of it's complementary regulatory and enforcement responsibilities.

- As it becomes harder for criminals to get firearms by subverting legal channels, we see an increase in illicit secondary markets. Firearms thefts from legitimate sources are higher than previously estimated. Illegal activity at gun shows and flea markets is also increasing.

- New laws have increased the technical complexities involved in identifying violations and in establishing the elements of required proof. Local police do not focus their training or expertise on technical issues which can affect the elements of proof in firearms investigations nor do they have the jurisdiction to respond to offenders who receive, use and supply firearms across community, State and international lines. In fact, U.S. Attorney's Offices do not have the luxury of having a staff of investigators to perform follow-up work on cases to prepare for trial. Part of the focus of an ATF investigation is to provide proof beyond a reasonable doubt so that the prosecution is ready under the guidelines of the Speedy Trial Act.

- ATF jurisdictional demands and responsibilities have significantly increased, yet additional resources have not.

- It has taken 10 years and a series of much debated legislation to empower the federal government to finally provide a quality service to the public and to state and local law enforcement. Resources alone do not fulfill the need of these entities. We complement them and provide the requisite combination of expertise and resources.

- During the past 13 months ATF has been committed to a radical review of the way that it conducts it's business. A clear vision and strategy has been developed to provide a sound and safer America.

- ATF's strategies are founded upon a number of methods of reinventing government. They rely strongly on the formation of partnerships and alliances with others, maximizing technology to increase productivity for total personnel efficiency.

The impact of dropping 530 FTE from the LE Firearms program would be severe and would require the RIF of 25 per cent of the criminal investigators in this agency. The problems presented are:

- Foremost is the perception by the public that the Federal government is abandoning its role in the ever increasing problem of firearms violence. After years of congressional and presidential support, as outlined above, this would be a radical departure from the direction that the public thought the fight against firearms violence was heading. One of people's basic expectations of government is the assumption that their safety and security will be provided for. To disable, which these proposals in fact do, an agency charged with providing control over the criminal misuse of firearms is irresponsible. At a time when each morning newspaper recounts more tragic events resulting from the availability of firearms to the criminal tragic events resulting from the availability of firearms to the criminal element, the public has made their intentions clear. More is needed to be done, not less.

- Debilitation of the existing program would mean a severe cutback in enforcing the laws currently on the books. The resultant effect would be an atmosphere where guns could be more available than they are now, as interstate trafficking by and to the criminal element would go unchecked. Other cornerstones of ATF's firearms enforcement, such as the Armed Career Criminal Act, the Brady Law, the Gun Control Act of 1968, along with recent legislation under the Crime Bill would be significantly impaired.

- An effect on all ATF programs would be unavoidable by reductions to the agent workforce of this magnitude. In many field offices, an ATF agent devotes time to not only the firearms areas, but to criminal bombings, arson, and other priorities as they arise. A RIF would not select agents working solely on firearms matters, but would cut across the agent population, resulting in a loss of people with expertise in all areas of enforcement.

- Assistance to state and local law enforcement would be drastically curtailed. ATF has a reputation, outstanding among Federal law enforcement, for cooperation and assistance to other agencies. This stems from our jurisdiction being an area of mutual concern, and from the efforts we have made over the years to use our expertise to work for common goals. All over the country, ATF agents are integral parts of task forces, both formal and informal, and have taken the lead in areas such as Outlaw Motorcycle gangs, organized armed traffickers and other groups too numerous to mention. An important tool in the local police chiefs' arsenal against crime will have been cast away.

- Assistance to other Federal agencies will be affected. Every campaign year, ATF is called upon to provide crucial support to their mission in the protection of those involved in the Presidential race. With limited resources, that cooperation will be reduced, if not eliminated all together.

Proposed grant to State and Locals - This proposal alleges that 1000 police officers would be put on the street to fight violent crime for 4 years by reducing ATF staffing by 530 FTE. We submit that:

- The first year for the new officers would be spent in training.

- The second year would be spent gaining experience.

- The third and fourth years would be spent handling a variety of matters not only violent crime.

- At the end of the fourth year most of the police departments will not be able afford to pick-up and fund the new grant positions. They will lose them through reduction in force (RIF) or attrition and revert back to the staffing levels that they maintained before the OMB grant proposal.

