



OFFICE OF MANAGEMENT AND BUDGET

A TIMELINE (2001–2008)



BUSH RECORD

POLICY MEMOS

1. Budget
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THE WHITE HOUSE

WASHINGTON

MEMORANDUM

THROUGH: JIM NUSSLE

FROM: STEVE MCMILLIN

SUBJECT: BUDGET

The Bush Presidency inherited many challenges, including a recession, a record high tax burden, and a broken national security system. The President immediately went to work and successfully addressed these problems, even while managing the economic fallout of the 9/11 terrorist attacks and the corporate scandals that contributed to the loss of 2.7 million jobs (from 132.5 million in February 2001 to 129.8 million in August 2003) and three straight years of falling Federal revenue (from \$2.025 trillion in fiscal year 2000 to \$1.783 trillion in FY 2003). President Bush's pro-growth tax relief and policies led to more than six years of uninterrupted economic growth and the creation of eight million jobs over a record 52 consecutive months, while devoting essential resources to strengthen our national security and wage the War on Terror following 9/11. Because of the slowing economy in 2008 and the impact of the bipartisan stimulus bill, the deficit is projected to increase, but this shift is both temporary and manageable – and the budget would remain on a path to balance with annual discretionary spending restraint and mandatory program reforms like those proposed by the President. The President also kept focused on the long-term threat to the nation's fiscal condition – the exponential growth in the nation's entitlement programs – by offering sensible proposals to address the problem.

- **Promoting Economic Growth.** In 2001, the President inherited a recessionary economy experiencing a high tax burden and the bursting of a high-tech bubble, and he set about immediately to promote economic growth by providing tax relief that was targeted and timely. As the President entered office, the signs of a recession were clear: the S&P 500 stock index had declined by more than 10 percent, manufacturing industrial production was down nearly 2 percent over four consecutive months of decline, consumer sentiment was falling, and the unemployment rate was rising. As the year progressed, the nation was further rocked by corporate scandals, and the President successfully countered with bipartisan legislation in Congress. The 2001 tax cuts along with further tax cuts enacted in 2002, 2003 and 2004 provided the largest tax relief for the American public since 1981. Initial projections showed that the tax relief could be accommodated within available surpluses totaling \$5.6 trillion over 10 years, while continuing to reserve the Social Security surplus and pay down publicly-held debt. However, subsequent economic developments and other changes demonstrated that \$2.2 trillion of those originally-projected surpluses were illusory, the product of overly optimistic estimating assumptions. Spending for the war on terror and homeland security requirements after September 11 reduced surpluses by another \$2.0 trillion. While the 2001-projected surpluses were largely illusory and did not materialize, the

President's tax relief program produced less than a quarter [23%] of the change to the bottom line (even without accounting for any positive feedback for the economy from tax reductions), so it cannot be argued that tax cuts alone caused subsequent deficits. Moreover, fiscal years 2005 and 2006 saw record revenue increases of 14.5 percent and 11.8 percent respectively, further indicating the positive effects of the President's tax relief program. Most importantly, the President's policies led to more than six years of uninterrupted economic growth and the creation of eight million jobs.

- ***Restoring America's Military.*** America's military had been in decline throughout the 1990's, leaving the Department of Defense with a budget that had declined from 5.1% of GDP in 1990 to 3.0% of GDP in 2000. By 2001, there was a clear need to rebuild and transform America's military for the 21st century. The President responded by increasing the Department of Defense's (DOD's) base budget by nearly 60-percent since 2001, to \$479.5 billion in 2008. These increases ensure a high level of military readiness by sustaining regular and irregular warfighting capabilities, responding to evolving threats, and supporting our servicemembers and their families. The terrorist attacks of September 11, 2001, and the loss of thousands of lives on American soil, posed perhaps the most serious test of America's resolve since the attack on Pearl Harbor. The President acted decisively to meet these challenges. Within days of the September 11th attacks, the President called for, and Congress enacted, an unprecedented \$40 billion in emergency appropriations for recovery and rebuilding from the attacks and to finance retaliation against al-Qaida terrorists in their bases in Afghanistan. The President also led a coalition against the brutal regime in Iraq. The Congress enacted further supplemental appropriations to finance these operations and the rebuilding efforts in both countries.
- ***Strengthening Homeland Security.*** The September 11th attacks also revealed holes in the nation's homeland security infrastructure, so the President proposed in January 2003, and the Congress enacted soon thereafter, a reorganization of 22 federal agencies into the Department of Homeland Security to bring a coordinated and comprehensive strategy to secure the nation from terrorist attacks. Annual appropriations for homeland security efforts since 2001 have nearly quadrupled and have helped to increase airline and port security and to develop capabilities to respond to biological attacks, among many other initiatives.
- ***Restraining Domestic Spending, While Realigning Priorities.*** While restoring critical defense and homeland security funding, the President dramatically reduced the growth rate of non-security discretionary spending, bringing it below the rate of inflation. The rate was 16.6 percent when he took office, and he brought it down to two percent by 2005. He maintained that fiscal discipline in subsequent years and proposed a rate below one percent for 2009. Perhaps most importantly, even within these tight totals, the President maintained strong support for the nation's veterans, education system, research and development, healthcare for the poor, and other priorities. For example, the Department of Veterans Affairs increased by more than 75 percent, from \$22.4 billion in 2001 to \$39.4 billion in 2008. Similarly, funding for the Department of Education increased by nearly 43 percent, from \$40.1 billion in 2001 to \$57.2 billion in 2008 to fund No Child Left Behind priorities.

- ***Rebuilding After Hurricane Katrina.*** From 2003 to 2005, the nation was hit by several natural disasters, with the last arguably being the worst in our nation's history. In August 2005, Hurricanes Katrina and Rita made landfall, causing incredible devastation in their wake. Since then, the federal government has spent more than \$126 billion in recovery and rebuilding efforts in Louisiana, Mississippi and other affected areas.
- ***Keeping Deficits Temporary and Manageable and Balancing the Budget by 2012.*** In addressing these challenges, spending rose and the deficit peaked in 2004, reaching \$413 billion or 3.6 percent of GDP. The President at that time pledged to cut the deficit in half in five years. Even with the costs of Hurricanes Katrina and Rita and the wars in Iraq and Afghanistan, this goal was achieved three years early when the deficit fell to \$248 billion or 1.9 percent of GDP in 2006. Building off this success, the President set a more ambitious goal: to balance the budget by 2012. While deficits have again increased as a consequence of turmoil in the housing and financial markets, the President has charted a path to achieve surplus in 2012 that keeps taxes low, addresses the nation's unsustainable entitlement programs, and restrains overall spending. As a result of the President's leadership and budget restraint, the average federal debt for 2001 – 2008 as a percentage of GDP remains below the post-World War II average, and is lower than at any time during the 1990s.
- ***Reforming the Nation's Entitlement Programs.*** While working to balance the budget in the near-term, the President never lost sight of the long-term financial threat posed by the nation's growing and unsustainable entitlement programs. He worked tirelessly to foster a climate where these issues could be debated and progress could be made, and he achieved a significant legislative success with the passage of the Deficit Reduction Act in 2005, the first reconciliation bill to reduce mandatory spending in nearly a decade. Each of his budget proposals included sensible reforms of Social Security, Medicare, and Medicaid to ensure these programs would continue to serve future generations of Americans.

BUDGET (2001-2008)

(TAB)

February 28, 2001

(1)

The President submitted *A Blueprint for New Beginnings* (followed by a complete 2002 Budget on April 19th) that proposed to provide \$1.6 trillion in tax reductions over ten-years; set aside a portion of projected surpluses to shore up Social Security; reform Medicare, including the provision of prescription drug coverage; moderate the growth in total discretionary spending; provide an immediate increase of \$14.1 billion for the Dept. of Defense (this was later amended, after the Quadrennial Review that Spring, to propose an additional \$18.4 billion); and restrain the growth of non-security spending to 2.6 percent, down from 16.6 percent in the last year of the Clinton Administration (note: these percentages refer to non-DOD spending, not the alternative category of non-security spending). The President also proposed caps on discretionary spending, pay-as-you-go (PAYGO) for mandatory spending and tax legislation, and other budget reforms.

June 1, 2001

(2)

The President submitted a \$6.5 billion supplemental for the Department of Defense (at \$5.6 billion) and other agencies (at \$0.9 billion). The supplemental was enacted on July 24th at the levels requested by the President without any emergency funding, although the House and Senate had sought almost \$0.5 billion more (P.L. 107-20).

June 7, 2001

(3)

The President signed into law the Economic Growth and Tax Relief Reconciliation Act of 2001. The major provisions of this Act, which provided over \$1.3 trillion in tax relief over the 11-year period 2001 to 2011, created a new 10-percent individual income tax bracket, reduced marginal individual income tax rates, eliminated the estate tax, reduced the marriage penalty, provided relief from the alternative minimum tax (AMT), and modified tax benefits for children, education, and pension and retirement saving. Beginning July 1, 2001, taxpayers also began receiving rebate checks that represented a full year's tax reduction from the creation of the new 10 percent tax bracket and payroll tax withholding schedules were reduced to reflect the lower marginal income tax rates.

September 12, 2001

(4)

The President proposed \$20 billion for immediate response to the 9/11 attacks; on September 18, the Congress provided \$40 billion, giving the President the authority to transfer \$20 billion to the areas of greatest need (P.L. 107-38). Immediately after the attacks, the Federal Government provided administrative relief to taxpayers affected by the attacks through modified tax filing and payment deadlines; and further tax relief legislation was enacted on January 23, 2002, to provide specific relief to these and other victims (P.L. 107-134).

November 2, 2001

(5)

The President called on Congress to enact an economic security bill designed to reinvigorate economic growth and assist workers affected by the economic downturn that followed the terrorist attacks of September 11, 2001.

January 10, 2002

The President signed the final FY 2002 appropriations bill. (None of the regular 13 appropriations bills was passed before October 1, 2001. There were a total of eight Continuing Resolutions to provide for continuing operations of the Federal Government. By November 28, eight of the 13 regular appropriations bills were signed into law; two more were enacted by December 21 as stand-alone bills; and by January 10, 2002, the final three bills were completed.) Total non-emergency appropriations were \$688 billion, which exceeded the Request by \$9 billion, including authority enacted for Mass Transit. Of this amount, DOD was funded at \$1 billion below the request, and non-security funding increased by \$17.6 billion over the request.

February 4, 2002

(6)

The President submitted the FY 2003 Budget calling for \$656 billion in tax reductions over the eleven years, 2002 through 2012, including a bipartisan economic security plan, permanent extension of the 2001 tax cuts and the R&E credit, temporary extension of provisions that had expired in 2001, and tax incentives for charitable giving, education, health care, energy and the environment. The Budget also proposed Medicare modernization and Farm Bill legislation; a total discretionary spending increase of 9 percent, with non-security held to a 2 percent increase; accrual of federal employee retirement benefits; and numerous budget process reforms.

March 9, 2002

The President signed into law the Job Creation and Worker Assistance Act (H.R. 3090), which provided a net \$42 billion in tax reductions over the 11 years, 2002-2012; included incentives to encourage business investment and to assist New York City recover from the terrorist attack of September 11, 2001; and extension of a number of tax incentives that had expired or were scheduled to expire.

March 21, 2002

(7)

The President transmitted a FY 2002 \$27.1 billion supplemental request to support the war on terrorism, homeland security, and economic revitalization activities. The Congress debated the Supplemental from May through July and the bill was enacted on August 2, 2002. The House bill was \$1.7 billion over the Request and the Senate bill was \$4.4 billion over the Request. The final bill totaled \$28.9 billion, \$1.8 billion over the Request. Of this amount, \$5.1 billion of unrequested emergency funding was enacted with the requirement that the funds were available only if the President concurred in emergency designation. The President did not concur in the designation and the funds were not spent.

May 13, 2002

The President signed the Farm Security and Rural Investment Act of 2002 on May 13, 2002, extending farm programs through 2007. On December 5, 2001, the President had announced his policy goals for the 2002 Farm Bill, which included providing a solid safety net, expanding trade, enhancing conservation, and being market-oriented and fiscally responsible. The final bill met the President's goals for expanding trade and enhancing conservation, and met an agreed upon level of spending of \$266 billion over 6 years, \$43 billion over the baseline.

February 3, 2003

(8)

The President submitted the FY 2004 Budget calling for \$1.3 trillion in tax reductions over the eleven years, 2003 through 2013, including a proposed economic growth package (which accelerated many of the provisions in EGTRRA), permanent extension of the 2001 tax cuts and expansion of tax-free savings opportunities and consolidation of employer-based savings accounts. The Budget also proposed Medicare modernization and postal reform; a total discretionary spending increase of 4 percent and new and previously proposed budget process reforms. With the discretionary totals, DOD increased by 4 percent over FY 2003, homeland security increased by 5 percent, and non-security funding increased at similar levels with most of the increases directed towards Veterans Affairs, Education, and International programs.

February 20, 2003

The President signed the final FY 2003 appropriations bill. (None of the regular 13 appropriations bills was passed before October 1, 2002. There were a total of eight Continuing Resolutions to provide for continuing operations of the Federal Government, and only two bills (Defense and Military Construction) were signed before the end of the calendar year.) Total non-emergency appropriations were \$752 billion, which exceeded the Request by \$1.4 billion, including authority enacted for Mass Transit. Of this amount, DOD was funded at \$1 billion below the request, homeland security was \$1.5 billion below the request, and non-security funding increased by nearly \$4 billion over the request.

March 19, 2003

(9)

The President transmitted a \$75 billion emergency request to fund the War on Terror. The supplemental (totaling \$79.2 billion) was signed on April 16th.

May 28, 2003

The President signed the Jobs and Growth Tax Relief Act of 2003 (P.L. 108-27) providing an acceleration of EGTRRA tax relief and temporary State fiscal relief funds and refundable tax credits. The Joint Committee on Taxation estimated that the Act would increase budget deficits by \$60.8 billion in 2003 and by \$349.7 billion over the 2003-2013 period.

July 7, 2003

(10)

The President requested \$1.9 billion in supplemental funding for wildland firefighting and disaster relief activities and signed the bill for the full amount on August 8, 2003.

September 17, 2003

(11)

The President requested \$87 billion for ongoing military efforts in Iraq and Afghanistan, as well as for relief and reconstruction in those countries. This supplemental was signed into law on November 6 (P.L. 108-106). The total enacted was \$87.5 billion, \$0.5 billion above the Request with the increase mostly for disaster relief.

December 8, 2003

The President signed the Prescription Drug and Medicare Improvement Act of 2003, which created a voluntary Medicare prescription drug benefit (Medicare Part D) and created the Medicare Advantage program, a voluntary Medicare managed care option. The legislation also added new preventive health benefits, reduced the subsidy for Part B premiums for higher-income beneficiaries, and created a fiscal mechanism to warn of excessive reliance on general revenues to finance overall Medicare spending. The cost for the Part D program was originally estimated to be \$634 billion over the 2004-2013 period by the Medicare Actuaries, although actual spending has been approximately one-third lower.

January 23, 2004

The President signed the final FY 2004 appropriations bill. (Two appropriations bills were completed by October 1. Another four were completed by the end of the calendar year, along with four continuing resolutions. While the final omnibus was completed before the holiday break, it was not passed by the Congress until later and enacted on January 23, 2004.) Total non-emergency appropriations were \$785 billion, which exceeded the Request by \$1.5 billion. Within this amount, DOD was funded at \$4.6 billion below the request, homeland security was \$0.4 billion below the request, and non-security funding increased by nearly \$6.5 billion over the request.

February 2, 2004

(12)

The President transmitted the FY 2005 Budget to Congress proposing \$1.1 trillion in net tax reductions over the 10 years, 2005 through 2014, including permanent extension of many previously enacted tax cuts. New proposals included an above-the-line deduction for high-deductible insurance premiums, a number of proposals designed to simplify the tax laws for families, and proposals to strengthen the employer-based pension system. The Administration also proposed a number of provisions designed to close loopholes and improve tax compliance, as well as a reauthorization of funding for the Highway Trust Fund. The Budget also proposed a net decrease of \$35 billion in mandatory spending over 2005-2014 and a discretionary increase of 3.9 percent. Within discretionary, Defense increased by 7 percent, Homeland Security by 10 percent, and non-security by 1 percent.

April 2, 2004

(13)

The President submitted a legislative proposal to the Congress to establish comprehensive binding controls on spending, including PAYGO for mandatory spending and caps on annual appropriations bills.

May 12, 2004

(14)

The President requested a supplemental "Bridge Fund" of \$25 billion for the War on Terror and the Congress enacts \$28 billion soon thereafter, with the \$3 billion difference primarily for firefighting, (\$0.5 billion), international programs (\$0.8 billion), and an additional \$1.8 billion for DOD.

Fall, 2004

(15)

The 2004 Hurricane season saw an unusual number of storms affecting the Gulf Coast and other areas, including Hurricanes Charley, Frances, Ivan, and Jeanne and Tropical Storm Bonnie. On Sept. 6, the President requested an emergency supplemental of \$2 billion for FEMA disaster relief with additional funds to be requested later once the costs were better known. Congress responded by providing the \$2

billion two days later. Four additional requests followed: \$3.1 billion on September 14; \$7.1 billion on September 27; \$0.7 billion on October 5; and \$0.9 billion on October 7. Congress provided these requests, plus an additional \$2.7 billion for agricultural drought assistance.

October 4, 2004

The President signed into law the Working Families Tax Relief Act of 2004 (H.R. 1308), the fourth major tax measure enacted during his Administration. In addition to maintaining reductions in individual income taxes provided in the Jobs and Growth Tax Relief Reconciliation Act, as proposed in the 2005 Budget, this Act provided tax relief for military families, provided AMT relief for individuals, established a uniform definition of a qualifying child for tax purposes, and reinstated a number of expired or expiring business-related tax incentives. The tax reductions provided in this Act reduced receipts by a net \$146 billion over the 10 years, 2005-2014.

December 8, 2004

The President signed the final FY 2005 appropriations bill. (The defense appropriations bill was completed by October 1; and three more were completed by the Fall elections, along with three continuing resolutions, before the Congress returned and passed the omnibus appropriations act.) Total non-emergency appropriations were \$819 billion, which exceeded the Request by \$0.8 billion. Within this amount, DOD received \$1.7 billion below the request, homeland security was \$0.7 billion over the request, and non-security funding increased by nearly \$2 billion over the request.

February 7, 2005

(16)

The President transmitted the FY 2006 Budget to Congress proposing \$1.3 trillion in net tax reductions over the 10 years, 2006 through 2015, including permanent extension of many previously enacted tax cuts. New proposals included revisions to incentives for investing in health care, where the Administration proposed to provide a refundable tax credit for contributions of small employers to employee Health Savings Accounts and dropped the proposal to provide an above-the-line deduction for long-term care insurance. The Budget also proposed a net decrease of \$71 billion in mandatory spending over 2006-2015; a discretionary increase of 2 percent, less than the projected rate of inflation; and a decrease in non-security discretionary programs of -1 percent.

The Budget also included a placeholder for the 2005 GWOT supplemental of \$81 billion. On February 14, 2005, the Administration transmits an \$82 billion supplemental request for GWOT and for response to the 2004 Tsunami. The final bill was enacted on May 11th at only \$0.1 billion above the requested amount.

June 30, 2005

(17)

The Administration transmitted draft legislation, the Government Performance Improvement Act of 2005, to establish results and sunset commissions. Subsequently, the House Committee on Government Reform reported H.R. 3282, the Abolishment of Obsolete Agencies and Federal Sunset Act of 2005, and HR 5766, the Government Efficiency Act of 2006 on July 20, 2006. The Senate Budget Committee reported S. 3521, the Stop Over Spending Act of 2006, on June 20, 2006; section 412 of that bill contained Commission on Congressional Budgetary Accountability and Review of Federal Agencies.

August 10, 2005

The President signed the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (H.R. 3). In May 2003, DOT had transmitted to Congress a comprehensive six-year (FYs 2004-2009) reauthorization proposal for highway, transit, and highway safety programs. The Administration's central reauthorization principle was to ensure that spending levels for these programs would be supported by resources available from the Highway Trust Fund. After negotiating for two years with Congress, which had sought significantly higher spending than the Administration, an agreement was reached. The bill signed by the President committed \$286.4 billion for surface transportation programs through FY 2009, extended Federal highway user taxes through FY 2011, and made numerous changes to transportation laws affecting safety, the environment, and other matters.

August 29, 2005

(18)

Hurricane Katrina made landfall in Southeast Louisiana and Louisiana/Mississippi State lines. The Administration made two immediate emergency supplemental requests totaling \$62.3 billion to respond to the disaster on September 1 and on September 7. The Congress enacted these requests in two separate acts on September 2 (P.L. 109-61) and September 8 (P.L. 109-62).

The Administration transmitted on October 28 a request to reallocate \$17 billion of the enacted \$62 billion from FEMA to other accounts. This was followed on the same day by a rescission proposal totaling \$2.3 billion. On December 30, the President signed the omnibus bill, which included the reallocation proposal (but not the rescission proposal) and added an additional \$5.2 billion for hurricane response.

November 1, 2005

(19)

The President transmitted a FY 2006 supplemental funding request to implement a strategy to address the heightened threat of avian and pandemic influenza outbreaks. This package totaled \$7.1 billion over three years with \$3.7 billion to be made available immediately and \$2.3 billion to be made available in FY 2007 and \$1.1 billion to be available in FY 2008. Congress acted upon this request but only provided \$3.8 billion upfront and decided to revisit the additional requests at a later time. These funds were provided in Division B of the Defense Appropriations bill, which was enacted on December 30, 2005

December 30, 2005

The President signed the final FY 2006 appropriations bill. (The Interior and Environment and the Legislative Branch bills were completed by October 1; and eight more were completed by the end of November, along with three continuing resolutions, before the Congress finished work on the two remaining bills -- Defense and Labor/HHS -- by the end of December. Each of the appropriations bills passed as a stand-alone measure.) Total non-emergency appropriations were \$834.5 billion, which was \$7.1 billion below the Request, primarily due to a 1 percent across the board cut to all agencies and accounts. Within this amount, DOD received \$8.5 billion below the request, homeland security was \$0.7 billion above the request, and non-security funding increased by \$0.7 billion above the request.

February 6, 2006

(20)

The President transmitted the FY 2007 Budget to Congress proposing \$1.7 trillion in net tax reductions over the 10 years, 2007 through 2016, including permanent extension of many previously enacted tax cuts. New proposals included expansion of Health Savings Accounts proposals. The Budget also proposed a net decrease of \$172 billion in mandatory spending over 2007-2016 (not including Social Security personal accounts); a discretionary increase of less than the projected rate of inflation; and a cut to non-security discretionary spending.

The Budget also included a placeholder for the 2006 GWOT supplemental of \$88 billion and for the 2007 Bridge Fund of \$52 billion. On February 16th, the Administration transmitted to the Congress two separate emergency requests to respond to the Gulf Coast Hurricanes and to continue military operations in Iraq and Afghanistan, totaling \$92.2 billion. Although the Senate attempted to add as much as \$17 billion to the Request, on June 15, after a Presidential veto threat, the Congress provided approximately \$92.2 billion plus \$2.2 billion for previously-requested Pandemic Flu activities (P.L. 109-234).

February 8, 2006

The President signed the Deficit Reduction Act of 2005, which was the first deficit reduction bill enacted since 1997 under budget reconciliation procedures. The Act achieved net mandatory savings of \$58 billion over 10 years (2006-2015) under Administration scoring. (Under CBO scoring, the savings were much larger, totaling \$ 99 billion over 10 years.) The savings resulted largely from reforming Medicaid to promote efficiency, increasing spectrum auction proceeds, and increasing premiums that employers pay to the Pension Benefit Guaranty Corporation. While the net mandatory savings achieved by this Act were significantly below the President's Budget request of \$137 billion over 10 years (2006-2015), this was the most significant legislative action to reduce the deficit since 1997.

May 17, 2006

The President signed the Tax Increase Prevention and Reconciliation Act of 2005, which provided \$69 billion in net tax reductions over the 10 years, 2006-2015. Many of the major reductions provided in this Act - an increase in the AMT exemption amount for 2006, extension of tax rates on capital gains and dividends, and extension of expiring small business expensing - had been proposed in the 2007 Budget.

February 5, 2007

(21)

The President transmitted the FY 2008 Budget to Congress proposing \$1.9 trillion in net tax reductions over the 10 years, 2008 through 2017, including permanent extension of many previously enacted tax cuts. New initiatives included a proposal to provide a flat \$15,000 deduction for family coverage for those with and who purchase health insurance and a modification of the financing of the Airport and Airway Trust Fund. The Budget also proposed a net decrease of \$278 billion in mandatory spending over 2008-2017 (apart from Social Security personal accounts); an increase for non-security discretionary spending below the rate of inflation (when compared with the level in the Continuing Resolution. For the first time, the Budget included full Emergency War funding Requests for both FY 2007 and FY 2008 at \$103 billion and \$145 billion, respectively.

February 15, 2007

The President signed the final FY 2007 appropriations bill, which was a full-year continuing resolution for many non-defense accounts. (Defense was the only bill completed before Oct. 1; and the Homeland Security bill was enacted on October 4th, a few days after the new fiscal year began. The remaining bills were folded into the Fourth Continuing Appropriations Act, which provided appropriations for the full

year.) Total non-emergency appropriations were \$873 billion, which was largely at the Request level. Within this amount, DOD received \$7 billion below the request, homeland security was at the request, and non-security funding increased by \$7 billion above the request. The defense and homeland security bills also provided \$70 billion in bridge funding for the war and \$1.8 billion for border security, respectively.

May 25, 2007
(22)

The President signed the FY 2007 supplemental, which provided a total of \$120.2 billion, \$17.2 billion above the request. The Congress sought levels significantly above the Request and to place unacceptable restrictions on the conduct of the war. The President vetoed the first Conference bill on May 1st, and was able to strip \$4.2 billion from the funding level sought by the Congress and remove all of the highly objectionable language provisions.

July 31, 2007
(23)

The President transmitted a revised FY 2008 supplemental request for \$5.3 billion in additional emergency appropriations for mine resistant ambush protected vehicles (MRAPs) to help protect soldiers from roadside bombs in Iraq, bringing the Administration's total 2008 Emergency Request to \$150.5 billion. The Congress allocated \$5.2 billion in P.L. 110-92, the First Continuing Resolution for FY 2008.

October 18, 2007

Congress sustained the President's October 3rd veto of the State Children's Health Insurance Program (SCHIP) legislation (H.R. 976). The President vetoed this bill because it raised taxes and increased costs by \$35 billion over five years. The President's proposal (estimated at \$19 billion over five years above baseline) reauthorized SCHIP in a fiscally responsible manner by focusing SCHIP on its original objective – to cover low-income children first. The proposal also minimizes the number of children who will drop private health insurance coverage and move to government-run health insurance.

October 22, 2007
(24)

The President transmitted a revised FY 2008 supplemental request for \$45.9 billion following the congressional testimony and assessment of the surge provided by General David Patraeus and Ambassador Ryan Crocker in September, bringing the Administration's total 2008 Emergency Request to \$196.4 billion.

November 2, 2007

The President vetoed the Water Resources Development Act (WRDA) of 2007 (HR 1495) on November 2, 2007, as the bill was not fiscally responsible and exacerbated the massive backlog of ongoing Corps construction projects (which would require an additional \$38 billion in future appropriations to complete). Throughout consideration of the bill the President consistently reinforced the need to achieve greater fiscal discipline by focusing on those projects in the Corps' main mission areas that will yield high economic and environmental returns to the Nation. Congress overrode the President's veto on November 8, 2007.

December 26, 2007

The President signed the final FY 2008 appropriations bill, which was an omnibus bill containing every appropriations bill except the defense bill, which had been enacted on November 13th. (A total of four continuing resolutions were enacted before December 26th.) Total non-emergency appropriations were \$933 billion, \$0.6 billion above the President's Request. Within this amount, DOD received \$4.1 billion below the request; homeland security was \$0.1 billion below the request; international activities were funded at \$2.2 billion below the request; and the remainder increased by \$7 billion above the request.

Of the \$196.4 billion the Administration requested for the War in 2008, the Congress provided (through the CR, the Defense bill, and the Omnibus) approximately \$88.3 billion, leaving \$108.1 billion still to be provided. The FY 2008 Omnibus also provided approximately \$16 billion in unrequested emergency funding for a number of activities including Gulf Coast Hurricane Recovery efforts, firefighting activities, Agriculture disaster relief, LIHEAP, WIC, Minneapolis bridge repair, Veterans Affairs, Border and Port Security, and other International activities.

January 23, 2008.

Congress sustained the President's December 12th veto of the State Children's Health Insurance Program legislation (H.R. 3963). The bill was largely unchanged from the previous vetoed legislation (H.R. 976).

February 4, 2008
(25)

The President transmitted the FY 2009 Budget to Congress proposing \$2.5 trillion in net tax reductions over the 10 years, 2009 through 2018, including permanent extension of many previously enacted tax cuts. This total also included a proposed economic growth package of \$117 billion in net tax reductions over 11 years. Several proposals that had been proposed for a number of years were dropped due to Congressional inaction, and a new initiative - expansion of the mortgage bond program to assist subprime borrowers - was proposed. The Budget also proposed a net decrease of \$616 billion in mandatory spending over 2009-2018 (apart from Social Security personal accounts); an increase for non-security discretionary spending below one percent.

February 13, 2008

The President signed the Economic Stimulus Act of 2008, which provided \$117 billion in rebates for individuals and \$8 billion in net business tax reductions over 11 years (2008 through 2018), including \$168 billion over the first two years.

June 18, 2008

The Food, Conservation, and Energy Act of 2008 was enacted over the President's veto. The President had vetoed the Food, Conservation, and Energy Act of 2008 on May 21, 2008 and again on June 18, 2008 because the bill increased federal spending by more than \$20 billion, failed to reform farm subsidy programs, included many earmarks, and included a new, uncapped program that could result in billions of dollars in subsidies by locking in historically high prices. The President had proposed changes to farm bill programs that increased agricultural spending by \$5 billion but was fully offset within the federal budget. The President also proposed a number of policy reforms, including making programs more market oriented, and focusing payments to producers who really need them. Due to an enrolling error, the Food, Conservation, and Energy Act of 2008 was enacted twice (H.R. 2419 and H.R.6124).

June 30, 2008

The President signed the FY 2008 Supplemental Appropriations Act, which provided \$110.7 billion in net emergency discretionary FY 2008 budget authority for GWOT (\$106.9 billion); floods, hurricanes, and other natural disasters (\$2.8 billion, including for the Midwest floods); and domestic matters (\$1.0 billion). The bill also included \$75.8 billion in FY 2009 emergency discretionary budget authority for GWOT (\$70.1 billion) and Katrina levee repair (\$5.7 billion). With the exception of funding for Midwest floods, which was informally requested, all of the spending fit within the requested discretionary levels. The Congress also added mandatory funding for veterans benefits totaling \$62.8 billion over ten years and unemployment insurance benefits totaling \$8.2 billion over ten years.

July 30, 2008

The President signed the Housing and Economic Recovery Act of 2008, which reformed the regulation of Government Sponsored Enterprises, provided temporary authority to the Secretary of Treasury to purchase Fannie Mae and Freddie Mac securities and other instruments, and created several new housing programs.

September 30, 2008

The President signed the 2009 Continuing Resolution, which contained three final appropriations bills (for Defense, Military Construction and Veterans Affairs, and Homeland Security) that were together funded at \$1.9 billion above the request. The legislation also contained a disaster supplemental of \$22.8 billion, plus emergency appropriations for auto loans (\$7.5 billion), the Low Income Heating Emergency Assistance Program (\$2.8 billion) and weatherization activities (\$0.3 billion); and a continuing resolution through March 6, 2009 for the agencies covered by the remaining nine appropriations bills.

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A BLUEPRINT FOR NEW BEGINNINGS

A RESPONSIBLE BUDGET
FOR AMERICA'S PRIORITIES

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GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in this document may not add to the totals due to rounding.

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I. PRESIDENT'S MESSAGE

I. PRESIDENT'S MESSAGE

To the Congress of the United States:

With a great sense of purpose, I present to the Congress my budget. It offers more than a plan for funding the Government for the next year; it offers a new vision for governing the Nation for a new generation.

For too long, politics in Washington has been divided between those who wanted big Government without regard to cost and those who wanted small Government without regard to need. Too often the result has been too few needs met at too high a cost. This budget offers a new approach—a different approach for an era that expects a Federal Government that is both active to promote opportunity and limited to preserve freedom.

Our new approach is compassionate:

It will revitalize our public schools by testing for achievement, rewarding schools that succeed, and giving more flexibility to parents of children in schools that persistently fail.

It will reinvigorate our civil society by putting Government on the side of faith-based and other local initiatives that work—that actually help Americans escape drugs, lives of crime, poverty, and despair.

It will meet our Nation's commitments to seniors. We will strengthen Social Security, modernize Medicare, and provide prescription drugs to low-income seniors.

This new approach is also responsible:

It will retire nearly \$1 trillion in debt over the next four years. This will be the largest debt reduction ever achieved by any nation at any time. It achieves the maximum amount of debt reduction possible without payment of wasteful premiums. It will reduce the indebtedness of the United States, relative to our national income, to the lowest level since early in the 20th Century and to the lowest level of any of the largest industrial economies.

It will provide reasonable spending increases to meet needs while slowing the recent explosive growth that could threaten future prosperity. It moderates the growth of discretionary spending from the recent trend of more than six percent to four percent, while allowing Medicare and Social Security to grow to meet the Nation's commitments to its retirees.

It will deliver tax relief to everyone who pays income taxes, giving the most dramatic reductions to the least affluent taxpayers. It will also give our economy a timely second wind and reduce the tax burden—now at the highest level as a percentage of Gross Domestic Product since World War II.

Finally, this new approach begins to confront great challenges from which Government has too long flinched. Social Security as it now exists will provide future beneficiaries with the equivalent of a dismal two percent real rate of return on their investment, yet the system is headed for insolvency. Our new approach honors our commitment to Social Security by reserving every dollar of the Social Security payroll tax for Social Security, strengthening the system by making further necessary reform feasible.

Medicare as it exists does not adequately care for our seniors in many ways, including the lack of prescription drug coverage. Yet Medicare spending already exceeds Medicare taxes and premiums by \$66 billion this year, and Medicare will spend \$900 billion more than it takes in over the next 10 years. Reform is urgently needed. Our new approach will safeguard Medicare by ensuring that the resources for reform will be available.

New threats to our national security are proliferating. They demand a rethinking of our defense priorities, our force structure, and our military technology. This new approach begins the work of restoring our military, putting investments in our people first to recognize their importance to the military of the future.

It is not hard to see the difficulties that may lie ahead if we fail to act promptly. The economic outlook is uncertain. Unemployment is rising, and consumer confidence is falling. Excessive taxation is corroding our prosperity. Government spending has risen too quickly, while essential reforms, especially for our schools, have been neglected. And we have little time before the demographic challenge of Social Security and Medicare becomes a crisis.

We cannot afford to delay action to meet these challenges. And we will not. It will demand political courage to face these problems now, but I am convinced that we are prepared to work together to begin a new era of shared purposes and common principles. This budget begins the work of refining those purposes and those principles into policy—a compassionate, responsible, and courageous policy worthy of a compassionate, responsible, and courageous Nation.

GEORGE W. BUSH

February 28, 2001

II. BUDGET HIGHLIGHTS

II. BUDGET HIGHLIGHTS

A New Approach to Budgeting

Moderate Growth in Government and Fund National Priorities:

- Moderates recent rapid growth in spending, while funding national priorities, paying down the debt, and providing tax relief.
- Strengthens and reforms education, granting the Education Department the largest percentage spending increase of any Department (11.5 percent increase in 2002).
- Saves the entire Social Security surplus (\$2.6 trillion) and commits to reforming the program.
- Spends every penny of Medicare tax and premium collections over next 10 years only on Medicare. Modernizes and reforms Medicare.
- Restores commitment to military personnel and begins transition to a 21st Century force structure.

Debt Reduction: Achieves historic levels of debt reduction, retiring the maximum amount of debt possible over 10 years (\$2 trillion).

Tax Relief: Lets taxpayers keep roughly one-fourth of the surplus they produced (\$1.6 trillion over 10 years).

By the Numbers:

- Allocates projected \$5.6 trillion surplus over 10 years. Breakdown of surplus:
 - Saves all of Social Security surplus (\$2.6 trillion) for Social Security.
 - Provides \$1.6 trillion in tax relief over 10 years.
 - Creates an unprecedented \$1.4 trillion reserve for additional needs, debt service, and contingencies.
- Produces a \$231 billion total surplus in 2002.
- Reduces historically high income tax burden.
- Moderates recent explosive growth in discretionary spending to 4.0 percent growth in 2002, an increase of \$26 billion over 2001.
- Moderates growth in spending by making reductions in one-time spending, unjustified programs, duplicative programs, and programs that have completed their mission in 2002.

A New Approach to Budgeting—Continued

Initiative Highlights:

- **K–12 Education.** Increases funding for elementary and secondary education by \$1.9 billion in 2002 over 2001 funding, a 10-percent increase.
- **Reading.** Fully funds President's Reading First initiative at \$900 million in 2002, more than tripling funding for reading.
- **Medicare.** Sets aside \$153 billion over the next 10 years for Medicare modernization, including integration of prescription drug coverage and the Immediate Helping Hand program.
- **National Institutes of Health (NIH).** Continues commitment to double NIH, by providing a \$2.8 billion increase for NIH, the largest annual funding increase in NIH's history.
- **WIC.** Funds the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) at 7.25 million individuals a month, maintaining current program level.
- **Conservation.** Provides the highest ever request for the Land and Water Conservation Fund - fully funding the program at \$900 million.
- **Energy Assistance.** Nearly doubles the existing Weatherization Assistance Program providing an increase of \$1.4 billion over 10 years.
- **Community Health Centers.** Launches a doubling of the number of people served by Community Health Centers by adding 1,200 new sites.
- **Provides tax relief to all Americans who pay income tax.**
- **Reduces the marriage penalty.**
- **Ends the death tax.**
- **R&D tax credit.** Permanently extends the research and development (R&D) tax credit.
- **Tax incentives.** Provides other tax incentives for education, farmers, the disabled, health care, the environment, and charitable purposes.
- **National Defense.** Provides a \$14.2 billion increase in Department of Defense spending in 2002 to begin to arrest the decline in national security, including \$1.4 billion for military compensation to improve quality of life and reenlistment and retention of military personnel, \$2.6 billion for research and development for new technologies (including missile defense alternatives), and \$400 million to improve housing for our military members and their families.
- **International security.** Improves embassy security overseas, adding \$1.2 billion.

THE WHITE HOUSE
WASHINGTON

June 1, 2001

The Speaker of the
House of Representatives

Sir:

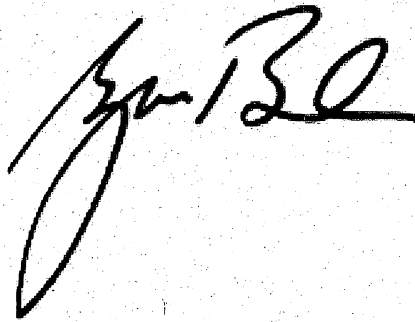
I ask the Congress to consider expeditiously the enclosed requests for FY 2001 supplemental appropriations for the Departments of Agriculture, Defense (including the Army Corps of Engineers), Energy, Health and Human Services, Housing and Urban Development, the Interior, Transportation, the Treasury, and Veterans Affairs; International Assistance Programs; and the National Aeronautics and Space Administration. The additional resources requested are within the FY 2001 discretionary spending limits enacted by Congress last year.

The supplemental request is primarily for defense activities related to pay, support, training and quality of life for military personnel, as well as the coverage of regular operations costs in the current fiscal year. It is imperative to reverse the pattern of underfunding these costs in the annual appropriations measure. Over the last few years, it has become evident that this approach has created uncertainty in the fourth quarter of the fiscal year and disruption to necessary defense operations. The upcoming amendment to my FY 2002 Budget will incorporate elements of the ongoing strategy review currently underway by the Secretary of Defense. But, it is essential that we start off on the right footing. This supplemental request is a much needed recovery effort and helps lay the groundwork on which the strategy review will build. Favorable and prompt consideration of this request will help achieve this objective.

This transmittal also contains FY 2001 supplemental proposals for the Legislative Branch. In the spirit of comity with the Congress, the supplemental requests for the Legislative Branch are transmitted as proposed by Congress.

The details of these actions are set forth in the enclosed letter from the Deputy Director of the Office of Management and Budget. I concur with his comments and observations. To facilitate the orderly conduct of operations, I urge the Congress to expeditiously enact appropriations as requested before the scheduled July recess.

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Q." with a stylized, flowing script.

Enclosure



THE DIRECTOR

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

June 1, 2001

The President

The White House

Submitted for your consideration are requests for FY 2001 supplemental appropriations for the Department of Defense (including the Army Corps of Engineers) and for the Departments of Agriculture, Energy, Health and Human Services, Housing and Urban Development, the Interior, Transportation, the Treasury, and Veterans Affairs; International Assistance Programs; and the National Aeronautics and Space Administration. The additional resources requested are within the FY 2001 discretionary spending limits enacted by Congress and are partially offset by proposed reductions included in this transmittal.

As described below and in more detail in the enclosures, the supplemental requests include the following:

Department of Defense (DoD)

As part of your Administration's effort to address existing DoD needs, a total of \$6.1 billion in supplemental appropriations is requested, partially offset by a reduction of \$0.5 billion in DoD FY 2001 funding. The resulting requests for new DoD discretionary budget authority total \$5.6 billion. See the enclosed table that summarizes DoD's requirements by appropriation title.

Funding is required to finance increased personnel costs resulting from improved health care technologies, newly expanded health benefits, recent pay and benefit increases, and housing allowances. DoD's ability to ensure continuity and leadership depends on retaining highly skilled personnel, and this supplemental is necessary to prevent migration of resources from other areas of the DoD budget. Furthermore, additional funds would support increased housing allowances, thereby reducing out-of-pocket costs to service members living off base.

The supplemental requests would also provide funding to maintain essential levels of training and readiness. In order to maintain pilot proficiency, the military services' fleets of aging aircraft require more resources to achieve adequate flight operation levels. Further, the request includes additional resources necessary for base operations in order to avoid shifting

funds from other needs such as unit training. Funds are also requested for evolving operations, such as Sierra Leone, and to alleviate vulnerabilities in antiterrorism force protection, recently identified by the bombing of the U.S.S. Cole.