- In 4 years the 1000 police officers will be gone and the 530 ATF agents as well. To many people who care, this is proposal will appear as a shell game whose only end was to reduce Federal spending and ruin ATF in the process.

It's intended effects will appear to have had nothing to do with making America safer and everything to do with making it cost less.

- Some people may claim that putting more police officers on the street will deter violence. These claims are disputed by many and are unsubstantiated. It is far more realistic to assume that the 1,000 new "rookie" officers will provide value by addressing the after effects or the "back end" of the violent crime problem. That is they will responding to shootings, rendering first aid, preserving the crime scenes, etc. These police will need investigative support.

- ATF provides quality specialized investigative support to State and local police complemented through such programs as "Achilles" and the mandatory penalties it provides, firearms tracing, CEASEFIRE, forensic and technical determinations.

- More importantly, through it's law enforcement and regulatory powers, and new laws such as the Brady Law and the Violent Crime Control and Law Enforcement Act of 1994, ATF is uniquely empowered to address the "front end" the preventative aspects of the violent crime problem. ATF identifies and closes the illegal channels of firearms and disrupts criminal access to firearms. Illegal firearms trafficking channels are broad in scope and transcend the jurisdictional boundaries and capabilities of State and local officers.

- When drug trafficking was the most pervasive problem of the day and it's victims were willing participants, resources were allocated to a provide balanced Federal and State response.

- Today, firearms related violence is a problem affecting not only the perpetrators but the innocent as well. Innocent victims meet their ends sitting on their front porches, riding public transportation, attending school, romping in the playground, and even while working. A balanced response of Federal and State resources is required.

- ATF is the **only** Federal Law Enforcement Agency so empowered so as to be able to address both ends of the violent crime problem, including gang violence prevention (G.R.E.A.T.). Yet ATF is denied resources commensurate with it's potential for effectiveness. With FY 1995 crime bill increases, ATF is striving to reach its potential and provide a substantial advantage to the public in reducing violent crime. However, even with these modest increases, ATF will only be able to provide this advantage through it's previously mentioned strategic planning efforts.

- More police officers on the street may generally be a good thing but there must be a balance maintained between increasing the police and increasing the level of **ATF firearms** support.

- As a result of OMB's proposal, ATF will lose 530 agents experienced in addressing violent crime. The taxpayers will lose a significant investment in the training and development of these experienced agents. The law enforcement community in general and the public will be affected in the end.

ATTACHMENT I

The following is a chronology of Federal firearms legislation enacted over the past 10 years:

1984 - Armed Career Criminal Act - 924(e)

- The major benefit is to remove violent repeat offenders who illegally possess firearms from the communities on which they prey.

- Many states don't have this legislative resource

- 15% of criminals responsible for 70% of crime

- In 1994 ATF's "Achilles Program" was responsible for preventing 700,000 crimes at a savings to the American public of $1.8 billion dollars

1986 - Ban on new machineguns & enhanced penalties for persons committing crimes of violence carrying a firearm loaded with armor piercing bullets.

1988 - Mandatory penalties for using or carrying a firearm during a Federal crime of violence or a drug trafficking crime.

1989 - Certain assault weapons banned from importation

1990 - Expanded ATF's jurisdiction in investigating the interstate nexus element of stolen firearms and firearms with obliterated serial numbers.

1994 - Passage of the Brady Law finally helped to close the door of interstate commerce to felons obtaining handguns through lawful channels by establishing:

- a 5 day waiting period for handgun purchases.

- ATF jurisdiction in the investigation of firearms stolen from a Federally Licensed Firearms Dealer

1994 - Violent Crime Control and Law Enforcement Act of 1994

- Banned assault weapons and high capacity magazines

- Mandated that licensees report firearms thefts to ATF

- Tightened procedures to obtain an FFL

Department of the Treasury
FY 1996 Budget Appeal
(dollars in thousands)

Bureau: Bureau of Alcohol, Tobacco and Firearms

Initiative: Relocation of National Laboratory Center and Tactical Operations Branch and Co-location of Radio Communications Branch

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 97 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs					
Support Costs	$3,700.0	-$3,700.0	$3,700.0	$3,700.0	-$3,700.0
Capital Investment Costs	250.0	-250.0	250.0	250.0	-250.0
Total Budget Authority	$3,950.0	-$3,950.0	$3,950.0	$3,950.0	-$3,950.0
FTE:	0	0	0	0	0

Principal Performance Measures: N/A

Justification for Appeal:

The ATF National Laboratory Center provides to Federal, State and local law enforcement, and to the private sector, unique expertise in the areas of beverage alcohol, arson explosives, and firearms. In addition to the direct support to law enforcement and the private sector, ATF collects significant amounts in tax revenues. Should the expertise held by the ATF National Laboratory Center be lost, the potential for lost tax revenues increases. Finally, the ATF National Laboratory Center provides the level of expertise in arson and explosives that result in quick resolution of significant incidents such as the World Trade Center bombing.

ATF has no option other than to relocate the National Laboratory Center. Failure to accomplish the relocation will result in severely handicapping services in the beverage alcohol, arson, explosives, firearms and tool mark examination, handwriting and fingerprint analysis sections of the lab. Additionally, services rendered by the Tactical Operations Branch in support of field investigations would be disrupted until equipment and FTE's could be relocated to an alternate site.

The existing National Laboratory Center lease is expiring with no lease renewal option available. The existing space does not meet GSA's minimum standards for solicitation; 89% of the building is currently substandard according to a GSA inspection. Life Safety hazards exist in the heating and air conditioning system, and storage of laboratory gases and explosive materials. A previous GSA investment of $500,000 has failed to correct the HVAC system.

Portions of the space are in violation of OSHA regulations requiring the separation of laboratory space from office space. Current electrical capacity has been exceeded, no backup generator is present and the existing un-interrupted power supply is too small. An estimated $1.1 million would be required to renovate the space to meet minimum standards for solicitation as <u>office space only</u>. Renovation would require the interim relocation of the lab.

A relocation of the laboratory by more than 10 miles would require ATF to pay permanent change of station moves to 78 current employees at an estimated cost of $5,148,000.

According to engineering estimates, replication of existing capacity with minor expansion (10% above existing) would require ATF to fund $3,218,000 in above standard alterations. GSA would bear a cost of approximately $4 million. ATF's above standard alterations budget averages approximately $1 million per year.

Withdrawal/Redaction Marker
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	1996 Budget appeal re: law enforcement technique [parital, pages 18-20 in full] (3 pages)	00/00/0000	b(7)(E)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Jose Cerda
OA/Box Number: 5317

FOLDER TITLE:
Federal Law Enforcement Proposed Cuts

2016-0931-S
rc2263

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

	FA/NA	A/E	A/T	M	T	O	UA
235.0	129.5	7.2	17.1	31.6	15.9	33.7	0
349.9	219.2	28.8	14.7	49.1	19.5	18.4	.2
451.1	269.2	87.4	51.9	27.4	9.2	0	0
443.8	410.9	10.3	5.1	2.5	8.3	2.1	4.6
361.8	272.3	8.3	17.2	23.4	16.4	22.6	1.6
246.0	199.4	24.5	0	5.3	14.3	2.5	0
460.0	331.8	50.7	19.6	1.6	10.1	46.2	0
2,541.6	1,832	217.2	125.6	140.9	93.7	125.5	6.4
%	72.1	8.6	5.0	5.5	3.7	4.9	.2

FA/NA - FIREARMS AND NARCOTICS
A/E - ARSON AND EXPLOSIVES
A/T - ALCOHOL AND TOBACCO
M - MAINTENANCE
T - TRAINING
O - OTHER, support to other agencies
UA - UNACCOUNTED HOURS

Department of the Treasury
FY 1996 Budget Appeal
(dollars in thousands)

Bureau: Bureau of Alcohol, Tobacco and Firearms

Initiative: Eliminate the ATF Radio Branch

	Request to OMB	OMB Passback	Treasury Appeal Increment	Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	-1,600.0	1,600.0	1,600.0
Total Budget Authority	$0.0	-$1,600.0	$1,600.0	$1,600.0
FTE:	0	-16	16	16

Principal Performance Measures: N/A

Justification for Appeal:

Failure to fund equipment costs and FTE associated with the maintenance of the ATF law enforcement radio network will result in impairing all ATF investigative activity. Special Agents will be unable to communicate to effect surveillances, undercover operations, search warrants, car stops or similar investigative activities. Conducting investigations in the absence of proper communications equipment poses an unacceptably high risk of injury and/or death to the involved Special Agents.