In addition, the supplemental request would finance cost growth and contractual commitments for several programs: the C-17 and the Airborne Laser; ships under contract; and, in furtherance of U.S.-Japan relations, the Navy's ability to follow through on plans to recover the bodies of victims lost in the U.S.S. Greeneville-EHIME MARU accident. Further, as a major Federal energy user, DoD has experienced significant increases in the price of electricity, as well as increases in the price of natural gas since last year. Included in this proposal are requests for an energy reduction initiative to assist California in its effort to address the peak energy demand on military bases in that State.

Furthermore, the requested funding would accelerate the transformation of U.S. military capabilities to counter post-Cold War threats more decisively, something that both you and Secretary Rumsfeld have emphasized. The supplemental funds requested would accelerate the development of: information warfare capabilities to enhance the intelligence community's ability to detect terrorist threats; the Global Hawk unmanned aerial vehicle to improve the surveillance and reconnaissance capabilities of deployed forces; and miniature munitions to increase the payload capabilities of combat aircraft. Such funding would expand joint experimentation efforts through additional simulations and other initiatives and bolster programs that are especially promising for the needed transformation of America's defense posture.

As noted above, the proposed supplemental funding for DoD for FY 2001 totals \$6.1 billion. This transmittal also includes proposals to reduce \$0.5 billion of available FY 2001 funding. The proposed reductions include \$475.0 million from the V-22 aircraft procurement program (as distinguished from increased funds for research, development, test and evaluation for V-22 corrective action) and \$30.0 million from the B-52 bomber modifications program. These funds are excess to current requirements.

Department of Agriculture (USDA)

- An additional \$35.0 million is requested for USDA's Animal and Plant Health Inspection Service to strengthen border inspections and to better monitor emerging animal and plant diseases, including foot and mouth disease.
- A proposal is included that would provide assistance to producers in the Klamath Basin area of Oregon and California that are subject to extraordinary circumstances resulting from limited water availability.

Department of Energy (DOE)

- \$140.0 million is proposed for DOE's Weapons Activities program to ensure the safety and operational readiness of the nuclear weapons stockpile.

- A total of \$180.0 million is requested for environmental activities that include site cleanup of waste and contamination from nuclear weapons production and energy research; completion of environmental management projects at several defense facilities closure sites; and activities that address recently identified environment, safety, and health issues at the Paducah, Kentucky, gaseous diffusion plant.

Department of Health and Human Services

- An additional \$150.0 million is proposed for the Low Income Home Energy Assistance Program (LIHEAP) to provide home energy assistance to low-income households in the event of extreme summer heat or other energy-related problem. At the present time, no LIHEAP funds are available to address these potential conditions.

Department of Housing and Urban Development (HUD)

- An additional \$40.0 million is requested to fund Federal Housing Administration (FHA) loan guarantees of apartment developments. New mortgage loans are currently suspended due to a lack of appropriations. This funding, in conjunction with a modest increase in premiums, would allow FHA to resume the program.
- A proposal is included that would allow HUD to use FY 2001 resources for a corrective action in response to a probable FY 2000 Anti-Deficiency Act violation, which occurred during the prior HUD administration.

Department of the Interior (DOI)

- \$50.0 million is requested to allow the Bureau of Indian Affairs to repay the accounts in DOI, from which funds have been transferred to purchase power, and to prevent the shutdown of San Carlos Irrigation Project electric power operations in Arizona.

Department of Transportation

- An additional \$92.0 million is requested for Coast Guard expenses related to increased fuel costs; pay and health care benefits; shortages in aviation spare parts; and for costs of deploying Coast Guard Port Security units to the Middle East.
- A proposal is included that would cancel \$93.0 million for construction and improvement of I-49 in Arkansas. If improvements to I-49 are warranted, the State could use its Federal-aid highway formula allocation for this project.

Department of the Treasury

- \$60.6 million is requested to support Department of the Treasury bureaus and other Federal agencies for operational and perimeter security support costs at the 2002 Winter Olympics in Salt Lake City.

- A total of \$115.8 million is requested to implement a tax rebate program. The requested funding would provide for costs associated with the processing and mailing of tax rebate checks to taxpayers.

Department of Veterans Affairs

Mandatory funding.-The entire amount of the increase of these entitlements was included in the FY 2002 Budget and baseline calculations for the current year as items to be transmitted to the Congress later. Enactment of this request would have no pay-as-you-go effect. Absent this adjustment, there may be insufficient funds to pay these mandatory benefits for the remainder of the current fiscal year.

- An additional \$589.4 million and an increase to the statutory limitation is proposed to assure payment to veterans and their families of mandatory disability compensation and pension benefits that were enacted in law after the FY 2001 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act (P.L. 106-377) was enacted. The request includes funding for a 3.5 percent benefit increase for veterans with service-connected disabilities and survivors of certain disabled veterans, and provides for rate adjustments due to the Consumer Price Index computation error of 1999.
- An additional \$347.0 million is requested to assure payment of mandatory increases in Montgomery GI Bill (MGIB) and related benefits that were enacted in law after P.L. 106-377 was enacted. The funds requested would be made available to ensure payment of a 21-percent increase in basic full-time education monthly benefit rates, an increase in monthly rates for survivors and dependents education assistance, and a change allowing \$2,000 per person for licensing and certification testing under MGIB.

Discretionary transfer authority.-A proposal is included that would permit the transfer of not more than \$19.0 million from the Medical Care account to General Operating Expenses account to provide for additional expenses related to claims processing in the Veterans Benefits Administration. Due to enactment of the Veterans Claims Assistance Act of 2000, and the addition of diabetes to the list of diseases associated with exposure to certain herbicide agents, as provided by the Agent Orange Act of 1991, more than 450,000 claims would be added to the processing workload.

Army Corps of Engineers

- \$50.0 million is requested to provide required response and preparedness work attendant to natural disasters in FY 2001. This is in addition to available funds which are not sufficient to cover these costs in FY 2001.

International Assistance Programs

- A proposal is included that would cancel \$20.0 million of FY 2000 unobligated balances in the Economic Support Fund. This reduction will not impact current operations.

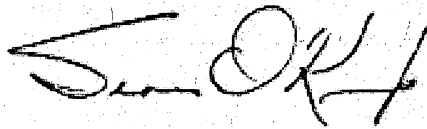
National Aeronautics and Space Administration

- A proposal is included that would allow funds previously designated for the R-2 research mission on the Space Shuttle to be used for support of life and micro-gravity science research on the STS-107 Space Shuttle research mission and for research on the International Space Station. The R-2 mission has been significantly delayed, and the remaining funds will expire at the end of FY 2001 without this action.

In addition, FY 2001 supplemental proposals for the Legislative Branch are included in this transmittal. These supplemental requests for the Legislative Branch are transmitted without change as originally proposed by the Congress.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. The estimates are within the statutory limits for discretionary spending established by Congress last year. The funding requests are necessary to continue orderly operations of the government this fiscal year. Therefore, I join the heads of the affected Departments and agencies in recommending that you transmit the proposals to the Congress.

Sincerely,

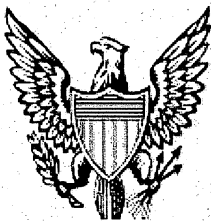
A handwritten signature in black ink, appearing to read "Sean O'Keefe". The signature is stylized with a large, sweeping "S" and a distinct "O'Keefe".

Sean O'Keefe
Deputy Director

Enclosures

**SUMMARY OF PROVISIONS CONTAINED IN THE
CONFERENCE AGREEMENT FOR H.R. 1836,
THE ECONOMIC GROWTH AND TAX RELIEF
RECONCILIATION ACT OF 2001**

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



May 26, 2001
JCX-50-01

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INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, contains a summary of the provisions contained in the conference agreement for H.R. 1836, the Economic Growth and Tax Relief Reconciliation Act of 2001, as approved by the conference committee on May 25, 2001.

¹ This document may be cited as follows: Joint Committee on Taxation, *Summary of Provisions Contained in the Conference Agreement for H.R. 1836, the Economic Growth and Tax Relief Reconciliation Act of 2001*, JCX-50-01 (May 26, 2001).

I. MARGINAL TAX RATE REDUCTIONS

A. Individual Income Tax Rate Structure

New 10-percent rate bracket

The conference agreement creates a new 10-percent regular income tax bracket for a portion of taxable income that is currently taxed at 15 percent, effective for taxable years beginning after December 31, 2000. The 10-percent rate bracket applies to the first \$6,000 of taxable income for single individuals (\$7,000 for 2008 and thereafter), \$10,000 of taxable income for heads of households, and \$12,000 for married couples filing joint returns (\$14,000 for 2008 and thereafter).

Reduction in individual income tax rates

The conference agreement also reduces the other regular income tax rates, effective July 1, 2001. The present-law regular income tax rates of 28 percent, 31 percent, 36 percent, and 39.6 percent are phased-down over six years to 25 percent, 28 percent, 33 percent, and 35 percent, effective after June 30, 2001.

Table 1, below, shows the schedule of regular income tax rate reductions.

Table 1.--Regular Income Tax Rate Reductions

Calendar Year	28% rate reduced to:	31% rate reduced to:	36% rate reduced to:	39.6% rate reduced to:
2001 ¹ -2003	27%	30%	35%	38.6%
2004-2005	26%	29%	34%	37.6%
2006 and later	25%	28%	33%	35%

¹ Effective July 1, 2001.

Rate reduction credit for 2001

The conference agreement includes a rate reduction credit for 2001 to deliver the benefit of the new 10-percent income tax rate bracket during calendar year 2001. Under the conference agreement, taxpayers would be entitled to a credit in tax year 2001 of 5 percent (the difference between the 15-percent rate and the 10-percent rate) of the amount of income that would otherwise be eligible for the new 10-percent rate. Thus, the maximum credit will be \$300 in the case of a single individual, \$500 in the case of a head of household, and \$600 in the case of a married couple filing a joint return. This credit is in lieu of the 10 percent rate bracket for 2001.

Most taxpayers will receive this credit in the form of a check issued by the Department of the Treasury. It is anticipated that the Department of the Treasury will make every effort to issue all checks before October 1, 2001, to taxpayers who timely filed their 2000 tax returns. Taxpayers who filed late or pursuant to extensions will receive their checks later in the fall.

B. Phase-Out of Itemized Deductions

The conference agreement eliminates the overall limitation on itemized deductions for all taxpayers. The otherwise applicable overall limitation on itemized deductions is reduced by one-third in taxable years beginning in 2006 and 2007, and by two-thirds in taxable years beginning in 2008 and 2009. The overall limitation is eliminated for taxable years beginning after December 31, 2009.

C. Phase-Out of Restrictions on Personal Exemptions

The conference agreement phases out the restrictions on personal exemptions. Under the conference agreement, the otherwise applicable personal exemption phase-out is reduced by one-third in taxable years beginning in 2006 and 2007, and is reduced by two-thirds in taxable years beginning in 2008 and 2009. The provision is fully effective for taxable years beginning after December 31, 2009.

II. TAX BENEFITS RELATING TO CHILDREN

A. Increase and Expand the Child Tax Credit

The conference agreement increases the child tax credit to \$1,000, phased-in over ten years, effective for taxable years beginning after December 31, 2000.

Table 2, below, shows the increase of the child tax credit.

Table 2.--Increase of the Child Tax Credit

Calendar Year	Credit Amount Per Child
2001-2004	\$600
2005-2008	\$700
2009	\$800
2010 and later	\$1,000

The conference agreement makes the child credit refundable to the extent of 10 percent of the taxpayer's earned income in excess of \$10,000 for calendar years 2001-2004. The percentage is increased to 15 percent for calendar years 2005 and thereafter. The \$10,000 amount is indexed for inflation beginning in 2002. Families with three or more children are allowed a refundable credit for the amount by which the taxpayer's social security taxes exceed the taxpayer's earned income credit (the present-law rule), if that amount is greater than the refundable credit based on the taxpayer's earned income in excess of \$10,000. The conference agreement provides that the refundable portion of the child credit does not constitute income and shall not be treated as resources for purposes of determining eligibility or the amount or nature of benefits or assistance under any Federal program or any State or local program financed with Federal funds.

The conference agreement provides that the refundable child tax credit will no longer be reduced by the amount of the alternative minimum tax. In addition, the conference agreement allows the child tax credit to the extent of the full amount of the individual's regular income tax and alternative minimum tax.

The provision generally is effective for taxable years beginning after December 31, 2000. The provision relating to allowing the child tax credit against alternative minimum tax is effective for taxable years beginning after December 31, 2001.

B. Extension and Expansion of Adoption Tax Benefits

The conference agreement permanently extends the adoption credit for children other than special needs children. The maximum credit is increased to \$10,000 per eligible child, including special needs children. A \$10,000 credit is provided in the year a special needs adoption is finalized regardless of whether the taxpayer has qualified adoption expenses. The beginning point of the income phase-out range is increased to \$150,000 of modified adjusted gross income. Finally, the adoption credit is allowed against the alternative minimum tax permanently.

The conference agreement permanently extends the exclusion from income for employer-provided adoption assistance. The maximum exclusion is increased to \$10,000 per eligible child, including special needs children. In the case of a special needs adoption, the exclusion is provided regardless of whether the taxpayer has qualified adoption expenses. The beginning point of the income phase-out range is increased to \$150,000 of modified adjusted gross income. The conference agreement generally is effective for taxable years beginning after December 31, 2001. The provisions that extend the tax credit and exclusion from income for special needs adoptions regardless of whether the taxpayer has qualified adoption expenses are effective for taxable years beginning after December 31, 2002.

C. Expansion of Dependent Care Tax Credit

The conference agreement increases the maximum amount of eligible employment-related expenses from \$2,400 to \$3,000, if there is one qualifying individual (from \$4,800 to \$6,000, if there are two or more qualifying individuals) and increases the maximum credit from 30 percent to 35 percent. The conference agreement modifies the phase-down of the credit so that it begins at \$15,000 of adjusted gross income. The provision is effective for taxable years beginning after December 31, 2001.

D. Tax Credit for Employer-Provided Child Care Facilities

Under the Senate amendment, taxpayers receive a tax credit equal to 25 percent of qualified expenses for employee child care and 10 percent of qualified expenses for child care resource and referral services. The maximum total credit that may be claimed by a taxpayer cannot exceed \$150,000 per taxable year. The provision is effective for taxable years beginning after December 31, 2001.

III. MARRIAGE PENALTY RELIEF PROVISIONS

A. Standard Deduction Marriage Penalty Relief

The conference agreement increases the basic standard deduction for a married couple filing a joint return to twice the basic standard deduction for an unmarried individual filing a single return. This increase is phased-in over five years beginning in 2005 and would be fully phased-in for 2009 and thereafter. Table 3, below, shows the standard deduction for married couples filing a joint return as a percentage of the standard deduction for single individuals during the phase-in period.

**Table 3.--Phase-In of Increase of Standard Deduction
for Married Couples Filing Joint Returns**

Calendar Year	Standard Deduction for Joint Returns as Percentage of Standard Deduction for Single Returns
2005	174%
2006	184%
2007	187%
2008	190%
2009 and later	200%

B. Expansion of the 15-Percent Rate Bracket For Married Couples Filing Joint Returns

The conference agreement increases the size of the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the size of the corresponding rate bracket for an unmarried individual filing a single return. The increase is phased-in over four years, beginning in 2005. Table 4, below, shows the increase in the size of the 15-percent bracket during the phase-in period.

**Table 4.--Increase in Size of 15-Percent Rate Bracket
for Married Couples Filing a Joint Return**

<u>Taxable year</u>	<u>End point of 15-percent rate bracket for married couple filing joint return as percentage of end point of 15-percent rate bracket for unmarried individuals</u>
2005	180%
2006	187%
2007	193%
2008 and thereafter	200%

C. Marriage Penalty Relief and Simplification Relating to the Earned Income Credit

For married taxpayers who file a joint return, the conference agreement increases the beginning and ending of the earned income credit phase-out by \$1,000 in the case of taxable years beginning in 2002-2004; by \$2,000 in the case of taxable years beginning in 2005-2007; and by \$3,000 in the case of taxable years beginning after 2007. The \$3,000 amount is to be adjusted annually for inflation after 2008.

The conference agreement simplifies the definition of earned income by excluding nontaxable employee compensation from the definition of earned income for earned income credit purposes. The conference agreement repeals the present-law provision that reduces the earned income credit by the amount of an individual's alternative minimum tax.

The conference agreement adopts a simplified definition of a child for purposes of the earned income credit and modifies the present-law tie-breaking rules. The conference agreement also simplifies the calculation of the earned income credit by replacing modified adjusted gross income with adjusted gross income.

The conference agreement authorizes the IRS, beginning in 2004, to use math error authority to deny the earned income credit if the Federal Case Registry of Child Support Orders indicates that the taxpayer is the noncustodial parent of the child with respect to whom the credit is claimed.

The conference agreement generally is effective for taxable years beginning after December 31, 2001. The provision to authorize the IRS to use math error authority if the Federal Case Registry of Child Support Orders indicates the taxpayer is the noncustodial parent is effective beginning in 2004.

IV. EDUCATION INCENTIVES

A. Modifications to Education IRAs

The conference agreement increases the annual limit on contributions to education IRAs from \$500 to \$2,000. The conference agreement expands the definition of qualified education expenses that may be paid tax-free from an education IRA to include elementary and secondary school expenses. The conference agreement increases the phase-out range for married taxpayers filing a joint return so that it is twice the range for single taxpayers. Thus, the phase-out range for married taxpayers filing a joint return is \$190,000 to \$220,000 of modified adjusted gross income.

The conference agreement provides that various age limitations do not apply to special needs beneficiaries.

The conference agreement clarifies that corporations and other entities (including tax-exempt organizations) are permitted to make contributions to education IRAs, regardless of the income of the corporation or entity during the year of the contribution.

The conference agreement allows a taxpayer to claim a HOPE credit or Lifetime Learning credit for a taxable year and to exclude from gross income amounts distributed (both the contributions and the earnings portions) from an education IRA on behalf of the same student as long as the distribution is not used for the same educational expenses for which a credit was claimed.

The conference agreement repeals the excise tax on contributions made by any person to an education IRA on behalf of a beneficiary during any taxable year in which any contributions are made by anyone to a qualified State tuition program on behalf of the same beneficiary.

The provisions modifying education IRAs are effective for taxable years beginning after December 31, 2001.

B. Private Prepaid Tuition Programs; Exclusion From Gross Income of Education Distributions From Qualified Tuition Programs

The conference agreement expands the definition of “qualified tuition program” to include certain prepaid tuition programs established and maintained by one or more eligible educational institutions (which may be private institutions) that satisfy the requirements under section 529 (other than the present-law State sponsorship rule). In the case of a qualified tuition program maintained by one or more private eligible educational institutions, persons are able to purchase tuition credits or certificates on behalf of a designated beneficiary (as set forth in sec. 529(b)(1)(A)(i)), but would not be able to make contributions to a savings account plan (as described in sec. 529(b)(1)(A)(ii)).

The conference agreement modifies the definition of qualified higher education expenses to include expenses of a special needs beneficiary that are necessary in connection with his or her enrollment or attendance at the eligible education institution.

Under the conference agreement, an exclusion from gross income is provided for distributions from qualified tuition programs to the extent that the distribution is used to pay for qualified higher education expenses.

The conference agreement allows a taxpayer to claim a HOPE credit or Lifetime Learning credit for a taxable year and to exclude from gross income amounts distributed (both the principal and the earnings portions) from a qualified tuition program on behalf of the same student as long as the distribution is not used for the same expenses for which a credit was claimed.

The conference agreement provides that a transfer of credits (or other amounts) from one qualified tuition program for the benefit of a designated beneficiary to another qualified tuition program for the benefit of the same beneficiary is not considered a distribution. This rollover treatment does not apply to more than one transfer within any 12-month period with respect to the same beneficiary.

The conference agreement eliminates the present-law penalty on distributions not used for higher education expenses and instead applies the same additional tax that applies to education IRAs. The conference agreement provides that assets of qualified tuition plans of private institutions must be held in trust.

The provisions are effective for taxable years beginning after December 31, 2001, except that the exclusion from gross income for certain distributions from a qualified tuition program established and maintained by an entity other than a State (or agency or instrumentality thereof) is effective for taxable years beginning after December 31, 2003.

C. Exclusion for Employer-Provided Educational Assistance

The conference agreement extends the exclusion for employer-provided educational assistance to graduate education and makes the exclusion (as applied to both undergraduate and graduate education) permanent, effective with respect to courses beginning after December 31, 2001.

D. Modifications to Student Loan Interest Deduction

The conference agreement increases the income phase-out ranges for eligibility for the student loan interest deduction to \$50,000 to \$65,000 for single taxpayers and to \$100,000 to \$130,000 for married taxpayers filing joint returns. These income phase-out ranges are adjusted annually for inflation after 2002. The conference agreement repeals both the limit on the number of months during which interest paid on a qualified education loan is deductible and the restriction that voluntary payments of interest are not deductible. The provision is effective for interest paid on qualified education loans after December 31, 2001.

E. Eliminate Tax on Awards Under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program

The conference agreement provides that amounts received by an individual under the NHSC Scholarship Program or the Armed Forces Scholarship Program are eligible for tax-free treatment as qualified scholarships under section 117, without regard to any service obligation by the recipient. As with other qualified scholarships under section 117, the tax-free treatment does not apply to amounts received by students for regular living expenses, including room and board. The provision is effective for education awards received after December 31, 2001.

F. Tax Benefits for Certain Types of Bonds for Educational Facilities and Activities

The additional amount of governmental bonds for public schools that small governmental units may issue without being subject to the arbitrage rebate requirements is increased from \$5 million to \$10 million. Thus, these governmental units may issue up to \$15 million of governmental bonds in a calendar year provided that at least \$10 million of the bonds are used to finance public school construction expenditures.

The private activities for which tax-exempt bonds may be issued are expanded to include elementary and secondary public school facilities which are owned by private, for-profit corporations pursuant to public-private partnership agreements with a State or local educational agency. The term school facility includes school buildings and functionally related and subordinate land (including stadiums or other athletic facilities primarily used for school events)² and depreciable personal property used in the school facility. The school facilities for which these bonds are issued must be operated by a public educational agency as part of a system of public schools.

The provisions are effective for bonds issued after December 31, 2001.

G. Deduction for Qualified Higher Education Expenses

The conference agreement permits taxpayers an above-the-line deduction for qualified higher education expenses paid by the taxpayer during a taxable year. Qualified higher education expenses are defined in the same manner as for purposes of the HOPE credit.

In 2002 and 2003, taxpayers with adjusted gross income that does not exceed \$65,000 (\$130,000 in the case of married couples filing joint returns) are entitled to a maximum deduction of \$3,000 per year. Taxpayers with adjusted gross income above these thresholds would not be entitled to a deduction. In 2004 and 2005, taxpayers with adjusted gross income that does not exceed \$65,000 (\$130,000 in the case of married taxpayers filing joint returns) are entitled to a maximum deduction of \$4,000 and taxpayers with adjusted gross income that does not exceed \$80,000 (\$160,000 in the case of married taxpayers filing joint returns) are entitled to a maximum deduction of \$2,000.

The provision is effective for taxable years beginning after December 31, 2001.

V. ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX PROVISIONS

A. Phase-out and Repeal of Estate and Generation-Skipping Transfer Taxes; Increase in Gift Tax Unified Credit Effective Exemption

Under the conference agreement, in 2002, the 5-percent surtax (which phases out the benefit of the graduated rates) and the rates in excess of 50 percent are repealed. In addition, in 2002, the unified credit effective exemption amount (for both estate and gift tax purposes) is increased to \$1 million. In 2003, the estate and gift tax rates in excess of 49 percent are repealed. In 2004, the estate and gift tax rates in excess of 48 percent are repealed, and the unified credit effective exemption amount for estate tax purposes is increased to \$1.5 million. (The unified credit effective exemption amount for gift tax purposes remains at \$1 million as increased in 2002.) In addition, in 2004, the family-owned business deduction is repealed. In 2005, the estate and gift tax rates in excess of

² The present-law limit on the amount of the proceeds of a private activity bond issue that may be used to finance land acquisition does not apply to these bonds.

47 percent are repealed. In 2006, the estate and gift tax rates in excess of 46 percent are repealed, and the unified credit effective exemption amount for estate tax purposes is increased to \$2 million. In 2007, the estate and gift tax rates in excess of 45 percent are repealed. In 2009, the unified credit effective exemption amount is increased to \$3.5 million. In 2010, the estate and generation-skipping transfer taxes are repealed.

From 2002 through 2009, the estate and gift tax rates and unified credit effective exemption amount for estate tax purposes are as shown in Table 5, below.

Table 5.--Estate and Gift Tax Rates and Unified Credit Exemption Amount

Calendar year	Estate and GST tax deathtime transfer exemption	Highest estate and gift tax rates
2002	\$1 million	50%
2003	\$1 million	49%
2004	\$1.5 million	48%
2005	\$1.5 million	47%
2006	\$2 million	46%
2007	\$2 million	45%
2008	\$2 million	45%
2009	\$3.5 million	45%
2010	N/A (taxes repealed)	top individual rate under the bill (gift tax only)

In 2010, the estate and generation-skipping transfer taxes are repealed. Also beginning in 2010, the top gift tax rate will be the top individual income tax rate as provided under the bill, and, except as provided in regulations, a transfer to trust will be treated as a taxable gift, unless the trust is treated as wholly owned by the donor or the donor's spouse under the grantor trust provisions of the Code.

After repeal of the estate and generation-skipping transfer taxes, the present-law rules providing for a fair market value (i.e., stepped-up) basis for property acquired from a decedent are repealed. A modified carryover basis regime generally takes effect, which provides that recipients of property transferred at the decedent's death will receive a basis equal to the lesser of the adjusted basis of the decedent or the fair market value of the property on the date of the decedent's death.

Under the conference agreement, from 2002 through 2004, the State death tax credit allowable under present law is reduced as follows: in 2002, the State death tax credit is reduced by 25 percent (from present law amounts); in 2003, the State death tax credit is reduced by 50 percent (from present law amounts); and in 2004, the State death tax credit is reduced by 75 percent (from present law amounts). In 2005, the State death tax credit is repealed, after which there will be a deduction for death taxes (e.g., any estate, inheritance, legacy, or succession taxes) actually paid to any State or the District of Columbia, in respect of property included in the gross estate of the decedent. Such

State taxes must have been paid and claimed before the later of: (1) four years after the filing of the estate tax return; or (2) (a) 60 days after a decision of the U.S. Tax Court determining the estate tax liability becomes final, (b) the expiration of the period of extension to pay estate taxes over time under section 6166, or (c) the expiration of the period of limitations in which to file a claim for refund or 60 days after a decision of a court in which such refund suit has become final.

The estate and gift rate reductions, increases in the estate tax unified credit exemption equivalent amounts and generation-skipping transfer tax exemption amount, and reductions in and repeal of the state death tax credit are phased-in over time, beginning with estates of decedents dying and gifts and generation-skipping transfers after December 31, 2001.

B. Expand Estate Tax Rule for Conservation Easements

The conference agreement expands availability of qualified conservation easements by eliminating the requirement that the land be located within a certain distance from a metropolitan area, national park, wilderness area, or Urban National Forest. Thus, under the conference agreement, a qualified conservation easement may be claimed with respect to any land that is located in the United States or its possessions. The provisions are effective for estates of decedents dying after December 31, 2000.

C. Modify Generation-Skipping Transfer Tax Rules

The conference agreement makes the following modifications to the generation-skipping transfer tax provisions:

- (1) Deemed allocation of the generation-skipping transfer tax exemption to lifetime transfers to trusts that are not direct skips;
- (2) Retroactive allocation of the generation-skipping tax exemption;
- (3) Severing of trusts holding property having an inclusion ratio of greater than zero;
- (4) Modification of certain valuation rules;
- (5) Relief from late elections; and
- (6) Substantial compliance.

The provisions are generally effective after December 31, 2000.

D. Availability of Installment Payment Relief

The conference agreement expands the availability of installment payment rules to qualified lending and finance business interests and certain holding company stock. In addition, the conference agreement increases from 15 to 45 the number of partners of a

partnership or shareholders in a corporation eligible for installment payments of estate tax. The provisions are effective for decedents dying after December 31, 2001.

E. Estate Tax Recapture from Cash Rents of Specially-Valued Property

The conference agreement provides that, if on the date of enactment or at any time within one year after the date of enactment, a claim for refund or credit of any overpayment of tax resulting from the application of net cash lease provisions for spouses and lineal descendants (sec. 2032A(c)(7)(E)) is barred by operation of law or rule of law, then the refund or credit of such overpayment shall, nonetheless, be allowed if a claim therefore is filed before the date that is one year after the date of enactment. This provision is effective for refund claims filed prior to the date that is one year after the date of enactment.

VI. PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

The conference agreement makes extensive changes to the rules relating to individual retirement arrangements ("IRAs") and qualified pension plans. Among the changes included in the conference agreement are the following provisions:

- (1) Increased contribution limits and catch-up contributions to IRAs;
- (2) Provisions for expanding coverage, including increased contribution and benefit limits for qualified plans, increases in elective deferral limits, and a credit for certain elective deferrals and IRA contributions;
- (3) Provisions to enhance fairness for women, including additional catch-up contributions for individuals over age 50;
- (4) Provisions for increasing portability for plan participants;
- (5) Provisions for strengthening pension security and enforcement; and
- (6) Provisions for reducing regulatory burdens.

VII. AMT RELIEF

The conference agreement increase the individual alternative minimum tax exemption amount by \$2,000 (for single taxpayers) and \$4,000 for married taxpayers filing joint returns for 2001 through 2004.

VIII. MISCELLANEOUS PROVISIONS

Corporate estimated tax

The conference agreement provides that corporate estimated tax payments due on September 15, 2001, are delayed until October 1, 2001, and a portion of corporate estimated tax payments due on September 15, 2004, are delayed until October 1, 2004.

Authority to postpone certain tax-related deadlines by reason of Presidentially declared disaster

The conference agreement permits the Secretary of the Treasury to postpone certain tax-related deadlines for up to 120 days for taxpayers determined to be affected by a Presidentially declared disaster. The provision is effective upon enactment.

Income tax treatment of certain restitution payments to Holocaust victims

The conference agreement provides that excludable restitution payments made to an eligible individual (or the individual's heirs or estate) are: (1) excluded from gross income; and (2) not taken into account for any provision of the Code that takes into account excludable gross income in computing adjusted gross income (e.g., taxation of Social Security benefits). The provision is effective for amounts received on or after January 1, 2000, with no inference with respect to the income tax treatment of any amount received before January 1, 2000.

IX. SUNSET

To ensure compliance with the Congressional Budget Act of 1974, the conference agreement provides that all provisions of the bill generally do not apply for taxable, plan or limitation years beginning after December 31, 2010.

THE WHITE HOUSE
WASHINGTON

September 12, 2001

The Speaker of the
House of Representatives

Sir:

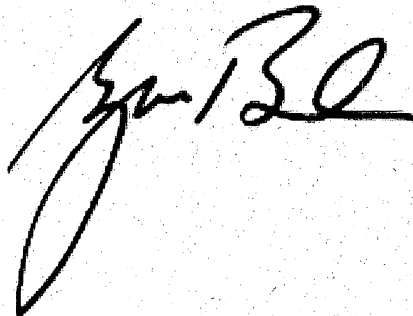
Yesterday, evil and despicable acts of terror were perpetrated against our fellow citizens. Our way of life, indeed our very freedom, came under attack. Our first priority is to respond swiftly and surely. We need to do so in a way that will make Americans proud, especially those heroes who are struggling so valiantly to deal with yesterday's tragedy.

Immediate steps are being taken to protect our citizens at home and around the world. I implemented our Government's emergency response plans, and the functions of our Government continue without interruption. I have directed the full resources of our intelligence and law enforcement communities to find those responsible and to bring them to justice.

Now Congress must act. I ask the Congress to immediately pass and send to me the enclosed request for \$20,000,000,000 in FY 2001 emergency appropriations to provide resources to address the terrorist attacks on the United States that occurred on September 11, 2001, and the consequences of such attacks. Passing this supplemental appropriations bill without delay will send a powerful signal of unity to our fellow Americans and to the world. If additional resources are necessary, I will forward another request for additional funding.

I designate the entire amount as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,

A handwritten signature in black ink, appearing to be "George W. Bush", written in a cursive style.

Enclosure



THE DIRECTOR

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

September 12, 2001

The President

The White House

Submitted for your consideration is a request for \$20,000,000,000 in FY 2001 emergency funding to respond to the consequences of the September 11th terrorist attacks on the United States.

The magnitude of these tragedies demands that these emergency funds be provided as quickly as possible to address the consequences of the disaster. This amount of funding will address needs resulting from yesterday's events. If additional resources are necessary beyond the amount of this request, I will prepare for your approval a request for additional funding. To keep Congress fully informed, we will report to Congress on a quarterly basis regarding the obligation of these funds.

I recommend that you designate this request as an emergency requirement in accordance with section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,

A handwritten signature in dark ink, reading "ME Daniels Jr", is positioned below the word "Sincerely,".

Mitchell E. Daniels, Jr.
Director

Enclosure

THE WHITE HOUSE

WASHINGTON

September 18, 2001

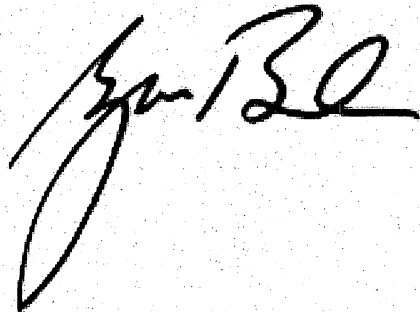
Dear Mr. Speaker:

The House and Senate have just passed -- and I have signed into law -- the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. This Act will allow the United States to respond swiftly and surely to the evil and despicable acts of terror that were perpetrated against our fellow citizens. We will do so in a way that will make Americans proud.

This important legislation provides \$40 billion to provide assistance to the victims of the September 11th attacks and to deal with the consequences of the attacks. The Act was crafted and enacted with strong bipartisan cooperation, and I intend to continue our work with such a bipartisan spirit in the coming days and months, including consulting with Congress on the allocation of the funds as required by the Act.

Pursuant to the requirements in the Act, I hereby request and designate the entire amount provided as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,

A handwritten signature in dark ink, appearing to read "George W. Bush", with a large, stylized flourish at the bottom.

The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

September 14, 2001

The President

The White House

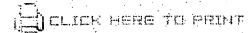
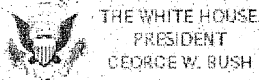
The House and Senate have passed -- and you have signed into law -- the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. The Act requires that you submit a budget request to Congress and designate the entire \$40 billion as an emergency requirement as defined in the Balanced Budget and Emergency Control Act of 1985, as amended.

I recommend that you request and designate this entire amount as an emergency requirement in accordance with section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,

A handwritten signature in dark ink, appearing to read "ME Daniels Jr", is located below the word "Sincerely,".

Mitchell E. Daniels, Jr.
Director



For Immediate Release
Office of the Press Secretary
November 2, 2001

President Calls for Legislative Action on the Economy and Aviation Security

The Oval Office

- View the President's Remarks
- Listen to the President's Remarks
- [En Español](#)

10:38 A.M. EST

THE PRESIDENT: Good morning. Thank you all for coming. I'm meeting with our Secretary of Treasury, Secretary of Labor. We're discussing the new unemployment numbers, and it's not good news for America. The attacks of September 11th have deeply affected the lives of hundreds of thousands of people. Not only has it shattered the lives of those who have lost life; the attacks have threatened the livelihoods of American workers.

I think it's very important for the administration and Congress to work together to extend and expand unemployment benefits to those whose lives have been affected by the attacks.

And we need to work together to prevent further loss of jobs by passing an economic stimulus package that, in fact, will cause the job base to firm up and expand. I believe we've got the ingredients of a good package out of the House. I urge the Senate to work quickly to pass a bill to get the bill in conference, to show the nation that we can, in fact, deal with the aftermath of this tragedy.

My administration will be actively involved with helping to get a package moving. We stand ready. The Secretary of Treasury is prepared to take an active role to expedite the process, and we're prepared to take an active role to make sure that an airline security bill comes out of conference as quickly as possible.

I want to thank the House of Representatives for a good and constructive debate, for the passage of a good piece of legislation, and I look forward to working with members of the Senate and the House to reconcile any differences. And I believe the differences are small, and I believe they can be reconciled quickly.

So if I can sign an airport security bill, airline security bill, it will say to the American people that we are doing everything we possibly can to recover from the aftermath of September the 11th.

I'll be glad to answer questions at the next -- your next opportunity to see me. Thank you.

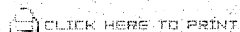
Q This is the best position I'll ever have. (Laughter.)

THE PRESIDENT: We'll work on that. Gordon, make sure the man gets a better position. (Laughter.)

END 10:42 A.M. EST

Return to this article at:

<http://www.whitehouse.gov/news/releases/2001/11/20011102-1.html>



THE BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

Americans will never forget the murderous events of September 11, 2001. They are for us what Pearl Harbor was to an earlier generation of Americans: a terrible wrong and a call to action.

With courage, unity, and purpose, we met the challenges of 2001. The budget for 2003 recognizes the new realities confronting our nation, and funds the war against terrorism and the defense of our homeland.

The budget for 2003 is much more than a tabulation of numbers. It is a plan to fight a war we did not seek—but a war we are determined to win.

In this war, our first priority must be the security of our homeland. My budget provides the resources to combat terrorism at home, to protect our people, and preserve our constitutional freedoms. Our new Office of Homeland Security will coordinate the efforts of the federal government, the 50 states, the territories, the District of Columbia, and hundreds of local governments: all to produce a comprehensive and far-reaching plan for securing America against terrorist attack.

Next, America's military—which has fought so boldly and decisively in Afghanistan—must be strengthened still further, so it can act still more effectively to find, pursue, and destroy our enemies. The 2003 Budget requests the biggest increase in defense spending in 20 years, to pay the cost of war and the price of transforming our Cold War military into a new 21st Century fighting force.

We have priorities at home as well—restoring health to our economy above all. Our economy had begun to weaken over a year before September 11th, but the terrorist attack dealt it another severe blow. This budget advances a bipartisan economic recovery plan that provides much more than greater unemployment benefits: it is a plan to speed the return of strong economic growth, to generate jobs, and to give unemployed Americans the dignity and security of a paycheck instead of an unemployment check.

The plan also calls for maintaining low tax rates, freer trade, restraint in government spending, regulatory and tort reform, promoting a sound energy policy, and funding key priorities in education, health, and compassionate social programs.

It is a bold plan—and it is matched by a bold agenda for government reform. From the beginning of my Administration, I have called for better management of the federal government. Now, with all the new demands on our resources, better management is needed more sorely than ever. Just as the No Child Left Behind Act of 2001 asks each local school to measure the education of our children, we must measure performance and demand results in federal government programs.

Where government programs are succeeding, their efforts should be reinforced—and the 2003 Budget provides resources to do that. And when objective measures reveal that government programs are not succeeding, those programs should be reinvented, redirected, or retired.

By curtailing unsuccessful programs and moderating the growth of spending in the rest of government, we can well afford to fight terrorism, take action to restore economic growth, and offer substantial increases in spending for improved performance at low-income schools, key environmental programs, health care, science and technology research, and many other areas.

We live in extraordinary times—but America is an extraordinary country. Americans have risen to every challenge they have faced in the past. Americans are rising again to the challenges of today. And once again, we will prevail.

George W. Bush

February 4, 2002

THE WHITE HOUSE
WASHINGTON

March 21, 2002

Dear Mr. Speaker:

I ask the Congress to consider expeditiously the enclosed requests, totaling \$27.1 billion, for emergency FY 2002 supplemental appropriations. The requests provide for emergency expenses to support the war on terrorism, homeland security, and economic revitalization activities as the Nation continues to recover and rebuild following the September 11, 2001, terrorist attacks.

I hereby designate specific requests contained in the accompanying material as emergency requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. By category, these emergency requests total:

- Defense: \$14.0 billion
- International: \$1.6 billion
- Homeland Security: \$3.3 billion (excludes \$1.9 billion in a contingent appropriation for the Department of Transportation)
- Assistance to New York: \$5.5 billion

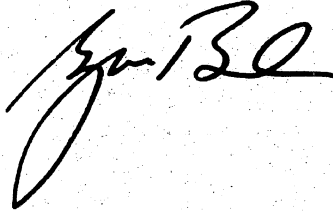
The emergency funding requests include a total of \$2.7 billion in budget authority that would be made available contingent upon my transmittal of later budget requests to the Congress designating the specific amounts requested as an emergency requirement. This contingent budget authority includes \$1.9 billion allocated to the Department of Transportation for the Transportation Security Administration and \$750.0 million allocated to the Department of Labor for economic recovery and assistance to dislocated workers.

This transmittal also contains \$240.0 million in non-emergency requests that are fully offset by proposed reductions.

All of the requests in this transmittal are for the purpose of fulfilling a known and urgent FY 2002 requirement and are unable to reasonably be met through the use of existing agency funds.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

March 20, 2002

The President

The White House

Submitted for your consideration are emergency funding requests, totaling \$27.1 billion, for various Federal Departments and agencies, as well as the Legislative and Judicial Branches and the U.S. Postal Service. The proposals for emergency funding would provide critical resources to support the war on terrorism, homeland security, and economic revitalization activities as the Nation continues to recover and rebuild following the September 11, 2001, terrorist attacks. Of this amount, \$2.7 billion for the Departments of Labor and Transportation would be provided on a contingent basis.

Also included in this transmittal are non-emergency requests for FY 2002 supplemental appropriations for the Department of Agriculture, the Department of Veterans Affairs, the Office of the United States Trade Representative, and the Securities and Exchange Commission. The requests for non-emergency resources are fully offset by reductions in the Departments of Agriculture, Health and Human Services, Housing and Urban Development, the Interior, and Veterans Affairs and International Assistance Programs. In addition, this transmittal contains language proposals for the Departments of Commerce and Transportation.

All of the requests in this transmittal are for the purpose of fulfilling a known and urgent FY 2002 requirement and are unable to reasonably be met through the use of existing agency funds.