The ATF Radio Branch is not a centralized activity. The support provided is positioned in the field in order to give direct and immediate support. The OMB initiative does not identify an alternate provider of radio services; nor does it identify the transfer of funds and FTE to another agency to provide services. The Bureau maintains an existing inventory of 350 fixed base stations, approximately 2000 mobile radios and 2000 hand held radios valued in excess of $40 million. Annual operating expenses for lease of fixed transmitter sites are approximately $750,000. A transfer of existing equipment and FTE to a new radio network (assuming re-use of the existing equipment inventory) would take a minimum of two years assuming the availability of frequencies on an alternative network. Full-time equivalent workyear (FTE) costs and associated equipment/lease costs would have to occur until the conclusion of a full transition to a new network. Additional costs would be incurred to re-program all existing radio equipment. Failure to transition to a new network results in a simple transfer of costs with no savings in FTE or equipment.

The government would suffer additional costs associated with the premature cancellation of leases at four field maintenance facilities.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Critical Equipment Needs

1. Tactical Safety
2. Motor Vehicle Fleet Enhancement
3. Technological Improvements

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	7,000.0	-7,000.0	7,000.0	7,000.0
Total Budget Authority	$7,000.0	$7,000.0	$7,000.0	$7,000.0
FTE:	0	0	0	0

Principal Performance Measures: N/A.

Justification for Appeal: The critical equipment initiative is comprised of surveillance equipment, special agent safety equipment, and replacement law enforcement vehicles. Availability of these items is severely reduced as a result of several years of major reprogramming for pay shortfalls. Additionally, the agent safety equipment requirement includes resources for an emergency trauma medical program, which is a known requirement for law enforcement.ATF requires an inventory of specialized electronic surveillance and investigative equipment and law enforcement vehicles to perform its law enforcement mission, obtain essential corroborating evidence for the safety of its special agents, in what has become, an increasingly dangerous operating environment. ATF requires substantial equipment upgrades and replacement, both to replace managed or worn out equipment, as well as the introduction of new technologies that will enhance criminal investigations and improve agent safety. Replacement vehicles are critically needed to effectively maintain ATF's fleet. This fleet now has approximately 1,000 vehicles with over 60,000 miles. The aging vehicles are becoming increasingly expensive to maintain, unreliable to operate, and unsafe for drivers and passengers. State-of-the-art computerized polygraph equipment is necessary to support complex ATF criminal investigations. Technical training associated with complex electronic surveillance equipment is imperative to ensure the expert operation and maintenance of this equipment. The concept of having a level of medical assistance immediately available has proven itself in the field. During the Waco confrontation four agents were killed and thirty were wounded. Of these 30 at least four were critically wounded. Had these agents not had basic medical attention that was provided and planned for this action the agents would in all likelihood not survived. The Waco initiated review led to the identification of the need for an emergency trauma medicine program. It makes little difference if it is a major operations such as Waco or a service of a search warrant involving one suspect. The threat of deadly force always exists. It is incredulous that a life saving program that was graphically brought to light at Waco and on other instances should be disregarded because of budgetary restraints.

Department of the Treasury
FY 1996 Budget Appeal
(dollars in thousands)

Bureau: Bureau of Alcohol, Tobacco and Firearms

Initiative: National Firearms Violence Information Database (NFVID)

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 97 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs					
Support Costs	$2,300.0	-$2,300.0	$2,300.0	$2,300.0	-$2,300.0
Capital Investment Costs	1,700.0	-1,700.0	1,700.0	1,700.0	-1,700.0
Total Budget Authority	$4,000.0	-$4,000.0	$4,000.0	$4,000.0	-$4,000.0
FTE:	0	0	0	0	0

Principal Performance Measures:
1. Provide ATF employees and other authorized personnel with replies to data requests within minutes rather than weeks.
2. Provide more relevant data from a variety of sources to authorized employees and personnel by integrating existing data bases.
3. Provide requested data more efficiently by utilizing automation, reduce the amount of time and number of people required to collect and disseminate data.

Justification for Appeal:

Current ATF information technology resources are obsolete. Existing systems are unable to interface with other federal law enforcement systems which are currently being upgraded (NCIC 2000, CDN 2000, IAFIS.) Full access to these systems is mandatory for ATF to be able to perform its missions. This initiative will, through an integrated approach, build upon existing resources to create a system which will:

- provide uniform access to, and services from, a common, Bureau-wide, firearms information system;

- reduce research time necessary to develop investigative leads;

- reduce ATF trace time by up to 40%;

- provide more accurate trace results/reduce errors;

- ease the paperwork burden of filing mandatory reports and tax returns;

- speed up the identification of violent offenders from months to days; and

- increase the number of illegal firearms dealers identified.

The system integration and hardware replacement/upgrade portion of the NFVID initiative will provide agents with the tools necessary to accomplish their duties more efficiently and effectively. In order to do more with less, ATF must continue to look for ways to increase agent/inspector productivity. This initiative will bring a conservative 3 percent improvement in productivity, which would result in estimated annual savings to the Bureau of nearly $5 million. The $5 million dollars represents time available for investigative functions.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Federal Firearms License Compliance

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	Annualiz/ Non-recur
Labor Costs	$334.8	-$334.8	$334.8	$334.8	$110.2
Support Costs	453.4	-453.4	453.4	453.4	0.0
Capital Investment Costs	62.1	-62.1	62.1	62.1	0.0
Total Budget Authority	$850.3	-$850.3	$850.3	$850.3	$110.2
FTE:	10	10	10	10	

Principal Performance Measures:

	FY95	FY96	FY 97
1. Compliance inspections:	21,000	22,500	23,000

Justification for Appeal:

The Brady Act placed new requirements on licensees and others and enlisted nationwide involvement by designated State and local law enforcement agencies. Additional resources requested are needed to maintain the new controls and effective working relationships with State and local authorities, so that the Brady Act and related policy initiatives can succeed in reducing violent crime by impeding criminals' access to firearms, as demonstrated by the 5% reduction reported in the first 100 days report.Without requested resources an overall deterioration in dealers' records, needed for tracing crime guns or for identifying potential traffickers, would occur. While the number of dealers is decreasing, the volume of sales hasn't diminished. We now have the authority and better techniques to do more effective inspections, including crosschecks on the Brady requirements. These activities are more labor intensive.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Intelligence Staffing

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total	FY 97 Net Annualiz/ Non-recur
Budget Authority:					
Labor Costs	1,653.0	- 1,653.0	$1,653.0	$1,653.0	$133.3
Support Costs	0.0	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	0.0	0.0	0.0	0.0
Total Budget Authority	$1,653.0	-$1,653.0	$1,653.0	$1,653.0	$133.3
FTE:	18	-18	18	18	6

Principal Performance Measures:

Because this initiative is mandated to correct a deficiency in the current method of operations, no productivity savings have been identified. However, this initiative will provide tangible benefits in fully identifying potentially dangerous situations. The increased information flow was also intended to increase the number of complex investigations being conducted by agents by providing them with intelligence information that would not be readily available otherwise.

Justification for Appeal:

The Waco Report brought to light several areas in the tactical and strategic intelligence function that required attention. The intelligence performance review that compared ATF with 5 other Federal law enforcement agencies and three State and local law enforcement agencies identified additional areas needing improvement and described actions to be taken. One of the most significant recommendations was the need for dedicated, fully trained intelligence personnel, specifically -- Intelligence Research Specialists (IRS's).

The IRS plays a key role in the Bureau's ability to take a proactive position in combatting rising crime trends. The IRS's at both the field division and Headquarters level are essential for the collection, analysis, and dissemination of intelligence data. The IRS's prepare investigative timelines, telephone toll analyses, flow charts, link charts, event charts, special intelligence reports, intelligence publications, and threat assessments. Furthermore, these efforts support courtroom presentations.