As described below and in more detail in the enclosures, the requests include the following:

Defense

- \$14.0 billion for the Department of Defense (DoD) and the intelligence community to prosecute the global war on terrorism for the balance of FY 2002 and to enable DoD to fulfill other national security responsibilities. Expedient approval of this emergency supplemental request is critical for the Department to continue the global war on terrorism and to ensure the readiness of the U.S. military forces to support this and other missions in the months ahead. The \$14.0 billion request includes:

- \$6.7 billion to conduct military operations;
- \$4.1 billion to pay reserve and national guard personnel who are on active duty to support military operations on a full-time basis;
- \$1.4 billion to fund critical command, control, communications, and intelligence support to military operations and classified programs including the National Foreign Intelligence Program;
- \$0.5 billion to procure precision munitions, unmanned aerial vehicles, and unique special operations weapons;
- \$0.4 billion for coalition support; and
- \$0.9 billion for various programs critical to the war effort (e.g., Guantanamo Bay, information operations, and Special Operations Command requirements).

Without the additional funds, the Department will be unable to respond to the evolving military requirements of the global war on terrorism and would have to curtail other operations, cancel training, defer maintenance, and ultimately take other drastic measures to fulfill the President's charge to combat international terrorism aggressively. The Department has already agreed to offset additional operational costs from earlier supplemental funding provided for activities now judged as lower priorities.

International

- \$436.0 million to support the State Department's emergency expenses in support of the United States' efforts to respond to, deter, or prevent acts of international terrorism. This request would provide funding of \$201.0 million for Embassy Security, Construction and Maintenance, which includes construction and renovation costs of the United States' missions in Kabul and Dushanbe, as well as \$20.0 million in additional funding to reopen those missions. The request also includes: \$114.0 million for urgent counter-narcotics and law enforcement support; \$43.0 million for the Contributions International Peacekeeping Activities account; \$20.0 million for State Department domestic security requirements; and \$15.0 million for public diplomacy and exchange accounts.
- \$1.2 billion to support the United States International Assistance Programs in order to deter, or prevent acts of international terrorism. These funds would be used immediately to strengthen the forces of our friends and allies in the fight against terrorism, by providing vitally needed military equipment and training and economic assistance. The request for the Foreign Military Financing Program is \$373.0 million, and the Economic Support Fund request is \$525.0 million.
- \$7.4 million for the Broadcasting Board of Governors to allow Radio Free Europe/Radio Liberty to continue to provide the people of Afghanistan news and information about events within Afghanistan and the surrounding region.

Homeland Security

- \$4.7 billion for the Department of Transportation. The requested funds include: \$2.4 billion to implement and operate the Transportation Security Administration (TSA) for the remainder of FY 2002; \$255.0 million for homeland security activities for the United States Coast Guard; \$19.3 million for implementation and homeland security activities of the new Border Enforcement Program within the Federal Motor Carrier Safety Administration; and, \$3.5 million to upgrade the current Crisis Management Center into a new Transportation Information Operations Center. The request includes \$1.9 billion for TSA, to be made available contingent upon your submission of a later budget request to the Congress designating the entire amount requested as an emergency requirement.
- \$327.0 million to enable the Federal Emergency Management Agency to provide equipment and training grants to States and localities to improve terrorism and chemical-biological response capabilities.
- \$87.0 million for the U.S. Postal Service to continue its efforts to protect employees and postal customers from exposure to biohazardous material and to sanitize and screen the mail for such material, making use of the most cost effective technology possible.
- \$55.0 million for the General Services Administration. Of the funds requested, \$51.8 million would be used to increase security services at Federal buildings nationwide and for additional security equipment and \$2.5 million would be used to help protect against potential disruptions in information technology infrastructure.
- \$51.0 million for the Department of Justice. The requested funds include: \$35.0 million to enable the Immigration and Naturalization Service to fully implement increased air and sea port security initiatives; \$10.0 million for the Federal Bureau of Investigation to support a multi-agency terrorist tracking task force; and \$5.8 million for deployment of the Automated Biometrics Identification System/Integrated Automated Fingerprint Identification System to 30 additional ports of entry.
- Other amounts include: \$26.0 million for the Department of Energy to improve emergency response assets and for critical energy security and assurance activities; \$19.3 million to the National Science Foundation to provide additional funds for the Cybercorps/Scholarships for Service program; \$14.0 million to the Judicial Branch for perimeter security enhancements of the Supreme Court building and grounds and for physical security measures at Federal courthouses and at the United States Court of Appeals for the Federal Circuit; \$13.0 million for the Department of Commerce to begin the Homeland Security Information Technology and Evaluation Program and for standards development for chemical/biological/nuclear/radioactive explosive threat detection equipment; \$12.5 million for the Environmental Protection Agency for additional expenses incurred for anthrax investigations and cleanup actions at the United States Capitol and Congressional office building complex; \$7.5 million for the Legislative Branch for the Copyright Office of the Library of Congress; and \$5.0 million for the Office of Administration within the Executive Office of the President.

Assistance to New York

- \$2.8 billion to enable the Federal Emergency Management Agency to support additional disaster relief efforts in response to the September 11th terrorist attacks.
- \$2.0 billion for the Department of Transportation. Of the funds requested, \$1.8 billion would be used for Capital Investment Grants to replace, rebuild, or enhance mass transportation systems serving the Borough of Manhattan, New York City, New York and \$167.0 million would be used for the restoration and reconstruction of Federal-aid Highways-eligible State and local roads in New York City damaged by the September 11th terrorist attacks.
- \$750.0 million for the Department of Housing and Urban Development for Community Development Block Grants to be provided to the Lower Manhattan Development Corporation (LMDC) to rebuild utility infrastructure destroyed as a result of the September 11th terrorist attacks and to assist LMDC's efforts to rebuild Lower Manhattan.

Economic Recovery

- \$750.0 million for the Department of Labor to assist dislocated workers, to be made available contingent upon your submission of a later budget request to the Congress designating the entire amount requested as an emergency requirement. Of the total request, at least \$550.0 million would be available for National Emergency Grants to provide employment and training and related assistance to dislocated workers.

Non-emergency

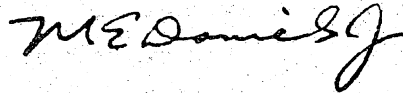
- \$142.0 million for the Department of Veterans Affairs (VA) to ensure that all veterans are able to enroll and seek treatment in the VA medical system.
- \$75.0 million for the Department of Agriculture to provide resources to finance rising participation in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) and increased costs of WIC food and administration.
- \$20.0 million for the Securities and Exchange Commission to fund 100 new positions in the Division of Enforcement to deal with financial fraud and reporting, in the Division of Corporate Finance, and in other divisions as necessary.
- \$3.3 million for Office of the United States Trade Representative to provide payment to the European Communities to cover a three-year period for nullification or impairment of benefits from Section 110 (5) of the U.S. Copyright Act.

Offsets and Legislative Proposals

- Proposed offsets include the following reductions: \$157.0 million in International Assistance Programs; \$50.0 million in the Department of Health and Human Services; \$20.0 million in the Department of Housing and Urban Development; \$10.0 million in the Department of the Interior; \$9.0 million in the Department of Agriculture; and \$5.0 million in the Department of Veterans Affairs.
- Legislative proposals include no-cost language changes for the Departments of Commerce and Transportation.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending that you transmit the proposals to the Congress. In addition, I recommend that you designate the funds in the specified categories of Defense, International, Homeland Security (with the exception of \$1.9 billion in a contingent appropriation for the Department of Transportation), and Assistance to New York as emergency funding requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Enclosures

THE BUDGET MESSAGE OF THE PRESIDENT

The budget for 2004 meets the challenges posed by three national priorities: winning the war against terrorism, securing the homeland, and generating long-term economic growth. It restrains the growth in federal spending and addresses the long-term fiscal challenge presented by Medicare and Social Security's unfunded promises. This year's budget also helps America meet its goals both at home and overseas.

We remain at war with an enemy that seeks to use murder, stealth, and fear against all free nations. Yet our response has been resolute. The people of Afghanistan have been freed from the oppressive regime that sponsors the terrorists who planned and carried out the attacks of September 11, 2001. We are hunting down the terrorist leaders and their collaborators, one by one. And we continue to disrupt their plots, shut down their financing, and deny them safe haven.

We have moved to secure the nation's safety. Just 10 days ago, the new Department of Homeland Security began operations in the biggest reorganization of the Federal Government in a half-century. The cabinet-level department unifies the work of 22 programs and agencies and will move quickly to better protect Americans from threats here at home. We also have moved to defend America's interests abroad, and to confront danger wherever it emerges. Working with our allies and partners, we will face down regimes that govern by fear and deception, and we will devote the necessary resources to protect ourselves and our friends against the use of weapons of mass destruction.

We are strengthening our economy by allowing American families to keep more of their own money and encouraging businesses to save, spend, and grow. While the economy is growing, it is not growing fast enough. Too many Americans who want to work can't find a job, and too many American families are falling behind.

The growth and jobs plan I outlined earlier this year will provide critical momentum to our economic recovery. For every American paying income taxes, I propose speeding up the tax cuts already approved by the Congress, because Americans need that relief today. And for America's 84 million investors, and those who will become investors, I propose eliminating the double taxation of stock dividends. Double taxation is unfair and bad for our economy.

Government cannot manage or control the economy. But government can remove the barriers blocking stronger economic growth. My plan will give Americans more tools to achieve that growth.

A recession and a war we did not choose have led to the return of deficits. My Administration firmly believes in controlling the deficit and reducing it as the economy strengthens and our national security interests are met. Compared to the overall federal budget and the \$10.5 trillion national economy, our budget gap is small by historical standards. By protecting our vital national security interests and promoting economic growth, we will meet the challenges and concerns of the American people. We will not let them down.

I will also insist on spending discipline in Washington D.C., so we can meet our priorities. We must prepare for the future costs of Social Security and Medicare. My budget takes the first steps toward modernizing Medicare and includes prescription drug coverage.

We will continue to focus on getting results from federal spending. A federal program's measure of success is not its size, but the value it delivers. And my budget will focus on this goal in a new and important way. If federal programs cannot show results, they should be overhauled, or retired.

And while human compassion cannot be summarized in dollars and cents, this budget addresses the many challenges our society faces: bridging the gap for low-income families, so they can buy affordable homes; helping communities of faith pull the addicted from the grip of drugs; lifting children out of poverty and hopelessness by creating good schools and offering them caring adult mentors; and easing the pain and hardship of the global epidemic of AIDS.

Some of the challenges we face will endure for many years and require great resources. As we look down that path, we will not always get to choose which battles we fight. It is, however, our duty to fight them. History may not remember every single way we contributed to this nation's betterment, but it will remember if we failed to try. The courage to take on challenges, and the enterprise with which we have succeeded in meeting them, have always distinguished America. This same courage and enterprise will help America meet these challenges, and prevail once again.

GEORGE W. BUSH

February 3, 2003

THE WHITE HOUSE
WASHINGTON

March 25, 2003

Dear Mr. Speaker:

On October 16, 2002, I signed into law the "Authorization for Use of Military Force Against Iraq Resolution of 2002" (Public Law 107-243). After condemning Saddam Hussein's continued possession of chemical and biological weapons, obstruction of inspections, and brutal repression of the Iraqi people, the Congress affirmed, "Iraq poses a continuing threat to the national security of the United States and international peace and security of the Persian Gulf region and remains in material and unacceptable breach of its international obligations."

Subsequent to enactment of Public Law 107-243, the United Nations Security Council unanimously agreed to Resolution 1441 offering Iraq one final chance to disarm. After more than a decade of deceit and defiance, the regime, yet again, failed to "fully and unconditionally" comply. Iraq continues to pose a grave danger to global peace and security. The United States and our allies must seek to disarm Iraq and liberate the Iraqi people, and we will prevail.

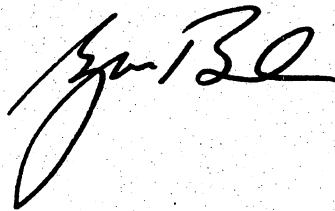
Today, I submit a request for 2003 supplemental appropriations to support Department of Defense operations in Iraq and to strengthen the capabilities of our friends and allies who will share the burden of military and stabilization activities. Disarming and liberating Iraq is a first step. This request also provides immediate humanitarian relief, support for reconstruction and the development of a free-market democracy in Iraq. Finally, the request will enhance the safety and well-being of Americans at home and abroad with investments managed by the Department of State, the Department of Homeland Security, and other agencies.

This request reflects urgent and essential requirements. Much of the funding has been requested with flexible authorities. This flexibility will ensure requirements can be immediately addressed as they arise despite the unpredictable scope,

duration and intensity of operations. I ask the Congress to appropriate the funds as requested, and promptly send the bill to me for signature. I urge the Congress to refrain from attaching items not directly related to the emergency at hand.

This supplemental request provides essential support to guarantee the success and safety of our men and women in uniform, to help enhance the security of America and her citizens, and to establish an Iraqi nation, free, prospering and at peace with her neighbors.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

March 25, 2003

The President

The White House

Submitted for your consideration are requests for FY 2003 supplemental appropriations that would provide funds to cover military operations, relief and reconstruction activities in Iraq, ongoing operations in the global war on terrorism, enhancements to the safety of U.S. diplomats and citizens abroad, support for U.S. allies critical to succeeding in the war, and homeland security protection and response measures.

You have made the decision to use all necessary means to enforce multiple U.N. Security Council Resolutions and implement the Joint Congressional Resolution to disarm Iraq. To achieve these objectives, enhance security in the United States, and support crucial friends and allies, the request for supplemental funds includes:

Department of Defense and classified activities

\$62.6 billion is requested to address the costs related to military operations against Iraq and sustaining efforts in the continuing global war on terrorism. The request includes funds for preparatory costs already incurred, the estimated costs associated with military operations against Iraq, and replenishing munitions that are likely to be expended. The proposal also includes funds to support other nations in the global war on terrorism.

The request is built on the key assumption that U.S. military action in Iraq will be swift and decisive. We are seeking funds in a consolidated emergency response account which will allow the maximum flexibility to promptly transfer funds as needed to the appropriate agency, service, or account as the war advances. The request includes:

Defense Emergency Response Fund (\$59.9 billion)

- *At least \$53.4 billion for Military Operations in Iraq.* This amount would cover the costs associated with: the mobilization to active duty of Reserve and National Guard personnel to support military operations on a full-time basis, including pay, travel, per diem, and health care; personnel necessary to maintain critical manning at authorized levels and special pays, such as Imminent Danger Pay, Family Separation Allowance, and Foreign Duty Pay; support for active duty military personnel; and, operations, such as incremental

flying hours, ship steaming days, ground operations, special airlift missions, increased associated ship and aircraft maintenance, associated logistics support, fuel purchases, base support, and reconstruction. These funds also will reimburse accounts used for projects completed or underway that were necessary to prepare for military action in Iraq.

- *Up to \$3.7 billion for Munitions Replenishment.* These funds would be used to replenish munitions expended during military operations in Iraq and in the global war on terrorism. These funds could be used to replace precision munitions, ammunition, and other conventional munitions in order to restore inventories to pre-conflict levels.
- *At least \$1.7 billion for Classified Activities.* These funds would cover the costs associated with classified activities undertaken in Iraq and in the global war on terrorism.
- *Up to \$1.1 billion for Equipment Procurement and Research and Development.* These funds would be used to develop, procure, and upgrade systems necessary to prosecute the global war on terrorism, including operations in Iraq. These systems include command, control, communications, computer and intelligence equipment, chemical and biological detection and decontamination gear, targeting devices, and spare and repair parts needed to keep pace with increased operational tempo.

Other Defense Accounts (\$2.7 billion)

- *\$1.4 billion to Support Coalition Partners.* These funds would assist key cooperating nations supporting military operations in Iraq and the global war on terrorism.
- *\$0.7 billion for Other Programs.* These funds would cover the costs to repair potential damage to Iraqi oil facilities and assure an adequate internal distribution infrastructure. Funds would also continue U.S. efforts to support Colombia's unified campaign against narcotics trafficking and terrorist activities and would continue training of the Afghan National Army.
- *\$0.4 billion for Fuel.* This amount would cover the increased cost of fuel.
- *\$0.2 billion for Military Construction.* These funds would be used to construct facilities in Guantanamo Bay, the government's focal point for the processing, interrogation, adjudication, and detention of enemy combatants captured in the global war on terrorism. The funds also would cover construction of taxiways, parking aprons at Air Force facilities in the Middle East, and construction of housing and facilities for military and civilian personnel of coalition partners supporting the global war on terrorism.

Department of State

\$296 million is proposed for necessary operating costs for the Department of State, evacuation of U.S. citizens worldwide, and assistance for refugees or internally displaced persons due to the conflict with Iraq.

- *\$101 million for Diplomatic and Consular Programs.* These funds would provide for additional operating costs for the Department of State globally, in Iraq, and to enhance worldwide security programs.

- *\$66 million for Emergencies in the Diplomatic and Consular Service.* These funds would be used to evacuate U.S. government employees and private citizens and to provide additional services to American citizens should the need arise. Funds would be returned to the Treasury if unused by year's end.
- *\$50 million for the U.S. Emergency Refugee and Migration Assistance Fund (ERMA).* These funds would replenish resources to enable this account to respond to urgent, unforeseen refugee and migration events. ERMA funds were used to support international organizations' prepositioning of supplies related to potential conflict.
- *\$34 million for the Andean Counterdrug Initiative.* These funds would be used for needed security and counterdrug assistance in Colombia.
- *\$25 million for International Narcotics Control and Law Enforcement.* These funds would be used for border security requirements in Pakistan.
- *\$20 million for Embassy Security, Construction and Maintenance.* These funds would be used for immediate temporary facilities for State Department and other agency employees in Iraq.

International Assistance Programs

\$5.02 billion is requested to support key coalition partners in the conflict with Iraq and in the global war on terrorism. This request includes:

- *\$2.1 billion for Foreign Military Financing.* These funds will strengthen the forces of our partners and allies in military and stabilization operations in Iraq and the ongoing war on terrorism. \$1 billion would be made available for Israel to enhance security in light of threats posed by the war with Iraq.
- *\$2.4 billion for the Economic Support Fund (ESF).* These funds would provide critical economic support to Jordan, Turkey, Afghanistan, and Egypt and support educational and economic opportunities in the Middle East. In addition, loan guarantees will be made available to Israel. Of the total requested for ESF, \$40 million would reimburse amounts used to preposition relief and reconstruction supplies and services prior to the conflict.
- *\$0.2 billion for Peacekeeping Operations.* These funds would assist coalition partners and front line states supporting operations in Iraq, including funding for follow on stabilization activities.
- *\$150 million for the United States Emergency Fund for Complex Foreign Crises.* This contingency fund would be used for a range of unforeseen needs including support for stabilization operations in Iraq. Use of this Fund would require a Presidential determination that a complex emergency exists and that it is in the national interest to use the Fund to respond to it.

- *\$120 million for International Disaster Assistance (\$80 million) and Child Survival and Health Programs Fund (\$40 million).* These resources would reimburse these accounts for funds used to preposition people, supplies, and commodities prior to the conflict with Iraq.
- *\$28 million for Nonproliferation, Anti-Terrorism, Demining and Related Programs.* These funds would be used in Afghanistan for antiterrorism training, protection equipment, and demining, and for antiterrorism training programs in other countries.
- *\$22 million for Operating Expenses of the Agency for International Development (USAID).* These funds would help cover the cost of potential evacuations of USAID personnel, fund start-up costs for USAID operations in Iraq, and help cover costs of the USAID Inspector General for auditing reconstruction and relief activities in Iraq.

Broadcasting Board of Governors

- *\$30.5 million for International Broadcasting Operations.* These funds would be used to accelerate Middle East Television Network start-up and increase radio broadcasting to Iraq.

Homeland Security Requirements

\$4.25 billion is proposed to address Homeland Security requirements, which includes:

- *\$3.5 billion for the Department of Homeland Security.* This would provide \$1.5 billion for prevention and response operations of departmental agencies, such as increased border and maritime operations, including Coast Guard support of the Department of Defense; and \$2.0 billion for Office for Domestic Preparedness assistance to state and local governments to support federally-coordinated terrorism prevention and security enhancements at this time of heightened threat, and terrorism preparedness for first responders.
- *\$500.0 million for the Department of Justice.* These funds would support immediate and emerging terrorism-related prevention and response requirements, including additional intelligence and investigative activities.
- *\$250.0 million for the Executive Office of the President's Emergency Response Fund.* These funds would support immediate and emerging terrorism-related prevention and response requirements throughout the federal government.

Specific homeland security requirements must be flexible enough to meet emerging threats or respond to attacks, so precise allocation of these funds cannot be determined in advance. Congressional notification would be provided 15 days prior to any anticipated allocation of funds.

Executive Office of the President (EXOP)

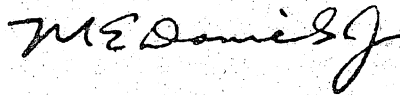
- *\$2.4 billion is requested for EXOP for Relief and Reconstruction in Iraq.* This request would fund a new flexible account focused on Iraq relief and reconstruction. \$1.7 billion is requested to support reconstruction in the areas of health, water/sanitation, education, electricity, transportation, telecommunications, rule of law/governance, economic and financial policy, and agriculture. \$543 million is requested for humanitarian assistance to refugees, internally displaced persons, and vulnerable individuals, including humanitarian demining in and around Iraq. In addition, up to \$200 million will be available to replenish accounts drawn down to buy emergency food stocks for the Iraqi people. Flexible authorities for this account will allow quick transfer of funds to all agencies involved in relief and reconstruction as requirements are defined. These funds are in addition to reimbursements for costs already incurred to preposition relief supplies. The total commitment of resources for Iraq relief and reconstruction is approximately \$3.5 billion. This includes funds made available under the Do D heading for oil field repair, contingency accounts, and reimbursement for pre-positioning supplies.
- Additional funding for the Executive Office of the President is discussed under Homeland Security Requirements.

Legislative Branch

- *\$125 million is requested for the Legislative Branch.* These funds would support immediate and emerging terrorism-related prevention and response requirements throughout the Legislative Branch.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending you transmit the proposals to the Congress.

Sincerely,



Mitchell E. Daniels, Jr.
Director

Enclosures

THE WHITE HOUSE
WASHINGTON

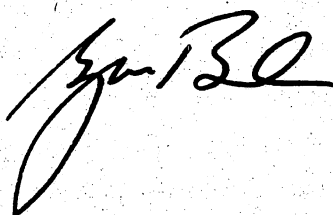
July 7, 2003

Dear Mr. Speaker:

I ask the Congress to consider expeditiously the enclosed requests, totaling \$1.9 billion, for emergency FY 2003 supplemental appropriations. I hereby designate the specific proposals in the amounts requested herein as emergency requirements.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

July 7, 2003

The President

The White House

Submitted for your consideration are FY 2003 supplemental proposals, totaling \$1,889 million, for the Departments of Agriculture, Homeland Security, and Interior, and the National Aeronautics and Space Administration.

As described below and in more detail in the enclosures, the requests include the following:

Wildland Firefighting -- Departments of Agriculture (USDA) and Interior (DOI)

An additional \$289 million is proposed for USDA's Forest Service (\$253 million) and DOI's Bureau of Land Management (\$36 million). These funds are needed to ensure that sufficient funding is available for the 2003 fire season as large portions of the West remain at risk for major fire activity this summer. Specifically, these supplemental requests would provide funding for wildland fire suppression and emergency rehabilitation activities.

These requests would bring the total FY 2003 funding available for wildland fire suppression to a level equal to the 10-year average, which includes the severe 2002 fire season. It is essential that Congress provide at least the same total amount for fire suppression funding in FY 2004 through the regular appropriations process.

Disaster Response -- Department of Homeland Security (DHS) and National Aeronautics and Space Administration (NASA)

A total of \$1,600 million is proposed for emergency disaster response expenses. Of this amount:

- \$1,550 million is requested for DHS to provide support for ongoing disaster efforts and to ensure the capacity to respond to future disasters and emergencies. This has been the most costly and deadly tornado season in years and the National Weather Service Hurricane Outlook suggests that disaster costs for the hurricane season just entered could

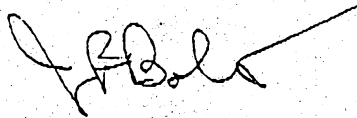
be higher than anticipated. It is estimated that the Disaster Relief Fund will exhaust its current resources by the end of July 2003 and that additional resources are needed to continue to provide emergency assistance.

- \$50 million is requested for NASA to respond to the unanticipated costs associated with the recovery and investigation of the Space Shuttle *Columbia* accident in excess of the \$50 million provided by the Congress in the FY 2003 Consolidated Appropriations Act (Public Law 108-7).

All of the requests in the transmittal are for the purpose of fulfilling known and urgent requirements that cannot reasonably be met through the use of existing agency funds. I recommend that you designate the specific proposals contained in this transmittal as emergency requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and the NASA Administrator in recommending you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. B. Bolten', with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosures

THE WHITE HOUSE

WASHINGTON

September 17, 2003

Dear Mr. Speaker:

Two years ago, we responded to attacks on America by launching a global war against terrorism that has removed gathering threats to America and our allies and has liberated the Iraqi and Afghan people from oppression and fear.

America is making steady progress in the war on terror. Nearly two-thirds of al Qaeda's leadership has been captured or killed. In Afghanistan, we removed the Taliban from power and shut down terrorist training camps. In Iraq, we led a coalition that removed a dangerous tyrant who sponsored terror, possessed and used weapons of mass destruction, and for 12 years defied the clear demands of the United Nations Security Council.

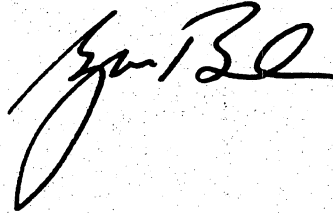
Today, I am submitting a request for 2004 supplemental appropriations for ongoing military and intelligence operations in Iraq, Afghanistan, and elsewhere. Our men and women in uniform, alongside our coalition partners, are bringing peace and stability to Iraq and fighting the terrorist threat. In Afghanistan, our Armed Forces continue to track down terrorists and provide security as the Afghan people rebuild their nation. Our commitment to ongoing operations against terrorism is worthy of our country and critical to our security.

My request also supports the Coalition Provisional Authority's reconstruction operations in Iraq and supports reconstruction efforts in Afghanistan. These reconstruction funds are essential to secure the transition to self-government and to create conditions for economic growth and investment. By helping the Iraqi and Afghan people build free and democratic nations, America and our allies are bringing freedom and hope to a troubled region, and undermining a key base of operations for terrorists. The sooner we achieve these conditions, the sooner our troops will return home.

This request reflects urgent and essential requirements. I ask the Congress to appropriate the funds as requested, and promptly return the bill to me for signature. I hereby designate the specific proposals in the amounts requested herein as emergency requirements. I urge the Congress not to attach items that are not directly related to the emergency abroad.

The details of the request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Dennis Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

September 17, 2003

The President
The White House

Submitted for your consideration is a request for FY 2004 supplemental appropriations totaling \$87 billion that primarily funds ongoing military operations in Iraq and Afghanistan, as well as relief and reconstruction activities in those countries.

These funds will be used to help secure the transition to democracy in both Iraq and Afghanistan while creating conditions for economic investment and growth in both countries. To achieve these objectives and thereby enhance security in the United States, the request for supplemental funds includes:

Department of Defense and classified activities – \$65.6 billion

- This request provides approximately \$51 billion for Operation Iraqi Freedom and \$11 billion for Operation Enduring Freedom. Approximately \$4 billion covers costs associated with Operation Noble Eagle and support for our allies in the war on terror.
- The two major military cost items are increased operational tempo at approximately \$32 billion and military personnel costs at approximately \$18 billion. Military construction, procurement of equipment, maintenance, military health care support, and classified activities (described in separate materials) account for \$13 billion.

Coalition Provisional Authority and Department of State – \$21.4 billion

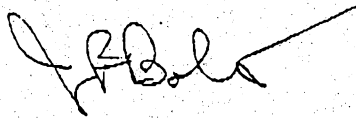
- This request provides \$20.3 billion for the Iraq Relief and Reconstruction Fund for use by the Coalition Provisional Authority (CPA). The CPA plans to spend \$5.1 billion to enhance security, including: border enforcement; building a national police service; standing up a new Iraqi Army; and reforming the justice system. CPA also plans to spend \$5.7 billion to provide basic electricity services, \$3.7 billion to provide basic water and sewer services, and \$2.1 billion to rehabilitate Iraq's oil infrastructure. These resources are essential to help create the conditions that will allow U.S. troops to return home.
- The request includes \$800 million for pressing security and reconstruction needs in Afghanistan, including building the Afghan National Army and continuing construction to complete the road from Kabul to Herat.

- The request also includes \$140 million for State Department operations, which provide secure temporary State Department facilities in Iraq and ensures that funds are available to pay rewards in the war on terror.

All of the requests in the transmittal are for the purpose of fulfilling known and urgent requirements that cannot reasonably be met through the use of existing agency funds. I recommend that you designate the specific proposals contained in this transmittal as emergency requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bolten', with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosures

THE BUDGET MESSAGE OF THE PRESIDENT

The Budget I am proposing for 2005 is a reflection of this Nation's goals and purpose, and advances our three highest priorities. First, America will prevail in the War on Terror by defeating terrorists and their supporters. Second, we will continue to strengthen our homeland defenses. Third, this Nation is building on the economic recovery that began in earnest in 2003 with policies that further promote growth and job creation. In addition, we will continue to strengthen the domestic institutions that best express our values, and serve the basic needs of all: good schools, quality and affordable health care, and programs that promote hope and compassion in our communities. In meeting these priorities, the Government must exercise fiscal responsibility by limiting spending growth, focusing on the results of Government programs, and cutting wasteful spending.

In 2003, America made great progress in the War on Terror. Afghanistan, which once was ruled by the repressive Taliban regime, now has adopted a new constitution, taking a fundamental step on the path to democracy. In Iraq, the remnants of the Ba'athist regime are being systematically rounded up, and Iraqis are assuming responsibility for their own security and future government. Libya has pledged to disclose and dismantle all of the regime's weapons of mass destruction programs.

These victories do not change a fundamental truth: Our Nation remains at war. In this war, which began on September 11, 2001, our citizens are the strategic targets of our enemy. We have responded in two significant ways: First, we have taken the offensive to hunt down the terrorists, deny them easy refuge, identify and seize their secret finances, and hold them and their sponsors to account. Second, we have moved to secure the Nation's homeland. In 2003, the new Department of Homeland Security began operations in the biggest reorganization of the Federal Government in half a century. Over this past year, we have taken steps to reduce the terrorist threat to Americans here at home, and protect American interests overseas. This Nation has committed itself to the long war against terror. And we will see that war to its inevitable conclusion: the destruction of the terrorists.

Our Budget reflects the continuing importance of providing for the defense and security of the American people. We will continue to provide whatever it takes to defend our country by fully supporting our military, which is performing with great skill and honor in our battles overseas. We also are providing the necessary resources to our law enforcement and emergency personnel at home to meet the new threats posed by terrorists.

Just as we have taken much-needed steps to strengthen our national security, we have also pursued an aggressive agenda to promote our economic security. In 2003, we worked with the Congress to accelerate much of the tax relief that had been passed in 2001, so that Americans could keep more of their paychecks and so that businesses would have more incentive to invest in new jobs and new equipment. As a result, our economy is strong, and growing stronger. Economic output in the third quarter rose at its fastest annual pace in nearly 20 years. More manufacturers reported rising factory activity than at any point in the last 20 years. American homeownership reached its highest level ever. Employment is on the rise. By cutting tax rates on investment gains and dividend payments, we promoted saving, capital formation, and investment—and Americans' holdings in the stock market rose by almost \$3 trillion.

There is still more to do, however. We cannot be satisfied until every American looking for work has found a job. We must sustain the momentum of this recovery by making the tax relief passed in 2001 and 2003 permanent. We will continue to open markets abroad for American products. And as the economy improves, we will also confront the challenge faced by workers who must learn new skills to fill new jobs. As a Nation, we must help Americans develop the skills they need to succeed in a highly competitive, highly productive economy. And so this Budget continues to support high standards in our schools and proposes a Jobs for the 21st Century initiative to ensure older students and adults can gain the skills they need to find work now.

Economic growth and good stewardship of taxpayer dollars will help us meet another important priority: cutting the budget deficit brought on by recession and war. We must continue to evaluate each Federal program, to make sure that it meets its goals, and produces the desired results. I propose to hold discretionary spending growth below four percent, less than the average rate of growth of American family incomes. And spending unrelated to defense and homeland security will be held below one percent growth—less than the rate of inflation—while continuing to meet education, health care, and other priorities of this Nation. With this spending restraint and continued pro-growth economic policies, we can cut the deficit in half over the next five years.

Finally, this Budget addresses the needs of a great and compassionate Nation, whose values are strong, and whose institutions of hope are enduring. We are helping communities of faith pull the addicted out of dependency. We are lifting children out of a life of despair by making sure they have mentors, and we will continue to press for improvements in our schools, so that no child is left behind. We are extending hope and healing to millions suffering from the global epidemic of AIDS. We will begin to implement the benefits of our Medicare modernization and reform law, which will bring all our seniors coverage for prescription drugs. And we will make health care more affordable and extend the full benefits of our health care system to more Americans who currently have no health insurance.

Meeting these priorities will require hard work, skill, and the resources of a great Nation. Yet America has always risen to new challenges, and has always set new goals. Challenge and change have revealed the true strengths of this Nation and the enterprise of its people. And as 2004 begins, I am confident those gifts will serve us again, until our work is done.

GEORGE W. BUSH

February 2, 2004



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

THE DIRECTOR

April 2, 2004

The Honorable Richard Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

I am pleased to transmit on behalf of the Administration the "Spending Control Act of 2004," a legislative proposal to establish a comprehensive set of binding controls on spending. Also transmitted is an analysis of the proposed legislation.

President Bush and the Congress have responded on all fronts to the challenges the Nation has faced over the last three years, with tax relief to strengthen the economy and create jobs; the largest reorganization of the Federal Government in 50 years to create a new Department of Homeland Security; and the largest increases in our defense and intelligence budgets since the Reagan Administration to wage and win the War on Terror.

While providing the resources necessary to defend America, the President has worked with Congress to ensure spending restraint elsewhere in the budget. As a result, the growth in non-security related discretionary spending has declined from 15 percent in the last budget year of the previous Administration to 6 percent in 2002, 5 percent in 2003, and 4 percent in the current fiscal year.

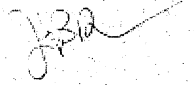
President Bush's 2005 Budget continues this trend, holding the growth of discretionary non-defense, non-homeland security spending to below one percent, less than the rate of inflation. The growth in total discretionary spending, including a 7 percent increase for defense and a 10 percent increase for homeland security, would be held to less than 4 percent. In addition, the President's Budget proposes that all increases in mandatory spending be offset by equal reductions in other spending that is of a lower priority.

The spending restraint reflected in the President's Budget is not automatic, however, and so the President's Budget also proposes enactment of binding budget enforcement mechanisms. The Spending Control Act of 2004 recognizes that budget enforcement mechanisms should be focused on controlling spending, not on increasing taxes on America's workers and families. The risk is not that Americans will be undertaxed—it is that Washington will overspend.

As a result, the proposed Spending Control Act of 2004 includes three main elements: binding limits on discretionary spending through 2009; a pay-as-you-go requirement to restrain the growth in mandatory spending; and new measures to control the long-term unfunded obligations of major entitlement programs. By restraining the growth in Federal spending and pursuing pro-growth economic policies, we can meet the President's goal of cutting the deficit in half within 5 years.

The Administration looks forward to working with the Congress to secure prompt and favorable consideration of this proposed legislation.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Bolten", with a long, sweeping horizontal line extending to the right.

Joshua B. Bolten
Director

THE WHITE HOUSE
WASHINGTON

May 12, 2004

Dear Mr. Speaker:

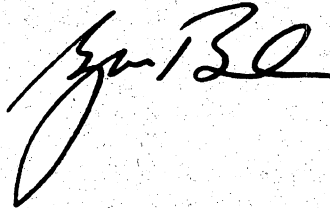
I ask the Congress to consider the enclosed FY 2005 budget amendment to establish a \$25 billion contingent emergency reserve fund to support operations in Iraq and Afghanistan.

Although we do not know the precise costs for operations next year, developments on the ground in Iraq indicate the need to plan for contingencies. We plan to pursue a full FY 2005 supplemental request when we can better estimate precise costs. In the meantime, this reserve fund will ensure that our men and women in uniform continue to have the resources they need when they need them.

I have pledged to our troops that they will have all the resources they need to accomplish this vital mission, and I urge the Congress to approve this reserve fund.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,



The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

May 12, 2004

The President
The White House

Submitted for your consideration is a request for an FY 2005 budget amendment to establish a \$25 billion contingent emergency reserve fund to support operations in Iraq and Afghanistan.

The Department of Defense developed this recommendation following discussions with our commanders in Iraq and Afghanistan. Developments on the ground and uncertainty when Congress would be in session to consider an FY 2005 supplemental indicate that the availability of a reserve fund may be necessary to ensure there is no disruption in funding and resources for our armed forces.

Following Congressional action, the contingent emergency reserve fund would be available only if you make a subsequent request designating all or some of these funds as an emergency and essential to operations in Iraq and Afghanistan. The funds would not be available for reconstruction activities. While the funds initially would be allocated into the Iraq Freedom Fund across the military services, the amendment would provide flexibility to transfer funds if necessary. The contingent emergency reserve fund would be available beginning in FY 2005. The Department believes it has the resources it needs for FY 2004, assuming it has sufficient flexibility to transfer funds between accounts.

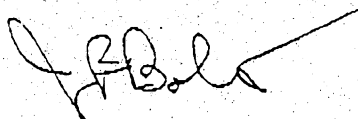
The costs of continued operations over the next year cannot be estimated with precision at this time. The contingent emergency reserve fund would be accessed should there be a need for additional resources. We plan to submit a full supplemental request in early 2005 when the Department of Defense will have better information on required resources. Until then, the reserve fund will ensure that our troops will have the necessary resources when they need them. Funds spent from the reserve would reduce the cost of a full FY 2005 supplemental request.

Recommendation

Attached for your consideration is legislative language that would establish this fund. We understand that both the House and the Senate Armed Services Committees have indicated an interest in authorizing this fund in their FY 2005 Department of Defense Authorization bills. This legislative language could be adapted to authorize this fund.

I have reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Defense in recommending that you transmit the proposal to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bolten', with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosure

THE WHITE HOUSE
WASHINGTON

September 6, 2004

Dear Mr. Speaker:

On August 27th, I announced that I would submit a supplemental request to the Congress of approximately \$2 billion to pay for comprehensive response and recovery efforts after Hurricane Charley. This was in addition to response and recovery efforts being undertaken by federal government agencies using existing resources and programs.

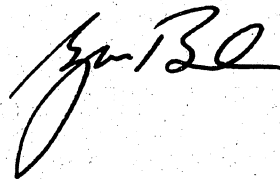
Because of the severity and timing of Hurricane Frances, I ask the Congress to consider expeditiously the enclosed request, totaling \$2.0 billion, for an emergency FY 2004 supplemental appropriation for the Department of Homeland Security.

I hereby designate this proposal in the amount requested herein as an emergency requirement. This request responds to urgent needs associated with Hurricanes Charley and Frances in Florida and other affected areas, and will enable the Federal Emergency Management Agency to respond to additional disasters should they occur.

The enclosed request requires immediate action by the Congress to ensure that the immediate response efforts to these recent disasters continue uninterrupted. I anticipate making a further request in the coming days that will provide for a comprehensive response and recovery effort addressing the impact of both of these hurricanes. In addition, federal government agencies will continue their response and recovery efforts using existing resources and programs.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

September 6, 2004

The President
The White House

On August 27th, you announced that you would submit a supplemental request to the Congress of approximately \$2 billion to pay for comprehensive response and recovery efforts after Hurricane Charley. Because of the severity and timing of Hurricane Frances, I am recommending for your consideration a FY 2004 supplemental proposal, totaling \$2.0 billion, for the Department of Homeland Security. These funds are being requested to assist in the immediate response efforts for areas affected by Hurricanes Charley and Frances, and to allow the Federal Emergency Management Agency (FEMA) to respond to additional disasters should they occur.

I anticipate recommending to you an additional request in the coming days to provide for a comprehensive response to these hurricanes once reliable estimates can be developed that recognize the extent of both disasters.

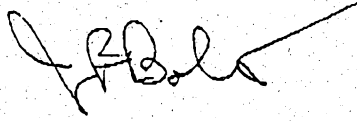
The impact of two major disasters in a three week period has put a serious strain on the resources available to the Federal Emergency Management Agency (FEMA). On September 3, 2004, the Office of Management and Budget sent to the Congress a notification that would allow FEMA to continue obligating funds in anticipation of a supplemental request to the Congress for urgent needs. In light of the expected additional costs associated with the Federal response to Hurricane Frances and the need to continue uninterrupted FEMA's emergency response efforts, I recommend that you request immediate action on this initial request.

This request provides \$2.0 billion for FEMA to continue support for immediate needs in response to Hurricanes Charley and Frances. This funding will support assistance to families and individuals, so that they can be sheltered, fed and provided with medical and other care. Additionally, this funding will assist with emergency protective measures and debris removal in the affected areas. The request also allows FEMA to transfer up to \$30 million to the Small Business Administration to ensure that its disaster recovery efforts will continue uninterrupted.

This request fulfills known and urgent requirements that cannot reasonably be met under the current FY 2004 funding level. I recommend that you designate the proposal contained in this transmittal as an emergency requirement.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Homeland Security in recommending you transmit the proposal to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Bolten", with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosure

THE WHITE HOUSE

WASHINGTON

September 14, 2004

Dear Mr. Speaker:

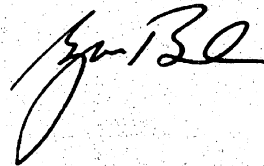
On September 6th, I submitted a supplemental request totaling \$2 billion for the Department of Homeland Security for urgent needs associated with Hurricanes Charley and Frances. Congress' prompt action on this request ensured that immediate response efforts to these recent disasters would continue uninterrupted. In addition to utilizing the supplemental funds provided in Public Law 108-303, the Emergency Supplemental Appropriations for Disaster Relief Act, federal government agencies will continue to use existing resources and programs for response and recovery efforts.

I now ask the Congress to consider the enclosed requests, totaling \$3.1 billion, for additional emergency FY 2004 supplemental appropriations for the Departments of Defense, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, and Veterans Affairs, the Corps of Engineers, the National Aeronautics and Space Administration, the Small Business Administration, and the Executive Office of the President.

I hereby designate these specific proposals in the amounts requested herein as emergency requirements. As I stated in my previous request, these additional requests will allow for a comprehensive response and recovery effort to address the critical needs associated with both of these hurricanes in Florida, North Carolina, South Carolina, and other affected areas. I urge the Congress to limit this emergency request to those items directly related to the recovery efforts from the impact of these recent major disasters.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,



The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



THE DIRECTOR

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

September 14, 2004

The President
The White House

On September 6th, you submitted a supplemental request totaling \$2 billion for the Department of Homeland Security for urgent needs associated with Hurricanes Charley and Frances. The Congress passed on September 7th and you signed into law on September 8th, P.L. 108-303, the Emergency Supplemental Appropriations for Disaster Relief Act, 2004, so that immediate response efforts to these recent disasters would continue uninterrupted.

Submitted for your consideration are additional FY 2004 emergency supplemental proposals, totaling \$3.1 billion, for the Departments of Defense, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, and Veterans Affairs, the Corps of Engineers, the National Aeronautics and Space Administration, the Small Business Administration (SBA), and the Executive Office of the President. These funds are being requested to continue immediate needs assistance to address the impact of Hurricanes Charley and Frances and provide for a comprehensive response and recovery effort in Florida, North Carolina, South Carolina and other affected areas. When combined with already enacted emergency appropriations, supplemental funding associated with these major disasters will exceed \$5 billion. Total Federal grant and loan assistance, including action taken with existing resources and programs, will likely exceed \$7 billion.

At this time, Hurricane Ivan continues to pose a threat of further catastrophic damage in the Southeastern United States. Should it prove necessary, I will make further recommendations to you regarding the impact of this storm prior to final Congressional action on the enclosed request.

As described below and in more detail in the enclosures, the requests include the following:

Department of Defense

- \$72.5 million is requested for the Department of Defense for costs associated with the evacuation, base preparation, base recovery, and damage to structure and equipment at various military facilities caused by Hurricanes Charley and Frances.

Department of Health and Human Services

- \$50.0 million is requested for the Public Health and Social Services Emergency Fund to help provide nutritional, medical and social services to affected elderly individuals; provide social services support to communities most affected by the hurricane; make available counseling services; support an increase in demand for unreimbursed health care; and restore community health centers in the impacted areas.

Department of Homeland Security

- \$2.0 billion is requested for the Federal Emergency Management Agency (FEMA) to provide support for the response and recovery of Hurricanes Charley and Frances and other ongoing and future disasters. This assistance is to pay for public infrastructures such as schools, police stations, bridges and roads. The funding will also support assistance to families and individuals, so that they can be housed, fed, and provided with medical and other care.
- \$8.0 million is requested for the United States Coast Guard to repair damages to Coast Guard facilities, to replace lost or damaged buoys and channel markers, and for other emergency expenses such as personnel evacuation and activation of Coast Guard reserve personnel.

Department of Housing and Urban Development

- \$150.0 million is requested for Community Development Grants to the State of Florida for emergency expenses to help replace damaged homes, including replacement of destroyed farm labor housing and housing for other low-income persons, properties, and businesses, and for economic redevelopment projects.

Department of the Interior

- \$21.3 million is requested for clean-up and facility repair needs at national wildlife refuges and national park units that were damaged by Hurricanes Charley and Frances, including Merritt Island, J.H. "Ding" Darling, Okefenokee in Florida and the Blue Ridge Parkway in North Carolina.

Department of Veterans Affairs (VA)

- \$24.1 million is requested for hurricane response and relief to VA facilities. Uses include, but are not limited to, repairing hospitals and outpatient clinics, as well as reimbursing VA for assistance to local communities, overtime for VA staff, and contracting with medical providers for care.

Corps of Engineers (Corps)

- \$118.0 million is requested for the Corps to restore navigation channels, repair and rehabilitate coastal areas, and address other projects in areas affected by Hurricanes Charley and Frances.

National Aeronautics and Space Administration (NASA)

- \$126.0 million is requested for NASA, including: \$89 million for repair of buildings and communications systems at Kennedy Space Center; \$23 million for repair of equipment exposed to the weather; and \$14 million to provide temporary workspaces for displaced employees.

Small Business Administration

- \$457.0 million is requested to provide funds to cover the large number of disaster loans expected to be made to individuals and businesses due to Hurricanes Charley and Frances.

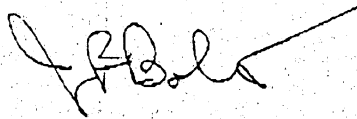
Unanticipated Needs

- \$70.0 million is requested to support the American Red Cross in their mission to shelter, feed and otherwise support victims of the recent natural disasters in Florida and other affected areas. The American Red Cross is the only non-governmental agency with responsibilities under the National Response Plan, and back-to-back major hurricanes have put an unprecedented strain on its finances. Traditionally, the American Red Cross relies on private donors to support its relief activities, not taxpayer funds, and that will continue to be the case for future disasters.

All of the requests in the transmittal are for the purpose of fulfilling known and urgent requirements that cannot reasonably be met through the use of existing agency funds. I recommend that you designate the specific proposals contained in this transmittal as emergency requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending you transmit the proposals to the Congress.

Sincerely,



Joshua B. Bolten
Director

Enclosures

THE WHITE HOUSE
WASHINGTON

September 27, 2004

Dear Mr. Speaker:

On September 8th, I signed into law Public Law 108-303, the Emergency Supplemental Appropriations for Disaster Relief Act, which provided \$2 billion in supplemental funds for hurricane-related disaster relief. On September 14th, I submitted a supplemental request totaling \$3.1 billion to continue immediate assistance to address the impact of Hurricanes Charley and Frances.

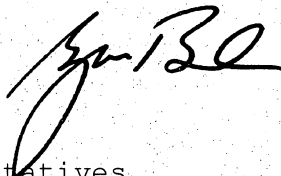
Due to Hurricanes Ivan and Jeanne and other hurricane-related needs, I am requesting additional emergency funds from the Congress. I now ask the Congress to consider the enclosed requests, totaling over \$7.1 billion, for additional emergency FY 2004 supplemental resources for the Departments of Agriculture, Commerce, Defense, Homeland Security, the Interior, Justice, Transportation, and Veterans Affairs; as well as the Corps of Engineers, International Assistance Programs, and the Small Business Administration.

I hereby designate these specific proposals in the amounts requested herein as emergency requirements. These additional requests will support response and recovery effort to address the critical needs associated with the effects of Hurricanes Ivan and Jeanne and other storms in southern and eastern States and other affected areas. In addition to this enacted and requested emergency funding, Federal agencies will continue to use existing resources and programs for response and recovery efforts from all recent hurricanes and storms.

I urge the Congress to limit this emergency funding to those items directly related to the recovery efforts from the impact of these recent major disasters and to act expeditiously on this and my September 14th emergency supplemental request.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,



The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515



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

THE DIRECTOR

September 27, 2004

The President
The White House

On September 14th, you submitted a supplemental request totaling \$3.1 billion to continue immediate assistance to address the impact of Hurricanes Charley and Frances. This request was in addition to the \$2 billion provided on September 8th in P.L. 108-303, the Emergency Supplemental Appropriations for Disaster Relief Act, 2004, for immediate response efforts to these recent disasters.

Submitted for your consideration are additional FY 2004 emergency supplemental proposals, totaling over \$7.1 billion, for the Departments of Agriculture, Commerce, Defense, Homeland Security, the Interior, Justice, Transportation, and Veterans Affairs; as well as the Corps of Engineers, International Assistance Programs, and the Small Business Administration. These funds are being requested to provide immediate needs assistance to address the impact of Hurricanes Ivan and Jeanne and other storms in southern and eastern States and other affected areas. When combined with already enacted emergency appropriations, supplemental funding associated with these major disasters will total over \$12.2 billion.

As described below and in more detail in the enclosures, the requests include the following:

Department of Agriculture (USDA)

- \$20 million for the Forest Service for clean-up, and repair needs for roads, trails and facilities in national forests in the States of Florida, North Carolina, and South Carolina that were damaged by Hurricanes Charley, Frances, and Ivan and Tropical Storm Gaston.
- \$400 million in agricultural assistance to provide needed financial assistance to agricultural producers suffering crop losses from 2004 hurricanes. Of the total request, \$100 million would be available for clean-up, including technical and financial assistance for improvements, while \$90 million will be provided to carry out specialty crop assistance for 2004 hurricane losses. This assistance is in addition to USDA efforts already underway. On September 24th, Secretary Veneman announced that, in response to your August 27th directive to USDA, producers of citrus, fruits and vegetables and nursery crops located in Florida counties that have received a Presidential disaster declaration for Hurricanes Charley and Frances will be eligible for special disaster relief. You instructed USDA to use existing authorities under Section 32 to assist growers

impacted by Hurricanes Charley and Frances in their cleanup efforts and to compensate them for lost crops and trees. USDA is moving quickly to comply with your direction and the Secretary has directed the Farm Service Agency to work with Florida state and local offices to deliver the assistance in a timely manner. Details of the program will be made available this week at USDA Service Centers.

Department of Commerce

- \$14.7 million is requested for the National Oceanic and Atmospheric Administration to repair facilities, to address impacts to endangered species and their habitat, and to provide necessary upgrades to hurricane forecasting assets.

Department of Defense (DOD)

- \$889.4 million is requested for DOD for costs associated with the evacuation, base preparation, base recovery, and damage to structure and equipment at various military facilities caused by Hurricane Ivan and other storms. The request will support the immediate rehabilitation of utilities, the repair and reconstruction of facilities, and reimbursement for those who were required to evacuate. This request is in addition to the \$72.5 million requested for DOD on September 14th.

Homeland Security

- \$4.5 billion is requested for the Department of Homeland Security's Federal Emergency Management Agency (FEMA) for disaster relief for States affected by Hurricanes Ivan and Jeanne, as well as other ongoing and future disasters. The funding will support response and recovery efforts, including assistance to families and individuals, and other urgent requirements such as emergency protective measures and debris removal in the affected areas. Additionally, this funding will support the rebuilding of state and local public infrastructure. This request is in addition to the \$2 billion requested for FEMA on September 14th, as well as the \$2 billion enacted in P.L. 108-303. Even with these additional funds, FEMA will still require your full FY 2005 request.
- \$18.0 million is requested for the United States Coast Guard to repair damage to Coast Guard facilities, to replace lost or damaged buoys and channel markers, and for other emergency expenses such as personnel evacuation. This request is in addition to the \$8 million requested for the U.S. Coast Guard on September 14th.

Department of the Interior

- \$45.0 million is requested for clean-up and facility repair at national wildlife refuges, national park units, and at United States Geological Survey sites in the affected areas. This request is in addition to the \$21.3 million requested for the Department of the Interior on September 14th.

Department of Justice

- \$24.1 million is requested for the Federal Bureau of Prisons to repair structural damage caused by Hurricane Ivan and other related storms to numerous Federal prison facilities located in Florida, Alabama, and Georgia. This assistance is needed to repair and replace damaged roofs, repair and replace buildings and secure perimeter fencing, remove downed trees, and replace lost or damaged equipment and supplies.

Department of Transportation

- \$5.1 million is requested for the Federal Aviation Administration (FAA) to repair or replace the multiple FAA facilities that were damaged in the recent storms.
- \$600 million for the Federal Highway Administration's Emergency Relief Program for emergency repairs to eligible highways and roads affected by Hurricanes Charley, Frances, Ivan, and Jeanne.

Department of Veterans Affairs (VA)

- \$5.0 million is requested for hurricane response and relief. Uses include, but are not limited to, repairing hospitals and outpatient clinics, as well as reimbursing VA for assistance to local communities, overtime for VA staff, contracting with medical providers for care, and repairing national cemeteries. This request is in addition to the \$24.1 million requested for VA on September 14th.

Corps of Engineers (Corps)

- \$81.0 million is requested for the Corps to restore navigation channels, repair and rehabilitate coastal areas, and address other projects in areas affected by Hurricane Ivan. This request is in addition to the \$118 million requested for the Corps on September 14th.

International Assistance Programs

- \$50 million is requested in international disaster and famine assistance funds to mitigate the damage from Hurricanes Ivan and Jeanne in Grenada, Jamaica, Haiti, and other nations.

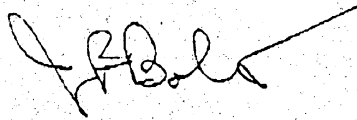
Small Business Administration (SBA)

- \$472.0 million is requested to provide funds to cover the large number of disaster loans expected to be made to individuals and businesses due to Hurricane Ivan. This request is in addition to the \$457 million requested for SBA on September 14th.

All of the requests in the transmittal are for the purpose of fulfilling known and urgent requirements that cannot reasonably be met through the use of existing agency funds. I recommend that you designate the specific proposals contained in this transmittal as emergency requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Bolten", with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosures



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

THE DIRECTOR

October 7, 2004

The Honorable C. W. Bill Young
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Administration appreciates the support of the Congress in expeditiously addressing the effects of the four recent hurricanes on Florida and other areas. As you know, the President is committed to ensuring that the impacts of the recent hurricanes are addressed and, to that end, the Administration has sought resources totaling \$12.9 billion to date.

Our staffs have continued to work together to refine the estimates of hurricane-related needs in Florida and other affected areas. Consistent with those on-going efforts, enclosed is a list of additional emergency hurricane-related resources that we have mutually identified for inclusion in the final version of the emergency supplemental legislation. We have also included legislative language for your consideration.

These additional funds, totaling \$887.4 million, are for the Departments of Agriculture, Homeland Security, the Interior, and Transportation, as well as the U.S. Army Corps of Engineers. When combined with already enacted emergency appropriations, supplemental funding associated with these major disasters will total \$13.8 billion.

The requests include the following:

Department of Agriculture (USDA)

- \$348.1 million is requested for USDA, including: \$78.1 million for the Forest Service; \$55 million for the Emergency Watershed Protection Program; and, \$65 million more for the Emergency Conservation Program for areas damaged by the hurricanes. This request is in addition to the \$565 million already requested for USDA.

Department of Homeland Security

- \$7.4 million is requested for additional hurricane-related damage sustained by the Coast Guard, primarily associated with Hurricane Jeanne. This request is in addition to the \$26 million already requested for the Coast Guard.

Department of the Interior (DOI)

- \$15.1 million is requested for DOI, including: \$13.2 million for the Fish and Wildlife Service, and \$1.9 million for the National Park Service. This request is in addition to the \$77.3 million already requested for DOI.

Department of Transportation

- \$402 million is requested for the Federal Highway Administration's (FHWA) Emergency Relief Program for emergency repairs to eligible highways and roads affected by recent tropical cyclones. This is in addition to the \$800 million already requested for the FHWA.

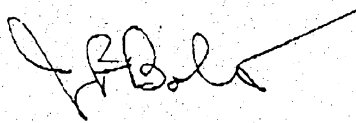
U.S. Army Corps of Engineers (Corps)

- \$117.4 million is requested for the Corps to restore navigation channels, repair and rehabilitate coastal areas, and address other projects in areas affected by the hurricanes. This request is in addition to the \$245 million already requested for the Corps.

The Administration also supports the realignment of the appropriation of funds from defense-wide transfer accounts into service specific accounts for the Department of Defense, accompanied by appropriate transfer authority to meet emerging and unanticipated needs. Likewise, we support realignment of the appropriation of requested funds for the National Oceanic and Atmospheric Administration and the Federal Aviation Administration. We continue to believe, however, that funds for Community Development Block Grants should be provided in the form originally requested by the Administration. These proposals are fully reflected in the attached draft legislative language.

We appreciate your efforts to provide this necessary assistance to areas affected by the recent hurricanes.

Sincerely,



Joshua B. Bolten
Director

Enclosure

Identical Letter Sent to The Honorable C. W. Bill Young, The Honorable David R. Obey,
The Honorable Ted Stevens, and The Honorable Robert C. Byrd

THE BUDGET MESSAGE OF THE PRESIDENT

Over the previous four years, we have acted to restore economic growth, win the War on Terror, protect the homeland, improve our schools, rally the armies of compassion, and promote ownership. The 2006 Budget will help America continue to meet these goals. In order to sustain our economic expansion, we must continue pro-growth policies and enforce even greater spending restraint across the Federal Government. By holding Federal programs to a firm test of accountability and focusing our resources on top priorities, we are taking the steps necessary to achieve our deficit reduction goals.

Our Nation's most critical challenge since September 11, 2001, has been to protect the American people by fighting and winning the War on Terror. Overseas and at home, our troops and homeland security officials are receiving the funding needed to protect our homeland, bring terrorists to justice, eliminate terrorist safe havens and training camps, and shut down their financing.

In Afghanistan and Iraq, we are helping establish democratic institutions. Together with our coalition partners, we are helping the Afghan and Iraqi people build schools, establish the rule of law, create functioning economies, and protect basic human rights. And while the work is dangerous and difficult, America's efforts are helping promote societies that will serve as beacons of freedom in the Middle East. Free nations are peaceful nations and are far less likely to produce the kind of terrorism that reached our shores just over three years ago.

To ensure our security at home, the 2006 Budget increases funding for anti-terrorism investigations; border security; airport and seaport security; nuclear and radiological detection systems and countermeasures; and improved security for our food supply and drinking water.

This Budget also promotes economic growth and opportunity. We must ensure that America remains the best place in the world to do business by keeping taxes low, promoting new trade agreements with other nations, and protecting American businesses from litigation abuse and overregulation. To make sure the entrepreneurial spirit remains strong, the Budget includes important initiatives to help American businesses and families cope with the rising cost of health care. This Budget funds important reforms in our schools, and promotes homeownership in our communities. In addition, the 2006 Budget supports the development of technology and innovation throughout our economy.

The 2006 Budget also affirms the values of our caring society. It promotes programs that are effectively providing assistance to the most vulnerable among us. We are launching innovative programs such as Cover the Kids, which will expand health insurance coverage for needy children. We are funding global initiatives with unprecedented resources to fight the HIV/AIDS pandemic, respond to natural disasters, and provide humanitarian relief to those in need. The 2006 Budget continues to support domestic programs and policies that fight drug addiction and homelessness and promote strong families and lives of independence. And in all our efforts, we will continue to build working relationships with community organizations, including faith-based organizations, which are doing so much to bring hope to Americans.

In every program, and in every agency, we are measuring success not by good intentions, or by dollars spent, but rather by results achieved. This Budget takes a hard look at programs that have not succeeded or shown progress despite multiple opportunities to do so. My Administration is pressing for reforms so that every program will achieve its intended results. And where circumstances warrant, the 2006 Budget recommends significant spending reductions or outright elimination of programs that are falling short.

This Budget builds on the spending restraint we have achieved, and will improve the process by which the Congress and the Administration work together to produce a budget that remains within sensible spending limits. In every year of my Administration, we have brought down the growth in non-security related discretionary spending. This year, I propose to go further and reduce this category of spending by about one percent, and to hold the growth in overall discretionary spending, including defense and homeland security spending, to less than the rate of inflation. I look forward to working closely with the Congress to achieve these reductions and reforms. By doing so, we will remain on track to meet our goal to cut the deficit in half by 2009.

Our greatest fiscal challenges are created by the long-term unfunded promises of our entitlement programs. I will be working with the Congress to develop a Social Security reform plan that strengthens Social Security for future generations, protects the benefits of today's retirees and near-retirees, and provides ownership, choice, and the opportunity for today's young workers to build a nest egg for their retirement.

In the past four years, America has faced many challenges, both overseas and at home. We have overcome these challenges not simply with our financial resources, but with the qualities that have always made America great: creativity, resolve, and a caring spirit. America has vast resources, but no resource is as abundant as the strength of the American people. It is this strength that will help us to continue to prosper and meet any challenge that lies before us.

GEORGE W. BUSH
February 7, 2005



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

THE DIRECTOR

June 30, 2005

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

On behalf of the President, the Office of Management and Budget (OMB) submits the enclosed legislative proposal entitled the "The Government Reorganization and Program Performance Improvement Act of 2005."

This proposal would institutionalize for Congress and the Executive Branch procedures that would strengthen the focus on Government agencies and programs achieving results. Like Congress, the Executive Branch wants programs and agencies to continuously improve their performance on behalf of the American people.

The bill has two primary elements, which are summarized below:

I. Results Commissions

To address program overlap, which often impedes program performance and unnecessarily increases costs, the Administration proposes the creation of Results Commissions. The Results Commissions *would* consider and revise Administration proposals to restructure or consolidate programs or agencies to improve their performance. Congress would approve the establishment of individual Results Commissions to address single program or policy areas where duplication and the overlapping jurisdictions of Executive Branch agencies or congressional committees hinder reform. Proposals approved by Results Commissions would then be approved by the President and considered by Congress under expedited procedures.

II. Sunset Commission

To further institutionalize Congress' and the Executive Branch's focus on results, the Administration also proposes a process by which programs and agencies undergo regular scrutiny before a Sunset Commission. Agencies and programs would be reviewed according to a schedule enacted by the Congress under expedited procedures. The Sunset Commission would consider Presidential proposals to retain, restructure, or terminate programs. Agencies and programs would automatically terminate according to the schedule unless reauthorized by Congress.

This proposal is an important priority of the Administration and part of the President's effort to achieve the results the American people expect at a reasonable cost. We respectfully request that Congress take prompt and favorable action on this legislation.

Sincerely,



Joshua B. Bolten
Director

Enclosures

Similar Letter Sent to the President of the Senate



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

THE DIRECTOR

June 30, 2005

The Honorable Richard M. Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

On behalf of the President, the Office of Management and Budget (OMB) submits the enclosed legislative proposal entitled the "The Government Reorganization and Program Performance Improvement Act of 2005."

This proposal would institutionalize for Congress and the Executive Branch procedures that would strengthen the focus on Government agencies and programs achieving results. Like Congress, the Executive Branch wants programs and agencies to continuously improve their performance on behalf of the American people.

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This proposal is an important priority of the Administration and part of the President's effort to achieve the results the American people expect at a reasonable cost. We respectfully request that Congress take prompt and favorable action on this legislation.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Bolten", with a long, sweeping horizontal line extending to the right.

Joshua B. Bolten
Director

Enclosures

THE WHITE HOUSE
WASHINGTON

September 1, 2005

Dear Mr. Speaker:

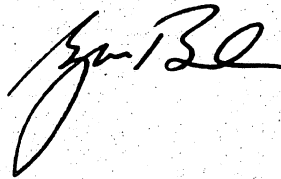
As I informed the Nation yesterday, we are dealing with one of the worst natural disasters in our country's history. Residents of the Gulf Coast States affected by the hurricane have lost loved ones, have lost homes, and have been displaced from their communities. My Administration is committed to ensuring that they will have the full support of the Federal Government.

Due to the catastrophic nature of Hurricane Katrina, I am asking the Congress to consider expeditiously the enclosed request, totaling \$10.5 billion, for an emergency FY 2005 supplemental appropriation for the Departments of Homeland Security and Defense. These funds will ensure that Federal response and recovery efforts continue uninterrupted.

I hereby designate this proposal in the amount requested herein as an emergency requirement. This request responds to urgent needs associated with immediate response and recovery efforts associated with Hurricane Katrina in Mississippi, Louisiana, Alabama, and other affected areas.

The enclosed request requires immediate action by the Congress to ensure that the Federal response to this disaster continues uninterrupted. I anticipate making a further request in the coming weeks that will provide for a comprehensive response and recovery effort after fully assessing the impact of the hurricane. The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,



The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



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

The Director

September 1, 2005

The President
The White House

Submitted for your consideration is a request for fiscal year 2005 supplemental appropriations totaling \$10.5 billion to fund immediate emergency response and recovery needs associated with Hurricane Katrina.

Immediate Federal response and recovery efforts to date have been extensive. The Federal Emergency Management Agency (FEMA) has deployed more than 50 Disaster Medical Assistance Teams, more than 25 Urban Search and Rescue task forces, eight swift water rescue teams, and two Incident Support Teams to the region. FEMA is also delivering water, meals, medical supplies, generators, tents, and tarps and is working to help relocate those displaced by the hurricane.

The Department of Defense (DOD) is moving significant military resources into the Gulf States to aid in rescue and recovery. Eight Navy ships have moved into the area with water, food, medicine, hospital facilities, berthing, and more. DOD has responded to all FEMA requests and is providing logistical help, including strategic lift support for search and rescue efforts. Other agencies are also participating in response and recovery efforts. For example, Health and Human Services (HHS) Secretary Mike Leavitt has declared a public health emergency and HHS has delivered requested medical supplies to Louisiana, including basic first aid materials, blankets and patient clothing and comprehensive life-saving medical equipment. HHS has placed 415 Public Health Service Officers on stand-by for deployment to support medical response in the affected states and CDC officials are working with local officials to identify hospital facilities, distribute medical supplies, and execute a public health plan to control disease and other risks to public health.

The funds that I recommend you request today will ensure that these immediate response and recovery efforts continue uninterrupted. The \$10 billion requested for the Department of Homeland Security will enable FEMA to continue ongoing response efforts, including assistance to families and individuals so that they can be sheltered, fed and provided with emergency medical care. These funds will also support emergency protective measures and debris removal in the affected areas, and urgent response activities performed by other Federal agencies, as delegated by FEMA under the Stafford Act.

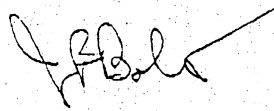
The \$500 million requested for DOD will enable DOD to cover the costs associated with deployment of military personnel to assist communities, save lives, and provide relief supplies for the next several weeks. DOD's immediate crisis response costs include immediate facilities repairs of DOD property, evacuation of DOD personnel, debris clean-up, transportation costs, and emergency utility costs.

I anticipate recommending to you an additional request in the coming weeks to provide for a comprehensive response to this hurricane, once reliable estimates can be developed that recognize the extent of this disaster.

This request fulfills known and urgent requirements that cannot reasonably be met under the current FY 2005 funding levels. I recommend that you designate the proposal contained in this transmittal as an emergency requirement.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Homeland Security and the Secretary of Defense in recommending you transmit the proposal to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bolten', with a long horizontal stroke extending to the right.

Joshua B. Bolten
Director

Enclosure

THE WHITE HOUSE
WASHINGTON

September 7, 2005

Dear Mr. Speaker:

On September 2nd, I signed into law Public Law 109-61, the Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, which provided \$10.5 billion in emergency supplemental funds for hurricane-related disaster relief.

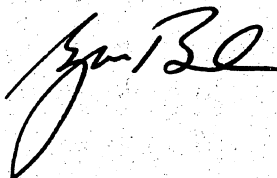
Due to the catastrophic nature of Hurricane Katrina, I am asking the Congress to consider the enclosed request, for an additional \$51.8 billion, for emergency FY 2005 supplemental resources for the Departments of Defense and Homeland Security and the Army Corps of Engineers.

I hereby designate this proposal in the amount requested herein as an emergency requirement. This request responds to urgent needs associated with immediate response and recovery efforts associated with Hurricane Katrina in Alabama, Louisiana, Mississippi, and other affected areas.

I urge the Congress to act expeditiously on this request to ensure that the Federal response to this disaster continues uninterrupted. I anticipate making a further request that will provide for additional response and recovery efforts after further assessing the impact of the hurricane.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dennis Hastert", written in a cursive style.

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



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

THE DIRECTOR

September 7, 2005

The President
The White House

On September 2nd, you signed into law Public Law 109-61, the Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, which provided \$10.5 billion in emergency supplemental funds for hurricane-related disaster relief.

Submitted for your consideration are additional FY 2005 emergency supplemental proposals, totaling \$51.8 billion, for the Departments of Defense and Homeland Security, and the Army Corps of Engineers. These funds are being requested to provide for immediate emergency response and recovery needs associated with this disaster.

The size, scope, and complexity of this disaster are unprecedented and the immediate Federal response and recovery efforts to date have been extensive. There is still great uncertainty regarding the extent of the damage and the full cost of emergency response and recovery efforts. This proposed emergency supplemental request is based on agencies' commitments to date and the Administration's best assessment of additional requirements to ensure agencies are fully funded to continue immediate response and recovery efforts.

The request would provide additional funds for Federal, State and local responders to continue life-saving and life-sustaining missions by providing ongoing search and rescue, water, food, and medicine, while also taking appropriate actions to prevent exposure, crime and disease. More than 75,800 response, rescue, recovery and law enforcement personnel are working around the clock to bring critical aid and support to the Gulf Coast region. The Federal Emergency Management Agency (FEMA) is working with Federal and State partners and voluntary organizations to ensure victims of Hurricane Katrina are relocated to safe shelters with life-sustaining commodities. Housing Task Forces are taking extraordinary measures to address transitional housing needs for disaster victims.

In coordination with the Department of Health and Human Services (HHS), FEMA is providing mass care to disaster victims at shelters and medical units, and distributing vital medications and supplies, tetanus vaccines, and maintenance medications for diseases such as diabetes, heart disease, and other conditions.

The Department of Defense (DOD) has moved significant military resources into the Gulf States to aid in rescue and recovery. Maintaining law and order is a priority to assist recovery and evacuation efforts and deliver relief in a timely and effective manner. There are 15,000 active duty military personnel committed to this effort in addition to more than 42,000 National Guard troops, nearly 4,000 Coast Guard, and additional Federal law enforcement personnel in Alabama, Louisiana and Mississippi.

As described below and in more detail in the enclosures, the requests include the following:

Department of Homeland Security

- \$50.0 billion for the Department of Homeland Security to enable FEMA to continue ongoing response and recovery efforts, including assistance to families and individuals so that they can be sheltered, fed, and provided with medical care. These funds will also support public assistance and debris removal in the affected areas, and response activities performed by other Federal agencies as assigned by FEMA pursuant to the Stafford Act. The request also includes the authority to transfer \$100 million to FEMA's National Disaster Medical System in support of immediate hospital care for hurricane victims.

Department of Defense

- \$1.4 billion for DOD to enable the Department to continue to cover the costs associated with deployment of military personnel to assist communities, save lives, and provide relief supplies. DOD's immediate crisis response costs include immediate facilities repairs of critical DOD property to restore functionality, evacuation of DOD personnel, debris clean-up, transportation costs, and emergency utility costs. Authority is also requested to transfer up to \$6 million to the Armed Forces Retirement Home system to pay for costs associated with evacuating residents of retirement homes in affected areas.

Corps of Engineers

- \$400 million to restore navigation locks and channels in the Gulf States and to continue repairs to pump stations and levees in the affected areas.

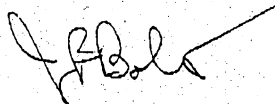
Language is also proposed that would allow Federal agencies to use the emergency procurement authorities specified in the Office of Federal Procurement Policy Act for Hurricane Katrina relief efforts and would increase the micro-purchase threshold to \$250,000.

I anticipate recommending to you an additional request to provide for further response to this disaster, once more detailed estimates can be developed on the extent of damage and recovery needs.

All of the requests in this transmittal fulfill known and urgent requirements that cannot reasonably be met under the current FY 2005 funding levels. I recommend that you designate the proposals contained in this transmittal as emergency requirements.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending you transmit the proposal to the Congress.

Sincerely,



Joshua B. Bolten
Director

Enclosure

THE WHITE HOUSE
WASHINGTON

November 1, 2005

Dear Mr. Speaker:

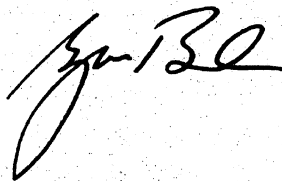
Today, I outlined a strategy to address the threat of avian and pandemic influenza. This strategy is designed to meet three critical goals: to detect and contain outbreaks before they spread across the world, to protect the American people by stockpiling vaccines and antiviral drugs and accelerating the development of new vaccine technologies, and to ensure that Federal, State, and local communities are prepared for potential domestic outbreaks.

To provide the necessary resources to immediately begin the implementation of this strategy, I ask the Congress to consider the enclosed requests, totaling \$7.1 billion, for the Departments of Health and Human Services, Agriculture, Defense, Homeland Security, the Interior, State, and Veterans Affairs, as well as for International Assistance Programs.

I hereby designate the proposals in the amount requested herein as emergency requirements, and I urge the Congress to act expeditiously on this request to ensure the country is prepared for this growing danger.

The details of this request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,



The Honorable J. Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515



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

THE DIRECTOR

November 1, 2005

The President
The White House

Submitted for your consideration are requests, totaling \$7.1 billion, for the Departments of Health and Human Services, Agriculture, Defense, Homeland Security, the Interior, State, and Veterans Affairs, as well as for International Assistance Programs. These funds are being requested in order to implement the three goals in your strategy to address the growing danger of avian and pandemic influenza.

This request includes \$251 million to detect and contain outbreaks before they spread around the world, \$6.242 billion to stockpile vaccines and antiviral medications and accelerate the development of new vaccine technologies, and \$644 million to ensure the Federal government, states and local communities are prepared for a pandemic outbreak that could quickly reach the United States.

Separately, in order to strengthen our domestic production capacity in times of potential outbreaks, the Department of Health and Human Services will be transmitting proposed legislation to provide vaccine manufacturers significant liability protection.

As described below and in more detail in the enclosures, the requests include the following:

Department of Health and Human Services

- \$6.7 billion is requested to support pandemic influenza preparedness and response activities. The majority of this request is for the stockpiling of countermeasures and the development of the capacity to produce pandemic influenza vaccine within six months for the entire U.S. population. The request also includes resources for research and development of more effective countermeasures and vaccine technologies, and improved surveillance and preparedness efforts both domestically and internationally.

Department of Agriculture

- \$91.4 million is requested for activities such as animal health surveillance and monitoring; research on and production of poultry vaccine; planning activities; and international biosecurity.

Department of Defense

- \$130.0 million is requested for the purchase of pandemic vaccine currently in production, and for improved worldwide avian influenza surveillance programs, equipment, essential information management systems, and laboratory diagnostic equipment. The request also includes funding to provide assistance to military partner nations in procuring protective equipment, laboratory diagnostic equipment, surveillance, and communication equipment.

Department of Homeland Security

- \$47.3 million is requested for pandemic scenario modeling, personal protective equipment, private sector pandemic assistance planning, and exercises and training for Department of Homeland Security frontline staff.

Department of the Interior

- \$11.6 million is requested for improved domestic surveillance of the health of wild birds at high risk of infection and testing of wild birds harvested by hunters for the H5N1 virus.

Department of State

- \$38.5 million is requested for international response coordination, including foreign governments and non-governmental organizations, diplomatic outreach, exchanges of U.S. and foreign medical personnel, and for avian and pandemic influenza health support and protection of U.S. Government employees and families at U.S. missions overseas. Of the total requested for the Department of State, \$20 million would fund the potential evacuation of U.S. Government personnel and dependents from overseas missions.

Department of Veterans Affairs

- \$27.0 million is requested for enhanced human health surveillance reporting from the VA health system and real-time data transfer to the Centers for Disease Control and Prevention. The request also supports department-wide preparedness and response planning.

International Assistance Programs

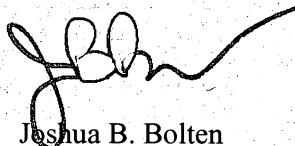
- \$131.5 million is requested for pre-positioned supplies and equipment required to prevent and control the spread of the avian influenza virus; a communications campaign to increase awareness of risks and appropriate behaviors to reduce transmission among humans and animals; improved surveillance and response; and accelerated international planning and preparedness.

Recommendation

All of the requests in this transmittal fulfill known and urgent requirements that cannot reasonably be met under current funding levels. I recommend that you designate the proposals contained in this transmittal as emergency requirements.

I have reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the heads of the affected Departments and agencies in recommending that you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bolten', with a long, sweeping horizontal line extending to the right.

Joshua B. Bolten
Director

Enclosures

THE BUDGET MESSAGE OF THE PRESIDENT

America's economy is growing at a healthy pace, and more Americans are working than ever. In the face of a series of challenges, including most recently devastating natural disasters, Americans have stood firm, and America's economy has demonstrated its strength and resilience time and again.

My Administration has focused the Nation's resources on our highest priority: protecting our citizens and our homeland. Working with Congress, we have given our men and women on the frontlines in the War on Terror the funding they need to defeat the enemy and detect, disrupt, and dismantle terrorist plots and operations. We continue to help emerging democracies in Afghanistan and Iraq stand on their own. As the Afghan and Iraqi peoples assume greater responsibility for their own security and for defeating the terrorists, our troops will come home with the honor they have earned.

My Administration has responded to major economic challenges by following this vital principle: the American economy grows when people are allowed to keep more of what they earn, to save and spend as they see fit. The results are clear.

Since May 2003, when I signed into law major tax relief, America has added more than four and a half million new jobs. Productivity is high, disposable income is up, household wealth is at record levels, consumer confidence has climbed, small businesses are expanding, and more Americans own their homes than at any time in our Nation's history.

Our economy is the envy of the industrialized world. To build and maintain our competitive edge, my Administration has a broad agenda to promote America's long-term economic strength. We are opening new markets to American-made goods and services through trade agreements. We are proposing reforms to prevent needless litigation and burdensome regulations. Through major reforms of our public schools, we are preparing our children to compete and succeed in the global economy. And my Budget includes an American Competitiveness Initiative that targets funding to advance technology, better prepare American children in math and science, develop and train a high-tech workforce, and further strengthen the environment for private-sector innovation and entrepreneurship.

In our efforts to keep our economy strong and competitive, we will resist calls to raise taxes on America's workers, families, and businesses. Unless we act to make tax relief permanent, income tax rates eventually will rise, the marriage penalty will climb, the child tax credit will be cut, savers and investors will be hit with higher taxes, and the death tax will come back to life.

With a growing economy, tax receipts are on the rise, helping to bring down the deficit in 2005. To stay on track to meet my goal of cutting the deficit in half by 2009, we must maintain our pro-growth policies and insist on spending restraint.

Last year, I proposed to hold overall discretionary spending growth below the rate of inflation—and Congress delivered on that goal. Last year, I proposed that we focus our resources on defense and homeland security and cut elsewhere—and Congress delivered on that goal. And also last year, my Budget proposed major cuts in or eliminations of 154 programs that were not getting results and not fulfilling essential priorities. Thanks to the work of Congress, we delivered savings to the taxpayer of \$6.5 billion on 89 of my Administration's recommendations.

The 2007 Budget builds on these efforts. Again, I am proposing to hold overall discretionary spending below the rate of inflation and to cut spending in non-security discretionary programs below 2006 levels. My Administration has identified 141 programs that should be terminated or significantly reduced in size. To help bring greater accountability and transparency to the budget process, my Budget proposes reforms so that firm spending limits are put in place, and public funds are used for the best purposes with the broadest benefits.

The 2007 Budget also continues our efforts to improve performance and make sure the taxpayers get the most for their money. My Administration expects to be held accountable for significantly improving the way the Government works. In every program, and in every agency, we are measuring success not by good intentions or by dollars spent, but rather by results achieved.

In the long term, the biggest challenge to our Nation's fiscal health comes from unsustainable growth in entitlement spending. Entitlement programs such as Social Security and Medicare are growing faster than our ability to pay for them, faster than the economy, faster than the rate of inflation, and faster than the population. As more baby boomers retire and collect their benefits, our deficits are projected to grow. There will be fewer people paying into the system, and more retirees collecting benefits. These unfunded liabilities will put an increasing burden on our children and our grandchildren. We do not need to cut these programs, but we do need to slow their growth. We can solve this problem and still meet our Nation's commitment to the elderly, disabled, and poor.

Acting on my recommendations, both houses of Congress have taken an important first step, passing legislation that would produce \$40 billion in savings from mandatory programs and entitlement reforms—the first such savings in nearly a decade. My Budget builds on this progress by proposing \$65 billion more in savings in entitlement programs.

My Budget also includes proposals to address the longer-term challenge arising from unsustainable growth in Medicare, while ensuring modern health care for our seniors. In addition, I will continue to call on Congress to enact comprehensive reform of Social Security for future generations, so that we return the system to firm financial footing, protect the benefits of today's retirees and near-retirees, provide the opportunity for today's young workers to build a secure nest egg they can call their own, and assure our children and grandchildren a retirement benefit that is as good as is available today.

As this Budget shows, we have set clear priorities that meet the most pressing needs of the American people while addressing the long-term challenges that lie ahead. The 2007 Budget will ensure that future generations of Americans have the opportunity to live in a Nation that is more prosperous and more secure. With this Budget, we are protecting our highest ideals and building a brighter future for all.

GEORGE W. BUSH

February 6, 2006

THE BUDGET MESSAGE OF THE PRESIDENT

America is a country of opportunity. Throughout our history, we have overcome great challenges by drawing on the strength, creativity, and resolve of the American people. We have adapted to change—while maintaining our commitment to freedom and an open economy.

Our economy is strong and growing, Federal revenues are robust, and we have made significant progress in reducing the deficit. The Budget I am presenting achieves balance by 2012. My formula for a balanced budget reflects the priorities of our country at this moment in its history: protecting the homeland and fighting terrorism, keeping the economy strong with low taxes, and keeping spending under control while making Federal programs more effective.

As Commander in Chief, my highest priority is the security of our Nation. My Budget invests substantial resources to fight the Global War on Terror, and ensure our homeland is protected from those who would do us harm. We will transform our military to meet the new threats of the 21st Century and provide the brave men and women on the front lines with the resources they need to be successful in this decisive ideological struggle. The Budget will support a new strategy in Iraq that demands more from Iraq's elected government, and gives American forces in Iraq the reinforcements they need to complete their mission. And it will continue to provide the tools necessary to keep America safe by detecting, disrupting, and dismantling terrorist plots.

The U.S. economy is strong. Since August 2003, 7.2 million jobs have been created. Unemployment is low. Wages are growing. Productivity is strong. Inflation and interest rates are low. And we have seen tremendous progress despite a series of challenges, including recession, the terrorist attacks of 2001, corporate scandals, the costliest natural disaster in our Nation's history, energy price spikes, and a temporary slowdown in the housing sector. The resilience of our economy is a tribute to America's workers and entrepreneurs. And well-timed, pro-growth tax policies helped create the right climate for innovation and entrepreneurship.

The Federal deficit is declining and on a path to elimination. Last year, we successfully met our goal of cutting the deficit in half, three years ahead of schedule. This occurred because tax relief helped the economy to recover and grow, resulting in record-high revenues while we restrained non-security discretionary spending. With continued strong economic growth and spending discipline, we are now positioned to balance the budget by 2012, while providing for our national security and making tax relief permanent.

My Budget proposes to keep non-security discretionary spending below inflation for the next five years. My Budget also reforms projects and spending that don't get the job done. We need lawmakers' support to help us accomplish this goal—including reforms that will improve the Congressional budget process.