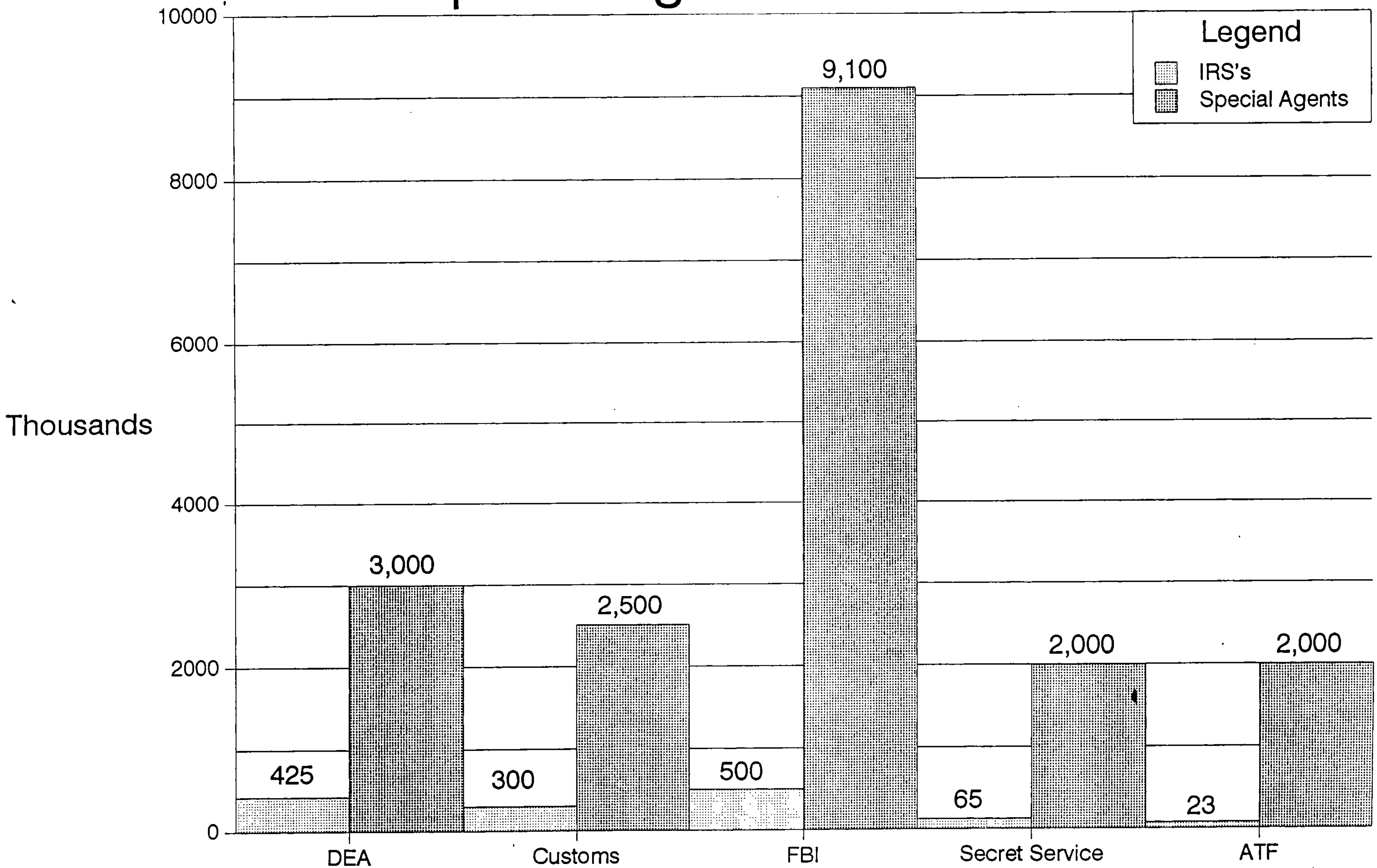
The IRS's function in the tactical arena by providing integral support to more complex investigations. This promotes more thorough criminal prosecution. Most importantly, the IRS's provides for law enforcement safety, by providing more complete, accurate, and time-critical information to ATF management and special agents.

The IRS's role in strategic intelligence allows the projecting of important trends and patterns involving criminal organizations. This allows the Bureau to more effectively utilize manpower and resources in response to shifting criminal activity.

The duties and responsibilities of the requested IRS positions cannot be drawn from existing ATF allocations.

Of the aforementioned survey conducted with other Federal law enforcement agencies, it should be noted that ATF had the fewest IRS positions. The survey revealed that DEA employs 425 intelligence research specialists; the U.S. Customs Service employs 300; the FBI employs 500; the U.S. Secret Service employs 65; while ATF employs only 22 intelligence research specialists.

Intelligence Research Specialist & Special Agent Positions



Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: FLSA Savings

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	-$899.0	$180.0	$719.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$0.0	-$899.0	$180.0	$719.0
FTE:	0	0	0	0

Principal Performance Measures: N/A

Justification for Appeal:

The Bureau appeals $719K of the proposed $899K reduction. The $899K decrease assumes a larger FLSA cost savings for FY 96 than the amount included in the request. Agent pay reform provision language imbedded in the FY 95 Treasury appropriation act will only eliminate a requirement to incur overtime obligations projected at $180K.

OMB assumptions underlying the reduction ignore the dynamic nature of the agent workforce. The number of entry- and junior-level agents progressively shrinks along with each year's commensurate FLSA burden as the impacted population previously covered by FLSA (grades 5 through 11) experiences career ladder promotions. Absent relief from FY 95 and FY 96 FTE ceilings, backfilling of entry-level positions would be severely curtailed which might otherwise have stabilized or increased future FLSA overtime obligations. For example, there were 120 agents in the affected grades at the start of FY 95 which is expected to decrease to 30 by end-year. By the end of FY 96, as few as 10 agents would occupy GS-5/11 positions. To realistically calculate the cost avoidance factor, beginning and ending onduty levels should be averaged for FY 96 to approximate the effect of career ladder promotions. FLSA overtime costs for FY 96 would not exceed $180K given current average FLSA overtime cost rates per pay period and 20 agent FTE's (grades 5 through 11) to support.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: NPR Targetted Positions (budget, personnel and acquisitions)

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs	$0.0	$0.0	$0.0	$0.0
Support Costs	0.0	0.0	0.0	0.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$0.0	$0.0	$0.0	$0.0
FTE:	0	0	0	0

Principal Performance Measures: N/A

Justification for Appeal:

The Bureau is unable to take additional reductions in the NPR targetted areas of budget, personnel and acquisitions. During the mid 1980's, the Bureau re-engineered its entire administrative processes and abolished five regional administrative offices which were staffed with personnel, procurement, budget and accounting personnel. Using technology all administrative services were centralized at headquarters. This re-engineering process reduced these targetted positions by over 100. The targetted positions remaining in headquarters cannot be reduced any further.

There is an prolific overlap between the categories of FTE reductions identified in the streamlining plan. Downsizing in these areas should be more than sufficient to meet the targets without the Bureau exceeding these targets at the stake of the our missions.

Department of the Treasury
FY 1996 Budget Appeal
(Dollars in thousands)

Bureau: Alcohol, Tobacco and Firearms

Initiative: Equal Employment Opportunity

	Request to OMB	OMB Passback	Treasury Appeal Increment	Treasury Appeal Total
Budget Authority:				
Labor Costs				
Support Costs	$364.0	-$364.0	$364.0	$364.0
Capital Investment Costs	0.0	0.0	0.0	0.0
Total Budget Authority	$364.0	-$364.0	$364.0	$364.0
FTE:	0	0	0	0

Principal Performance Measures: N/A

Justification for Appeal:

This initiative request for $364,000 is to support a Treasury mandate that requires the Bureau to provide funding for its share of costs associated with the operations and maintenance of Treasury's four Regional Complaints Centers and also for Court Reporting Services.

The costs associated with the Regional Complaints Centers are increasing due to increases in salaries, travel expenses, and cases in the system. Since cases in the system are still in the decision making process, they are considered "active" cases and therefore are used when calculating the Bureau's weighted share of the complaints center costs. Currently, there are 18 cases in the system that have been held in abeyance since FY 1993. Decisions are still pending regarding these cases. Once decisions have been made, it is anticipated that these cases will go to the hearing stage of the complaint process sometime between FY 1995 and FY 1996. If this should occur, the Bureau will be faced with an increased financial burden associated with processing these complaints through the complaints centers as well as costs associated with retaining Court Reporting Services that will be necessary to transcribe hearing proceeding.