To bolster public confidence in the Government's ability to manage taxpayers' money successfully, Congress should adopt earmark reform. The earmark process should be made more transparent, ending the practice of concealing earmarks in so-called report language never included in legislation. The number and cost of earmarks should be cut by at least half by the end of this session. I have also called on Congress to adopt the legislative line-item veto, which gives the Legislative and Executive Branches a tool to help eliminate wasteful spending. These common-sense reforms will help prevent billions of taxpayers' dollars from being spent on unnecessary and unjustified projects.

To keep this economy strong we must take on the challenge of entitlements. Social Security, Medicare, and Medicaid are commitments of conscience, and so it is our duty to keep them permanently sound. If we do not address this challenge, we will one day leave our children with three bad options: huge tax increases, huge deficits, or huge and immediate cuts in benefits.

In the short term, my Budget works to slow the rate of growth of these programs, saving \$96 billion over five years. This Administration is also actively working with Congress to comprehensively reform and improve these vital programs so they will be strong for the next generations of Americans.

I am optimistic about the future of our country. We are an entrepreneurial and hard-working Nation. And while we face great challenges, we enjoy great opportunities. This Budget reflects our highest priorities while reducing the deficit and achieving a balanced budget by 2012. I am confident that this approach will help make our country more secure and more prosperous.

GEORGE W. BUSH

February 5, 2007



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

THE DIRECTOR

May 25, 2007

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 2206 -- U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007

Sponsors: Representative Obey (D), Wisconsin
Senator Byrd (D), West Virginia

Last Day for Action

June 6, 2007 -- Wednesday [Note: this assumes that the White House receives the bill on Friday, May 25th]

Purpose

H.R. 2206 provides \$120 billion -- in FY 2007 supplemental appropriations for the Global War on Terror (GWOT), hurricane disaster relief and recovery, and other purposes. The bill was passed by the Congress after you vetoed the first emergency war supplemental bill (H.R. 1591) on May 1, 2007, and the House failed to override your veto by a vote of 222-203 on May 2, 2007.

Through negotiations with the Congress, the Administration succeeded in removing highly objectionable language that would have set an arbitrary date for withdrawal of American troops in Iraq and place restrictions on military commanders. In addition, the Administration succeeded in removing from the bill \$4.2 billion in unrequested spending. The Administration also worked to eliminate the most egregious examples of unrelated provisions, including for Capitol tours and spinach growers.

The bill includes benchmarks for the Iraqi government, ties U.S. economic aid to meeting these benchmarks, and requires that you report to the Congress on progress in meeting those benchmarks, while allowing you to waive any cutoff of economic aid.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Department of State	Approval
National Security Council	Approval
Department of Homeland Security	Approval
Office of Gulf Coast Recovery	Approval

Department of Agriculture	Approval
Department of Health and Human Services	Approval
Department of Veterans Affairs	Approval
Other affected departments and agencies	Approval (Assumed)

Funding Summary

H.R. 2206 provides \$120 billion in net discretionary budget authority for the following major programs:

- GWOT -- \$106.1 billion for activities generally in support of GWOT, including \$96.4 billion for the Department of Defense's (DOD) military operations, \$6.1 billion for international functions, approximately \$0.6 billion for other agencies, and \$3.1 billion for military base realignment and closure.
- Veterans Affairs -- \$1.8 billion.
- Homeland Security -- \$1.1 billion.
- Hurricane Recovery -- \$6.3 billion generally for hurricane recovery and disaster relief.
- Other Provisions -- Over \$1.2 billion for other programs, including nearly \$0.5 billion for wildland fire management, \$0.4 billion for State Children's Health Insurance Program, and \$0.4 billion for Secure Rural Schools.
- Farm payments -- \$3.0 billion.

In addition, the bill includes provisions that would delay Medicaid program integrity efforts, and provide a minimum wage increase and small business tax relief.

The components of H.R. 2206 passed the House in two separate votes. Your requested supplemental and Iraq policy provisions passed the House 280-142 on May 24, 2007; a package of unrequested spending and other provisions passed the House 348 – 73 on May 24, 2007. All of these provisions were combined into H.R. 2206, which passed the Senate as a single package 80-14 on May 24, 2007.

Global War on Terror

Benchmarks to Measure Progress in Iraq. Unlike the vetoed bill, the enrolled bill does not include language mandating withdrawal or redeployment from Iraq according to an arbitrary timeline. The bill highlights 18 benchmarks for measuring the performance of the Iraqi government.

Specifically, the bill requires you to report to the Congress, no later than July 15, 2007 and again no later than September 15, 2007, on the progress the Government of Iraq (GOI) has made on each of the following:

- 1) Forming a Constitutional Review Committee and completing a constitutional review;
- 2) Enacting and implementing legislation to reintegrate Baathists into Iraqi society;
- 3) Enacting legislation to equitably distribute hydrocarbon revenue;

- 4) Enacting and implementing legislation on procedures to form semi-autonomous regions;
- 5) Enacting and implementing election laws;
- 6) Enacting and implementing amnesty legislation;
- 7) Enacting and implementing legislation to disarm militias;
- 8) Establishing political, media, economic, and services committees to support the Baghdad Security Plan;
- 9) Providing three trained and ready Iraqi brigades to support operations in Baghdad;
- 10) Providing authority and operational freedom for Iraqi Commanders to perform their mission and pursue extremists (Sunni and Shia alike) in consultation with U.S. commanders;
- 11) Ensuring even-handed enforcement of laws by Iraqi Security Forces;
- 12) Ensuring that Prime Minister Maliki "said 'the Baghdad Security Plan will not provide a safe haven for any outlaws regardless of their sectarian or political affiliation.'";
- 13) Reducing the level of sectarian violence and eliminating militia control of local security;
- 14) Establishing all of the planned joint security stations in Baghdad;
- 15) Increasing the number of Iraqi Security Force units capable of operating independently;
- 16) Ensuring that the rights of minority political parties in the Iraqi legislature are protected;
- 17) Allocating and spending \$10 billion in Iraqi revenues for reconstruction projects, including delivery of essential services, on an equitable basis; and
- 18) Ensuring that Iraqi politicians do not undermine Iraqi Security Forces.

If you cannot certify that Iraq has made satisfactory progress towards achieving all of these benchmarks, the enrolled bill calls on you to include in your report a description of how you would revise the U.S. strategy announced on January 10, 2007. Furthermore, the bill requires, at a time to be agreed upon by the Administration, General Petraeus and Ambassador Crocker to testify before Congress prior to the submission of the September 15 report.

The bill prohibits obligating or expending Economic Support Funds for Iraq until you certify that Iraq is making progress on each of the 18 benchmarks. You may, however, waive the prohibition by submitting a detailed justification for the waiver in writing. The bill also provides \$1.6 billion in new funding for Economic Support Funds.

Finally, the bill requires two independent assessments:

- 1) The Comptroller General shall submit a report by September 1, 2007, on the status of Iraq's efforts to achieve the benchmarks; and
- 2) DOD shall contract with a private sector entity to evaluate, within 120 days of enactment, the capability of Iraqi Security Forces.

Department of Defense. You requested \$93.4 billion for war-related activities for DOD. The Congress provided \$99.5 billion, a \$6.1 billion increase. More than half of the increase was for the \$3.1 billion added by the Congress for Base Realignment and Closure activities. Another \$1.9 billion of the increase was for unrequested Defense Health funding. Details on specific changes to your request follow.

Military Personnel. You requested \$12.4 billion to fund the incremental costs for mobilized reserve forces and incremental pay for active duty personnel, in addition to funding for enhanced recruiting and retention initiatives. The enrolled bill adds nearly \$1.2 billion to your request, mainly to increase Basic Allowance for Housing funding.

Operation and Maintenance (O&M). You requested \$48.1 billion for the ongoing costs of the war, and received a cut of \$300 million from your request. This funding provides for the incremental costs of military ground operations, flying hours, steaming hours, transportation, and equipment repair and maintenance, and fully funds the request of \$9.7 billion to build effective Afghan and Iraq Security Forces. The bill adds \$1.6 billion in unrequested funding for a Strategic Readiness Reserve, including \$1 billion for equipment for the National Guard and Reserves, for improving the readiness of non-deployed U.S. military forces.

Defense Health Program. You requested \$1.1 billion for war-related costs for the Defense Health Program. The enrolled bill adds over \$1.9 billion. Almost \$700 million of the unrequested funding pays for the Congress' failure to enact requested health care user fees. Another \$900 million supports post traumatic stress disorder and traumatic brain research and treatment.

Procurement. You requested \$27.2 billion for the procurement of aircraft, missiles, ammunition, and vehicles. The enrolled bill includes a net increase to your request of approximately \$800 million. The enrolled bill provides \$3 billion for Mine Resistant Ambush Protected vehicles, \$1.2 billion above your request.

Defense Working Capital Funds. You requested \$1.3 billion for the Defense Working Capital Funds to pay for spare parts, war reserves, combat inventory, and fuel transportation costs. The bill provides \$200 million less than requested.

Military Construction. You requested \$1.7 billion to construct facilities and build roads critical to the ongoing missions in Iraq and Afghanistan. The bill supports your requested funding. However, the bill prohibits obligation of \$726 million until the Secretary of Defense submits a detailed stationing plan to support Army and Marine Corps end-strength growth.

Base Realignment and Closure (BRAC) Funding. The enrolled bill funds the \$3.1 billion shortfall needed to fully fund the FY 2007 implementation of the 2005 BRAC Commission recommendations. In the full-year continuing resolution for FY 2007, Congress failed to fund BRAC requirements in order to increase funding for domestic programs. Congress chose to include the BRAC funding in this bill rather than offset it from lower priority programs as you requested.

Transfer Authority. The bill does not provide the additional \$3.5 billion in FY 2007 transfer authority that you requested to restore funding to base accounts that DOD has used to support ongoing GWOT operations. The bill does exempt some FY 2007 transfers from the overall limitation. DOD indicates that these exemptions will provide sufficient transfer authority to sustain operations and to address the needs of our commanders in the field.

Classified Funding. The enrolled bill also provides funding for classified intelligence activities. Although the bill is slightly less than your request for these activities, the Intelligence Community should have sufficient resources to carry out their responsibilities in the war on terror.

International Affairs

Iraq Assistance. The bill provides \$2.1 billion for Iraq to support counter-insurgency and stabilization programs, the transition to Iraqi self-reliance, and to provide aid for refugees and internally displaced persons. This is \$288 million less than you requested.

Iraq Operations. The enrolled bill includes \$789 million for State and USAID operating expenses in Iraq, approximately \$70 million less than your request.

State Department Office of the Inspector General (OIG) and the Special Inspector General for Iraq Reconstruction (SIGIR). The bill provides \$35 million for SIGIR and \$1.5 million for State IG oversight for Iraq and Afghanistan, as requested.

Afghanistan. The enrolled bill provides \$940 million, \$189 million more than you requested for reconstruction, diplomatic operations, and security costs.

Sudan. The bill supports your request by providing \$363 million for Sudan, of which \$306 million is for Darfur. The bill includes \$194 million for humanitarian and refugee assistance, food aid and other needs, including \$154 million to support the people of Darfur and \$40 million for other parts of Sudan. It also provides \$150 million to continue support for the African Union peacekeeping mission in Darfur. The enrolled bill does not provide the requested transfer authority between peacekeeping accounts, thus limiting the flexibility to fund peacekeeping efforts in Sudan.

Lebanon. The bill supports your request of \$770 million for reconstruction, security assistance, and peacekeeping in Lebanon, consistent with your request. In order to spend security assistance funds the enrolled bill requires a certification by the Secretary of State that recipients of assistance are not engaged in terrorist activities.

Kosovo. The enrolled bill provides \$214 million for economic assistance to Kosovo, \$65 million below your request.

Emergency Food Aid. The enrolled bill provides \$270 million, \$100 million above your request to address emergency food needs in countries other than Sudan and Afghanistan.

Including Sudan and Afghanistan, total funding in the enrolled bill for emergency food aid is \$450 million.

Special Immigrant Visas for Iraqi Translators or Interpreters. The bill expands existing authority to provide special immigrant visas for Iraqi translators. The bill makes this authority available to the Chief of Mission in Iraq and expands the number of visas available to 500 in 2007 and 2008.

Refugees. The bill provides a total of \$130.5 million in the refugee assistance account, \$59 million above your request. The bill funds your request of \$11.5 million for the Democratic Republic of the Congo, \$5 million for Burundi, \$40 million for West Bank/Gaza, and adds \$30 million for Iraq, \$16 million for Afghanistan, and \$13 million for unforeseen events. The enrolled bill also provides \$55 million for emergency refugee assistance, \$25 million higher than your request.

Civilian Reserve Corps. The enrolled bill provides authority to use up to \$50 million from the State Department's Diplomatic and Consular Affairs Programs account to initiate a Civilian Reserve Corps, subject to enactment of authorization legislation.

Avian Influenza. The bill includes \$161 million to combat the spread of avian influenza, consistent with your request, and also authorizes you to use additional funds from the Millennium Challenge Corporation and Global HIV/AIDS accounts if human-to-human transmission of the disease becomes a threat.

Unrequested funds. The enrolled bill provides additional funding not included in your request including: \$45 million for security assistance to Liberia; \$80 million for military, refugee, and economic assistance to Jordan; \$40 million for unforeseen humanitarian requirements; and \$13 million for economic assistance to Nepal, Philippines, and Vietnam.

Other Items

Department of Homeland Security. You requested no funding for the Department of Homeland Security, except for the Federal Emergency Management Agency (FEMA) in support of continuing Hurricane Katrina recovery efforts. The enrolled bill provides \$1.1 billion in unrequested funding for a variety of homeland security activities including rail and port security grants, emergency management, urban disaster and communications planning grants, and related technical assistance, explosive detection equipment, radiation portal monitors, CBP aircraft inspectors, and expanded cargo screening at overseas ports of entry. Nearly all of these programs are addressed in FY 2007 Appropriations and your FY 2008 Budget.

Department of Justice. The bill includes \$306 million for the Department of Justice to expand counterterrorism programs and support ongoing activities in Iraq and Afghanistan. The funding, most of which is directed to the Federal Bureau of Investigation (FBI), provides \$162 million of the \$173 million requested, as well as \$144 million in unrequested funding for the FBI and the Drug Enforcement Administration.

Veterans Affairs (VA). You requested no funding for the VA. The enrolled bill provides nearly \$1.8 billion for VA programs. Most of this unrequested funding is for combat-specific medical services, research, and facility improvements; a small amount is for improving disability claims processing times.

Hurricane Recovery

Disaster Relief Fund. Your request included \$3.4 billion for the FEMA Disaster Relief Fund to continue Federal hurricane recovery efforts. The enrolled bill provides \$4.1 billion or \$0.7 billion more than your request. The bill also mandates the States of Louisiana, Mississippi, Florida, Alabama, and Texas receive a 100-percent Federal cost share for FEMA public and individual assistance related to Hurricanes Katrina, Rita, Wilma, and Dennis and would allow forgiveness of community disaster loans made to local governments following the 2005 Gulf Coast hurricanes.

Small Business Administration (SBA). The bill transfers \$150 million from unobligated disaster loan balances to FEMA's Disaster Relief Fund and also allows SBA to use \$181 million in unobligated balances to cover additional FY 2007 and expected FY 2008 disaster loan program administrative expenses. Both provisions are similar to proposals in your FY 2008 Budget request for SBA. However, the bill also amends the Small Business Act to authorize unlimited renewal of Federal grant funding for Women's Business Centers, contrary to the original statutory intent to 'graduate' centers from Federal support.

Corps of Engineers. The enrolled bill provides \$1.3 billion to carry out hurricane protection activities, in lieu of the Administration's proposal to re-allocate existing funds for this purpose. The bill also provides \$108 million for hurricane and flood mitigation projects in coastal Mississippi and \$25 million for drainage in New Orleans.

Education Funding. The enrolled bill includes \$60 million in funding for Department of Education programs. This funding includes \$30 million for Louisiana, Mississippi, and Alabama to aid in reopening schools that were closed due to Hurricane Katrina or Hurricane Rita. To date, the Federal Government has given \$1.5 billion to help these States reopen schools and educate students, nearly \$400 million of which has been unspent and can be used for this purpose.

The funding also includes \$30 million for institutions of higher education that closed, relocated, or significantly curtailed their activities, to defray any expenses they may have incurred. To date, these institutions have received \$327 million for these purposes from previous supplemental appropriations and administrative actions.

The bill includes nearly \$8.6 million in unrequested funding for Safe and Drug Free Schools National Activities that would be targeted to those schools identified as "persistently dangerous" under No Child Left Behind. Only 44 schools nationwide are deemed persistently dangerous, of which nine are in Philadelphia. This additional funding is offset by rescissions to Department of Labor programs.

National Oceanic and Atmospheric Administration. The bill provides \$110 million of unrequested funding for Gulf Coast fisheries, notwithstanding the availability of low-interest disaster loans, which are the principal means for assisting businesses injured by disasters.

Department of Transportation. The enrolled bill provides \$871 million for Federal Highway Emergency Relief projects largely unrelated to the Gulf hurricanes. The funding will fund a backlog of eligible projects. The enrolled bill also provides \$35 million for assistance to transit authorities in the Gulf region.

Byrne Discretionary Grants. The bill includes \$50 million in unrequested funds to the Department of Justice's Byrne Grants for violent crime initiatives in the Gulf Coast region in the aftermath of Hurricanes Katrina and Rita.

Other Matters

Wildfire Suppression. The bill includes \$465 million for emergency wildfire suppression -- \$370 million to the Department of Agriculture's (USDA's) Forest Service and \$95 million to the Department of the Interior's (DOI's) Bureau of Land Management. These funds are in addition to the 10-year average for wildland fire suppression costs that Congress has already provided for FY 2007.

County School Payments. H.R. 2206 provides \$425 million in emergency funds for a one-year extension of the Secure Rural Schools and Community Self-Determination Act, originally enacted in 2000. Your Budget proposed a phased-out, offset extension of this county payments law. While this provision presents concerns, the bill does not include funding for a non-offset multi-year extension of the program.

World Trade Center Emergency Responder Health. The enrolled bill includes \$50 million for continuing health care monitoring and treatment of emergency responders experiencing health problems due to exposure to toxins at the World Trade Center, which is unnecessary at this time. HHS estimates that the \$75 million previously appropriated for World Trade Center emergency responder health care costs will last through the end of FY 2007. The FY 2008 Budget includes \$25 million to maintain support for World Trade Center emergency responder health care and screening while the Administration determines the best long-term option for continued health care and monitoring.

National Oceanic and Atmospheric Administration. The bill provides \$60 million of unrequested funding for West Coast fishermen and related businesses affected by the Klamath River "fishery failure". This funding is well above the likely economic loss.

Corps of Engineers. The enrolled bill provides \$153 million for activities in several States to respond to past storms. It also provides \$19 million for activities related to recent flooding in New York State, and \$3 million for dredging in Alabama related to the impacts of Hurricane Dennis in 2005.

Department of the Interior, Bureau of Reclamation. The bill provides \$18 million for drought assistance to the West.

National Energy Technology Laboratory (NETL). The enrolled bill designates all current Federal employees at NETL as inherently governmental. This designation would prevent the Department of Energy from using public-private competition to improve commercial support operations and would be inconsistent with treatment of employees at other national laboratories who perform commercial work.

Department of Energy, Bonneville Power Administration (BPA). The bill would block spending of any funds in FY2007 to implement the President's FY 2008 Budget proposal for BPA to prepay its bonded Treasury debt using excess secondary revenues.

Pension Protection Act (PPA) Amendments. The enrolled bill includes numerous amendments to the PPA. Most significantly, it includes an accommodation sought by Continental and American airlines that would allow airlines that do not freeze their pension plans to use a higher-than-market discount rate that will artificially lower the funding target for these plans during the 10-year period they have to fully fund their pension plans. This will allow them to avoid over \$2 billion in contributions to their Pension Benefit Guaranty Corporation (PBGC)-guaranteed pension plans over 10 years, which would raise PBGC's projected liability by as much as \$500 million over 10 years (in present value terms). The bill also carves out additional exemptions for individual companies from the requirements of the PPA. PBGC already has an \$18 billion gap between its assets and liabilities -- these provisions could further weaken its financial position.

Mine Safety and Health Administration Public-Private Competitions. The enrolled bill blocks the Department of Labor's Mine Safety and Health Administration (MSHA) from using FY 2007 appropriations for contracts that were entered into or carried out as a result of an A-76 public-private competition and states that all MSHA employees shall be deemed inherently governmental (and not suitable for competition).

Mexican Trucking Pilot Program. The enrolled bill would bar DOT from implementing its Mexican trucking demonstration until a variety of conditions are met, including an Inspector General review and additional data reporting requirements. DOT voluntarily agreed to comply with an earlier version of this provision, but additional provisions in the enrolled bill will delay the program past the planned July rollout. The conditions set out in the enrolled bill have no demonstrable safety impact, and are consistent with past Congressional action to delay measures aimed at fully implementing NAFTA trucking provisions.

Health Matters and Fair Minimum Wage and Tax Relief

State Children's Health Insurance Program (SCHIP). The bill includes up to \$650 million in funding to address SCHIP FY 2007 State funding shortfalls. Net of Medicaid interactions the cost is \$435 million.

Medicaid Program Integrity. The enrolled bill institutes a one-year moratorium for two Medicaid program integrity regulations (payment reform and graduate medical education) included in your FY 2008 Budget. The bill includes a partial offset requiring the use of Tamper Resistant Prescription Pads, which is similar to the proposal included in your Budget request. The net impact of these provisions under OMB scoring is a cost of \$120 million in FY 2007 and \$880 million over the FY 2007-2012 period.

Minimum Wage and Related Tax Provisions. The bill increases the Federal minimum wage by \$2.10 over two years, to \$7.25 per hour. It also includes business-related tax provisions that would reduce revenue by \$4.844 billion in FY 2007-2017 and other provisions that would increase revenue by \$4.899 billion over the same 11-year period, according to Joint Committee on Taxation estimates.

Tax provisions include: 1) extending the work opportunity credit (WOTC) from December 31, 2007, until September 1, 2011, including targeted credits for counties with declining populations and for disabled veterans (\$2.571 billion); 2) S Corporation rules changes (\$892 million); 3) allowing the WOTC and tip credit to offset alternative minimum tax liability (\$617 million); and 4) allowing employers to determine the tip tax credit based on the minimum wage in effect as of January 1, 2007 (\$457 million).

Revenue offset provisions include: 1) extending from 18 months to 36 months the period that the IRS has to notify a taxpayer of a tax deficiency before the IRS must stop charging interest and certain penalties (\$2.430 billion); 2) raising the age from under-18 years to under-19 years (and under-24 years if a student) at which a child's unearned income in excess of \$1,700 is taxed at the parent's unearned income tax rates (\$1.432 billion); and 3) three proposals to reduce the "tax gap" that are similar to proposals in the FY 2008 Budget (\$468 million).

Agriculture

Agricultural Disaster Assistance. The enrolled bill provides an unrequested \$3.0 billion for agricultural disaster assistance in 2007. Your Administration has repeatedly opposed providing agricultural disaster assistance that is not offset. However, due to your Administration's efforts, the agricultural assistance package has been significantly reduced, eliminating assistance to special interests and reducing the size of the package by \$500 million. Though the farm economy is strong, with both crop and livestock receipts forecast to be record-high in 2007, there were pockets of loss. The enrolled bill provides \$1.55 billion for traditional crop disaster assistance, more than \$1.2 billion for livestock assistance, \$16 million for the Emergency Conservation Program, \$16 million for assistance to dairy producers, and \$115 million for the Conservation Security Program.

Milk Income Loss Contract (MILC) Program. Your Administration proposed extending the MILC program in its 2007 Farm Bill proposal and you have repeatedly voiced your support for the program. The enrolled bill extends MILC by one month, which costs \$31 million, but which also triggers budget scoring rules that have the effect of adding more than \$2.4 billion to the cost of farm programs over the next 10 years.

Constitutional Concerns

The enrolled bill includes provisions that could be read as infringing upon the President's constitutional authority as Commander in Chief, authority to conduct diplomatic, military, and intelligence activities and authority to supervise the executive branch. In particular, section 1314, in its legislative description of the strategy of the United States and by purporting to mandate the redeployment of U.S. forces under certain circumstances, and section 3301 could be read to unreasonably burden the President's authority as Commander in Chief. Further, numerous provisions of the Act, including sections 1314 and 3303, require reports on sensitive military activities. In addition, certain provisions purport to require approval by congressional committees prior to the execution of the law.

Recommendation

On balance, H.R. 2206 provides the funds needed to execute your strategy on the global war on terror, without imposing unacceptable restrictions on military commanders in the field or on your authority as Commander in Chief. Compared to the vetoed bill, H.R. 2206 removes \$4.2 billion in unrequested spending, and eliminates some extraneous matters, including a provision that would have invalidated recently issued chemical security regulations. Therefore, I join the heads of the affected Departments and agencies in recommending that you sign the enrolled bill.

Sincerely,

A handwritten signature in black ink that reads "Rob Portman". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Rob Portman

THE WHITE HOUSE
WASHINGTON

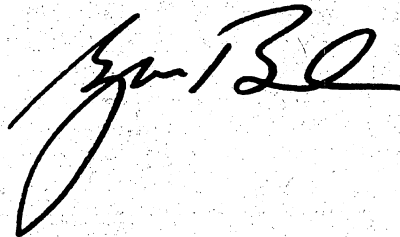
July 31, 2007

Dear Madam Speaker:

I ask the Congress to consider the enclosed revisions to the FY 2008 Budget request for Department of Defense operations in the Global War on Terror. This request would provide the additional resources necessary to maximize the production of Mine Resistant Ambush Protected vehicles and rapidly field this capability to our servicemembers in Iraq and Afghanistan. Overall, the discretionary budget authority in my FY 2008 request for Operation Iraqi Freedom and Operation Enduring Freedom would be increased by \$5.3 billion, for a Department of Defense total of \$147.0 billion for these operations.

I hereby designate the specific proposals in the amounts requested herein as emergency requirements. This request represents urgent and essential requirements and I encourage you to take up the FY 2008 war funding, including this critical force protection funding, as soon as possible. The details of the request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,



The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



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

THE DIRECTOR

July 31, 2007

The President

The White House

Submitted for your consideration are amendments to the FY 2008 Department of Defense (DOD) request to fund ongoing military operations in the Global War on Terror. These revisions would enable DOD in FY 2008 to maximize the production and fielding of Mine Resistant Ambush Protected (MRAP) vehicles, which are a critical priority joint-Service program to counter significant in theater force protection threats especially from improvised explosive devices.

This \$5.3 billion proposal would be in addition to your current request of \$141.7 billion for military operations. Specifically, the request would procure 1,520 additional MRAP vehicles; with the goal of delivering a total of 8,000 in theater by May 2008. In addition to the increase in the MRAP fleet, the funds would support Government furnished equipment, continued technological development and upgrades, and support and transportation for the Military Services and U.S. Special Operations Command for the entire fleet.

Recommendation

This request fulfills known and urgent requirements that cannot reasonably be met within the request submitted with your FY 2008 Budget. Consistent with the original request, I recommend that you designate the specific amendments contained in this transmittal as emergency requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join the Secretary of the Defense in recommending you transmit the proposals to the Congress.

Sincerely,

A handwritten signature in black ink that reads "Rob Portman".

Rob Portman

Enclosures

THE WHITE HOUSE
WASHINGTON

October 22, 2007

Dear Madam Speaker:

I ask the Congress to consider the enclosed amendments to my FY 2008 Budget request that will provide additional resources for ongoing military and intelligence operations in support of Operation Iraqi Freedom, Operation Enduring Freedom, and selected other international activities. These funds will support U.S. efforts to improve stability in these regions. This request is also consistent with the assessments provided by General David Patraeus and Ambassador Ryan Crocker last month and my Iraq Benchmark Assessment Report, as it contains funds to maintain the current pace of operations into FY 2008 and takes into account plans to redeploy five Army brigades by next summer, should conditions on the ground permit.

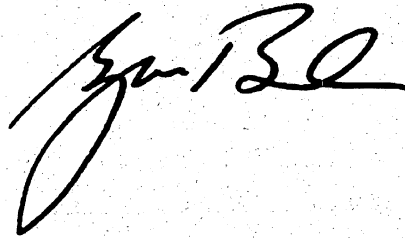
This request includes funds to improve the protection of our forces by procuring additional Mine Resistant Ambush Protected vehicles, which have proved highly effective in countering Improvised Explosive Devices. It also supports pre-deployment training for ground forces; supports the repair, replacement, or supplement of equipment worn out or lost in military operations; upgrades equipment based on lessons learned to date; replenishes depleted prepositioned stocks; and fills shortages in non-deployed units caused by the creation of equipment pools in theater.

In addition, it helps support our military and their families by funding a range of needed services. For example, the request funds the development of a sustainable medical and rehabilitation system to properly care for our Wounded Warriors. The request also funds enhanced support for servicemembers and their families to mitigate the effect of repeated and continued deployments of the all-volunteer force.

These amendments include funding for urgent and unanticipated international programs, including support for extraordinary security and operating costs associated with U.S. diplomatic activity in Iraq and Afghanistan - for assistance to internally displaced persons in Iraq and Iraqi refugees, and to help create political and economic stability in Afghanistan.

I hereby designate the specific proposals in the amounts requested herein as emergency requirements. This request represents urgent and essential requirements and I encourage you to take up this FY 2008 funding as soon as possible. The details of the request are set forth in the enclosed letter from the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Kyl", is written over the typed name "Jon Kyl". The signature is fluid and cursive, with a large loop at the end.

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, D.C. 20515

Enclosure



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

THE DIRECTOR

October 19, 2007

The President

The White House

Submitted for your consideration are amendments to the FY 2008 Global War on Terror (GWOT) request to fund ongoing military, diplomatic, and intelligence operations; stabilization and counter-insurgency activities in Iraq and Afghanistan; and other humanitarian assistance. This request reflects changes in U.S. operations related to GWOT since your Budget was transmitted in February, as well as additions for newly identified requirements that are responsive to changing conditions on the ground. This request is consistent with the assessments provided by General David Patraeus and Ambassador Ryan Crocker last month.

These revisions total \$45.9 billion, and are in addition to the \$150.5 billion you already requested. Of the additional amounts now requested, \$42.3 billion is for the Department of Defense, including \$0.8 billion for classified programs in support of GWOT, and \$3.6 billion is for international functions. The major categories of funding are highlighted below.

Military and Intelligence Operations

- \$7.3 billion to fund combat operations in support of Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) during FY 2008. Of this amount, \$6.3 billion is to maintain current troop levels, allowing for redeployments to begin in December, with five Brigade Combat Teams redeployed by July 2008.
- \$6.4 billion to enhance pre-deployment training for ground forces, including increases for equipment for next-to-deploy forces.
- \$1.0 billion to expand the size of the Iraqi Security Forces and improve their ability to conduct counterinsurgency operations independent of U.S. assistance.
- \$0.2 billion is requested for the Commander's Emergency Response Program in Afghanistan to enable commanders to address urgent needs of local populations and gain their support in the fight against insurgents. A major component of these funds will be building local secondary roads.

- \$0.5 billion to develop a sustainable medical and rehabilitation system to properly care for our Wounded Warriors returning from OIF and OEF.
- \$0.8 billion to enhance support for servicemembers and their families impacted by repeated and continued deployments of the all-volunteer Force.
- \$0.8 billion for classified activities.
- \$0.8 billion to address increased fuel costs.

Equipment, Force Structure, and Facilities Improvements

- \$11.0 billion for the production, fielding, support and continued advancements of Mine Resistant Ambush Protected (MRAP) vehicles, which are a critical priority joint-Service program to counter significant in-theater force protection threats especially from improvised explosive devices. This would fund 7,274 MRAPs for a total of 15,274 produced by the end of FY 2008.
- \$8.8 billion to replace equipment that is worn out or damaged, to upgrade equipment based on wartime lessons learned, to replenish depleted prepositioned stocks, and to fill shortages in non-deployed units caused by the creation of equipment pools in theater.
- \$3.1 billion to provide additional armor and other capabilities to counter the continued threat from Improvised Explosive Devices and snipers.
- \$1.4 billion to build airfields, roads, and other mission critical facilities to ensure survivability of the troops and support mission capabilities. Of this total, \$0.4 billion is requested to expedite efforts to transition services out of the Walter Reed Army Medical Center, Washington, D.C., into new state-of-the-art facilities.

International Affairs and Stabilization Activities

The request seeks \$3.6 billion for urgent and unanticipated international affairs programs, including the following:

- *Global War on Terror and the Middle East.* \$561 million is included for the additional extraordinary security and operating costs associated with supporting U.S. diplomatic activity in Iraq and Afghanistan; up to \$240 million is for assistance to Iraqis who have been displaced from their homes; \$25 million to initiate a new enterprise fund or similar private sector investment program that will help Iraqi-owned firms access the capital that they need to create jobs; and an additional \$500 million is provided for assistance to help create political and economic stability in Afghanistan. The request also provides: \$375 million for the West Bank to help

the Palestinian Authority resolve its fiscal crisis and enhance their security capabilities; and \$60 million to support the Administration's commitment to fund Pakistan's Federally Administered Tribal Areas Sustainable Development plan.

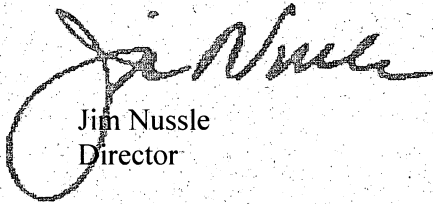
- *Peacekeeping and Security and Economic Assistance.* \$724 million is for the UN peacekeeping mission in Darfur; \$70 million is provided to support elections in Southern Sudan; \$106 million is included to support commitments for energy and economic assistance to North Korea as called for in the Six Party talks. The request also provides \$500 million for Mexico and \$50 million for Central American states, to support their unprecedented efforts to combat transnational crime and drug trafficking.
- *Humanitarian Assistance.* In addition to funding for Iraq, \$350 million is provided for emergency food aid needs and disaster assistance mainly in Africa and \$35 million is provided to assist Palestinian refugees.

Recommendation

These amendments fulfill known and urgent requirements that cannot reasonably be met within the request submitted with your amended FY 2008 Budget. Consistent with the original and subsequent MRAP amendment request, I recommend that you designate the specific amendments contained in this transmittal as emergency requirements.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join Secretary Gates and Secretary Rice in recommending you transmit the proposals to the Congress.

Sincerely,



Jim Nussle
Director

Enclosures

THE BUDGET MESSAGE OF THE PRESIDENT

TO THE CONGRESS OF THE UNITED STATES:

At *www.budget.gov*, Americans will find the budget of the Federal Government for Fiscal Year 2009. Two key principles guided the development of my Budget—keeping America safe and ensuring our continued prosperity.

As we enter this New Year, our economy retains a solid foundation despite some challenges, revenues have reached record levels, and we have reduced the Federal deficit by \$250 billion since 2004. Thanks to the hard work of the American people and spending discipline in Washington, we are now on a path to balance the budget by 2012. Our formula for achieving a balanced budget is simple: create the conditions for economic growth, keep taxes low, and spend taxpayer dollars wisely or not at all.

As Commander in Chief, my highest priority is the security of the American people. So my Budget invests substantial resources to protect the United States from those who would do us harm. Continuing our Nation's efforts to combat terrorism around the globe, my Budget provides our men and women in uniform the tools they need to succeed in Afghanistan and Iraq, and it furnishes the resources needed for our civilians to help those nations achieve economic and political stabilization. My Budget also strengthens our overseas diplomatic capabilities and development efforts, advances our political and economic interests abroad, and improves the lives of people around the world.

Here at home, we are blessed to live in a country that rewards hard work and innovation. In our flexible and dynamic economy, people can pursue their dreams, turn ideas into enterprises, and provide for their families.

As we look back over the past 7 years, we see the economy has successfully responded to substantial challenges, including a recession, terrorist attacks, corporate scandals, wars, and devastating natural disasters. It is a measure of our economy's resilience and the effectiveness of pro-growth policies that our economy has absorbed these shocks, grown for 6 straight years, and had the longest period of uninterrupted job growth on record. Yet mixed indicators confirm that economic growth cannot be taken for granted. To insure against the risk of an economic downturn, I will work with the Congress to pass a growth plan that will provide immediate, meaningful, and temporary help to our economy.

Americans have real concerns about their ability to afford healthcare coverage, pay rising energy bills, and meet monthly mortgage payments. They expect their elected leaders in Washington to address these pressures on our economy. So my Budget puts forth proposals to make health care more affordable and accessible, reduce our dependence on oil, and help Americans struggling to keep their homes.

Above all, my Budget continues the pro-growth policies that have helped promote innovation and entrepreneurship. I will not jeopardize our country's continued prosperity with a tax increase. Higher taxes would only lead to more wasteful spending in Washington—putting at risk both economic growth and a balanced budget.

As we work to keep taxes low, we must do more to restrain spending. My Budget proposes to keep non-security discretionary spending growth below 1 percent for 2009 and then hold it at that level for the next 4 years. It also cuts spending on projects that are not achieving results—because good intentions alone do not justify a program that is not working.

One of the best ways to reduce waste and increase accountability is to make Federal spending more transparent. To help Americans see where their money is being spent, we have launched a website called *www.USAspending.gov*, and to help Americans see the kind of results they are getting for their money, we launched *www.ExpectMore.gov*. I invite all Americans to log on and find out for themselves how their hard-earned tax dollars are being spent.

Billions of those tax dollars go to something called earmarks. Earmarks are special-interest items that are slipped into big spending bills or committee reports, often at the last hour, without discussion or debate. Last January, I asked the Congress to reform earmarks, and lawmakers took some modest steps in that direction. But they failed to end the practice of concealing earmarks in report language—and they continued to fund thousands of them. So I will take steps to advance earmark reform. I also call on the Congress to adopt the legislative line-item veto, which gives the legislative and executive branches a tool to help eliminate wasteful spending. Common-sense reform will help prevent billions of taxpayers' dollars from being spent on unnecessary and unjustified projects.

As we take these steps to address discretionary spending, we also need to confront the biggest challenge to the Federal budget: the unsustainable growth in entitlement spending. Many Americans depend on programs like Social Security, Medicare, and Medicaid, and we have an obligation to make sure they are sound for our children and grandchildren. If we do not address this challenge, we will leave our children three bad options: huge tax increases, huge deficits, or huge cuts in benefits. The longer we put off the problem, the more difficult, unfair, and expensive a solution becomes.

My Budget works to slow the rate of growth of these programs in the short term, which will save \$208 billion over 5 years. This step alone would reduce Medicare's 75-year unfunded obligation by nearly one-third. My Administration cannot solve this problem alone, though. We need a commitment from the Congress to reform and improve these vital programs so they can serve future generations of Americans.

In my 2009 Budget, I have set clear priorities that will help us meet our Nation's most pressing needs while addressing the long-term challenges ahead. With pro-growth policies and spending discipline, we will balance the budget in 2012, keep the tax burden low, and provide for our national security. And that will help make our country safer and more prosperous.

GEORGE W. BUSH

THE WHITE HOUSE,
February 4, 2008.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM

THROUGH: JIM NUSSLE

FROM: SUSAN DUDLEY

SUBJECT: IMPROVING FEDERAL REGULATIONS

Federal regulations affect every aspect of Americans' lives. The *Code of Federal Regulations* with which Americans must comply occupies over 20 feet of shelf space, and government estimates suggest these regulations impose costs of at least a trillion dollars per year. Under the Presidency of George W. Bush, the federal regulatory system has become more effective and accountable to American citizens as demonstrated by the following: (1) new regulations issued during the President's eight years are less burdensome and more beneficial than in the previous 20 years; (2) existing regulations that are outdated or impose unnecessary burdens have been targeted for reform; (3) regulations are based on higher quality information, and the regulatory development process is more accessible and transparent to average Americans than ever before; and (4) in addition, this Administration has taken a lead internationally, to assist other countries in accomplishing beneficial regulatory reform, opening markets between countries, and minimizing barriers to international investment and trade.

1 More Cost-Beneficial New Regulation

The average yearly cost of the major regulations issued during the Bush (43) Administration's first seven years was 25% less than the annual average cost over the previous 20 years. At the same time, the average yearly benefit of the major regulations issued during the Administration was more than double the previous nine-year average based on the available benefits data. The benefits of major regulations issued from 2001 to 2007 exceed the costs by more than eight fold. These greater net benefits are attributable to a more rigorous analysis of the need for new regulations, and of the expected benefits and costs of alternative approaches to address those needs. Of course, a final estimate of the benefits and costs of all regulations issued during the Administration will not be available until 2009.

2 Targeted Reform of Existing Regulations

Reforming regulations that are already on the books can be more challenging than ensuring that new regulations are cost-beneficial. This Administration tackled this challenge by targeting reforms at areas that the public has identified as in most need of improvement. For example, as a result of a 2004 initiative seeking public nominations for reform, the President's regulatory agencies have revised or eliminated 60 regulations that were not meeting their intended objectives.