FACSIMILE COVER SHEET

OFFICE OF ENFORCEMENT

DATE:

Page 1 of ~~13~~ 4

To: Jose Cerda

Phone: 456 2564 Fax: 456 7038

From: Faith Hollberg

TELEPHONE:
FAX : 202-622-1465

MESSAGE/COMMENT:

As background, the attached is per our conversation

TALKING POINTS FOR THE NEC MEETING ON THE JUSTICE BUDGET

BUDGET INEQUITIES BETWEEN TREASURY AND DOJ LAW ENFORCEMENT

* Treasury and Justice should be treated equally in law enforcement FTE and other budget reductions. OMB's current numbers do not cut Justice Law Enforcement Bureaus (DEA, FBI, and U.S. Attorney's) from 1994 levels. By contrast, all Treasury Bureaus are being cut. (Customs is cut by 10% and Secret Service and ATF are being cut by 2%)

* Other inequities--OMB annualized the Justice Department's 1994 Congressional add-ons, by funding them in subsequent years. By contrast, OMB has refused to continue funding for Treasury's 1994 Congressional add-ons.

* OMB is drastically cutting the Customs Air Program (136 planes) while leaving <u>untouched</u> the full component of FBI planes (110) and DEA planes (122). We are committed to streamlining on our own and saving $61 million, but the OMB cuts are far deeper and inequitable. Why no cuts to Justice Air Program? They have <u>twice</u> the number of planes that Treasury has, yet FBI & DEA have no anti-smuggling objectives.

* Both Customs and ATF have vast new responsibilities after the passage of NAFTA and the Brady Bill. Customs will need resources to enforce NAFTA and ATF is the primary enforcer of Federal firearms laws, including the Brady Bill and the President's August 11 order to tighten firearms dealer compliance efforts.

* Both Justice and Treasury law enforcement should keep equal AUO treatment and OMB should support legislation to eliminate the double payment being caused by the FLSA court decision.

THE PRESIDENT'S ANTI CRIME MESSAGE

* Maintaining full funding for Justice Law Enforcement Bureaus sends a powerful anti-crime message. However, the big cuts to Treasury Law Enforcements equally undercuts that message.

OMB HAS FAILED TO CONSIDER REVENUE PRODUCTION BUREAUS IN A SPECIAL CATEGORY WHEN BUDGET CUTS ARE MADE

* IRS, Customs and ATF collect approximately 98% of the total U.S. budget. Customs and ATF collect over 35 billion annually, in addition to their law enforcement duties. Cutting these bureaus is the equivalent of cutting a profit center.

Department of Treasury
Summary of Major Program Increases and Decreases
(BA in millions of dollars)

14-Dec-93
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Program	1994 Enacted	1995 Agency Request	1995 OMB Option	Change from 1994 Enacted to: Agency Request dollars	Agency Request %	OMB Option dollars	OMB Option %
Increases							
Tax Systems Modernization (IRS)	***701***	***986***	***986***	***285***	***40.7%***	***285***	***40.7%***
IRS Tax Law Enforcement	4,014	4,054	4,047	40	1.0%	33	0.8%
Decreases							
Program Level for Major Bureaus (without Fees and Reimbursable Proposals)							
IRS Processing, Service & Information Systems (excluding TSM)	2,635	2,669	2,606	34	1.3%	(29)	-1.1%
U.S. Customs Service							
Air/Marine Operation	233	182	130	(51)	-21.9%	(103)	-44.2%
Other	1,258	1,323	1,210	65	5.2%	(48)	-3.8%
Customs Subtotal	1,491	1,505	1,340	14	1.0%	(151)	-10.1%
Bureau of Alcohol, Tobacco & Firearms	371	394	364	23	6.2%	(7)	-1.9%
U.S. Secret Service	462	479	453	17	3.7%	(9)	-1.9%
Other Treasury	707	728	660	21	2.9%	(47)	-6.7%
Law Enforcement Overtime (AUO)	[170]	[160]	[134]	[-10]	-5.9%	[-36]	-21.0%
Proposed New Fees and Reimbursables 1/		(424)	(321)	(424)		(321)	
Total Treasury BA	10,345	10,380	10,136	35	0.3%	(209)	-2.0%

1/ OMB option includes increasing Merchandise Processing Fee.