3 Higher Quality Information and Greater Transparency and Accessibility

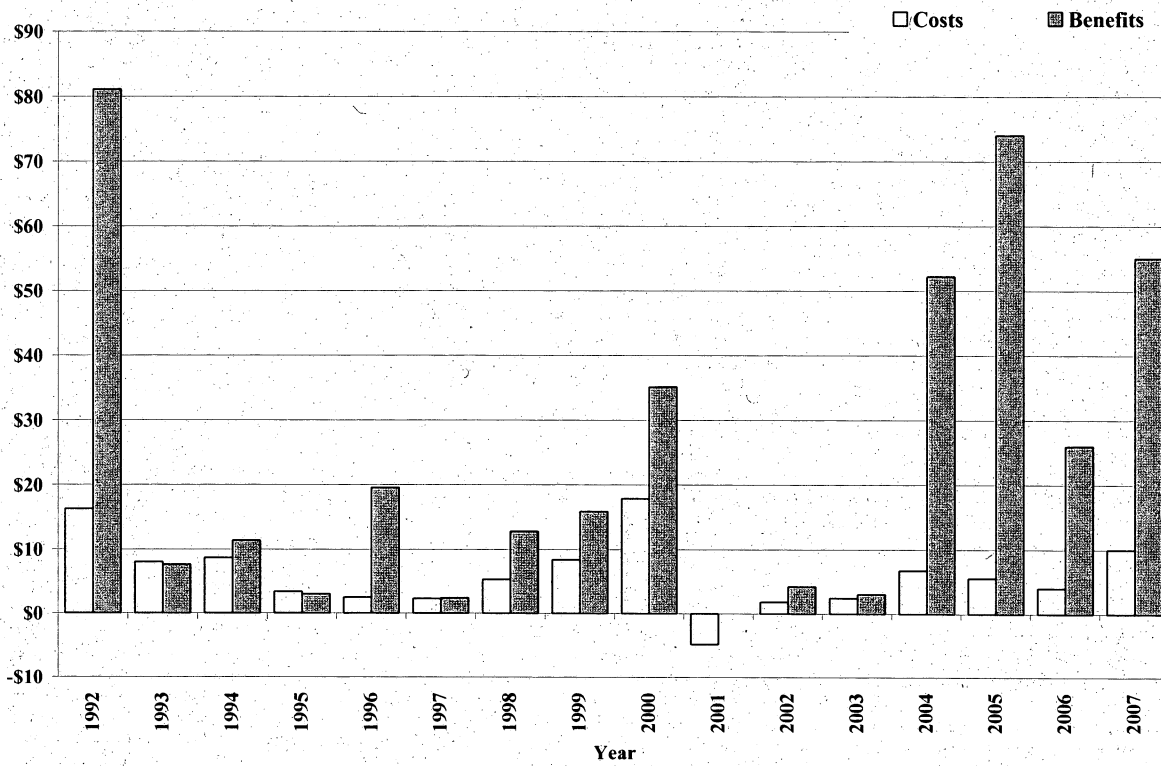
Good government policy depends on quality information. President Bush's initiatives have not only improved the quality of information relied on in developing government policy, but have made that information more accessible and transparent to American citizens. Through guidelines to agencies on information quality, peer review, statistical analysis, regulatory analysis and scientific risk assessment, the President has ensured a well-coordinated, consistent and robust approach to developing policies that affect all Americans. Furthermore, new procedures expanding public access to government information has enabled a much greater role for American citizens in the policy development process. This Administration's e-Rulemaking and Business Gateway initiatives have harnessed the power of the Internet to engage citizens in developing and understanding government policies that affect their lives.

4 Reducing Regulatory Barriers to International Trade & Investment

As tariffs and other explicit barriers to international trade and investment have fallen, differences in regulatory requirements have emerged as more significant barriers to trade than they were in the past. President Bush's leadership role internationally has begun to chip away at these regulatory barriers to international trade and investment. The President joined with German Chancellor Merkel in 2007 to create the Transatlantic Economic Council between the U.S. and the European Union (E.U.), and it is already opening doors to U.S. products in Europe and streamlining regulatory requirements on both sides of the Atlantic. This Administration has engaged in a number of other efforts to improve international regulatory cooperation, including the Security and Prosperity Partnership of North America, and the Asia Pacific Economic Cooperation forum. Through these efforts, the Administration has helped promote U.S. regulatory policies that advance Western values, and support U.S. economic and trade goals.

Benefits and Costs of Major Rules (1992-2007)

Costs and Benefits
billions of 2001 dollars



REGULATORY DEVELOPMENTS (2001-2008)

DATE

(TAB)

January 20, 2001

(1)

The Chief of Staff ensures that the incoming Administration had the opportunity to review any new or pending regulations by issuing a memorandum to executive departments and agencies delaying the publication or effective dates of new and pending rulemaking actions. This action allowed newly appointed political officials to ensure that regulations published and implemented after January 20, 2001 reflected the priorities and policies of the Bush administration. OMB and regulatory agencies identified 371 final rules subject to the memorandum. The effective dates of 90 of these rules were delayed. As of the one-year anniversary of the memorandum, most of the delayed rules had taken effect, with 13 others withdrawn or modified in some way. Supporting Documentation: http://www.whitehouse.gov/omb/inforeg/regreview_plan.pdf; <http://www.gao.gov/new.items/d02370r.pdf>.

May 2, 2001

(2)

The public is invited to identify existing regulations that should be rescinded or modified. 71 nominations were received from 33 commenters. The Administration identified 23 reform nominations as high priority. Supporting Documentation: <http://www.whitehouse.gov/omb/inforeg/costbenefitreport.pdf>.

October 1, 2001

(3)

The President signs the Information Quality Act (section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001), which directed OMB to issue government-wide guidelines that "provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies." OMB issued the Guidelines for public comment and instructed each Agency to issue their own implementing guidelines within one year, including "administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency" that does not comply with the OMB guidelines. Supporting Documentation: http://www.whitehouse.gov/omb/fedreg/final_information_quality_guidelines.html

October 18, 2001

(4)

The Administration commits to greater regulatory transparency by updating the disclosure procedures under Executive Order 12866, providing on the Internet information about OMB's regulatory review activities. The public can now consult OMB's website for daily updates on which rules are under formal review at OMB and

which have concluded review. OMB's website also discloses which outside groups have recently met with OIRA to discuss rules under review. Supporting Documentation: http://www.whitehouse.gov/omb/inforeg/oira_disclosure_memo-b.html

November 14, 2001

(5)

OMB issues a memorandum to agencies emphasizing the importance of the Federal government's compliance with the information collection provisions of the Paperwork Reduction Act of 1995 (PRA), and calling on them to eliminate existing PRA violations and preventing future violations. This was the first in a series of memos that resulted in a significant decline in agency PRA violations. Supporting Documentation: <http://www.whitehouse.gov/omb/inforeg/pramemo111401.pdf>

December 2001

(6)

The President chooses to continue the regulatory oversight process established under President Clinton's Executive Order No. 12866, reinforcing the fact that the principles of sound regulation are non-partisan. However, by more strictly enforcing agency adherence to these core regulatory principles and rigorous analytic standards, the cost of new regulations issued in 2001 was \$18 billion less than in 2000. During the first year of the Bush administration, OMB returned more than 20 rules to agencies for reconsideration—more than the number of the returns in the entire eight years of the Clinton Administration. Agencies learned that the President intended to hold them accountable for issuing regulations that improved public welfare, and as a result, returns became less frequent, and the quality of draft regulations and their supporting analysis improved. Supporting Documentation: <http://www.reginfo.gov/public/do/eoReturnLetters>

February 22, 2002

(7)

OMB issues Government-wide Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies to provide "policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies." <http://www.whitehouse.gov/omb/fedreg/reproducible2.pdf>

March 28, 2002

(8)

OMB again invites the public to provide nominations for the reform of existing, outdated regulations and guidance documents. 316 nominations were received from approximately 1,700 commenters. Of these, 126 rules and 35 guidance documents were referred to agencies for their evaluation. Supporting Documentation: http://www.whitehouse.gov/omb/inforeg/2002_report_to_congress.pdf

October 2002

Net benefits of regulations issued during fiscal year 2002: \$2.4 billion (\$4.3B in benefits less \$1.9B in costs)

September 17, 2003

(9)

OMB issues Circular A-4 (Regulatory Analysis) to provide guidance to Federal agencies on the development of regulatory analysis as required under Section 6(a)(3)(c) of Executive Order 12866, Regulatory Planning and Review, the Regulatory Right-to-Know Act, and a variety of related authorities. The Circular also provides guidance to agencies on the regulatory accounting statements that are required under the Regulatory Right-to-Know Act. Documentation: <http://www.whitehouse.gov/omb/circulars/a004/a-4.pdf>.

October 2003

Net benefits of regulations issued during fiscal year 2003: \$0.6 billion (\$3.111B in benefits less \$2.5B in costs)

February 20, 2004

(10)

OMB again issues a public call for nominations of reforms to regulations affecting the manufacturing sector resulted in 189 reform nominations from 41 commenters, of which the Administration identified 76 as priority reforms. Supporting Documentation: http://www.whitehouse.gov/omb/inforeg/reports/manufacturing_initiative.pdf.

October 2004

Net benefits of regulations issued during fiscal year 2004: \$45.4 billion (\$52.2B in benefits less \$6.8B in costs)

December 16, 2004

(11)

OMB issues a new bulletin on peer review that requires better scientific rigor for agencies' influential documents. Peer review is one of the important procedures used to ensure that the quality of published information meets the standards of the scientific and technical community. It involves an exchange of judgments about the appropriateness of methods and the strength of the author's inferences. Peer review entails critical review of a draft report by qualified specialists who were not involved in the original drafting of the report. The Peer Review Bulletin is one aspect of a larger Administration effort to improve the quality of the scientific information upon which policy decisions are based. Supporting Documentation: <http://www.whitehouse.gov/omb/memoranda/fy2005/m05-03.pdf>.

March 23, 2005

President Bush and his counterparts from Canada and Mexico announce the Security and Prosperity Partnership of North America (SPP). The "Prosperity Agenda" of the SPP

seeks to enhance the competitive position of North American industries in the global marketplace and to provide greater economic opportunity for all three countries, while maintaining high standards of health and safety.

September 28-30, 2005

OMB hosts a dialogue on best practices for regulatory reform in Washington, D.C. for representatives from various EU Commissions. September 28 -30, 2005: Representatives from various EU commissions attended the first government-to-government dialogue hosted by OMB in Washington that shared best practices for regulatory reform. The dialogue was called for by the 2004 U.S. EU Summit.

October 2005

Net benefits of regulations issued during fiscal year 2005: \$68.4 billion (\$74B in benefits less \$5.6B in costs)

January 20, 2006

(12)

OMB issues new Guidance on Agency Survey and Statistical Information Collections to assist agencies in identifying, documenting, and strengthening information to be included in information collection requests, and, most importantly, improve information collection designs. Supporting Documentation:

http://www.whitehouse.gov/omb/inforeg/pmc_survey_guidance_2006.pdf

September 2006

(13)

OMB's new Standards and Guidelines for Statistical Surveys provide government-wide uniformity in statistical methods and practices to ensure the reliability and utility of data produced. The new guidance provides twenty statistical standards on survey design, production of estimates, survey review procedures, as well as data collection, processing, analysis, and dissemination. One of the most significant areas covered in the new standards and guidelines concerns sources of bias in surveys, particularly potential bias due to declining response rates. This guidance offers best practices for agencies to assess and evaluate potential bias in their surveys. The revised standards and guidelines were developed through an extensive interagency process over a multi-year period. Supporting Documentation:

http://www.whitehouse.gov/omb/inforeg/statpolicy/standards_stat_surveys.pdf

October, 2006

Net benefits of regulations issued during fiscal year 2006: \$17.3 billion (\$21.4B in benefits less \$4.1B in costs)

January 18, 2007

(14)

The President issues Executive Order 13422, revising E.O. 12866 and providing for OMB review of agency guidance documents, among other things. On the same day,

OMB issues a Final Bulletin for Agency Good Guidance Practices to improve the manner in which Federal agencies develop, issue, and use guidance documents. Supporting Documentation:

http://www.whitehouse.gov/omb/fedreg/2007/012507_good_guidance.pdf

April 25, 2007

(15)

OMB issues Memorandum M-07-13 to provide guidance to agencies for implementing Executive Order 13422, the primary focus of which is improving the way the Federal government does business with respect to guidance documents – by increasing their quality, transparency, accountability, and coordination. Supporting Documentation: <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-13.pdf>.

April 30, 2007

President Bush meets with EU Leaders, Chancellor Merkel of Germany, and President Barroso of the European Commission, at the 2007 U.S.-EU Summit held in Washington, DC. At the summit, the President signs the Framework for Advancing Transatlantic Economic Integration Between the United States of America and the European Union. The TEC is committed to removing barriers to transatlantic commerce; to rationalizing, reforming, and, where appropriate, reducing regulations to empower the private sector; to achieving more effective, systematic and transparent regulatory cooperation to reduce costs associated with regulation to consumers and producers; to removing unnecessary differences between our regulations to foster economic integration; and to reinforcing existing transatlantic regulatory cooperation dialogues.

June 15, 2007

(16)

OMB issues Implementation Guidance for the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) to provide strong confidentiality protections for statistical information collections, such as surveys and censuses, as well as for other statistical activities that are sponsored or conducted by Federal agencies. The new guidance provides for government-wide uniformity when collecting and maintaining confidential statistical information. Under CIPSEA, agencies are required to clearly describe the confidentiality protection for the information they are collecting from the public, safeguard the information to prevent unauthorized access, and ensure that all persons who have access to confidential data have a current understanding of confidentiality rules and procedures. Supporting Documentation: http://www.whitehouse.gov/omb/fedreg/2007/061507_cipsea_guidance.pdf

August 21, 2007

(17)

President Bush and his counterparts at the Leaders' Summit of the Security and Prosperity Partnership (SPP) announce a North American Regulatory Cooperation Framework. The Framework promotes information sharing among regulators and greater compatibility of regulations and regulatory processes. Supporting Documentation: http://spp.gov/pdf/spp_reg_coop_final.pdf

September 19, 2007

(18)

OMB issues Memorandum M-07-24 "Updated Principles for Risk Analysis," to enhance the scientific quality, objectivity, and utility of Agency risk analyses and improve the efficiency and consistency of risk analyses among the Federal government. Supporting Documentation: <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-24.pdf>

October 2007

Net benefits of regulations issued during fiscal year 2007: \$44.8 billion (\$54.8B in benefits less \$10B in costs)

November 7, 2007

The EU-U.S. High-Level Regulatory Cooperation Forum meets in Washington, DC, focusing on 4 areas: 1) Import safety; 2) The challenges of collaborating prior to considering regulation, including on understanding risks; 3) Considering international effects when developing regulations; and 4) Opportunities and Challenges in US-EU regulatory cooperation. A summary of the Forum's activities and discussions was presented to the first Trans-Atlantic Economic Council, held on November 9, 2007 in Washington, DC.

November 9, 2007

The first meeting of the Trans-Atlantic Economic Council (TEC), held in Washington, DC, formally launches an Investment Dialogue to reduce barriers to transatlantic investment and promote open investment regimes globally. The TEC also expressed the US and EC's strong willingness to resolve the issue of pathogen reduction treatments for poultry carcasses, acknowledged new Food and Drug Administration-EC confidentiality arrangements and a joint work plan in the areas of cosmetics and medical devices, made progress in identifying areas of convergence in international standards for pure biofuels, and agreed to work cooperatively to develop effective and mutually acceptable solutions to secure cargo trade.

April 22, 2008

(19)

Pursuant to the Regulatory Cooperation Framework between the U.S. Mexico and Canada established by the President and other North American leaders in August 2007, OMB works with its North American counterparts to reach agreement on a common set of principles to guide our respective regulatory policies and practices, as well as an illustrative inventory of regulatory best practices. Supporting Documentation: http://spp.gov/docs/RCF_Common_Regulatory_Principles_Inventory_Best_Practices_FINAL.doc

April 25, 2008

The fourth meeting of the EU-US High-Level Regulatory Cooperation Forum was held in Brussels, Belgium. This was the second meeting of the Forum since the establishment of the Trans-Atlantic Economic Council (TEC) at the US-EU Summit in April 2007. The forum focused on four areas: 1) Strengthening cooperation and information exchange between the EU and US administrations on the safety of imported products; 2) Joint work on the methodology of risk assessment; 3) A joint report on the analysis of impacts on international trade and investment in EU and U.S. regulatory impact assessment guidelines; 4) Priorities for the future work of the Forum. The forum also included a public session on the EC and US public consultation and notice and comment procedures.

May 9, 2008

(20)

The Chief of Staff issues a memorandum to agency heads advising them to continue the President's principled approach to regulation and resist the historical tendency of administrations to increase regulatory activity in their final months in office. Supporting Documentation: http://www.whitehouse.gov/omb/inforeg/cos_memo_5_9_08.pdf

May 13, 2008

The second meeting of the Trans-Atlantic Economic Council (TEC) was held in Brussels, Belgium. The meetings have shown clear signs of steady progress towards a more convergent transatlantic regulatory environment in a number of priority areas.

A

THE WHITE HOUSE

WASHINGTON

January 20, 2001

MEMORANDUM FOR THE HEADS AND ACTING HEADS OF EXECUTIVE
DEPARTMENTS AND AGENCIES

FROM:

ANDREW H. CARD, JR. *Andrew H. Card, Jr.*
Assistant to the President
and Chief of Staff

SUBJECT:

Regulatory Review Plan

The President has asked me to communicate to each of you his plan for managing the Federal regulatory process at the outset of his Administration. In order to ensure that the President's appointees have the opportunity to review any new or pending regulations, I ask on behalf of the President that you immediately take the following steps:

1. Subject to any exceptions the Director or Acting Director of the Office of Management and Budget (the "OMB Director") allows for emergency or other urgent situations relating to health and safety, send no proposed or final regulation to the Office of the Federal Register (the "OFR") unless and until a department or agency head appointed by the President after noon on January 20, 2001, reviews and approves the regulatory action. The department or agency head may delegate this power of review and approval to any other person so appointed by the President, consistent with applicable law.
2. With respect to regulations that have been sent to the OFR but not published in the Federal Register, withdraw them from OFR for review and approval as described in paragraph 1, subject to exception as described in paragraph 1. This withdrawal must be conducted consistent with the OFR procedures.
3. With respect to regulations that have been published in the OFR but have not taken effect, temporarily postpone the effective date of the regulations for 60 days, subject to exception as described in paragraph 1.

4. Exclude from the requested actions in paragraphs 1-3 any regulations promulgated pursuant to statutory or judicial deadlines and identify such exclusions to the OMB Director as soon as possible.
5. Notify the OMB Director promptly of any regulations that, in your view, impact critical health and safety functions of the agency and therefore should be also excluded from the directives in paragraphs 1-3. The Director will review any such notifications and determine whether exception is appropriate under the circumstances.
6. Continue in all instances to comply with Executive Order 12866, pending our review of that order, as well as any other applicable Executive Orders concerning regulatory management.

As used in this memorandum, "regulation" has the meaning set out in section 3(c) of Executive Order 12866. That is, this plan covers "any substantive action by an agency (normally published in the Federal Register) that promulgates or is expected to lead to the promulgation of a final rule or regulation, including notices of inquiry, advance notices of proposed rulemaking, and notices of proposed rulemaking."

This regulatory review will be implemented by the Director or Acting Director of the OMB. Communications regarding exceptions to the review, or questions regarding the review generally, should be addressed to that individual.

Finally, in the interest of sound regulatory practice and the avoidance of costly, burdensome, or unnecessary regulation, independent agencies are encouraged to participate voluntarily in this review.

This memorandum shall be published in the Federal Register.

Making Sense of Regulation:

2001 Report to Congress on the Costs and Benefits of Regulations and Unfunded Mandates on State, Local, and Tribal Entities



2001

Office of Management and Budget
Office of Information and Regulatory Affairs

Making Sense of Regulation:

Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities

Preface

Regulatory policy is critical to the welfare of the country. On the positive side, regulations have an essential role to play in protecting the environment, assuring a safe workplace, providing protection to consumers and in other ways addressing the needs of the American people. Yet regulations can also be costly. When designed poorly, regulations can create distortions in the economy by punishing small and large businesses and thwarting innovation and productivity improvements. Unfunded mandates on state and local governments can create serious fiscal problems for Mayors, Governors and other local officials. Common sense can sometimes distinguish a good rule from a bad one but in many complex situations a formal regulatory analysis is necessary to guide regulatory decision making.

The Bush Administration is committed to developing a smarter regulatory system based on sound science and economics. A smarter system adopts cost-effective rules when market and state and local efforts fail, revises existing rules to make them less costly and/or more effective, and rescinds outmoded rules whose benefits do not justify their costs. In pursuing this agenda, the Administration is actively seeking suggestions from the scientific community, stakeholders, and the general public.

This document fulfills two statutory requirements for reporting to Congress on Federal regulatory activity. The first of these reports is Office of Management and Budget's fourth report to Congress on the costs and benefits of Federal regulations as required by Section 628(a) of the FY2000 Treasury and General Government Appropriations Act. Starting next year, Section 624 of the Consolidated Appropriations Act of 2001 requires us to update this report and deliver it to Congress with the budget on an annual basis. This requirement gives us an opportunity to develop a longer run and permanent strategy to produce more comprehensive and higher quality reports. With this in mind, this year's cost-benefit report is designed to be a first step in achieving this long term goal.

The second reporting requirement on unfunded mandates is contained in Title II of the Unfunded Mandates Reform Act (the "Act"), which was signed into law on March 22, 1995 (P.L. 104-4). The Act was designed to ensure that Congress and Executive Branch agencies consider the impact of legislation and regulations on States, local governments, and tribal governments, and the private sector. With respect to States and localities, the Act was an important step in recognizing State and local governments as partners in our intergovernmental system, rather than mere entities to be regulated or extensions of the federal government through which to advance Washington's priorities. This report details the activities of the Federal government that impacted State, local, and Tribal governments between June 2000 and May 2001.

This is the first time that these two reports have been issued as one document. The reason for doing so is that both reports are attempts to provide annual information on federal regulatory activity. We hope to better integrate these reports in the future and would be interested in views on how this integration can be made a more worthwhile exercise. Together these reports represent an effort by the Administration to ensure that regulatory policy is transparent, based on sound analytical principles, and reflects the input of those who are most affected by regulatory policy. While these reports are only a first step, the Administration is committed to developing a smarter regulatory system.

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Making Sense of Regulation:

Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities

EXECUTIVE SUMMARY

Regulatory policy is critical to our nation's welfare. The Bush Administration is committed to developing a smarter regulatory system based on sound science and economics. A smarter system is more transparent, accountable, and cost-effective. It adopts cost-effective rules where market and State and local efforts fail and streamlines existing rules to make them less costly and more effective. This report takes an important step toward creating a regulatory system that "makes sense."

This document fulfills two statutory requirements for reporting Federal regulatory activity to Congress. The first of these reporting requirements is contained in appropriations statutes and directs the Office of Management and Budget to submit a Report to Congress on the Costs and Benefits of Federal Regulations. The second is contained in Title II of the Unfunded Mandates Reform Act and directs OMB to report on agency efforts to consult with intergovernmental partners. Together these two reports, Part I and Part II, represent an effort by the Administration to ensure that regulatory policy is transparent, based on sound analytical principles, and reflects the input of those most affected by regulatory policy.

Part I presents OMB's estimates of the annual costs and benefits of Federal regulation and paperwork in the aggregate, by agency and agency program, and for major rules. It also discusses OMB's analysis of the impacts of Federal regulation on State, local, and tribal government, small business, wages, and economic growth. Part I uses agency regulatory impact analyses to present new quantitative estimates and qualitative descriptions of the benefits and costs of the 31 major rules issued by Federal agencies and reviewed by OMB during the 12-month period beginning April 1, 1999. It also discusses cost and benefit information for the 10 major rules independent agencies issued during this period.

The report indicates that the cost of social regulation -- health, safety, and environmental regulation -- ranged from approximately \$150 billion to \$230 billion per year. Estimates on benefits -- which are more difficult to measure -- ranged from \$250 billion per year to more than \$1 trillion. The cost of economic regulation -- transportation, energy, telecommunications, and international trade regulation -- is approximately \$230 billion per year. The annual cost of paperwork or process regulation is approximately \$195 billion -- \$160 billion of which is for tax compliance. These estimates indicate that the total cost of regulation is nearly equal to the \$584 billion Congress appropriated for all discretionary programs in FY 2000.

The first action taken by the Administration was to gain control over the regulatory pipeline by assuring that the President's appointees had time to review the large number of rules issued during the last days of the previous administration. In reviewing rules issued during the last days of the previous administration, The Bush Administration was following a precedent set by previous administrations.

The Administration next turned to designing several proposals to improve both rulemaking outcomes and the rulemaking process. Some of these proposals already have been implemented, while others are proposals still under review. Included in the proposals mentioned in Part I are a proposal to rejuvenate the "return letter," the mechanism OMB uses to deny approval to a proposed or final rule, and a new proposal to use a "prompt letter" to suggest that a new rule be adopted or that an existing rule be rescinded or revised. Also included are proposals that would increase early involvement of OMB in agency rulemaking decisions, promote peer review and sound risk assessment, analyze the impacts of rules on the nation's energy supply, and make improvements to the OMB guidelines on cost-benefit analysis.

A regulatory system that makes sense entails a targeted examination of existing rules and an assessment of whether changes to these rules are necessary. In the draft report on costs and benefits published May 2, 2001, we asked for public comments on specific regulations that if rescinded or changed would increase public welfare by either reducing costs or increasing benefits. From 33 commentators, we received 71 suggestions involving 17 agencies. Part I lists these proposals and includes OIRA's initial review of these comments.

A regulatory system that makes sense also gets stakeholders involved in regulatory decisions. Among the most critical stakeholders in the regulatory process are our intergovernmental partners. For the past two decades, State, local, and tribal governments increasingly have expressed concerns about the difficulty of complying with Federal mandates without additional Federal resources and the lack of consultation they receive on regulations that affect them. Part II of this report details Federal agency consultations with State, local and Tribal governments. Several examples that might serve as a model for successful consultation include:

- In response to concerns voiced during consultations with States, the Administration for Children and Families modified its Head Start regulations to accommodate State variation in the regulation and oversight of transportation services.
- The Fish and Wildlife Service has included Alaska natives in the development of policies related to the conservation and management of polar bears. As a result, Alaska and Russia natives will manage the polar bear harvest through enforceable quotas, seasons, and other control mechanisms.
- The Employment and Training Administration (ETA) continuously consulted with representatives of State and local stakeholders to create the definition of administrative costs

under the Workforce Investment Act (WIA). ETA worked directly with the League of Cities, the US Conference of Mayors, and the National Association of Counties to identify sites that were willing to study how modifications of administrative costs would affect WIA. ETA used this feedback to revise the administrative cost provisions before publishing the Final Rule.

- The Environmental Protection Agency (EPA) consulted with States, local governments and Tribes in drafting its proposed rule on ground water standards. In response to the concerns voiced by these stakeholders, EPA selected a risk based targeting approach to identify water systems needing improvement.

While Part II contains numerous success stories, the Administration understands that even more timely and meaningful consultation is needed to get our intergovernmental partners sufficiently involved in regulatory decision-making. The Administration is committed to ensuring that this level of consultation is achieved.

Our goal is that future regulatory reports will reflect the changes that are being undertaken now. If this is the case, the regulations described in future reports will be the products of a regulatory system that makes sense.

OFFICE OF MANAGEMENT AND BUDGET

Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Final Guidelines, with Request for Comments

SUMMARY: These guidelines implement section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554). Section 515 directs the Office of Management and Budget (OMB) to issue government-wide guidelines that "provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies." Within one year after OMB issues these guidelines, agencies must issue their own implementing guidelines that include "administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency" that does not comply with the OMB guidelines. OMB is also requesting additional comment for 30 days on the "capable of being substantially reproduced" standard (paragraphs V.3.B, V.9, and V.10) which is issued on an interim final basis.

DATES: Effective Date: October 1, 2001.

Comment Date: Comments on the "capable of being substantially reproduced" standard in paragraphs V.3.B, V.9, and V.10 must be submitted by October 28, 2001.

ADDRESSES: Please submitted comments to Brooke J. Dickson of the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503. Comments can also be e-mailed to informationquality@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: Brooke J. Dickson, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503. Telephone (202) 395-3785.

SUPPLEMENTARY INFORMATION: In section 515(a) of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554; H.R. 5658), Congress directed the Office of Management and Budget (OMB) to issue, by September 30, 2001, government-wide guidelines that "provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies..." Section 515(b) goes on to state that the OMB guidelines shall:

"(1) apply to the sharing by Federal agencies of, and access to, information disseminated by Federal agencies; and

"(2) require that each Federal agency to which the guidelines apply --

"(A) issue guidelines ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by the agency, by not later than 1 year after the date of issuance of the guidelines under subsection (a);

"(B) establish administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency that does not comply with the guidelines issued under subsection (a); and

"(C) report periodically to the Director --

"(i) the number and nature of complaints received by the agency regarding the accuracy of information disseminated by the agency; and

"(ii) how such complaints were handled by the agency."

These guidelines are to be issued "under sections 3504(d)(1) and 3516" of the Paperwork Reduction Act of 1995; pursuant to section 3503 of that Act, the authorities of the OMB Director are carried out by the Administrator of the Office of Information and Regulatory Affairs.

Background

The focus of section 515 is on the Federal Government's information dissemination activities. Indeed, Federal agencies have disseminated information to the public for decades. Until recently, agencies have disseminated information principally by making paper copies of documents available to the public. In recent years, however, Federal information dissemination has grown due to the advent of the Internet, which has ushered in a revolution in communications. The Internet has enabled Federal agencies to disseminate an ever-increasing amount of information. Congress has strongly encouraged the Executive Branch's dissemination efforts in statutes that include particular dissemination activities and in the government-wide dissemination provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35) (the PRA). In addition, the Executive Branch's strong support for information dissemination is reflected in the dissemination provisions of OMB Circular A-130, "Management of Federal Information Resources," as well as in the provisions in OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," related to a Freedom of Information Act request for research data relating to published research findings produced under an award that were used by the Federal Government in developing an agency action that has the force and effect of law (64 FR 54926; October 8, 1999).

Section 515 builds upon the existing agency responsibility to ensure information quality. According to the PRA, agency Chief Information Officers (CIOs) must manage information resources to "improve the integrity, quality, and utility of information to all users within and outside the agency, including capabilities for ensuring dissemination of

public information, public access to government information, and protections for privacy and security." Before an agency collects information from 10 or more persons, the agency must seek public comment "to enhance the quality, utility, and clarity of the information to be collected." The agency then must obtain OMB approval that is based upon an evaluation of the agency's need for the information, the "practical utility" of the information to be collected, and the minimization of burden that would be imposed on the public in responding to the collection. The CIO must certify to OMB that the agency, "to the maximum extent practicable, uses information technology to reduce burden and improve data quality."

In developing these guidelines to implement section 515, OMB recognized that Federal agencies disseminate many types of information in many different ways. A few examples can only begin to describe the breadth of information disseminated by the Federal government. Agencies disseminate statistical information, such as the aggregated information from the 2000 Census and the monthly and quarterly economic reports issued by the Bureau of Economic Analysis and the Bureau of Labor Statistics. Agencies disseminate information that aids members of the public in their daily activities, such as the National Weather Service's weather reports and the FAA's air travel advisories. Agencies disseminate information about health, safety, and environmental risks and information that they collect from regulated entities, such as EPA's dissemination of Toxic Release Inventory information. Agencies also disseminate technical information that they create or obtain in the course of developing regulations, often involving scientific, engineering, and economic analysis. Agencies disseminate information when they issue reports and studies. Moreover, agencies provide the public with basic descriptions of agency authorities, activities and programs, along with the contact information for the public to interact with and access that information or those services.

Underlying Principles

In accordance with section 515, OMB has designed the guidelines to help agencies ensure and maximize the quality, utility, objectivity and integrity of the information that they disseminate (meaning to share with, or give access to, the public). It is crucial that information Federal agencies disseminate meets these guidelines. In this respect, the fact that the Internet enables agencies to communicate information quickly and easily to a wide audience not only offers great benefits to society, but also increases the potential harm that can result from the dissemination of information that does not meet basic information quality guidelines. Recognizing the wide variety of information Federal agencies disseminate and the wide variety of dissemination practices that agencies have, OMB developed the guidelines with several principles in mind.

First, OMB designed the guidelines to apply to a wide variety of government information dissemination activities that may range in importance and scope. OMB also designed the guidelines to be generic enough to fit all media, be they printed, electronic, or in other form. OMB sought to avoid the problems that would be inherent in developing detailed, prescriptive, "one-size-fits-all" government-wide guidelines that would artificially require different types of dissemination activities to be treated in the same manner. Through this flexibility, each agency will be able to incorporate the

requirements of these OMB guidelines into the agency's own information resource management and administrative practices.

Second, OMB designed the guidelines so that agencies will meet basic information quality standards. Given the administrative mechanisms required by section 515 as well as the standards set forth in the PRA, it is clear that agencies should not disseminate substantive information that does not meet a basic level of quality. We recognize that some government information may need to meet higher or more specific information quality standards than those that would apply to other types of government information. The more important the information, the higher the quality standards to which it should be held, for example, in those situations involving "influential scientific or statistical information" (a phrase defined in these guidelines). The guidelines recognize, however, that information quality comes at a cost. Accordingly, the agencies should weigh the costs (for example, including costs attributable to agency processing effort, respondent burden, maintenance of needed privacy, and assurances of suitable confidentiality) and the benefits of higher information quality in the development of information, and the level of quality to which the information disseminated will be held.

More specifically, the OMB guidelines state that "agencies shall have a basic standard of quality (including objectivity, utility, and integrity) as a performance goal ...". We note, in the scientific context, that in 1996 the Congress, for health decisions under the Safe Drinking Water Act, has already adopted a basic standard of quality for the use of science in agency decisionmaking. Under 42 U.S.C. 300g-1(b)(3)(A), an agency is directed, "to the degree that an Agency action is based on science," to use "(i) the best available, peer-reviewed science and supporting studies conducted in accordance with sound and objective scientific practices; and (ii) data collected by accepted methods or best available methods (if the reliability of the method and the nature of the decision justifies use of the data)." We also note that the OMB guidelines call for an additional level of quality "in those situations involving influential scientific or statistical information." The additional level of quality concerns a standard of care for scientific or statistical analytical results, a "capable of being substantially reproduced" standard that is discussed below.

We further note that in the 1996 amendments to the Safe Drinking Water Act the Congress adopted a basic quality standard for the dissemination of public information about risks of adverse health effects. Under 42 U.S.C. 300g-1(b)(3)(B), the agency is directed, "to ensure that the presentation of information [risk] effects is comprehensive, informative, and understandable." The agency is further directed, "in a document made available to the public in support of a regulation [to] specify, to the extent practicable -- (i) each population addressed by any estimate [of applicable risk effects]; (ii) the expected risk or central estimate of risk for the specific populations [affected]; (iii) each appropriate upper-bound or lower-bound estimate of risk; (iv) each significant uncertainty identified in the process of the assessment of [risk] effects and the studies that would assist in resolving the uncertainty; and (v) peer-reviewed studies known to the [agency] that support, are directly relevant to, or fail to support any estimate of [risk] effects and the methodology used to reconcile inconsistencies in the scientific data." We urge each agency in developing its guidelines to evaluate whether adopting or adapting

these basic Congressional standards would be appropriate for judging the quality of disseminated scientific or statistical information.

Third, OMB designed the proposed guidelines so that agencies can apply them in a common-sense and workable manner. It is important that these guidelines do not impose unnecessary administrative burdens that would inhibit agencies from continuing to take advantage of the Internet and other technologies to disseminate information that can be of great benefit and value to the public. In this regard, OMB encourages agencies to incorporate the standards and procedures required by these guidelines into their existing information resources management and administrative practices rather than create new and potentially duplicative or contradictory processes. The primary example of this is that the guidelines recognize that, in accordance with OMB Circular A-130, agencies already have in place well-established information quality standards and administrative mechanisms that allow persons to seek and obtain correction of information that is maintained and disseminated by the agency. Under the OMB guidelines, agencies need only ensure that their own guidelines are consistent with these OMB guidelines, and then ensure that their administrative mechanisms satisfy the standards and procedural requirements in the new agency guidelines. Similarly, agencies may rely on their implementation of the Federal Government's computer security laws (formerly, the Computer Security Act, and now the computer security provisions of the PRA) to establish appropriate security safeguards for ensuring the "integrity" of the information that the agencies disseminate.

Summary of OMB Guidelines

These guidelines apply to Federal agencies subject to the Paperwork Reduction Act (44 U.S.C. chapter 35). Agencies are directed to develop information resources management procedures for reviewing and substantiating (by documentation or other means selected by the agency) the quality (including the objectivity, utility, and integrity) of information before it is disseminated. In addition, agencies are to establish administrative mechanisms allowing affected persons to seek and obtain, where appropriate, correction of information disseminated by the agency that does not comply with the OMB or agency guidelines. Consistent with the underlying principles described above, these guidelines stress the importance of having agencies apply these standards and develop their administrative mechanisms so they can be implemented in a common sense and workable manner. Moreover, agencies must apply these standards flexibly, and in a manner appropriate to the nature and timeliness of the information to be disseminated, and incorporate them into existing agency information resources management and administrative practices.

Section 515 denotes four substantive terms regarding information disseminated by Federal agencies: quality, utility, objectivity, and integrity. It is not always clear how each substantive term relates -- or how the four terms in aggregate relate -- to the widely divergent types of information that agencies disseminate. The guidelines provide definitions that attempt to establish a clear meaning so that both the agency and the public can readily judge whether a particular type of information to be disseminated does or does not meet these attributes.

In the guidelines, OMB defines "quality" as the encompassing term, of which "utility," "objectivity," and "integrity" are the constituents. "Utility" refers to the usefulness of the information to the intended users. "Objectivity" focuses on whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner, and as a matter of substance, is accurate, reliable, and unbiased. "Integrity" refers to security -- the protection of information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification. OMB modeled the definitions of "information," "government information," "information dissemination product," and "dissemination" on the longstanding definitions of those terms in OMB Circular A-130, but tailored them to fit into the context of these guidelines.

In addition, agencies have two reporting requirements. The first report, implemented no later than one year after the issuance of these OMB guidelines (no later than October 1, 2002), must provide the agency's information quality guidelines that describe administrative mechanisms allowing affected persons to seek and obtain, where appropriate, correction of disseminated information that does not comply with the OMB and agency guidelines. The second report is an annual fiscal year report to OMB (to be first submitted on January 1, 2004) providing information (both quantitative and qualitative, where appropriate) on the number, nature, and resolution of complaints received by the agency regarding its perceived or confirmed failure to comply with these OMB and agency guidelines.

Public Comments and OMB Response

Section 515(a) required OMB to provide the public and the Federal agencies the opportunity to comment on these guidelines. OMB worked with Federal agencies, through a working group and through an inter-agency comment process, in the development of the proposed guidelines. The proposed guidelines were published in the *Federal Register* on June 28, 2001 (66 Fed. Reg. 34489) providing a public comment period of 45 days. OMB received a total of 100 comments from academic institutions (36), Federal agencies (26), individual members of the public (7), associations affiliated with academia (5), associations affiliated with medical, social science or science interests (15), associations affiliated with Federal Government interests (4), and associations affiliated with industry interests (7).

General Concerns. Many comments expressed support for the idea of government-wide quality standards for information disseminated by Federal agencies. Comments also expressed support for OMB's commitment to creating flexible general guidelines and to minimizing the administrative costs and burdens that these guidelines will impose. The majority of comments focused on two aspects of the proposed guidelines: suggestions for placing limitations on the administrative correction mechanisms requirements of the statute; and the need to clarify specific definitions and other terms found in the guidelines.

Many comments raised questions and concerns about how these guidelines interact with existing statutes and policies, including the Paperwork Reduction Act and the Government Performance and Results Act. We have attempted to draft these guidelines in a way that addresses the requirements of section 515, but does not impose a

completely new and untried set of standards upon Federal agencies. We encourage agencies to consider the effect of relevant existing statutes and policies in the development of their own guidelines.

Administrative Mechanisms. These guidelines require agencies to establish administrative mechanisms allowing affected persons to seek and obtain, where appropriate, correction of information maintained and disseminated by the agency that does not comply with the OMB guidelines. Many comments suggested that limits be imposed on the types of information that should be subject to these guidelines, in particular, information that is disseminated by agency libraries. OMB agrees that archival information disseminated by Federal agency libraries (for example, Internet distribution of published articles) should not be covered by these guidelines, given that libraries do not endorse the information that they disseminate. Moreover, an agency's dissemination of public filings (for example, corporate filings with the Securities and Exchange Commission) is not covered by these guidelines. In each of these situations, the agencies have not authored these documents and have not adopted them as representing the agencies' views. By disseminating these materials, the agencies are simply ensuring that the public can have quicker and easier access to materials that are publicly available. In developing its implementing guidelines, and in accordance with the criteria set forth in these guidelines, each agency should evaluate and identify the types of information that it disseminates that will be subject to its guidelines.

In addition, comments also raised the concern that the guidelines would apply to "preliminary" information, and they recommended that the guidelines exclude such information. OMB appreciates the concerns that these comments have raised. However, OMB does not believe that an exclusion for "preliminary" information is necessary or appropriate. It is still important that the quality of preliminary information be ensured and that preliminary information be subject to the administrative complaint-and-correction process.

A few comments stated that affected information should be limited to information used in agency rulemaking. While this has been the position of previous policies which these guidelines are not intended to modify or replace (see, e.g., section ____ .36(d) in OMB Circular A-110), we believe the plain meaning and intent of section 515 covers the larger government information universe.

Based on the public comments received, these guidelines allow agencies to determine the appropriate level of correction for a complaint received. Several comments suggested that agencies use disclaimers to distinguish the status of information, a practice that agencies should consider adopting as they consider their information holdings.

OMB received detailed discussion on the requirement that agencies develop administrative mechanisms allowing for affected persons to "seek and obtain correction of information that does not comply with OMB's guidelines." Members of the scientific community expressed strong concerns about the possibility of a Federal agency that would "correct" scientific information without carrying out the scientific analysis to support the correction. Comments from all fields suggested in various ways that

challenging individuals should be "required to openly state his/her relationship with the data/information (familiarity/expertise) and provide information [as] to his/her interest in it."

Comments also pointed out great potential for abuse of this process. As one association summarized, "This could be seen to provide grounds for interested parties to demand access to underlying data, to compel the government to replicate research findings (at great expense and with unnecessary delay), or in other ways impede, discredit, harass or stymie research." For example, the National Oceanic and Atmospheric Administration (NOAA) explained that they receive numerous complaints from the public when they miss a weather forecast. "Does this mean that the NWS [National Weather Service] could be requested to change a forecast after the fact? Or could someone with an economic interest challenge official observational data which could affect the value of an insurance payment?" asks NOAA.

Overall, OMB does not envision administrative mechanisms that would burden agencies with frivolous claims. Instead, the correction process should serve to address the genuine and valid needs of the agency and its constituents without disrupting agency processes. Agencies, in making their determination of whether or not to correct information, may reject claims made in bad faith or without justification, and are required to undertake only the degree of correction that they conclude is appropriate for the nature and timeliness of the information involved, and explain such practices in their annual fiscal year reports to OMB.

Numerous comments provided language to clarify or limit the term, "affected persons." One academic institution suggested that the term, "affected persons," reflects a criterion of "direct measurable impact with significant personal consequence." Other academic institutions suggested that "affected persons should not be permitted to challenge the substance of information without showing that a qualified scientist has found fault with its quality or integrity." Similarly, some comments argued that the ability to correct scientific information should be limited only to other scientists. Several associations suggested that OMB identify the types of information that could be challenged rather than to focus on the characteristics of a "legitimate" challenger. OMB considered these comments at length. Our conclusion is that "affected persons" are people who may benefit or be harmed by the disseminated information. This includes persons who are seeking to address information about themselves as well as persons who use information. However, each agency should consider how persons (which includes groups, organizations and corporations, as defined by the Paperwork Reduction Act) will be affected by the agency's information. Agencies should address the issue of "affected persons" in consultation with their constituents through the public comment process that agencies will provide after drafting their proposed guidelines and before submitting them for OMB review.

These guidelines require that an agency official be designated to receive and resolve complaints regarding information that does not comply with either the OMB guidelines or the agency's guidelines. In the proposed guidelines, we required, with a limited exception, that the Chief Information Officer (CIO) of the agency have this responsibility. Of the government agencies that commented on this provision, many pointed to their

specific agency practices on information quality and their designation of a "quality official" who was not necessarily working under the agency CIO. Recognizing that some agencies may have specific officials in place to address quality issues, the final guidelines allow agencies to designate an appropriate official. Agencies may also designate multiple officials, i.e., based on the needs of individual agency components, as long as there is a single official with these overall responsibilities designated at the agency level. The authorized official also needs to consult with the CIO on quality matters pertaining to information disseminated by the agency.

Agencies need to respond to complaints in a manner appropriate to the nature and extent of the complaint. Examples of appropriate responses, as suggested by comments, include personal contacts via letter or telephone, form letters, press releases or mass mailings that correct a widely disseminated error or address a frequently raised complaint. Agencies may want to utilize other methods of response under existing agency practices. For example, for agencies with a high volume of complaints, it is acceptable for the agency to describe a sample of those complaints in the annual fiscal year report to OMB. For categories of inconsequential or trivial complaints identified in the agency guidelines, an agency may decide that no response is necessary. Agencies should describe to OMB as part of the annual fiscal year report the chosen response mechanisms and how they are working.

Definitions and Other Terms. Section 515 denotes four substantive terms regarding information disseminated by Federal agencies: quality, utility, objectivity, and integrity. We have defined "quality" as an encompassing term. The organizations and individuals that submitted comments did not object to having "quality" defined as an encompassing term, but suggested that we should discuss each term separately. The principles laid out in the proposed guidelines, stated one comment, create "subjective definitions" of the four terms. This comment warned OMB that "subjective definitions of quality, objectivity, utility, and integrity could cause agencies to delay data release or disregard data for fear of challenge." Other comments expressed similar views, or as one association observed, "Science does not recognize a sliding scale of quality."

These guidelines reflect OMB's determination that "quality," "utility," "objectivity," and "integrity" are closely interrelated concepts in the context of these guidelines. Collectively, these terms address the following three aspects of the information that is to be disseminated: whether the information is useful to the intended users of the information; whether the disseminated information is being presented in an accurate, clear, complete, and unbiased manner in both presentation and as a characteristic that should be inherent to quality information; and whether the information has been protected from unauthorized access or revision.

Some comments stated that OMB was "exceeding the statutory mandate" and going beyond "Congressional intent" in specifying scientific and statistical information in these guidelines. Others felt that we should simply acknowledge that the scientific and statistical communities already have practices and standards for their information, rather than create another set of standards for these information types. OMB does not agree with those comments that said the proposed guidelines went beyond the statute in covering statistical and scientific information. Section 515 expressly states that its scope

includes statistical information. Moreover, section 515 has no exclusion for scientific information, and in many respects it is very similar to (and overlaps with) statistical information. OMB, however, does appreciate the concerns that the comments raised about the guidelines not creating another set of standards for statistical and scientific information. Our guidelines do not seek to impose new standards on these communities, but to reiterate the standards that are already held in those communities.

Recognizing public interest in medical and public health information, we have specifically added a provision stating, "Agencies shall adopt specific standards of quality that are appropriate for the various categories of information they disseminate." For example, OMB encourages agencies, in crafting their agency-specific guidelines, to promote objectivity in information quality in ways that protect the confidentiality of research subjects and encourage public participation in research. These concerns are particularly salient in medical and public health research.

A number of comments regarded our discussion of ensuring that scientific information be "substantially reproducible" as requiring agencies to replicate original data and to perform independent analysis upon all scientific information disseminated by the agency. We have responded to these concerns in a number of ways. First, we make it clear that what we now refer to as the "capable of being substantially reproduced" standard applies to analytical results that are disseminated, and does not apply to the original or supporting data. Thus, replication of original data is not required. Second, the "capable of being substantially reproduced" standard is applicable only to "influential" scientific and statistical information as defined in the guidelines. Third, the guidelines call for the agency to determine that "influential" analytical results be capable of being substantially reproducible by independent analysis. We intend this standard to say that, if appropriately qualified persons used the same or a similar methodology, they would be expected to achieve similar findings and results.

Based on the concerns expressed in the comments, we expanded upon our discussion of "capable of being substantially reproduced" in our definition of "objective," and added two explanatory definitions. We state, in paragraphs V.3.B, V.9, and V.10:

In addition, "Objectivity" involves a focus on ensuring accurate, reliable, and unbiased information. In a scientific or statistical context, the original or supporting data shall be generated, and the analytical results shall be developed, using sound statistical and research methods.

- i. If the results have been subject to formal, independent, external peer review, the information can generally be considered of acceptable objectivity.
- ii. In those situations involving influential scientific or statistical information, the results must be capable of being substantially reproduced, if the original or supporting data are independently analyzed using the same models. Reproducibility does not mean that the original or supporting data have to be capable of being replicated through new experiments, samples or tests.

- iii. Making the data and models publicly available will assist in determining whether analytical results are capable of being substantially reproduced. However, these guidelines do not alter the otherwise applicable standards and procedures for determining when and how information is disclosed. Thus, the objectivity standard does not override other compelling interests, such as privacy, trade secret, and other confidentiality protections.

"Influential" when used in the phrase "influential scientific or statistical information" means the agency expects that information in the form of analytical results will likely have an important effect on the development of domestic or international government or private sector policies or will likely have important consequences for specific technologies, substances, products or firms.

"Capable of being substantially reproduced" means that independent reanalysis of the original or supporting data using the same methods would generate similar analytical results, subject to an acceptable degree of imprecision.

As a general matter, in the scientific and research context, we regard technical information that has been subjected to formal, independent, external peer review as presumptively objective. An example of a formal independent external peer review is the review process used by scientific journals. However, depending on the nature and timeliness of the information involved, an agency may decide that peer review is not necessary or appropriate. On the other hand, in those situations involving influential scientific or statistical information, the substantial reproducibility standard is added as a quality standard above and beyond some peer review quality standards. In the definition of "influential," when used in the phrase "influential scientific or statistical information," we note that the manner in which people perceive the scientific or statistical information can have important consequences for specific policies, technologies, substances, products, and firms.

Based on concerns with the "substantially reproducible" standard, a number of comments suggested that OMB should repropose this standard for additional public comment, rather than going final at this time. While, in deference to the statutory deadline, OMB is issuing the "capable of being substantially reproduced" standard (paragraphs V.3.B, V.9, and V.10), OMB is doing so on an interim final basis. We specifically request public comments on this standard by October 28, 2001. In addition, OMB wants to stress that the guidelines published today should be understood as a beginning of an evolutionary process that will include draft agency guidelines, public comment, final agency guidelines, development of experience with OMB and agency guidelines, and continued refinement of both OMB and agency guidelines.

OMB modeled the draft definitions of "information," "government information," "information dissemination product," and "dissemination" on the longstanding definitions of those terms in OMB Circular A-130, but tailored them to fit into the context of these guidelines. Information that is disseminated on behalf of an agency (through a contract or a grant) is considered to be sponsored by the agency and is subject to these guidelines. Consistent with the PRA concept of agency "sponsorship" of a collection of information, information is considered to be disseminated on behalf of an agency by a

contractor or grantee if the dissemination is done at the agency's specific request or with the agency's specific approval. See 5 C.F.R. 1320.3(d). Finally, it should be noted that these guidelines focus primarily on the dissemination of substantive information (i.e. reports, studies, summaries) rather than information pertaining to basic agency operations.

We have clarified two terms for the final guidelines. The proposed guidelines included "opinions" in the definition of "information." We agree with comments that indicated agencies should not be accountable for correcting someone's opinion, but in the agency's presentation of the information, it should be clear that what is being offered is someone's opinion rather than facts or the agency's views. "Opinion" has therefore been removed from the definition of "information" in the final guidelines. The definition for "dissemination" was also revised after discussions with two Federal agencies that correspond frequently with individual members of the public regarding their participation in the agency's programs. In addition, in the definition of "dissemination," we changed the exclusion for "judicial process" to "adjudicative process" to make it clear that these guidelines do not apply to the issuance of agency adjudicative decisions.

Reporting Requirements. Agencies have two reporting requirements. The first report, taking effect no later than one year after the issuance of these OMB guidelines, must provide the agency's information quality guidelines that describe administrative mechanisms allowing affected persons to seek and obtain, where appropriate, correction of disseminated information that does not comply with these OMB guidelines. During the year that agencies have to complete their agency guidelines, agencies must publish the draft reports in the *Federal Register* for a period of public comment, and no later than nine months after the issuance of OMB's guidelines, submit their draft reports to OMB for review. Upon completion of OMB's review, final agency guidelines must be published in the *Federal Register* and made available through the agency website. The entire process must be completed by no later than one year after the issuance of the OMB guidance (no later than October 1, 2002).

The second report is an annual fiscal year report to OMB (to be first submitted on January 1, 2004) providing information on the number, nature, and resolution of complaints received by the agency regarding its perceived or confirmed failure to comply with these OMB and agency guidelines. Regarding the proposed guidelines, we received detailed comments on the required report to OMB describing the number and nature of complaints received by the agency and how such complaints were resolved. Two Federal agencies stated that it would be burdensome to report to OMB on every single complaint they received and responded to, particularly because many of the complaints may be received in phone calls and given informal responses that address the callers' concerns. Recognizing that agencies may deal with large volumes of complaints on particular types of information disseminated by the agency, OMB's guidelines allow the agency to provide qualitative and/or quantitative descriptions of complaints received and how they were resolved (or not). OMB also recognizes that a large number of comments about a specific document may only demonstrate that the information is controversial, not that its quality is flawed.

In conclusion, issuance of these final guidelines meets the statutory requirement that section 515 imposed on OMB. As we stated earlier in this preamble, and in connection with the proposed guidelines, OMB has sought in developing these guidelines to make them flexible enough so that Federal agencies can apply them in a common sense, workable, and appropriately tailored manner to the wide variety of dissemination activities that the Federal Government undertakes. In addition, in drafting guidelines that will apply on a government-wide basis, OMB has been sensitive to the problem of unintended consequences and has tried to anticipate and address issues that could arise during the implementation of these guidelines. In this respect, the public and agency comments that we received on the proposed guidelines were very helpful and are greatly appreciated. As we explained above, we made a number of revisions to the guidelines to address the concerns raised in the comments, and we also believe that these and other concerns can be addressed as well in the implementing guidelines that each agency will develop in the coming months. In addition, OMB is issuing the "capable of being substantially reproduced" standard (paragraphs V.3.B, V.9, and V.10) on an interim final basis. We specifically request public comments on this standard over the next 30 days. Moreover, over time as the agencies and the public gain further experience with the OMB guidelines, we would appreciate receiving any suggestions for how OMB could improve them. Just as OMB requested public comment before issuing these final guidelines, OMB will refine these guidelines as experience develops and further public comment is obtained.

Dated: September 24, 2001

/s/

John D. Graham

Administrator, Office of Information and Regulatory Affairs

Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies.

I. OMB Responsibilities. Section 515 of the Treasury and General Government Appropriations Act for FY2001 (Public Law 106-554) directs the Office of Management and Budget to issue government-wide guidelines that provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information, including statistical information, disseminated by Federal agencies.

II. Agency Responsibilities. Section 515 directs agencies subject to the Paperwork Reduction Act (44 U.S.C. 3502(a)) to --

1. Issue their own information quality guidelines ensuring and maximizing the quality, objectivity, utility, and integrity of information, including statistical information, disseminated by the agency no later than one year after the date of issuance of the OMB guidelines;

2. Establish administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency that does not comply with these OMB guidelines; and
3. Report to the Director of OMB the number and nature of complaints received by the agency regarding agency compliance with these OMB guidelines concerning the quality, objectivity, utility, and integrity of information and how such complaints were resolved.

III. Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies.

1. Overall, agencies shall adopt a basic standard of quality (including objectivity, utility, and integrity) as a performance goal and should take appropriate steps to incorporate information quality criteria into agency information dissemination practices. Quality is to be ensured and established at levels appropriate to the nature and timeliness of the information to be disseminated. Agencies shall adopt specific standards of quality that are appropriate for the various categories of information they disseminate.
2. As a matter of good and effective agency information resources management, agencies shall develop a process for reviewing the quality (including the objectivity, utility, and integrity) of information before it is disseminated. Agencies shall treat information quality as integral to every step of an agency's development of information, including creation, collection, maintenance, and dissemination. This process shall enable the agency to substantiate the quality of the information it has disseminated through documentation or other means appropriate to the information.
3. To facilitate citizen review, agencies shall establish administrative mechanisms allowing affected persons to seek and obtain, where appropriate, timely correction of information maintained and disseminated by the agency that does not comply with OMB or agency guidelines. These administrative mechanisms shall be flexible, appropriate to the nature and timeliness of the disseminated information, and incorporated into agency information resources management and administrative practices.
4. The agency's pre-dissemination review, under paragraph III.2, shall apply to information that the agency first disseminates on or after October 1, 2002. The agency's administrative mechanisms, under paragraph III.3, shall apply to information that the agency disseminates on or after October 1, 2002, regardless of when the agency first disseminated the information.

IV. Agency Reporting Requirements.

1. Agencies must designate the Chief Information Officer or another official to be responsible for agency compliance with these guidelines.

2. The agency shall respond to complaints in a manner appropriate to the nature and extent of the complaint. Examples of appropriate responses include personal contacts via letter or telephone, form letters, press releases or mass mailings that correct a widely disseminated error or address a frequently raised complaint.
3. Each agency must prepare a draft report, no later than April 1, 2002, providing the agency's information quality guidelines and explaining how such guidelines will ensure and maximize the quality, objectivity, utility, and integrity of information, including statistical information, disseminated by the agency. This report must also detail the administrative mechanisms developed by that agency to allow affected persons to seek and obtain appropriate correction of information maintained and disseminated by the agency that does not comply with the OMB or the agency guidelines.
4. The agency must publish a notice of availability of this draft report in the *Federal Register*, and post this report on the agency's website, to provide an opportunity for public comment.
5. Upon consideration of public comment and after appropriate revision, the agency must submit this draft report to OMB for review regarding consistency with these OMB guidelines no later than July 1, 2002. Upon completion of that OMB review and completion of this report, agencies must publish notice of the availability of this report in the *Federal Register*, and post this report on the agency's web site no later than October 1, 2002.
6. On an annual fiscal-year basis, each agency must submit a report to the Director of OMB providing information (both quantitative and qualitative, where appropriate) on the number and nature of complaints received by the agency regarding agency compliance with these OMB guidelines and how such complaints were resolved. Agencies must submit these reports no later than January 1 of each following year, with the first report due January 1, 2004.

V. Definitions.

1. "Quality" is an encompassing term comprising utility, objectivity, and integrity. Therefore, the guidelines sometimes refer to these four statutory terms, collectively, as "quality."
2. "Utility" refers to the usefulness of the information to its intended users, including the public. In assessing the usefulness of information that the agency disseminates to the public, the agency needs to consider the uses of the information not only from the perspective of the agency but also from the

perspective of the public. As a result, when reproducibility and transparency of information are relevant for assessing the information's usefulness from the public's perspective, the agency must take care to ensure that reproducibility and transparency have been addressed in its review of the information.

3. "Objectivity" involves two distinct elements, presentation and substance.

A. "Objectivity" includes whether disseminated information is being presented in an accurate, clear, complete, and unbiased manner. This involves whether the information is presented within a proper context. Sometimes, in disseminating certain types of information to the public, other information must also be disseminated in order to ensure an accurate, clear, complete, and unbiased presentation. Also, the agency needs to identify the sources of the disseminated information (to the extent possible, consistent with confidentiality protections) and, in a scientific or statistical context, the supporting data and models, so that the public can assess for itself whether there may be some reason to question the objectivity of the sources. Where appropriate, supporting data should have full, accurate, transparent documentation, and error sources affecting data quality should be identified and disclosed to users.

B. In addition, "objectivity" involves a focus on ensuring accurate, reliable, and unbiased information. In a scientific or statistical context, the original or supporting data shall be generated, and the analytical results shall be developed, using sound statistical and research methods.

- i. If the results have been subject to formal, independent, external peer review, the information can generally be considered of acceptable objectivity.
- ii. In those situations involving influential scientific or statistical information, the results must be capable of being substantially reproduced, if the original or supporting data are independently analyzed using the same models. Reproducibility does not mean that the original or supporting data have to be capable of being replicated through new experiments, samples or tests.
- iii. Making the data and models publicly available will assist in determining whether analytical results are capable of being substantially reproduced. However, these guidelines do not alter the otherwise applicable standards and procedures for determining when and how information is disclosed. Thus, the objectivity standard does not override other compelling interests, such as privacy, trade secret, and other confidentiality protections.

4. "Integrity" refers to the security of information -- protection of the information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification.
5. "Information" means any communication or representation of knowledge such as facts or data, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual forms. This definition includes information that an agency disseminates from a web page, but does not include the provision of hyperlinks to information that others disseminate. This definition does not include opinions, where the agency's presentation makes it clear that what is being offered is someone's opinion rather than fact or the agency's views.
6. "Government information" means information created, collected, processed, disseminated, or disposed of by or for the Federal Government.
7. "Information dissemination product" means any book, paper, map, machine-readable material, audiovisual production, or other documentary material, regardless of physical form or characteristic, an agency disseminates to the public. This definition includes any electronic document, CD-ROM, or web page.
8. "Dissemination" means agency initiated or sponsored distribution of information to the public (see 5 C.F.R. 1320.3(d) (definition of "Conduct or Sponsor")). Dissemination does not include distribution limited to government employees or agency contractors or grantees; intra- or inter-agency use or sharing of government information; and responses to requests for agency records under the Freedom of Information Act, the Privacy Act, the Federal Advisory Committee Act or other similar law. This definition also does not include distribution limited to correspondence with individuals or persons, press releases, archival records, public filings, subpoenas or adjudicative processes.
9. "Influential" when used in the phrase "influential scientific or statistical information" means the agency expects that information in the form of analytical results will likely have an important effect on the development of domestic or international government or private sector policies or will likely have important consequences for specific technologies, substances, products or firms.
10. "Capable of being substantially reproduced" means that independent reanalysis of the original or supporting data using the same methods would generate similar analytical results, subject to an acceptable degree of imprecision.

October 18, 2001

MEMORANDUM FOR OIRA STAFF

FROM: John D. Graham /s/
Administrator

SUBJECT: OIRA Disclosure

As I have described for you on several occasions, I believe that the transparency of OIRA's regulatory review process is critical to our ability to improve the nation's regulatory system. Only if it is clear how the OMB review process works and what it does will Congress and the public understand our role and the reasons behind our decisions. In addition, while most of OIRA's reports and guidances are available on-line, there is much more public information that we can put on the Internet for easy access by the public. I have asked Don Arbuckle to be OIRA's lead in this area.

I instruct you to adhere to our disclosure procedures as they are set out in Executive Order 12866 and, wherever possible, to use electronic means and the Internet to make public materials more accessible to interested parties. In the interests of clarifying our disclosure procedures and my intentions regarding use of the Internet to increase transparency, what follows below describes: (1) current disclosure practices and procedures and how they should be interpreted; (2) our plans to put currently public information on the Internet to facilitate access to it; and (3) a major renovation of OIRA's information system that is underway, and that, when completed, will allow much fuller electronic access to public materials related to OMB's regulatory reviews. If OMB-OIRA is to be a credible promoter of E-government, we must practice it ourselves.

Attachment

(1) E.O. 12866 OIRA DISCLOSURE PROCEDURES

Current disclosure procedures are defined in section 6(b)(4) of Executive Order 12866. Under these procedures, OIRA makes available for public inspection logs or copies of certain communications with parties outside the Executive Branch regarding rules under review. These include telephone calls, meetings, and incoming correspondence. OIRA also makes the relevant regulatory agency aware of these communications by invitations to meetings, logs of communications, or copies of correspondence submitted to OIRA by outside parties. In addition, OIRA publishes monthly statistics concerning its regulatory reviews. Finally, after a review is complete and the rule published, OIRA makes available certain materials associated with the review, including the rule text submitted for OIRA review.

Monthly Regulatory Lists and Statistics

OIRA provides on the Internet a list, updated daily, of all rules under review.

At the end of each month, OIRA provides hardcopy lists and statistics regarding regulatory reviews for that month and for that calendar year to date. These include: lists of all rules on which review was concluded that month, as well as a list of all economically significant rules reviewed during the month. These lists, organized by agency, include the name of the regulating

agency, title of the rule, date received and date review was concluded, and rulemaking stage (i.e., proposed, final, interim final). In addition, OIRA provides statistics for these rules, as well as statistics for all rules reviewed that calendar year. The statistics include: number of rules reviewed by agency, including number of economically significant rules; results of the review (that is, review concluded, review concluded with change, withdrawn by agency, returned to agency); and the average review time for rules by agency.

Post Review Materials

OIRA also makes certain materials available after the publication of a rule that has been reviewed. Upon request by the public, OIRA will provide: the draft regulation as originally submitted; any agency analyses (e.g. RIA not published with rule) and other material submitted by the agency during the review; "change" pages, (i.e., pages of the draft where changes have occurred in the course of review); correspondence between OIRA and the agency exchanged during the review; and correspondence OIRA received from outside parties while the rule was under review.

Disclosure Procedures.

The procedures as stated in section 6(b)(4) of Executive Order 12866 are somewhat complex to implement in practice. Consequently we describe below what communications need to be logged and or made publically available, and when the regulatory agency needs to be notified.

***Scope of disclosure:** OIRA must disclose substantive communications with outside parties regarding rules under review.*

A. Definitions.

1. Outside parties: "persons not employed by the executive branch."

Covered: Communications with the public, including Congress.

Not covered: Intra- and inter-agency communications.

2. Substantive communications:

Covered: Substantive discussions of specific rules.

Not covered: Non-substantive communications (e.g. status of review, review procedures).

3. Rules under review:

Covered: A rule is officially under review after an agency submits and OIRA records receipt of a clearance package. Consistent with the spirit of E.O. 12866 disclosure procedures and OIRA staff practice, OIRA also considers a rule to be under informal review after OIRA has started a substantive discussion with the agency concerning the provisions of a draft rule or OIRA has received the rule in draft.

Not covered: Rules are not under review prior to the start of informal OIRA review or after OIRA has notified the agency that review is concluded; legislative discussions are not covered.

B. Types of communications and OIRA disclosure practice.

1. Oral (telephone calls):

Covered: Only the Administrator (or a particular designee) may receive substantive telephone calls about a rule under review. Consistent with the spirit of E.O. 12866 disclosure procedures and OIRA staff practice, OIRA also considers this disclosure requirement to apply to substantive telephone calls about a rule under review if the telephone call is initiated by the Administrator (or a particular designee).

Not covered: Non-substantive calls about status or review procedure; substantive calls about a rule not under review.

Procedures to follow:

- If caller wishes to stress the importance of the rule or raise a substantive issue about it, OIRA staff should request that the caller write a detailed letter addressed to the OIRA Administrator.
- Calls must be logged and the agency notified within 10 working days.

2. Meetings with outside parties:

Covered: Any meeting with an outside party to discuss the substance of a rule under review.

Not covered: Meetings to discuss rules not under review, or meetings to discuss broad regulatory topics (e.g., analytic methodology or legislation).

Procedures to follow:

- The Administrator (or a particular designee) must attend the meeting.
- Meetings are to be arranged by the Administrator's office, and a representative from the agency is to be invited.
- A log of such meetings must be kept (date, topic, lead agency, participants).
- The log and any documents submitted at the meeting must be placed in the OIRA docket room.

- If an agency representative is not present, any documents submitted at the meeting must be sent to the agency. A note should be made in the log that the agency was invited but declined or was unable to attend.
- If it appears there will be a long time period between NPRM and possible final rule, the Desk Officer should suggest that the outside party requesting a meeting wait until the final rule is under review.

3. Correspondence:

Covered: Correspondence concerning the substance of a rule that is received while the rule is under review.

Not covered: Correspondence received while a rule is not under review.

Procedures to follow:

- A copy of the correspondence should be sent to the docket room to be filed for public access. (Deputy Administrator's office will make copies for docket room as letters come in.)
- A copy should be sent to the agency within 10 working days if agency does not already have a copy. (Appropriate Branch responsible.)
- OIRA staff should include this correspondence in the final clearance package that is filed in the docket room after review is completed. Note: correspondence received by OIRA during a proposed rule's public comment period should not be filed in the regulatory file, but should be sent to the docket room for display in a general public file (and a copy sent to the agency if it has not already received the correspondence.)

(2) USE OF THE INTERNET TO MAKE MATERIALS ACCESSIBLE

OIRA currently places a variety of information on line at the OMB website. Currently this includes OIRA reports, bulletins, guidances and other similar documents. It also includes the list of rules pending under OIRA review. More recently OIRA has put on-line other types of communications from the OIRA Administrator to agencies; for example "prompt," "return," and "post clearance" letters and a memorandum from the Administrator to the President's Management Council (September 20, 2001) on "Presidential Review of Agency Rulemaking by OIRA."

In addition, OIRA plans to use the Internet to enable the public to easily obtain information about outside communications that is required to be disclosed under E.O. 12866. We anticipate posting the following information by November 1, 2001:

- information on *meetings, phone calls* and other *oral communications* with outside parties that is required to be disclosed under E.O. 12866 (i.e., date, names of the participants and the subject matter); and

- a listing of the *written* correspondence received from outside parties, which would include the date of the communication, the sender and his or her organizational affiliation, and the subject matter (or, in the case of a large volume of outside communications on the same rulemaking, a categorization of these communications and the subject matter).

OIRA also plans to post on OMB's website as soon as possible:

- Monthly regulatory review lists and statistics currently available only in hardcopy.
- The text of written outside communications that are currently available in the OIRA docket library.

(3) UPGRADING OIRA'S ELECTRONIC MANAGEMENT SYSTEM

A New Computerized Tracking System. OIRA is currently developing a new computerized tracking system to manage the reviews of information collections and regulations. This upgrade of OIRA's 20-year-old system is long overdue and will improve OIRA's ability to communicate with the rest of the Federal government and the public. This system will include capabilities for electronic submission and dissemination, as well as more closely linking OIRA's regulatory reviews to the semi-annual Unified Agenda.

Our current plans include a full query capability for the public to search for and view information about the transactions under review and to view complete review records (all electronic documents and references to all paper documents) as they are made public in accordance with OIRA's disclosure procedures (immediately for paperworks and after publication for regulations). This would be in addition to the current reports available to the public regarding pending reviews, recently concluded reviews, and the monthly paperwork inventory. OIRA would also make available to the public a series of standard reports so that the public can gather simple aggregate information about OIRA's actions. This project is currently well into the planning stages. We anticipate being able to begin use of the system in the latter half of 2002.

More specifically, this system will manage the flow of information required by the Paperwork Reduction Act (PRA) and Executive Order 12866 and will also help OIRA to carry out its responsibilities under the Government Paperwork Elimination Act (GPEA). It will vastly improve the capabilities of the existing information systems OIRA uses to track information collection requests (ICRs) under the PRA and to track regulatory reviews under EO 12866. One of its most important features will be to incorporate the data used to develop and publish the semi-annual Unified Agenda and annual Regulatory Plan in the *Federal Register*. For all three functions, Federal agencies generate materials and submit them to OIRA or, for Regulatory Agenda and Plan data, to GSA's Regulatory Information Service Center (RISC) for review. At present, submissions to OIRA are entirely on paper for regulations and ICRs. For the Unified Agenda and The Regulatory Plan, submissions are partly electronic. The new system will allow tracking rules across all three databases, which is difficult under the current system. It will also

permit data mining - extracting information from the databases and re-organizing it for purposes other than what the database was originally intended.

OIRA and RISC envision the new system substantially expanding the capabilities of the three current systems to include the following features:

- Electronic submission of documents from Federal agencies;
- Electronic processing of documents within OIRA and RISC;
- Paperless review of standard ICRs, Regulations, and web-based forms;
- Electronic record-keeping and archiving;
- A single comprehensive database for regulatory review and Unified Agenda processing;
- Accessibility to people with disabilities as required by Section 508 of the Rehabilitation Act of 1973 (as amended);
- Context-sensitive on-line help;
- Improved query and report functions;
- Expanded availability of economic data on the benefits and costs of regulations;
- Internet accessibility for Federal agencies, OIRA, RISC, and the public;
- Improved interoperability with other Federal agency data systems, including with the Federal Register; and
- Cross-references to other information systems available via the Internet.

In summary, OIRA's future rests on conducting its analytical approach to policy in a manner that is readily subject to public scrutiny, criticism, and praise.



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

November 14, 2001

MEMORANDUM FOR CHIEF INFORMATION OFFICERS
GENERAL COUNSELS AND SOLICITORS

FROM: John D. Graham /s/
Administrator
Office of Information and Regulatory Affairs

Jay P. Lefkowitz /s/
General Counsel

SUBJECT: Ensuring Full Compliance with the Information Collection
Provisions of the Paperwork Reduction Act

We are writing to you to emphasize the importance of the Federal Government complying fully with the information collection provisions of the Paperwork Reduction Act of 1995 (PRA), and to ask for your assistance in eliminating existing PRA violations and preventing future violations.

The PRA requires agencies and OMB to ensure that information collected from the public minimizes burden and maximizes practical utility. The Act assigns to each agency's Chief Information Officer (CIO) the responsibility for ensuring that the agency complies with the PRA. The attached paper summarizes the PRA and its requirements for public, agency, and OMB review of collections of information. OMB's review is conducted by the Office of Information and Regulatory Affairs (OIRA).

In this year's *Information Collection Budget* (ICB), OMB documented 487 violations of the PRA, of which 191 remained unresolved as of the cut-off date for the ICB's publication. While these figures do represent a continuation in the recent downward trend in the number of PRA violations, we cannot allow this situation to continue. Our objective is to ensure that the Federal Government is in full compliance with the PRA by no later than the end of this fiscal year.

OMB would therefore like to work with each of your agencies to resolve existing violations and take whatever actions are necessary to avoid future violations.

As a first step, we are asking the CIOs of the 27 agencies identified in the *Information Collection Budget* to provide the following information to your agency's OIRA desk officer:

- For each violation of the PRA described in Appendix B.2 (i.e., the continued use of collections for which OMB approval has expired), please indicate affirmatively whether your agency (1) has already requested a reinstatement of the OMB approval, (2) is planning to request a reinstatement of the OMB approval, or (3) has discontinued its use. Each of these collections that falls into categories (1) or (2) represents a violation of the PRA until its approval is reinstated. Provide a timetable for resolution, including publication of all relevant *Federal Register* notices and submission to OMB, for each collection that your agency plans to continue using.
- For each violation of the PRA described in Appendix B.3 (i.e., for collections for which OMB approval has never been given), provide a timetable of resolution, including publication of all relevant *Federal Register* notices and submission to OMB.
- Describe the procedures that you (and your agency) have in place to prevent future violations, both through your monthly review of OMB's computer-generated reports and through your general oversight and participation in the agency's programmatic functions.

Please provide this information to your OIRA Desk Officer by December 14th.

In addition, as part of this effort, we are asking agency General Counsels and Solicitors to take whatever actions you can to assist the CIOs in ensuring your agency's full compliance with the PRA. Please inform personnel in your agency that OMB-OIRA is approving a very high percentage of the well-supported information collection requests and thus concern about OMB approval is not a legitimate basis for avoiding OMB review of a worthy information collection.

We are aware that OIRA has not always responded to PRA requests in a timely fashion. We are working diligently to correct this problem and to respond to all requests within the time frame described in the statute.

If you have any questions about this effort, please contact us directly or have agency staff contact your OIRA Desk Officer.

Attachment

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35; see 5 CFR Part 1320) requires that the Office of Management and Budget approve all collections of information by a Federal agency from the public before they can be implemented. Collections of information include (1) requests for information for transmission to the government, such as application forms and written report forms, (2) reporting or recordkeeping requirements, and (3) third-party or public disclosure requirements. Many information collections, recordkeeping requirements, and third-party disclosure requirements are contained in or authorized by regulations as monitoring or enforcement tools, while others appear in questionnaires and their accompanying instructions. An underlying goal of the Act is to minimize the Federal paperwork burden on the public. The Act also recognizes the importance of information to the successful completion of agency missions, and charges OMB with the responsibility of weighing the burdens of the collection on the public against the practical utility it will have for the agency.

In general terms, the 1995 Act requires agencies to plan for the development of new collections of information and the extension of ongoing collections of information well in advance of sending the proposal to OMB. Advance planning is necessary because agencies need to estimate potential burdens on respondents, prepare to disclose certain additional information to the public (e.g., time limits for recordkeeping requirements), seek public comment through 60-day notice in the Federal Register, and thereafter submit their clearance requests to OMB for review and approval. In developing a paperwork clearance request, the agency needs to demonstrate to OMB that the collection of information is the least burdensome way of obtaining information necessary for the proper performance of its functions, that the collection is not duplicative of others, and that the collection has practical utility. Additionally, the agency is required to certify that a proposed collection of information "reduces to the extent practicable and appropriate the burden" on respondents, including, for small business, local government, and other entities, the use of the techniques outlined in the Regulatory Flexibility Act.

To alert the public that OMB review has begun, agencies publish a notice in the *Federal Register* of the agency's submission to OMB of a request for approval and tell the public how to comment to OMB regarding the request. The public -- during OMB's review and at any other time -- is to have full opportunity to make its views known concerning any Federal data collection, both as to its perceived practical utility and the reporting burdens involved.

Under the Act, OMB approval for an agency to use each data collection instrument can last for a maximum of three years. Approval is evidenced by OMB granting an OMB control number for the information collection instrument. The Act prohibits agencies from penalizing those who fail to respond to Federal collections of information that do not display valid OMB control numbers. The Act also prohibits agencies from penalizing those who have not been informed that a response is not required unless the collection of information displays a valid control number. Both of these public protections "may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative

process or judicial action applicable thereto" (44 U.S.C. §512(b)). Recent court cases discussing the Act and its "public protection" provision include Center for Auto Safety v. NHTSA, 244 F.3d 144 (D.C. Cir. 2001), and Saco River Cellular Inc. v. FCC, 133 F.3d 25 (D.C. Cir. 1998).

OIRA Return Letters

During the course of OIRA's review of a draft regulation, the Administrator may decide to send a letter to the agency that returns the rule for reconsideration. Such a return may occur if the quality of the agency's analyses is inadequate, if the regulatory standards adopted are not justified by the analyses, if the rule is not consistent with the regulatory principles stated in EO 12866 or with the President's policies and priorities, or if the rule is not compatible with other Executive Orders or statutes. Such a return does not necessarily imply that either OIRA or OMB is opposed to the draft rule. Rather, the return letter explains why OIRA believes that the rulemaking would benefit from further consideration by the agency.

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- Letter to the Department of Homeland Security on **"Coastwise Transportation of Passengers "**  (August 13, 2008) (63k)
 - Letter to the Environmental Protection Agency on **"Pesticide Container Recycling "**  (July 3, 2008) (960k)
 - Letter to the Department of Commerce on **"Amendment 12 to the Coastal Pelagic Species (CPS) Fishery Management Plan (FMP) "**  (October 30, 2007) (96k)
 - Letter to the Office of Federal Housing Enterprise Oversight on **"Corporate Governance - Prohibition on Indemnification Payments "**  (December 9, 2005) (79k)
 - Letter to the Department of Transportation on **"Regulations to be Followed by All Departments, Agencies, and Shippers Having Responsibility to Provide a Preference for U.S.-Flag Vessels in the Shipment of Cargoes on Ocean Vessels"**  (February 11, 2004) (87k)
 - Letter to the Department of Transportation on **"Hazardous Materials: Transportation of Lithium Batteries"**  (August 22, 2003) (37k)
 - Letter to the Department of Transportation on **"Regulations to be Followed by All Departments, Agencies, and Shippers Having Responsibility to Provide a Preference**

for U.S.-Flag Vessels in the Shipment of Cargoes on Ocean Vessels"  (June 13, 2003) (75k)

- Letter to the Office of Personnel Management on "Implementation of Additional Cost Principles in the Federal Employees Health Benefits Program"  (December 18, 2002) (64k)
- Letter to the Department of Veterans' Affairs on "Loan Guaranty: Availability of Vendee Financing for VA-Acquired Properties" (October 8, 2002) (34k) 
- Letter to the Department of Transportation's National Highway Traffic Safety Administration (NHTSA) on "Tire Pressure Monitoring Systems"  (February 12, 2002) (61k)
- Letter to the Small Business Administration on "Small Business Size Standards: Economic Injury Disaster Loan Payment" (February 11, 2002)
- Letter to the Department of Agriculture on "Environment Enhancement for Nonhuman Primates" (January 29, 2002)
- Letter to the Department of Housing and Urban Development on "Public Housing Capital Fund Program" (November 21, 2001)
- Letter to the Social Security Administration on "Rules Implementing the Ticket to Work and Self-Sufficiency Program" (November 15, 2001)
- Letter to the Department of Veterans Affairs on "Medical Care and Treatment for Which VA Will Not Seek Reimbursement" (October 3, 2001)
- Letter to the Environmental Protection Agency on "Federal Water Quality Standards for Indian County and Other Provisions Regarding Federal Water Quality Standards" (October 2, 2001)
- Letter to Veterans Affairs on "Exclusions from Income" (September 28, 2001)
- Letter to the Social Security Administration on (1) "Clarification of Rules; (2) Filing Claims under the Federal Tort Claims Act and the Military Personnel and Civilian Employees Claims Act; (3) Revised Medical Criteria for Evaluating Hematologic Disorders and Malignant Neoplastic Diseases; and (4) Representative Payment Under the Title II and Title XVI of the Social Security Act" (September 27, 2001)
- Letter to the Department of Housing and Urban Development on "Establishment of a Demonstration Risk-Sharing Program" (September 26, 2001)
- Letter to the Department of Transportation on "U.S. Locational Requirement for

Dispatching the U.S. Rail Operations (September 20, 2001)

- Letter to the Department of Transportation on "**Revisions to Digital Flight Data Recorder Regulations for Boeing 737 Airplanes and for Part 125 Operators**" (September 14, 2001)
- Letter to the Department of Transportation on "**(1) Corrosion and Control Program" and (2) "Aging Aircraft Safety"**" (September 14, 2001)
- Letter to the Department of Veterans Affairs on "**Evidence of Permanent and Total Disability**" (September 14, 2001)
- Letter to the Department of Transportation on "**Certification of Pilots, Aircraft, and Repairman, for the Operation of Light Sport Aircraft**" (August 8, 2001)
- Letter to the Department of Transportation on "**Hazardous Materials: Safety Requirements for External Product Piping on Cargo Tanks Transporting Flammable Liquid**" (August 8, 2001)
- Letter to the Department of Transportation on "**Part 145 Review: Repair Stations**" (July 20, 2001)



Federal Register

Friday,
February 22, 2002

Part IX

Office of Management and Budget

**Guidelines for Ensuring and Maximizing
the Quality, Objectivity, Utility, and
Integrity of Information Disseminated by
Federal Agencies; Notice; Republication**

OFFICE OF MANAGEMENT AND BUDGET

Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies; Republication

Editorial Note: Due to numerous errors, this document is being reprinted in its entirety. It was originally printed in the *Federal Register* on Thursday, January 3, 2002 at 67 FR 369-378 and was corrected on Tuesday, February 5, 2002 at 67 FR 5365.

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Final guidelines.

SUMMARY: These final guidelines implement section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554; H.R. 5658). Section 515 directs the Office of Management and Budget (OMB) to issue government-wide guidelines that "provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies." By October 1, 2002, agencies must issue their own implementing guidelines that include "administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency" that does not comply with the OMB guidelines. These final guidelines also reflect the changes OMB made to the guidelines issued September 28, 2001, as a result of receiving additional comment on the "capable of being substantially reproduced" standard (paragraphs V.3.B, V.9, and V.10), which OMB previously issued on September 28, 2001, on an interim final basis.

DATES: *Effective Date:* January 3, 2002.

FOR FURTHER INFORMATION CONTACT: Brooke J. Dickson, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503. Telephone (202) 395-3785 or by e-mail to informationquality@omb.eop.gov.

SUPPLEMENTARY INFORMATION: In section 515(a) of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554; H.R. 5658), Congress directed the Office of Management and Budget (OMB) to issue, by September 30, 2001, government-wide guidelines that "provide policy and procedural

guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by Federal agencies * * *." Section 515(b) goes on to state that the OMB guidelines shall:

"(1) apply to the sharing by Federal agencies of, and access to, information disseminated by Federal agencies; and

"(2) require that each Federal agency to which the guidelines apply—

"(A) issue guidelines ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by the agency, by not later than 1 year after the date of issuance of the guidelines under subsection (a);

"(B) establish administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency that does not comply with the guidelines issued under subsection (a); and

"(C) report periodically to the Director—

"(i) the number and nature of complaints received by the agency regarding the accuracy of information disseminated by the agency and;

"(ii) how such complaints were handled by the agency."

Proposed guidelines were published in the *Federal Register* on June 28, 2001 (66 FR 34489). Final guidelines were published in the *Federal Register* on September 28, 2001 (66 FR 49718). The Supplementary Information to the final guidelines published in September 2001 provides background, the underlying principles OMB followed in issuing the final guidelines, and statements of intent concerning detailed provisions in the final guidelines.

In the final guidelines published in September 2001, OMB also requested additional comment on the "capable of being substantially reproduced" standard and the related definition of "influential scientific or statistical information" (paragraphs V.3.B, V.9, and V.10), which were issued on an interim final basis. The final guidelines published today discuss the public comments OMB received, the OMB response, and amendments to the final guidelines published in September 2001.

In developing agency-specific guidelines, agencies should refer both to the Supplementary Information to the final guidelines published in the *Federal Register* on September 28, 2001 (66 FR 49718), and also to the Supplementary Information published today. We stress that the three "Underlying Principles" that OMB

followed in drafting the guidelines that we published on September 28, 2001 (66 FR 49719), are also applicable to the amended guidelines that we publish today.

In accordance with section 515, OMB has designed the guidelines to help agencies ensure and maximize the quality, utility, objectivity and integrity of the information that they disseminate (meaning to share with, or give access to, the public). It is crucial that information Federal agencies disseminate meets these guidelines. In this respect, the fact that the Internet enables agencies to communicate information quickly and easily to a wide audience not only offers great benefits to society, but also increases the potential harm that can result from the dissemination of information that does not meet basic information quality guidelines. Recognizing the wide variety of information Federal agencies disseminate and the wide variety of dissemination practices that agencies have, OMB developed the guidelines with several principles in mind.

First, OMB designed the guidelines to apply to a wide variety of government information dissemination activities that may range in importance and scope. OMB also designed the guidelines to be generic enough to fit all media, be they printed, electronic, or in other form. OMB sought to avoid the problems that would be inherent in developing detailed, prescriptive, "one-size-fits-all" government-wide guidelines that would artificially require different types of dissemination activities to be treated in the same manner. Through this flexibility, each agency will be able to incorporate the requirements of these OMB guidelines into the agency's own information resource management and administrative practices.

Second, OMB designed the guidelines so that agencies will meet basic information quality standards. Given the administrative mechanisms required by section 515 as well as the standards set forth in the Paperwork Reduction Act, it is clear that agencies should not disseminate substantive information that does not meet a basic level of quality. We recognize that some government information may need to meet higher or more specific information quality standards than those that would apply to other types of government information. The more important the information, the higher the quality standards to which it should be held, for example, in those situations involving "influential scientific, financial, or statistical information" (a phrase defined in these guidelines). The guidelines recognize, however, that

information quality comes at a cost. Accordingly, the agencies should weigh the costs (for example, including costs attributable to agency processing effort, respondent burden, maintenance of needed privacy, and assurances of suitable confidentiality) and the benefits of higher information quality in the development of information, and the level of quality to which the information disseminated will be held.

Third, OMB designed the guidelines so that agencies can apply them in a common-sense and workable manner. It is important that these guidelines do not impose unnecessary administrative burdens that would inhibit agencies from continuing to take advantage of the Internet and other technologies to disseminate information that can be of great benefit and value to the public. In this regard, OMB encourages agencies to incorporate the standards and procedures required by these guidelines into their existing information resources management and administrative practices rather than create new and potentially duplicative or contradictory processes. The primary example of this is that the guidelines recognize that, in accordance with OMB Circular A-130, agencies already have in place well-established information quality standards and administrative mechanisms that allow persons to seek and obtain correction of information that is maintained and disseminated by the agency. Under the OMB guidelines, agencies need only ensure that their own guidelines are consistent with these OMB guidelines, and then ensure that their administrative mechanisms satisfy the standards and procedural requirements in the new agency guidelines. Similarly, agencies may rely on their implementation of the Federal Government's computer security laws (formerly, the Computer Security Act, and now the computer security provisions of the Paperwork Reduction Act) to establish appropriate security safeguards for ensuring the "integrity" of the information that the agencies disseminate.

In addition, in response to concerns expressed by some of the agencies, we want to emphasize that OMB recognizes that Federal agencies provide a wide variety of data and information. Accordingly, OMB understands that the guidelines discussed below cannot be implemented in the same way by each agency. In some cases, for example, the data disseminated by an agency are not collected by that agency; rather, the information the agency must provide in a timely manner is compiled from a variety of sources that are constantly updated and revised and may be

confidential. In such cases, while agencies' implementation of the guidelines may differ, the essence of the guidelines will apply. That is, these agencies must make their methods transparent by providing documentation, ensure quality by reviewing the underlying methods used in developing the data and consulting (as appropriate) with experts and users, and keep users informed about corrections and revisions.

Summary of OMB Guidelines

These guidelines apply to Federal agencies subject to the Paperwork Reduction Act (44 U.S.C. chapter 35). Agencies are directed to develop information resources management procedures for reviewing and substantiating (by documentation or other means selected by the agency) the quality (including the objectivity, utility, and integrity) of information before it is disseminated. In addition, agencies are to establish administrative mechanisms allowing affected persons to seek and obtain, where appropriate, correction of information disseminated by the agency that does not comply with the OMB or agency guidelines. Consistent with the underlying principles described above, these guidelines stress the importance of having agencies apply these standards and develop their administrative mechanisms so they can be implemented in a common sense and workable manner. Moreover, agencies must apply these standards flexibly, and in a manner appropriate to the nature and timeliness of the information to be disseminated, and incorporate them into existing agency information resources management and administrative practices.

Section 515 denotes four substantive terms regarding information disseminated by Federal agencies: quality, utility, objectivity, and integrity. It is not always clear how each substantive term relates—or how the four terms in aggregate relate—to the widely divergent types of information that agencies disseminate. The guidelines provide definitions that attempt to establish a clear meaning so that both the agency and the public can readily judge whether a particular type of information to be disseminated does or does not meet these attributes.

In the guidelines, OMB defines "quality" as the encompassing term, of which "utility," "objectivity," and "integrity" are the constituents. "Utility" refers to the usefulness of the information to the intended users. "Objectivity" focuses on whether the disseminated information is being

presented in an accurate, clear, complete, and unbiased manner, and as a matter of substance, is accurate, reliable, and unbiased. "Integrity" refers to security—the protection of information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification. OMB modeled the definitions of "information," "government information," "information dissemination product," and "dissemination" on the longstanding definitions of those terms in OMB Circular A-130, but tailored them to fit into the context of these guidelines.

In addition, Section 515 imposes two reporting requirements on the agencies. The first report, to be promulgated no later than October 1, 2002, must provide the agency's information quality guidelines that describe administrative mechanisms allowing affected persons to seek and obtain, where appropriate, correction of disseminated information that does not comply with the OMB and agency guidelines. The second report is an annual fiscal year report to OMB (to be first submitted on January 1, 2004) providing information (both quantitative and qualitative, where appropriate) on the number, nature, and resolution of complaints received by the agency regarding its perceived or confirmed failure to comply with these OMB and agency guidelines.

Public Comments and OMB Response

Applicability of Guidelines. Some comments raised concerns about the applicability of these guidelines, particularly in the context of scientific research conducted by Federally employed scientists or Federal grantees who publish and communicate their research findings in the same manner as their academic colleagues. OMB believes that information generated and disseminated in these contexts is not covered by these guidelines unless the agency represents the information as, or uses the information in support of, an official position of the agency.

As a general matter, these guidelines apply to "information" that is "disseminated" by agencies subject to the Paperwork Reduction Act (44 U.S.C. 3502(1)). See paragraphs II, V.5 and V.8. The definitions of "information" and "dissemination" establish the scope of the applicability of these guidelines. "Information" means "any communication or representation of knowledge such as facts or data * * *". This definition of information in paragraph V.5 does "not include opinions, where the agency's presentation makes it clear that what is

being offered is someone's opinion rather than fact or the agency's views."

"Dissemination" is defined to mean "agency initiated or sponsored distribution of information to the public." As used in paragraph V.8, "agency INITIATED * * * distribution of information to the public" refers to information that the agency disseminates, e.g., a risk assessment prepared by the agency to inform the agency's formulation of possible regulatory or other action. In addition, if an agency, as an institution, disseminates information prepared by an outside party in a manner that reasonably suggests that the agency agrees with the information, this appearance of having the information represent agency views makes agency dissemination of the information subject to these guidelines. By contrast, an agency does not "initiate" the dissemination of information when a Federally employed scientist or Federal grantee or contractor publishes and communicates his or her research findings in the same manner as his or her academic colleagues, even if the Federal agency retains ownership or other intellectual property rights because the Federal government paid for the research. To avoid confusion regarding whether the agency agrees with the information (and is therefore disseminating it through the employee or grantee), the researcher should include an appropriate disclaimer in the publication or speech to the effect that the "views are mine, and do not necessarily reflect the view" of the agency.

Similarly, as used in paragraph V.8., "agency * * * SPONSORED distribution of information to the public" refers to situations where an agency has directed a third-party to disseminate information, or where the agency has the authority to review and approve the information before release. Therefore, for example, if an agency through a procurement contract or a grant provides for a person to conduct research, and then the agency directs the person to disseminate the results (or the agency reviews and approves the results before they may be disseminated), then the agency has "sponsored" the dissemination of this information. By contrast, if the agency simply provides funding to support research, and it the researcher (not the agency) who decides whether to disseminate the results and—if the results are to be released—who determines the content and presentation of the dissemination, then the agency has not "sponsored" the dissemination even though it has funded the research

and even if the Federal agency retains ownership or other intellectual property rights because the Federal government paid for the research. To avoid confusion regarding whether the agency is sponsoring the dissemination, the researcher should include an appropriate disclaimer in the publication or speech to the effect that the "views are mine, and do not necessarily reflect the view" of the agency. On the other hand, subsequent agency dissemination of such information requires that the information adhere to the agency's information quality guidelines. In sum, these guidelines govern an agency's dissemination of information, but generally do not govern a third-party's dissemination of information (the exception being where the agency is essentially using the third-party to disseminate information on the agency's behalf). Agencies, particularly those that fund scientific research, are encouraged to clarify the applicability of these guidelines to the various types of information they and their employees and grantees disseminate.

Paragraph V.8 also states that the definition of "dissemination" does not include "* * * distribution limited to correspondence with individuals or persons, press releases, archival records, public filings, subpoenas or adjudicative processes." The exemption from the definition of "dissemination" for "adjudicative processes" is intended to exclude, from the scope of these guidelines, the findings and determinations that an agency makes in the course of adjudications involving specific parties. There are well-established procedural safeguards and rights to address the quality of adjudicatory decisions and to provide persons with an opportunity to contest decisions. These guidelines do not impose any additional requirements on agencies during adjudicative proceedings and do not provide parties to such adjudicative proceedings any additional rights of challenge or appeal.

The Presumption Favoring Peer-Reviewed Information. As a general matter, in the scientific and research context, we regard technical information that has been subjected to formal, independent, external peer review as presumptively objective. As the guidelines state in paragraph V.3.b.i: "If data and analytic results have been subjected to formal, independent, external peer review, the information may generally be presumed to be of acceptable objectivity." An example of a formal, independent, external peer review is the review process used by scientific journals.

Most comments approved of the prominent role that peer review plays in the OMB guidelines. Some comments contended that peer review was not accepted as a universal standard that incorporates an established, practiced, and sufficient level of objectivity. Other comments stated that the guidelines would be better clarified by making peer review one of several factors that an agency should consider in assessing the objectivity (and quality in general) of original research. In addition, several comments noted that peer review does not establish whether analytic results are capable of being substantially reproduced. In light of the comments, the final guidelines in new paragraph V.3.b.i qualify the presumption in favor of peer-reviewed information as follows: "However, this presumption is rebuttable based on a persuasive showing by the petitioner in a particular instance."

We believe that transparency is important for peer review, and these guidelines set minimum standards for the transparency of agency-sponsored peer review. As we state in new paragraph V.3.b.i: "If data and analytic results have been subjected to formal, independent, external peer review, the information may generally be presumed to be of acceptable objectivity. However, this presumption is rebuttable based on a persuasive showing by the petitioner in a particular instance. If agency-sponsored peer review is employed to help satisfy the objectivity standard, the review process employed shall meet the general criteria for competent and credible peer review recommended by OMB-OIRA to the President's Management Council (9/20/01) (http://www.whitehouse.gov/omb/inforeg/oira_review-process.html), namely, 'that (a) peer reviewers be selected primarily on the basis of necessary technical expertise, (b) peer reviewers be expected to disclose to agencies prior technical/policy positions they may have taken on the issues at hand, (c) peer reviewers be expected to disclose to agencies their sources of personal and institutional funding (private or public sector), and (d) peer reviews be conducted in an open and rigorous manner.'"

The importance of these general criteria for competent and credible peer review has been supported by a number of expert bodies. For example, "the work of fully competent peer-review panels can be undermined by allegations of conflict of interest and bias. Therefore, the best interests of the Board are served by effective policies and procedures regarding potential conflicts of interest, impartiality, and panel balance." (*EPA's Science Advisory*

Board Panels: Improved Policies and Procedures Needed to Ensure Independence and Balance, GAO-01-536, General Accounting Office, Washington, DC, June 2001, page 19.) As another example, "risk analyses should be peer-reviewed and accessible—both physically and intellectually—so that decision-makers at all levels will be able to respond critically to risk characterizations. The intensity of the peer reviews should be commensurate with the significance of the risk or its management implications." (*Setting Priorities, Getting Results: A New Direction for EPA*, Summary Report, National Academy of Public Administration, Washington, DC, April 1995, page 23.)

These criteria for peer reviewers are generally consistent with the practices now followed by the National Research Council of the National Academy of Sciences. In considering these criteria for peer reviewers, we note that there are many types of peer reviews and that agency guidelines concerning the use of peer review should tailor the rigor of peer review to the importance of the information involved. More generally, agencies should define their peer-review standards in appropriate ways, given the nature and importance of the information they disseminate.

Is Journal Peer Review Always Sufficient? Some comments argued that journal peer review should be adequate to demonstrate quality, even for influential information that can be expected to have major effects on public policy. OMB believes that this position overstates the effectiveness of journal peer review as a quality-control mechanism.

Although journal peer review is clearly valuable, there are cases where flawed science has been published in respected journals. For example, the NIH Office of Research Integrity recently reported the following case regarding environmental health research:

"Based on the report of an investigation conducted by [XX] University, dated July 16, 1999, and additional analysis conducted by ORI in its oversight review, the US Public Health Service found that Dr. [X] engaged in scientific misconduct. Dr. [X] committed scientific misconduct by intentionally falsifying the research results published in the journal *SCIENCE* and by providing falsified and fabricated materials to investigating officials at [XX] University in response to a request for original data to support the research results and conclusions report in the *SCIENCE* paper. In addition, PHS finds that there is no original data or other corroborating evidence to support the research results and conclusions reported in the *SCIENCE* paper as a whole." (66 FR 52137, October 12, 2001).

Although such cases of falsification are presumably rare, there is a significant scholarly literature documenting quality problems with articles published in peer-reviewed research. "In a [peer-reviewed] meta-analysis that surprised many—and some doubt—researchers found little evidence that peer review actually improves the quality of research papers." (See, e.g., *Science*, Vol. 293, page 2187 (September 21, 2001).) In part for this reason, many agencies have already adopted peer review and science advisory practices that go beyond journal peer review. See, e.g., Sheila Jasanoff, *The Fifth Branch: Science Advisers as Policy Makers*, Cambridge, MA, Harvard University Press, 1990; Mark R. Powell, *Science at EPA: Information in the Regulatory Process*. Resources for the Future, Washington, DC., 1999, pages 138–139; 151–153; *Implementation of the Environmental Protection Agency's Peer Review Program: An SAB Evaluation of Three Reviews*, EPA-SAB-RSAC-01-009, A Review of the Research Strategies Advisory Committee (RSAC) of the EPA Science Advisory Board (SAB), Washington, DC., September 26, 2001. For information likely to have an important public policy or private sector impact, OMB believes that additional quality checks beyond peer review are appropriate.

Definition of "Influential". OMB guidelines apply stricter quality standards to the dissemination of information that is considered "influential." Comments noted that the breadth of the definition of "influential" in interim final paragraph V.9 requires much speculation on the part of agencies.

We believe that this criticism has merit and have therefore narrowed the definition. In this narrower definition, "influential", when used in the phrase "influential scientific, financial, or statistical information", is amended to mean that "the agency can reasonably determine that dissemination of the information will have or does have a clear and substantial impact on important public policies or important private sector decisions." The intent of the new phrase "clear and substantial" is to reduce the need for speculation on the part of agencies. We added the present tense—"or does have"—to this narrower definition because on occasion, an information dissemination may occur simultaneously with a particular policy change. In response to a public comment, we added an explicit reference to "financial" information as consistent with our original intent.

Given the differences in the many Federal agencies covered by these

guidelines, and the differences in the nature of the information they disseminate, we also believe it will be helpful if agencies elaborate on this definition of "influential" in the context of their missions and duties, with due consideration of the nature of the information they disseminate. As we state in amended paragraph V.9, "Each agency is authorized to define 'influential' in ways appropriate for it given the nature and multiplicity of issues for which the agency is responsible."

Reproducibility. As we state in new paragraph V.3.b.ii: "If an agency is responsible for disseminating influential scientific, financial, or statistical information, agency guidelines shall include a high degree of transparency about data and methods to facilitate the reproducibility of such information by qualified third parties." OMB believes that a reproducibility standard is practical and appropriate for information that is considered "influential", as defined in paragraph V.9—that "will have or does have a clear and substantial impact on important public policies or important private sector decisions." The reproducibility standard applicable to influential scientific, financial, or statistical information is intended to ensure that information disseminated by agencies is sufficiently transparent in terms of data and methods of analysis that it would be feasible for a replication to be conducted. The fact that the use of original and supporting data and analytic results have been deemed "defensible" by peer-review procedures does not necessarily imply that the results are transparent and replicable.

Reproducibility of Original and Supporting Data. Several of the comments objected to the exclusion of original and supporting data from the reproducibility requirements. Comments instead suggested that OMB should apply the reproducibility standard to original data, and that OMB should provide flexibility to the agencies in determining what constitutes "original and supporting" data. OMB agrees and asks that agencies consider, in developing their own guidelines, which categories of original and supporting data should be subject to the reproducibility standard and which should not. To help in resolving this issue, we also ask agencies to consult directly with relevant scientific and technical communities on the feasibility of having the selected categories of original and supporting data subject to the reproducibility standard. Agencies are encouraged to address ethical, feasibility, and confidentiality issues

with care. As we state in new paragraph V.3.b.ii.A, "Agencies may identify, in consultation with the relevant scientific and technical communities, those particular types of data that can practicably be subjected to a reproducibility requirement, given ethical, feasibility, or confidentiality constraints." Further, as we state in our expanded definition of "reproducibility" in paragraph V.10, "If agencies apply the reproducibility test to specific types of original or supporting data, the associated guidelines shall provide relevant definitions of reproducibility (e.g., standards for replication of laboratory data)." OMB urges caution in the treatment of original and supporting data because it may often be impractical or even impermissible or unethical to apply the reproducibility standard to such data. For example, it may not be ethical to repeat a "negative" (ineffective) clinical (therapeutic) experiment and it may not be feasible to replicate the radiation exposures studied after the Chernobyl accident. When agencies submit their draft agency guidelines for OMB review, agencies should include a description of the extent to which the reproducibility standard is applicable and reflect consultations with relevant scientific and technical communities that were used in developing guidelines related to applicability of the reproducibility standard to original and supporting data.

It is also important to emphasize that the reproducibility standard does not apply to all original and supporting data disseminated by agencies. As we state in new paragraph V.3.b.ii.A, "With regard to original and supporting data related [to influential scientific, financial, or statistical information], agency guidelines shall not require that all disseminated data be subjected to a reproducibility requirement." In addition, we encourage agencies to address how greater transparency can be achieved regarding original and supporting data. As we also state in new paragraph V.3.b.ii.A, "It is understood that reproducibility of data is an indication of transparency about research design and methods and thus a replication exercise (i.e., a new experiment, test, or sample) shall not be required prior to each dissemination." Agency guidelines need to achieve a high degree of transparency about data even when reproducibility is not required.

Reproducibility of Analytic Results. Many public comments were critical of the reproducibility standard and expressed concern that agencies would

be required to reproduce each analytical result before it is disseminated. While several comments commended OMB for establishing an appropriate balance in the "capable of being substantially reproduced" standard, others considered this standard to be inherently subjective. There were also comments that suggested the standard would cause more burden for agencies.

It is not OMB's intent that each agency must reproduce each analytic result before it is disseminated. The purpose of the reproducibility standard is to cultivate a consistent agency commitment to transparency about how analytic results are generated: the specific data used, the various assumptions employed, the specific analytic methods applied, and the statistical procedures employed. If sufficient transparency is achieved on each of these matters, then an analytic result should meet the "capable of being substantially reproduced" standard.

While there is much variation in types of analytic results, OMB believes that reproducibility is a practical standard to apply to most types of analytic results. As we state in new paragraph V.3.b.ii.B, "With regard to analytic results related [to influential scientific, financial, or statistical information], agency guidelines shall generally require sufficient transparency about data and methods that an independent reanalysis could be undertaken by a qualified member of the public. These transparency standards apply to agency analysis of data from a single study as well as to analyses that combine information from multiple studies." We elaborate upon this principle in our expanded definition of "reproducibility" in paragraph V.10: "With respect to analytic results, 'capable of being substantially reproduced' means that independent analysis of the original or supporting data using identical methods would generate similar analytic results, subject to an acceptable degree of imprecision or error."

Even in a situation where the original and supporting data are protected by confidentiality concerns, or the analytic computer models or other research methods may be kept confidential to protect intellectual property, it may still be feasible to have the analytic results subject to the reproducibility standard. For example, a qualified party, operating under the same confidentiality protections as the original analysts, may be asked to use the same data, computer model or statistical methods to replicate the analytic results reported in the original study. See, e.g., "Reanalysis of the

Harvard Six Cities Study and the American Cancer Society Study of Particulate Air Pollution and Mortality," A Special Report of the Health Effects Institute's Particle Epidemiology Reanalysis Project, Cambridge, MA, 2000.

The primary benefit of public transparency is not necessarily that errors in analytic results will be detected, although error correction is clearly valuable. The more important benefit of transparency is that the public will be able to assess how much an agency's analytic result hinges on the specific analytic choices made by the agency. Concreteness about analytic choices allows, for example, the implications of alternative technical choices to be readily assessed. This type of sensitivity analysis is widely regarded as an essential feature of high-quality analysis, yet sensitivity analysis cannot be undertaken by outside parties unless a high degree of transparency is achieved. The OMB guidelines do not compel such sensitivity analysis as a necessary dimension of quality, but the transparency achieved by reproducibility will allow the public to undertake sensitivity studies of interest.

We acknowledge that confidentiality concerns will sometimes preclude public access as an approach to reproducibility. In response to public comment, we have clarified that such concerns do include interests in "intellectual property." To ensure that the OMB guidelines have sufficient flexibility with regard to analytic transparency, OMB has, in new paragraph V.3.b.ii.B.i, provided agencies an alternative approach for classes or types of analytic results that cannot practically be subject to the reproducibility standard. "[In those situations involving influential scientific, financial, or statistical information * * *] making the data and methods publicly available will assist in determining whether analytic results are reproducible. However, the objectivity standard does not override other compelling interests such as privacy, trade secrets, intellectual property, and other confidentiality protections." Specifically, in cases where reproducibility will not occur due to other compelling interests, we expect agencies (1) to perform robustness checks appropriate to the importance of the information involved, e.g., determining whether a specific statistic is sensitive to the choice of analytic method, and, accompanying the information disseminated, to document their efforts to assure the needed robustness in information quality, and (2) address in their guidelines the

degree to which they anticipate the opportunity for reproducibility to be limited by the confidentiality of underlying data. As we state in new paragraph V.3.b.ii.B.ii, "In situations where public access to data and methods will not occur due to other compelling interests, agencies shall apply especially rigorous robustness checks to analytic results and document what checks were undertaken. Agency guidelines shall, however, in all cases, require a disclosure of the specific data sources that have been used and the specific quantitative methods and assumptions that have been employed."

Given the differences in the many Federal agencies covered by these guidelines, and the differences in robustness checks and the level of detail for documentation thereof that might be appropriate for different agencies, we also believe it will be helpful if agencies elaborate on these matters in the context of their missions and duties, with due consideration of the nature of the information they disseminate. As we state in new paragraph V.3.b.ii.B.ii, "Each agency is authorized to define the type of robustness checks, and the level of detail for documentation thereof, in ways appropriate for it given the nature and multiplicity of issues for which the agency is responsible."

We leave the determination of the appropriate degree of rigor to the discretion of agencies and the relevant scientific and technical communities that work with the agencies. We do, however, establish a general standard for the appropriate degree of rigor in our expanded definition of "reproducibility" in paragraph V.10: "Reproducibility means that the information is capable of being substantially reproduced, subject to an acceptable degree of imprecision. For information judged to have more (less) important impacts, the degree of imprecision that is tolerated is reduced (increased)." OMB will review each agency's treatment of this issue when reviewing the agency guidelines as a whole.

Comments also expressed concerns regarding interim final paragraph V.3.B.iii, "making the data and models publicly available will assist in determining whether analytic results are capable of being substantially reproduced," and whether it could be interpreted to constitute public dissemination of these materials, rendering moot the reproducibility test. (For the equivalent provision, see new paragraph V.3.b.ii.B.i.) The OMB guidelines do not require agencies to reproduce each disseminated analytic result by independent reanalysis. Thus,

public dissemination of data and models *per se* does not mean that the analytic result has been reproduced. It means only that the result should be CAPABLE of being reproduced. The transparency associated with this capability of reproduction is what the OMB guidelines are designed to achieve.

We also want to build on a general observation that we made in our final guidelines published in September 2001. In those guidelines we stated: "... in those situations involving influential scientific[, financial,] or statistical information, the substantial reproducibility standard is added as a quality standard above and beyond some peer review quality standards" (66 FR 49722 (September 28, 2001)). A hypothetical example may serve to illustrate this point. Assume that two Federal agencies initiated or sponsored the dissemination of five scientific studies after October 1, 2002 (see paragraph III.4) that were, before dissemination, subjected to formal, independent, external peer review, i.e., that met the presumptive standard for "objectivity" under paragraph V.3.b.i. Further assume, at the time of dissemination, that neither agency reasonably expected that the dissemination of any of these studies would have "a clear and substantial impact" on important public policies, i.e., that these studies were not considered "influential" under paragraph V.9, and thus not subject to the reproducibility standards in paragraphs V.3.b.ii.A or B. Then assume, two years later, in 2005, that one of the agencies decides to issue an important and far-reaching regulation based clearly and substantially on the agency's evaluation of the analytic results set forth in these five studies and that such agency reliance on these five studies as published in the agency's notice of proposed rulemaking would constitute dissemination of these five studies. These guidelines would require the rulemaking agency, prior to publishing the notice of proposed rulemaking, to evaluate these five studies to determine if the analytic results stated therein would meet the "capable of being substantially reproduced" standards in paragraph V.3.b.ii.B and, if necessary, related standards governing original and supporting data in paragraph V.3.b.ii.A. If the agency were to decide that any of the five studies would not meet the reproducibility standard, the agency may still rely on them but only if they satisfy the transparency standard and—as applicable—the disclosure of

robustness checks required by these guidelines. Otherwise, the agency should not disseminate any of the studies that did not meet the applicable standards in the guidelines at the time it publishes the notice of proposed rulemaking.

Some comments suggested that OMB consider replacing the reproducibility standard with a standard concerning "confirmation" of results for influential scientific and statistical information. Although we encourage agencies to consider "confirmation" as a relevant standard—at least in some cases—for assessing the objectivity of original and supporting data, we believe that "confirmation" is too stringent a standard to apply to analytic results. Often the regulatory impact analysis prepared by an agency for a major rule, for example, will be the only formal analysis of an important subject. It would be unlikely that the results of the regulatory impact analysis had already been confirmed by other analyses. The "capable of being substantially reproduced" standard is less stringent than a "confirmation" standard because it simply requires that an agency's analysis be sufficiently transparent that another qualified party could replicate it through reanalysis.

Health, Safety, and Environmental Information. We note, in the scientific context, that in 1996 the Congress, for health decisions under the Safe Drinking Water Act, adopted a basic standard of quality for the use of science in agency decisionmaking. Under 42 U.S.C. 300g-1(b)(3)(A), an agency is directed, "to the degree that an Agency action is based on science," to use "(i) the best available, peer-reviewed science and supporting studies conducted in accordance with sound and objective scientific practices; and (ii) data collected by accepted methods or best available methods (if the reliability of the method and the nature of the decision justifies use of the data)."

We further note that in the 1996 amendments to the Safe Drinking Water Act, Congress adopted a basic quality standard for the dissemination of public information about risks of adverse health effects. Under 42 U.S.C. 300g-1(b)(3)(B), the agency is directed, "to ensure that the presentation of information [risk] effects is comprehensive, informative, and understandable." The agency is further directed, "in a document made available to the public in support of a regulation [to] specify, to the extent practicable—(i) each population addressed by any estimate [of applicable risk effects]; (ii) the expected risk or central estimate of

risk for the specific populations [affected]; (iii) each appropriate upper-bound or lower-bound estimate of risk; (iv) each significant uncertainty identified in the process of the assessment of [risk] effects and the studies that would assist in resolving the uncertainty; and (v) peer-reviewed studies known to the [agency] that support, are directly relevant to, or fail to support any estimate of [risk] effects and the methodology used to reconcile inconsistencies in the scientific data."

As suggested in several comments, we have included these congressional standards directly in new paragraph V.3.b.ii.C, and made them applicable to the information disseminated by all the agencies subject to these guidelines: "With regard to analysis of risks to human health, safety and the environment maintained or disseminated by the agencies, agencies shall either adopt or adapt the quality principles applied by Congress to risk information used and disseminated pursuant to the Safe Drinking Water Act Amendments of 1996 (42 U.S.C. 300g-1(b)(3)(A) & (B))." The word "adapt" is intended to provide agencies flexibility in applying these principles to various types of risk assessment.

Comments also argued that the continued flow of vital information from agencies responsible for disseminating health and medical information to medical providers, patients, and the public may be disrupted due to these peer review and reproducibility standards. OMB responded by adding to new paragraph V.3.b.ii.C: "Agencies responsible for dissemination of vital health and medical information shall interpret the reproducibility and peer-review standards in a manner appropriate to assuring the timely flow of vital information from agencies to medical providers, patients, health agencies, and the public. Information quality standards may be waived temporarily by agencies under urgent situations (e.g., imminent threats to public health or homeland security) in accordance with the latitude specified in agency-specific guidelines."

Administrative Correction Mechanisms. In addition to commenting on the substantive standards in these guidelines, many of the comments noted that the OMB guidelines on the administrative correction of information do not specify a time period in which the agency investigation and response must be made. OMB has added the following new paragraph III.3.i to direct agencies to specify appropriate time periods in which the investigation and response need to be made. "Agencies shall specify appropriate time periods

for agency decisions on whether and how to correct the information, and agencies shall notify the affected persons of the corrections made."

Several comments stated that the OMB guidelines needed to direct agencies to consider incorporating an administrative appeal process into their administrative mechanisms for the correction of information. OMB agreed, and added the following new paragraph III.3.ii: "If the person who requested the correction does not agree with the agency's decision (including the corrective action, if any), the person may file for reconsideration within the agency. The agency shall establish an administrative appeal process to review the agency's initial decision, and specify appropriate time limits in which to resolve such requests for reconsideration." Recognizing that many agencies already have a process in place to respond to public concerns, it is not necessarily OMB's intent to require these agencies to establish a new or different process. Rather, our intent is to ensure that agency guidelines specify an objective administrative appeal process that, upon further complaint by the affected person, reviews an agency's decision to disagree with the correction request. An objective process will ensure that the office that originally disseminates the information does not have responsibility for both the initial response and resolution of a disagreement. In addition, the agency guidelines should specify that if the agency believes other agencies may have an interest in the resolution of any administrative appeal, the agency should consult with those other agencies about their possible interest.

Overall, OMB does not envision administrative mechanisms that would burden agencies with frivolous claims. Instead, the correction process should serve to address the genuine and valid needs of the agency and its constituents without disrupting agency processes. Agencies, in making their determination of whether or not to correct information, may reject claims made in bad faith or without justification, and are required to undertake only the degree of correction that they conclude is appropriate for the nature and timeliness of the information involved, and explain such practices in their annual fiscal year reports to OMB.

OMB's issuance of these final guidelines is the beginning of an evolutionary process that will include draft agency guidelines, public comment, final agency guidelines, development of experience with OMB and agency guidelines, and continued refinement of both OMB and agency guidelines. Just as OMB requested

public comment before issuing these final guidelines, OMB will refine these guidelines as experience develops and further public comment is obtained.

Dated: December 21, 2001.

John D. Graham,

Administrator, Office of Information and Regulatory Affairs.

Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies

I. OMB Responsibilities

Section 515 of the Treasury and General Government Appropriations Act for FY2001 (Public Law 106-554) directs the Office of Management and Budget to issue government-wide guidelines that provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information, including statistical information, disseminated by Federal agencies.

II. Agency Responsibilities

Section 515 directs agencies subject to the Paperwork Reduction Act (44 U.S.C. 3502(1)) to—

1. Issue their own information quality guidelines ensuring and maximizing the quality, objectivity, utility, and integrity of information, including statistical information, disseminated by the agency no later than one year after the date of issuance of the OMB guidelines;

2. Establish administrative mechanisms allowing affected persons to seek and obtain correction of information maintained and disseminated by the agency that does not comply with these OMB guidelines; and

3. Report to the Director of OMB the number and nature of complaints received by the agency regarding agency compliance with these OMB guidelines concerning the quality, objectivity, utility, and integrity of information and how such complaints were resolved.

III. Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies

1. Overall, agencies shall adopt a basic standard of quality (including objectivity, utility, and integrity) as a performance goal and should take appropriate steps to incorporate information quality criteria into agency information dissemination practices. Quality is to be ensured and established at levels appropriate to the nature and timeliness of the information to be disseminated. Agencies shall adopt

specific standards of quality that are appropriate for the various categories of information they disseminate.

2. As a matter of good and effective agency information resources management, agencies shall develop a process for reviewing the quality (including the objectivity, utility, and integrity) of information before it is disseminated. Agencies shall treat information quality as integral to every step of an agency's development of information, including creation, collection, maintenance, and dissemination. This process shall enable the agency to substantiate the quality of the information it has disseminated through documentation or other means appropriate to the information.

3. To facilitate public review, agencies shall establish administrative mechanisms allowing affected persons to seek and obtain, where appropriate, timely correction of information maintained and disseminated by the agency that does not comply with OMB or agency guidelines. These administrative mechanisms shall be flexible, appropriate to the nature and timeliness of the disseminated information, and incorporated into agency information resources management and administrative practices.

i. Agencies shall specify appropriate time periods for agency decisions on whether and how to correct the information, and agencies shall notify the affected persons of the corrections made.

ii. If the person who requested the correction does not agree with the agency's decision (including the corrective action, if any); the person may file for reconsideration within the agency. The agency shall establish an administrative appeal process to review the agency's initial decision, and specify appropriate time limits in which to resolve such requests for reconsideration.

4. The agency's pre-dissemination review, under paragraph III.2, shall apply to information that the agency first disseminates on or after October 1, 2002. The agency's administrative mechanisms, under paragraph III.3., shall apply to information that the agency disseminates on or after October 1, 2002, regardless of when the agency first disseminated the information.

IV. Agency Reporting Requirements

1. Agencies must designate the Chief Information Officer or another official to be responsible for agency compliance with these guidelines.

2. The agency shall respond to complaints in a manner appropriate to

the nature and extent of the complaint. Examples of appropriate responses include personal contacts via letter or telephone, form letters, press releases or mass mailings that correct a widely disseminated error or address a frequently raised complaint.

3. Each agency must prepare a draft report, no later than April 1, 2002, providing the agency's information quality guidelines and explaining how such guidelines will ensure and maximize the quality, objectivity, utility, and integrity of information, including statistical information, disseminated by the agency. This report must also detail the administrative mechanisms developed by that agency to allow affected persons to seek and obtain appropriate correction of information maintained and disseminated by the agency that does not comply with the OMB or the agency guidelines.

4. The agency must publish a notice of availability of this draft report in the **Federal Register**, and post this report on the agency's website, to provide an opportunity for public comment.

5. Upon consideration of public comment and after appropriate revision, the agency must submit this draft report to OMB for review regarding consistency with these OMB guidelines no later than July 1, 2002. Upon completion of that OMB review and completion of this report, agencies must publish notice of the availability of this report in its final form in the **Federal Register**, and post this report on the agency's web site no later than October 1, 2002.

6. On an annual fiscal-year basis, each agency must submit a report to the Director of OMB providing information (both quantitative and qualitative, where appropriate) on the number and nature of complaints received by the agency regarding agency compliance with these OMB guidelines and how such complaints were resolved. Agencies must submit these reports no later than January 1 of each following year, with the first report due January 1, 2004.

V. Definitions

1. "Quality" is an encompassing term comprising utility, objectivity, and integrity. Therefore, the guidelines sometimes refer to these four statutory terms, collectively, as "quality."

2. "Utility" refers to the usefulness of the information to its intended users, including the public. In assessing the usefulness of information that the agency disseminates to the public, the agency needs to consider the uses of the information not only from the

perspective of the agency but also from the perspective of the public. As a result, when transparency of information is relevant for assessing the information's usefulness from the public's perspective, the agency must take care to ensure that transparency has been addressed in its review of the information.

3. "Objectivity" involves two distinct elements, presentation and substance.

a. "Objectivity" includes whether disseminated information is being presented in an accurate, clear, complete, and unbiased manner. This involves whether the information is presented within a proper context. Sometimes, in disseminating certain types of information to the public, other information must also be disseminated in order to ensure an accurate, clear, complete, and unbiased presentation. Also, the agency needs to identify the sources of the disseminated information (to the extent possible, consistent with confidentiality protections) and, in a scientific, financial, or statistical context, the supporting data and models, so that the public can assess for itself whether there may be some reason to question the objectivity of the sources. Where appropriate, data should have full, accurate, transparent documentation, and error sources affecting data quality should be identified and disclosed to users.

b. In addition, "objectivity" involves a focus on ensuring accurate, reliable, and unbiased information. In a scientific, financial, or statistical context, the original and supporting data shall be generated, and the analytic results shall be developed, using sound statistical and research methods.

i. If data and analytic results have been subjected to formal, independent, external peer review, the information may generally be presumed to be of acceptable objectivity. However, this presumption is rebuttable based on a persuasive showing by the petitioner in a particular instance. If agency-sponsored peer review is employed to help satisfy the objectivity standard, the review process employed shall meet the general criteria for competent and credible peer review recommended by OMB-OIRA to the President's Management Council (9/20/01) (http://www.whitehouse.gov/omb/inforeg/oira_review-process.html), namely, "that (a) peer reviewers be selected primarily on the basis of necessary technical expertise, (b) peer reviewers be expected to disclose to agencies prior technical/policy positions they may have taken on the issues at hand, (c) peer reviewers be expected to disclose to agencies their sources of personal and

institutional funding (private or public sector), and (d) peer reviews be conducted in an open and rigorous manner."

ii. If an agency is responsible for disseminating influential scientific, financial, or statistical information, agency guidelines shall include a high degree of transparency about data and methods to facilitate the reproducibility of such information by qualified third parties.

A. With regard to original and supporting data related thereto, agency guidelines shall not require that all disseminated data be subjected to a reproducibility requirement. Agencies may identify, in consultation with the relevant scientific and technical communities, those particular types of data that can practicably be subjected to a reproducibility requirement, given ethical, feasibility, or confidentiality constraints. It is understood that reproducibility of data is an indication of transparency about research design and methods and thus a replication exercise (i.e., a new experiment, test, or sample) shall not be required prior to each dissemination.

B. With regard to analytic results related thereto, agency guidelines shall generally require sufficient transparency about data and methods that an independent reanalysis could be undertaken by a qualified member of the public. These transparency standards apply to agency analysis of data from a single study as well as to analyses that combine information from multiple studies.

i. Making the data and methods publicly available will assist in determining whether analytic results are reproducible. However, the objectivity standard does not override other compelling interests such as privacy, trade secrets, intellectual property, and other confidentiality protections.

ii. In situations where public access to data and methods will not occur due to other compelling interests, agencies shall apply especially rigorous robustness checks to analytic results and document what checks were undertaken. Agency guidelines shall, however, in all cases, require a disclosure of the specific data sources that have been used and the specific quantitative methods and assumptions that have been employed. Each agency is authorized to define the type of robustness checks, and the level of

detail for documentation thereof, in ways appropriate for it given the nature and multiplicity of issues for which the agency is responsible.

C. With regard to analysis of risks to human health, safety and the environment maintained or disseminated by the agencies, agencies shall either adopt or adapt the quality principles applied by Congress to risk information used and disseminated pursuant to the Safe Drinking Water Act Amendments of 1996 (42 U.S.C. 300g-1(b)(3)(A) & (B)). Agencies responsible for dissemination of vital health and medical information shall interpret the reproducibility and peer-review standards in a manner appropriate to assuring the timely flow of vital information from agencies to medical providers, patients, health agencies, and the public. Information quality standards may be waived temporarily by agencies under urgent situations (e.g., imminent threats to public health or homeland security) in accordance with the latitude specified in agency-specific guidelines.

4. "Integrity" refers to the security of information—protection of the information from unauthorized access or revision, to ensure that the information is not compromised through corruption or falsification.

5. "Information" means any communication or representation of knowledge such as facts or data, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual forms. This definition includes information that an agency disseminates from a web page, but does not include the provision of hyperlinks to information that others disseminate. This definition does not include opinions, where the agency's presentation makes it clear that what is being offered is someone's opinion rather than fact or the agency's views.

6. "Government information" means information created, collected, processed, disseminated, or disposed of by or for the Federal Government.

7. "Information dissemination product" means any books, paper, map, machine-readable material, audiovisual production, or other documentary material, regardless of physical form or characteristic, an agency disseminates to the public. This definition includes any electronic document, CD-ROM, or web page.

8. "Dissemination" means agency initiated or sponsored distribution of

information to the public (see 5 CFR 1320.3(d) (definition of "Conduct or Sponsor")). Dissemination does not include distribution limited to government employees or agency contractors or grantees; intra- or inter-agency use or sharing of government information; and responses to requests for agency records under the Freedom of Information Act, the Privacy Act, the Federal Advisory Committee Act or other similar law. This definition also does not include distribution limited to correspondence with individuals or persons, press releases, archival records, public filings, subpoenas or adjudicative processes.

9. "Influential", when used in the phrase "influential scientific, financial, or statistical information", means that the agency can reasonably determine that dissemination of the information will have or does have a clear and substantial impact on important public policies or important private sector decisions. Each agency is authorized to define "influential" in ways appropriate for it given the nature and multiplicity of issues for which the agency is responsible.

10. "Reproducibility" means that the information is capable of being substantially reproduced, subject to an acceptable degree of imprecision. For information judged to have more (less) important impacts, the degree of imprecision that is tolerated is reduced (increased). If agencies apply the reproducibility test to specific types of original or supporting data, the associated guidelines shall provide relevant definitions of reproducibility (e.g., standards for replication of laboratory data). With respect to analytic results, "capable of being substantially reproduced" means that independent analysis of the original or supporting data using identical methods would generate similar analytic results, subject to an acceptable degree of imprecision or error.

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